Blue Zones HOLDINGS

Company name	BLUE ZONES HOLDINGS CO., LTD.
Head office	1-10-1 Arajukumachi, Kawagoe-shi, Saitama, 350-1124
Phone	049-290-1000 (Switchboard)
Representatives	Chairman and Representative Director Yukio Kawano President and Representative Director Sumito Kawano
Capital stock	¥9,846 million
Employees	5,766 (as of March 31, 2026) <Consolidated> Plus 18,399 partner and casual members (calculated at 8 hours per day)
Number of stores	276 (as of March 31, 2026) <Consolidated>
Group companies	YAOKO CO., LTD. AVE Co., Ltd. Sendo Co., Ltd. Delight Holdings, Inc. (Cook Mart Inc.) Foocot Co., Ltd. Bunkado Co., Ltd. YAOKO BUSINESS SERVICE Co., Ltd. (unconsolidated subsidiary) OGAWA Trading Co., Ltd. (unconsolidated subsidiary) YAOKO HARMONY Co., Ltd. (unconsolidated subsidiary)
URL	https://www.bluezonesholdings.co.jp/

non VOC ink eco UV

FSC MIX Paper | Supporting responsible forestry FSC® C017928



Blue Zones HOLDINGS Report 2026











Toward the realization of a world where everyone can be healthy and happy every day— both now and 100 years from now

“Blue zones” are areas where many people enjoy good health and live for a long time.
This term originates from the fact that researchers studying longevity around the world marked areas with high concentrations of healthy people who live for a long time on maps with blue circles.
It is said that the lifestyles of people in these regions share nine common points, including dietary habits and connections with other people.
The name BLUE ZONES HOLDINGS embodies our aspiration to create a world where all members of the community can be healthy and happy every day while enjoying life.

Contents

About BLUE ZONES HOLDINGS

03 Mission / Vision / Value
06 Message from the Chairman
07 Group History
09 BLUE ZONES HOLDINGS at a Glance
11 The Group’s Business

Value Creation Process

15 Message from the President
19 Management Environment
21 Value Creation Process

Value Creation Planning and Implementation

23 Group Long-Term Vision and Mid-Term Management Plan
27 Message from the Chief Administrative Officer
30 Enhancing Human Capital
33 A Value Chain of Food Professionals

The Foundation of Value Creation

39 ESG Initiatives
43 Response to the TCFD Recommendations
45 Directors and Auditors
47 Corporate Governance
51 ESG Data
53 Financial Data

Editorial Policy

The *BLUE ZONES HOLDINGS Report 2026* 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 BLUE ZONES HOLDINGS.

Important Points about Future Estimations

The *BLUE ZONES HOLDINGS Report 2026* 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.

Reporting Period

April 2025 to March 2026

Scope of Reporting

BLUE ZONES HOLDINGS CO., LTD. and Group companies



Mission

Create a world (Blue Zones) where all members of the community can be healthy and happy every day.

Aim to achieve a society that advocates for local production for local consumption, self-sufficiency, cyclicality and sustainability.







Food is an important part of our daily lives and a key element in leading a healthy life. Like the rest of the world, Japan has diverse food cultures rooted in local communities. As a group of companies with a unique identity that deeply respects this diversity of food, we want to build strong ties to communities to create a world (Blue Zones) where all members of the community can be healthy and happy every day. The business environment in which the food supermarket industry operates is becoming increasingly challenging due to Japan's declining birthrate and aging population, as well as intensifying competition from other companies across different business sectors. However, rather than pursuing an expansion of standardized chain stores focused only on efficiency, we work together with local stakeholders to create a sustainable and enriching food culture and contribute to people's everyday happiness.

Vision

Become the community's common capital.

A community-centric organization that everyone benefits from, whether they are shopping, working, investing or selling.







The employees who work at BLUE ZONES HOLDINGS are also consumers who live in the local community. Moreover, our customers include many stakeholders, such as local farmers and other producers, business partners, and landowners. We are striving to be an entity that creates new value based on feedback from all our stakeholders and shares the benefits derived from that value over the long term, which is guided by our mission to "Create a world (Blue Zones) where all members of the community can be healthy and happy every day." We want to become common capital that is essential to the community. Our vision is also part of the future of all our stakeholders.



Value

Appreciation / Ownership / Commitment / Fun / Evolution

Linking the five items in the Code of Conduct to achieve group growth and a sustainable society



The spirit of appreciation that values our connections to our stakeholders. The ownership that occurs when that spirit manifests as one's own proactive actions. And the commitment to delivering better merchandise and services. The fun of doing that process together with many colleagues. The evolution together with our colleagues toward the realization of a sustainable society. — Our five values (Code of Conduct) of appreciation, ownership, commitment, fun, and evolution serve as the driving force that enables us to refine the strengths of each company in the Group, starting from the heart of every employee, and realize sustainable growth for both the Group and society.

Message from the Chairman

Yukio Kawano Chairman and Representative Director

We aim to be a distinctive group of companies that builds strong ties to the community and is cherished by it



While the Japanese economy is gradually recovering from a lengthy period of economic stagnation, from a medium- to long-term perspective, there are concerns that Japan's declining birthrate and aging population will lead to a decline in domestic demand and a decrease in productivity due to a shrinking labor force. The burden on public finances of social insurance costs, such as medical expenses, is increasing and a society needs to be created in which many people can continue to work in good health.

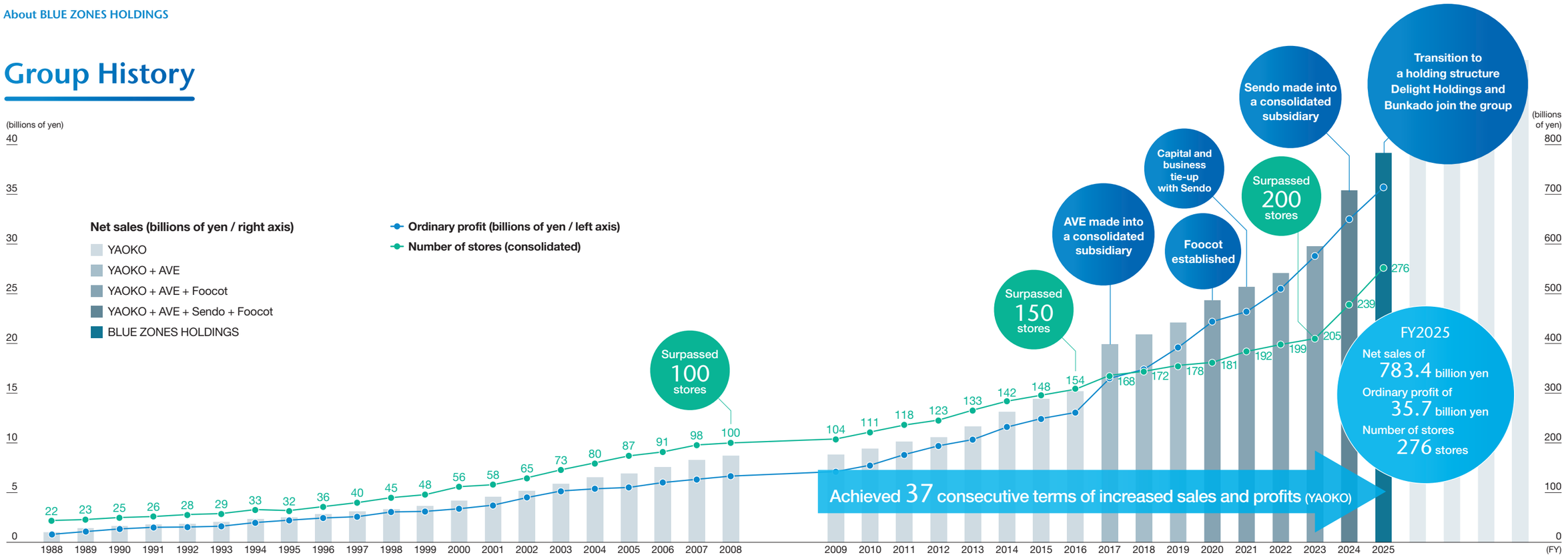
Our company transitioned to a holding company structure in October 2025. The term "Blue Zones," which appears in the holding company's name, refers to areas with large populations of people who live for a long time and enjoy healthy lifestyles. Lifestyle habits common to those areas include eating lots of fruits and vegetables, exercising in moderation, and having social connections. None of these things are anything out of the ordinary and are things that communities can achieve if we run our supermarket business to a high standard, such as selling fresh fruits and vegetables, and creating an attractive shopping environment that enables customers to enjoy browsing our stores.

Based on this philosophy, our mission is to "Create a world (Blue Zones) where all members of the community can be healthy and happy every day." Our philosophy is not simply to sell products or make a profit, but rather to contribute to the joy, richness, and health of lifestyles focusing on the food consumed by local community members. It should make many people feel happy to live by our stores. That is the meaning of this company's existence, and its never-changing purpose.

The characteristics of *washoku*, which is registered on UNESCO's Lists of Intangible Cultural Heritage, include a wide range of fresh ingredients and respect for their natural flavors, and the expression of natural beauty and the changing seasons. To realize the richness and joy of Japanese cuisine, there is naturally a need for community-based stores that are well-versed in local produce and dietary lives. We aim to be a distinctive group of companies that has close ties to local communities and is loved by them, rather than standardized chain stores pursuing only efficiency. It is precisely because each operating company is different that we are able to learn. And it is the growth of people that determines our company's growth. We promote the growth of people through interaction and friendly competition with our various operating companies. YAOKO is at the core of this and has been refining its functionality as a delicatessen, including its in-house production, and merchandise. AVE is working to thoroughly eliminate waste and achieve high productivity. Sendo's strength is in locally sourced and locally consumed products and has earned a good reputation in the fresh food division. In this way, each company proactively refines its strengths and continues to grow as part of our Group management strategy.

Our company values the spirit of "Appreciation." People cannot survive by themselves. And our business wouldn't work. Thanks to our customers, employees, business partners, producers, and shareholders, we believe that we are able to create value and share that value with them. Moving forward, we will continue to work together with all our stakeholders to contribute to the richness, joy, and health of our customers' lives as the community's common capital.

Group History



1890–

YAOKO was founded as a fruit and vegetable store, and 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

1988
Stock offering as over-the-counter JSDA registered stock (Tokyo region)



1972
Opening of the Ogawa Shopping Center, effectively the first chain store

1994–

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

2009–

Strengthening the foundation by incorporating a discount-style

Amid sluggish consumer spending and growing income disparity, we have focused on being 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



2014
Opening of the Delicatessen and Fresh Food Center in Higashimatsuyama, Saitama Prefecture



2017
Opening of the Kumagaya Distribution Center

Making AVE Co., Ltd., an operator of discount supermarkets, a wholly owned subsidiary

2021–

Operating a decentralized chain-store system to expand the group

Our focus is once again on shifting gears toward becoming unique and distinct, and growing stronger as a group. We aim to become the number one supermarket group in terms of regional market share, satisfying all customers, and the YAOKO Group transitioned to BLUE ZONES HOLDINGS. In order to create a world (Blue Zones) where all members of the community can be healthy and happy every day, we are moving into a new phase.



2021
Opening of the Wako Maruyamadai Store, which targets the young family demographic

Establishment of Foocot Co., Ltd. to operate discount-style supermarkets

Capital and business tie-up with Sendo Co., Ltd., making it 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

2025
Establishment of BLUE ZONES HOLDINGS CO., LTD.

Making Bunkado Co., Ltd. a wholly owned subsidiary

Making Delight Holdings, Inc. a consolidated subsidiary

Blue Zones HOLDINGS

BLUE ZONES HOLDINGS at a Glance

Number of stores and locations

Number of stores (consolidated)

276 stores

Number of logistics hubs (YAOKO)

6 locations



AVE
14 stores



Foocot
5 stores



Cook Mart
12 stores



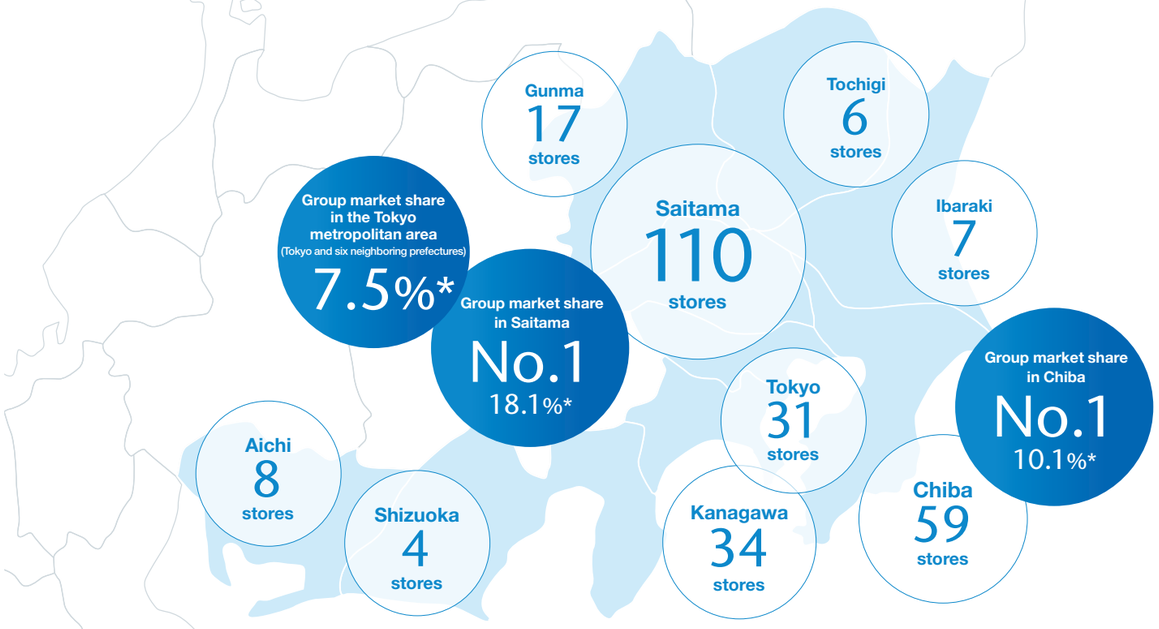
Bunkado
18 stores



Sendo
25 stores



YAOKO
202 stores



*2025 Food Supermarket Yearbook National Edition

Financial information

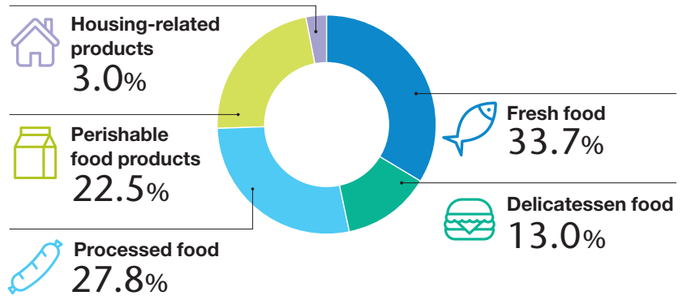
Total revenue (consolidated)

¥813.1 billion

Ordinary profit ratio (consolidated)

4.6%

Breakdown of consolidated net sales by segment



ROE (consolidated)

12.4%

Operating results (YAOKO)

37th consecutive fiscal year
Increase in income and profit

Net sales per existing store (existing YAOKO stores)

Approximately
3.1 billion yen

Non-financial information

Number of members*1

Consolidated: 24,165

Percentage of women in management positions (YAOKO)

8.7% 88 people

Private label products

1,377SKU*2

Yes! Everyday
Yes! Premium
star select
Yes! Happiness

Market share within a one km radius (existing YAOKO stores)

18.6%

CO_2 emissions reduction (YAOKO)*3

46.9% reduction
Renewable energy rate 60.4%

Saitama Prefecture child welfare support performance

Rice 12 tons annually
Since September 2020 47.9 tons in total

*YAOKO Child Support Foundation

*1 Including the average number of temporary members (8 hours/day) during this period
*2 SKU: Abbreviation for Stock Keeping Unit, the unit used for counting the smallest items in inventory management.
*3 Compared to FY2013

The Group's Business



Lifestyle assortment-style





Creating stores which offer suggestions tailored to customers' eating habits and lifestyles

The lifestyle-assortment style is a value-oriented business format that appeals to customers through a wide selection of delicious products as a supermarket that offers suggestions for their eating habits. Rather than simply selling food ingredients, this format is characterized by services tailored to the different needs of each community, including customers' lifestyles, health, and cooking convenience. To further enhance these appeals, we are promoting a store development approach led by employees on the front lines who have direct contact with customers and take the initiative to think and act for themselves. Specifically, employees who are also local customers think about and put into practice the kinds of stores where they themselves would want to shop, thereby creating community-focused stores that are closely attuned to the needs of local customers.



Discount-style





Achieving overwhelmingly low prices through rigorous cost-saving measures to meet our customers' bulk buying needs

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. On the merchandise side, we increase product value through volume sales of individual products and high product turnover through a sell-through approach. On the operational side, we are building efficient low-cost operations that minimize operating costs by using process centers, developing systems in-house, omitting excessive decorations and customer service, and other measures. By offering a wide variety of merchandise at low prices, we are able to attract customers from near and far to meet their bulk buying needs.



Lifestyle assortment-style

COOK MART



Cook Mart

Deeply rooted in the Tokai region as a local supermarket with a strong focus on fresh food and delicatessen items

Concept

Guided by its management philosophy of "Delight! (Enjoy and Bring Joy!)" and based on the concept of "Real × Local × Human = A Place Where the Community Comes Alive," Cook Mart, a lifestyle-assortment style retail chain operating from Higashi-Mikawa in Aichi Prefecture to Hamamatsu City in Shizuoka Prefecture, aims to be a local supermarket beloved by the community. We have been driven by flexible thinking that is not swayed by the conventional wisdom of existing chain stores and the cultivation of a unique organizational culture since our founding, and have continued to grow by promoting a management approach that emphasizes the unique appeal of each individual store. Our strength in fresh food and delicatessen items, together with a steady stream of hit merchandise generated by our stores, has earned Cook Mart strong support from local customers.

Strengths

Cook Mart is a supermarket that emphasizes three key customer values: the appeal of a brick-and-mortar store where customers can actually see, touch, and experience products firsthand, a local focus that cherishes the food culture, ingredients, and producers of Higashi-Mikawa and Hamamatsu, and products crafted with affection and attention to detail. Furthermore, drawing on a culture of information sharing born from flexible thinking and a unique organizational culture, the company leverages its strength in developing products from the storefront to consistently create hit products such as debupan and meat-wrapped Japanese dumplings. Cook Mart contributes to the local community by providing exceptional value rooted in the region, which e-commerce sites and major chains cannot offer.

SENDO



Sendo

Winning the support of local customers through product appeal focused on fresh food

Concept

Sendo—which deploys the lifestyle assortment-style business format in the Uchibo and Sotobo regions of Chiba Prefecture centered on Ichihara City, Chiba—specializes in the food sector, including fresh food, and focuses on three key points: quality, freshness, and price. Based on the management philosophy of selling high-quality products at low prices with sincere customer service while maintaining freshness, Sendo practices thorough quality control and offers freshly made products, striving to contribute to richer dietary lives for local customers.

Strengths

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. As a result, Sendo is focused on developing local-production-for-local-consumption initiatives that ensure the utmost freshness and quality. Sendo delivers very fresh and delicious local products to customers, such as bonito caught that same morning in Katsuura and clams from Kujukuri. In addition, it also procures fresh vegetables, fruits, and fish directly from distribution centers that are connected to markets. Moreover, Sendo's Japanese-style omelets made with eggs from Chiba Prefecture and hand-shaped ohagi made with rice from Ichihara City are well-known local specialties, and Sendo is working on developing new products to build on the success of these items.

Discount-style



Bunkado

Practicing community-focused management at urban stores

Concept

Bunkado, a lifestyle-assortment style retailer operating in Tokyo and Kanagawa Prefecture, began as a 15 m^2 confectionery store and later transitioned to a supermarket. Guided by its management slogan, “A Store Full of Smiles and Delight,” Bunkado is committed to enriching people’s lives through everyday meals as the community’s refrigerator. By maintaining its independent, community-focused business model, it has long been beloved by local customers. With the goal of becoming a “100-Year Company,” Bunkado continues to pursue stable management and works to create stores that make every shopping trip bright and enjoyable, while supporting customer trust and peace of mind so that people will feel glad to have a Bunkado in their community.

Strengths

Bunkado strives to offer a selection of high-quality products that delights customers, while deepening bonds with dedicated producers and business partners nationwide who are meticulous in creating products. When it comes to fresh fish, meat, vegetables, and fruit, Bunkado carefully selects products based on producers and regions of origin to deliver unparalleled flavor and freshness. Furthermore, based on the concept of “Bringing even more delicious food to customers,” Bunkado is dedicated to developing original in-house products and working every day to create stores that bring smiles and delight to customers through its products, services, and attentive customer service.



YAOKO

Operating a decentralized chain-store system to meet the needs of local customers as a supermarket that offers dietary ideas

Concept

YAOKO, which operates across the Kanto region, comprising Tokyo and six prefectures, primarily in Saitama Prefecture, has operated under the management philosophy of “By enriching the daily lives of local consumers, we contribute to the improvement and development of regional culture” since its founding in 1890. YAOKO has always believed that its guiding principles and purpose are to contribute to the joy and richness of daily life for local residents, with a focus on food. To achieve this, YAOKO has adopted the policy of “Propose abundant, enjoyable, and healthy dietary habits” and continues to evolve every day. YAOKO will continue to develop stores and provide services that bring happiness to the daily lives of the local community through food.

Strengths

YAOKO’s strength lies in the decentralized chain-store system that meets the diverse lifestyles and needs of local customers. To realize a decentralized chain-store system, it is essential to implement an all-participation policy, which is one that involves creating stores where employees at the storefront think and act independently, and where our partners (part-time employees), who are also local customers, are inspired to say, “I want to shop here.” Tailored strategies for different markets are a measure designed to further enhance and deepen this decentralized chain-store system. YAOKO has divided the area where our stores are located into two main zones: the northern area, which has a high concentration of middle-aged and senior adults, and the southern area, which has a high concentration of young families. YAOKO strives to offer product assortments and food-related proposals tailored to customer needs and lifestyles.



AVE

Creating stores chosen by customers who buy in bulk with the appeal of “EDLP”

Concept

With the concept of “Creating stores chosen by customers who buy in bulk,” AVE—which deploys the discount-style business format with a focus on Kanagawa Prefecture—provides high freshness, high quality, and deliciousness at prices more affordable than anywhere else. In addition, AVE creates an enjoyable shopping experience through a merchandise selection that meets customers’ individual preferences and attractive store displays. To achieve this, it pursues thorough low-cost operations backed by industry-leading productivity capable of handling enormous merchandise volumes from ordering and stocking to inventory management, thereby realizing its Everyday Low Price (EDLP) strategy.

Strengths

As the rise in prices shows no signs of easing, now more than ever, AVE is continuing 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. AVE is working to offer a selection of high-quality, fresh, and affordable merchandise, as well as expand the lineup of “Our Family’s Favorite Items” by developing new production areas, strengthening relationships with business partners, and implementing stocking measures to convey the value of shopping in bulk at AVE. Moreover, with a view to evolving the low-cost operations that underpin EDLP, AVE is continuously promoting initiatives that lead to improved productivity.



Foocot

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

Concept

Foocot, which deploys the discount-style business format with a focus on Saitama Prefecture, pursues higher customer satisfaction through thorough low-cost operations boasting industry-leading productivity developed by AVE, under the management policy of “stores that satisfy customers with overwhelmingly low prices, freshness, and product selection.” In addition, Foocot contributes to customers’ abundant dietary lives and everyday happiness by responding to their diversifying food and health needs and providing delicious products in a wide variety at low prices.

Strengths

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.” In addition to highly fresh food, including seasonal products that customers can’t resist buying and frequently purchased items, Foocot meets the needs of customers who want to purchase delicious products at low prices by offering a wide selection of staple grocery items through EDLP. Furthermore, to help customers lead fulfilling daily lives, Foocot will continue to work toward further refining the low-cost operations that enable EDLP.

Message from the President



A world where all members of the community can be healthy and happy every day— We will continue to evolve into a distinctive corporate group that creates Blue Zones.

Sumito Kawano
President and Representative Director

Transitioning to a distinctive corporate group in which companies learn and act independently

In October 2025, our group reached a major turning point with its transition to a holding company structure and embarked on a new chapter as BLUE ZONES HOLDINGS CO., LTD. While making this structural transition, we also welcomed Delight Holdings, Inc. (Cook Mart) and Bunkado Co., Ltd. into the group. Not only do both companies have their own unique strengths, but they also have a corporate culture centered on valuing their customers and employees, and I am confident that these shared values will bring new growth to our group.

It has been six months since the new management structure was launched, and we are seeing tangible results, such as the beginning of spontaneous efforts to create synergies at workplaces. Our aim is to become a distinctive group of companies in which each company has its own unique strengths and can learn and act independently. The basic policy for group management is to align on the main strategic directions while allowing each company to hone its unique strengths and growth, and I believe that this policy began to be firmly implemented as early as the first year.

At the core of these activities are the Mission, Vision, and Values that we have established as the Group's basic principles. The starting point of our mission is the social issue of extending healthy life expectancy. Japan faces critical challenges, including a declining birthrate and aging population, labor shortages, and worsening medical costs and fiscal issues. It is precisely in times like these that I believe, as a supermarket chain, we are expected to contribute to improving quality of life (QOL) so that people can enjoy a healthy daily life.

The term "Blue Zones," from which the company's name is derived, refers to areas around the world where many people enjoy good health and live for a long time, and these areas share nine common lifestyle habits, such as eating vegetables and fruits, exercising in moderation, and having social connections. Having customers enjoy their shopping experience at our stores enables them to discover seasonal fruits and vegetables, walking through the aisles provides a chance to get some exercise, and it also fosters interaction between our employees and customers. This reflects our commitment to contribute to both the abundant lifestyles and health of local communities through our supermarket operations.

Furthermore, the concept of common capital in communities outlined in our vision is rooted in the philosophy of our all-participation policy that we have been putting into practice. Our partners (part-time employees) who support our stores are not only our coworkers but also representative of consumers in local communities. By leveraging the feedback from our partners, who are well-versed in local events and food culture, into our sales floors, we can create stores that are ingrained in the community and our customers support. Our Group aims to serve as a platform for generating value together with local producers and customers, and sharing that abundance with them.

The five terms we have defined as our values—appreciation, ownership, commitment, fun, and evolution—are indicative of the values that each of our operating companies cherishes. Each employee should feel gratitude toward those around them and tackle their work with a sense of personal responsibility toward the community's issues and needs. Our Group continues to evolve from last year to this year, and from this year to next year. I believe that our mission will be achieved at the end of that cumulative process.

It is precisely because the business environment is challenging that we must act independently and develop our strengths

I recognize that the business environment for the fiscal year ending March 2027 (FY2026) will, in a word, be a very difficult one. We face three major challenges.

First is the reaction to the rise in unit prices that occurred during the previous fiscal year due to the "Reiwa Rice Crisis." In contrast to the previous fiscal year, when soaring rice prices boosted sales, unit prices have begun to decline this fiscal year, which makes maintaining net sales a major challenge. Second is the rising personnel expenses due to labor shortages. The minimum wage has continued to rise rapidly at a rate of 5 to 6 percent annually, making it an urgent priority to improve productivity by increasing the value added by each employee. Third is the rising costs due to global inflation and escalating tensions in the Middle East. In addition to packaging costs rising by about 30% year-on-year, the risk of significant increases in energy costs, such as electricity bills, is putting pressure on store operating expenses.

However, we view this challenge as a chance. Challenging environments are precisely the opportunities that make a business stronger. For example, due to the rising cost of packaging, we are moving forward with a fundamental review of our packaging materials and are exploring a shift to lightweight, recyclable materials. I am convinced that the key to overcoming this difficult environment lies in continuing our efforts to earn greater customer support and our Kaizen initiatives to eliminate waste.

Guided by this commitment, we have established “Acting independently and developing our strengths” as our Group Policy for fiscal year 2026. I believe that, rather than the holding company imposing a set way of doing things, each subsidiary needs to identify its own issues and adopt solutions based on its own ideas.

A company’s strengths and weaknesses are always two sides of the same coin. For example, while Cook Mart’s strength lies in the fact that each individual store has significant discretion over purchasing, which creates unique store layouts, it faces challenges in terms of reaping the benefits of being part of a chain. The key is for each company and store to thoroughly think about how to overcome their weaknesses without undermining their unique strengths.

To help everyone gain insights across the Group, this fiscal year we are working to establish systems that allow us to use other companies in the Group as a mirror to understand our own, so that we can better understand each other. In March 2026, we brought together the top executives of each Group company at YAOKO’s policy announcement meeting to provide an opportunity for executives to present their annual policies to each other. In addition, a Group operations department has been established within the holding company to act as a bridge for gathering and sharing information on successes and business functions from each Group company. I hope to create a virtuous cycle of mutual learning in which each company develops its own strengths, their efforts become visible, and they connect through a horizontal network: a cycle in which the evolution of one company lifts up other companies.

Leveraging each company’s own characteristics to learn and help each other grow

At the core of our Group’s management philosophy lies the principle of a decentralized chain-store system, which YAOKO has cultivated over many years. This approach aims to streamline logistics, core systems, financing, and other operations across the chain while valuing the autonomy and store-building efforts of individual locations, and promoting employee development and a meticulous response to customer needs.

Because each store supports local consumers, places orders based on its own judgment, and uses creativity to design its sales floor, each store develops its own unique character filled with vitality. “If everyone were the same, there would be nothing to learn. It is precisely because of our differences that we have something to learn.” This principle applies directly to the management of our holding company’s group as well. Indeed, because we have different strengths and business models, there is so much value in learning from one another.

Synergies are already beginning to take concrete form within the group. In terms of collaborative learning, store visits and training exchanges between companies are already taking place and are beginning to yield results in terms of product appeal and sales strength. As for efficiency, we have centralized the procurement and management of funds at the holding company level through a cash management system (CMS), establishing a system to enhance capital efficiency across the entire Group. Moreover, in April 2026, we founded BLUE ZONES PROPERTY MANAGEMENT and are working to establish a system within the group to centrally manage contracts and tenant leasing related to new store openings. We are also working to establish common standards for food safety, internal controls, and other protective areas. At each company’s Delicatessen and Fresh Food Center, as well as distribution centers, they are comparing their respective functions side by side to identify directions for future evolution.

Building on this solid common foundation, each operating company is vigorously pursuing its own unique growth strategy that leverages its individual strengths. YAOKO is taking initiatives to create value across its entire supply chain and is striving to reduce costs by manufacturing proprietary merchandise at its Delicatessen and Fresh Food Center and by improving distribution. AVE continues to refine its highly sophisticated discount model, which features a low-cost operational framework that supports EDLP through kaizen. This model, which passes cost savings on to customers through lower prices, is gaining increasing support from customers amid an environment of continual price increases and has become a major strength of our Group. Sendo, whose greatest appeal lies in its fresh food offerings centered on locally sourced and consumed products and fresh fish, is renovating its flagship store in Kisarazu into “Japan’s No. 1 fresh fish market” while strengthening partnerships with local producers and manufacturers, which is an initiative that truly embodies the BLUE ZONES’s philosophy.

To maintain and improve our competitiveness

I will explain the specific measures we are taking to maintain and improve our Group’s competitiveness and achieve sustainable growth.

Store expansion strategy

At YAOKO, we are pursuing a three-pronged store expansion strategy as the pillar of our growth. First, we will steadily expand our dominant presence in the “donut area”—the region within a 20–40 km radius of the city center—with our flagship standard-sized stores (1,500–2,000 m^2). Second, we will enhance the expertise of our Shin-Urayasu flagship store, which specializes in the young-middle-aged demographic in the southern area, and further refine our Kuki Yoshiba flagship store in the northern area, which specializes in the middle-aged and senior demographic, and then roll out these results to our standard stores. Third is the early establishment of a small-scale urban format of 1,000 m^2 or less, targeting densely populated areas within a 20-kilometer radius of the city center.

This fiscal year, we plan to open new stores for Sendo, Delight Holdings, and Foocot, and for Bunkado, we will refine our 500–800 m^2 store model in the city center and the Jonan area.

Digital transformation / productivity improvement

Our basic policy in this area is to focus on work that creates value. Up until now, YAOKO has reduced low-value-added tasks by introducing digital price tags and AI-based automatic ordering, enabling the company to redirect its time toward making proposals to customers and designing store layouts. Moving forward, we will expand our efforts to include automatic ordering in the fresh food sector, streamlining inventory counting, and digitizing shift creation. We are also starting to use generative AI for tasks such as compiling customer feedback, agent support, and recommendations. However, our work involves using all five senses. Scent, appearance, taste: we believe that human sensibilities, which create those extraordinary experiences that touch customers’ hearts—in other words, the emotions they evoke—are values that AI cannot replace.

Human capital management

The core of human capital management lies in developing management talent. The key to running a decentralized chain-store system lies in the capabilities of employees who think for themselves on the front lines to manage the business, lead their teams, and repeatedly test and refine their ideas. Empowering employees and enabling them to gain experience through trial and error is the foundation of our Group’s personnel training. We view the collaborative learning holding company system I described earlier as a driving force for management personnel training. Through the dispatching of administrative staff to Group companies and the assignment of young employees to the Group operations department, we cultivate the ability of personnel to take a holistic view of the entire business. We will continue to foster an environment where, rather than the density of learning diminishing as the scale expands, it becomes even more concentrated.



Sustainability

We are also making steady progress on climate change and environmental initiatives. We have achieved a reduction of more than 60% in CO_2 emissions compared to FY2013, and we are expanding our use of solar panels and renewable energy. The volume of plastic collected at YAOKO ECO CENTER is also increasing yearly. Moreover, our Group will continue to devote its full efforts to fulfilling its role as a safety net for the local community, including providing food assistance—primarily rice—to families facing financial hardship through the YAOKO Child Support Foundation.

Creating value and sharing prosperity with our stakeholders

BLUE ZONES HOLDINGS made a fresh start in October 2025. In order to create a world (Blue Zones) where all members of the community can be healthy and happy every day, we are moving forward as one group. With 1 trillion yen in net sales as a milestone, while looking toward future growth beyond that point, we will strive for a management approach that creates value together with our stakeholders and shares prosperity with them.

We sincerely ask for your continued support and encouragement.

Management Environment

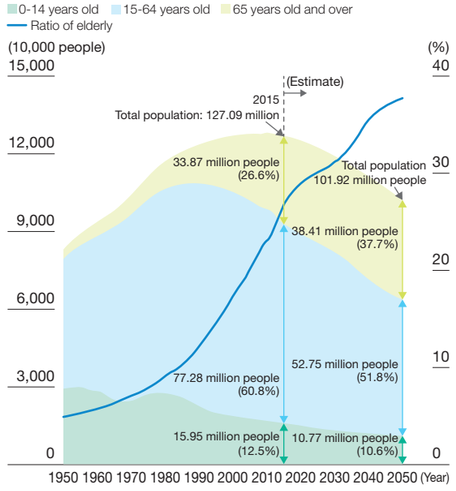
Amid growing uncertainty stemming from an aging society, a shrinking workforce, and rising wages, prices, and interest rates, we will accurately ascertain the changing social landscape surrounding BLUE ZONES HOLDINGS and aim for sustainable growth.

01

Aging society, shrinking workforce, polarization of consumption, and rise in dual-income households

In Japan today, population decline and aging are occurring at the same time due to a falling birth rate and baby boomers entering their later elderly years. Due to the decline in the working-age population, labor shortages are becoming increasingly apparent, which is having a serious impact on sustainable economic activities for companies. Furthermore, consumption in the Japanese market is becoming increasingly polarized, and consumer lifestyles are diversifying as the number of dual-income households rises. Meanwhile, in the South Kanto region, where economic activity is concentrated, income levels have risen compared to the North Kanto region, resulting in a disparity in household consumption expenditure.

Decline in the working-age population (ages 15–64)



Source: "2025 Census," "Population Projections for Japan (2023 Projections)" (Statistics Bureau, Ministry of Internal Affairs and Communications, and National Institute of Population and Social Security Research)

Measures

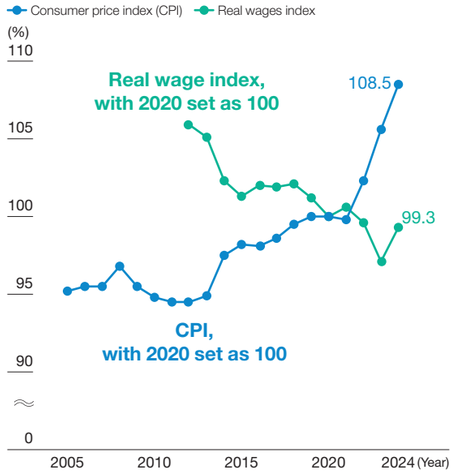
- Addressing diverse customer needs
- Improving the efficiency of shop operations through means such as the use of digital technology

02

Rising wages, prices, and interest rates

The Japanese government has positioned wage increases as one of its key strategies for economic growth, and it is promoting a phased increase in the minimum wage while also urging companies to raise wages. As a result, although wages are on an upward trend, they have not been sufficient to fully offset the rise in prices caused by recent increases in raw material costs and other factors, leading to a growing polarization of consumption. Furthermore, due to the Bank of Japan's policy rate hike, interest rates have recently risen more sharply, making it essential to adopt investment and financial strategies that take interest rate trends into account.

Consumer price index and real wages



Source: "Consumer Price Index" (Statistics Bureau, Ministry of Internal Affairs and Communications), "Monthly Labour Survey" (Ministry of Health, Labour and Welfare)

Measures

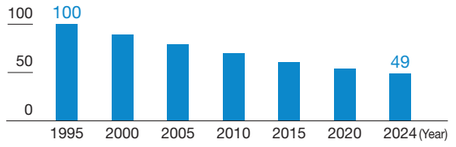
- Addressing the polarization of consumption driven by price and proposals
- Improving productivity by investing in streamlining and labor-saving efforts
- Wage increases and efforts to improve the work environment to attract top talent

03

Declining number of farmers, climate change, and instability in the supply of agricultural products

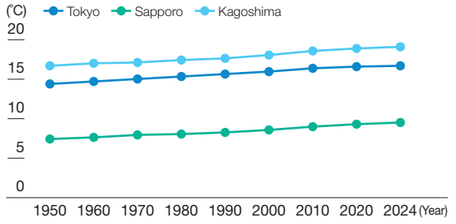
Amid an ongoing decline in the labor force due to a declining birthrate and an aging population, the number of people employed in the primary sector has continued to decrease over the long term, falling by half over the 30 years since 1995. In particular, the agricultural workforce has declined by approximately 400,000 people over the five years since 2015, indicating that the decline in the number of farm workers is accelerating. Furthermore, climate change caused by global warming has led to a dramatic rise in temperatures and an increased risk of heavy-rain-related disasters in recent years, heightening the risk of disruptions to the stable procurement of agricultural products and causing shifts in areas suitable for crop cultivation.

Labor force in the primary sector (index with 1995 set as 100)



Source: Number of Workers by Industry (Annual Average, 1951–2024), Japan Institute for Labour Policy and Training

Changes in annual average temperature (30-year running average)



Source: Japan Meteorological Agency website

Measures

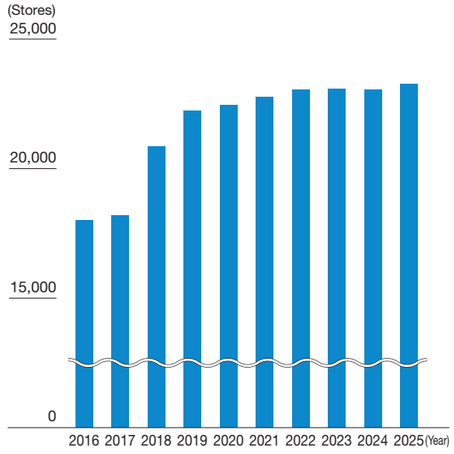
- Developing and securing production areas to ensure a stable supply of merchandise
- Diversification of procurement channels and geographical dispersion of production areas

04

A new phase of competition

Amid rising prices, labor shortages, and increases in all kinds of costs, including wages and utilities, the supermarket industry is entering a new phase of competition. Competition to attract customers is intensifying across business formats and regions, driven by the accelerated expansion of discount-style fresh food retailers, the entry of new small urban stores, and the entry of companies from other industries. Under these circumstances, companies are implementing structural reforms aimed at ensuring their survival by not only differentiating themselves through the pursuit of specialization and the development of proprietary merchandise, but also by working to streamline store operations and improve productivity.

Total number of stores in the supermarket industry



Source: "Supermarket White Paper" (Japan Supermarkets Association)

Measures

- Strengthening our selection of merchandise through the pursuit of specialization and the development of proprietary merchandise
- Establishing urban-style small formats

Value Creation Process

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.

Risks and opportunities

- Declining birthrate and aging population
- Labor shortage
- Concentration of population in urban areas
- Weaker domestic economy
- Polarization of consumption
- Other industries overcoming barriers to entry
- Advancement of technology
- Climate change and environmental issues
- Epidemics

Mission / Vision / Values

Members capable of achieving results as a team

- Have high aspirations
- Operate as a team
- See from the customer's perspective
- Have advanced skills and in-depth expertise



Reinvestment of generated profits

	Purchasing	Manufacturing	Logistics	Sales
Personnel training programs We provide extensive training programs that enable our employees to think independently and achieve results as a team.	YAOKO University / skills training and training at production sites / training in the USA			
Skills and expertise We are working to improve each process with the skills and expertise we have accumulated over the years.	- Purchasing network - Directly purchased from producers and directly imported - Product development	- Manufacturing expertise - Kaizen	- Logistical expertise - Kaizen	- Sales techniques - Processing skill - Kaizen
Data and systems We engage in management that leverages digital technology to respond meticulously to our customers'needs and improve operational efficiency.	- POS and inventory management	- POS and inventory management	- POS and inventory management	- POS and inventory management - Customer management
Facilities and equipment We have established facilities and equipment to embody the brand of Group companies, improve operational efficiency, and boost product value.		- Delicatessen and fresh food centers	- In-house distribution centers	- Network of dominant store locations - Commercial accumulation
	Support center and training centers			



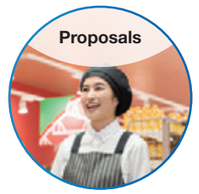
Value creation



×



×



×



Our aspiration

Robust financial base

Net sales of 1 trillion yen

500 stores

Net sales to ordinary profit ratio 4% or more

ROE 10% or higher

Non-financial value

Common assets of local communities

Make work more worthwhile and comfortable

Governance

Reinvestment of generated profits

Group Long-Term Vision and Mid-Term Management Plan

This section will detail the BLUE ZONES HOLDINGS' Group Long-Term Vision and Mid-Term Management Plan formulated to create a world (Blue Zones) where all members of the community can be healthy and happy every day.

Long-term goals

Group net sales: ¥1 trillion

Achieving 500 stores

Based on the main theme of "Strengthening Through Synergy" in the Group's Mid-Term Management Plan, BLUE ZONES HOLDINGS aims to achieve our long-term goals of Group net sales of one trillion yen and 500 store locations by supporting and being there for our customers in the region.

2030 Vision

Consolidated

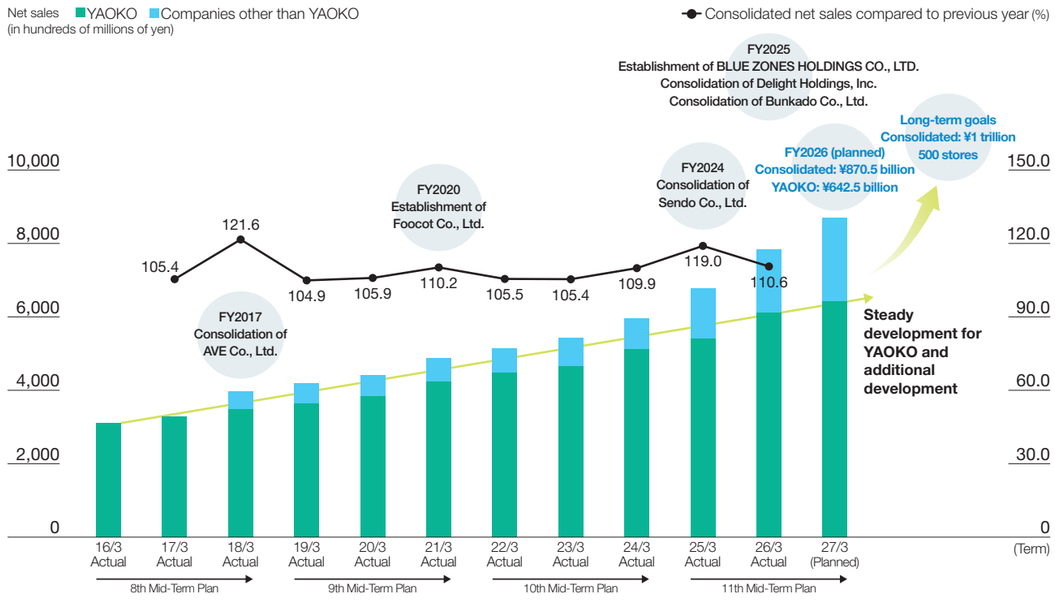
Net sales: ¥880 billion

YAOKO

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 YAOKO's sales of 710 billion yen in FY2030.

Roadmap to our long-term goals



BLUE ZONES HOLDINGS' 11th Mid-Term Management Plan

Main theme

Strengthening Through Synergy

In BLUE ZONES HOLDINGS' Group 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 FY2025 were 783.4 billion yen, and the Group's market share in the Tokyo metropolitan area expanded to over 7%. 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)	FY2025 (actual)
Consolidated	Total revenue	903.0 billion	813.1 billion
	Ordinary profit	36.3 billion	35.7 billion
	Number of stores	286 stores	276 stores
	ROE	10% or higher	12.4%
YAOKO	Total revenue	672.5 billion	637.3 billion
	Ordinary profit	28.8 billion	28.7 billion
	Number of stores	210 stores	202 stores

Group Long-Term Vision and Mid-Term Management Plan

YAOKO's 11th Mid-Term Management Plan

This section describes the initiatives and progress of YAOKO's 11th Mid-Term Management Plan, a core operating subsidiary of BLUE ZONES HOLDINGS.

The New YAOKO:

A Structural Shift from a "Showa Era Model" to a "Reiwa Era Model"

Housewife/part-time	→	**Dual-income/full-time**
Solely focused on stores	→	**Create value throughout the entire supply chain**
Solely focused on stores	→	**Can go beyond physical locations to offer merchandise and services**
Paper-based, individual-dependent	→	**Digitally based, automated**
Resource consuming	→	**Resource recycling**

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 69th term

A year dedicated to refining our merchandise and sales floors with a focus on deliciousness

By refocusing on deliciousness across our fresh food, grocery, and delicatessen departments and refining our merchandise and store layouts, we have seen a steady increase in customer trust, as evidenced by the growing number of compliments we receive about our merchandise from customers. We have received feedback from customers saying, "It was so delicious, I was so moved," regarding our seasonal fresh food, boxed lunches, and private label products. In addition, not only was "Secreto de la Familia Tinto," a directly imported private-label wine and a first for YAOKO, immediately popular upon launch, but it has also received high external acclaim, including winning the "Diamond Trophy," the top prize at the 13th Sakura Award 2026. We are also continuing our productivity-boosting initiatives through streamlining and labor-saving measures, and working to improve productivity (man-hour net sales) by introducing fully self-service checkouts, digital pricing, and expanding items handled by the AI-based automatic ordering system.

Building a system for the next stage

With more than 200 stores and an eye toward expanding to 250 and then 300 stores in the future, YAOKO must build a system that relies on organizational structures and processes rather than individual employees. We will create an environment where everyone can work comfortably and support one another, and build a system that enables us to focus our efforts on work that creates value.

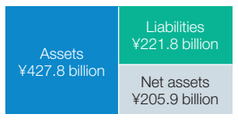
Financial targets

	FY2025 targets	FY2025 (actual)
Total revenue	¥623.0 billion	¥637.3 billion
Ordinary profit	¥27.2 billion	¥28.7 billion
Number of stores	202 stores	202 stores

Balance sheet management (ROA and ROE) (consolidated)

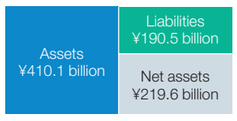
Actual results as of March 2026

ROA 5.9%
ROE 12.4%
Profit attributable to owners of parent ¥23.5 billion



Planned results for March 2027

ROA 5.6%
ROE 10.6%
Profit attributable to owners of parent ¥23.9 billion



Policy for the 70th term

Theme: Enjoy YAOKO

The theme of YAOKO's 70th term policy is "Enjoy YAOKO." Deliciousness, skills and kaizen, planning, and a comfortable work environment: To raise all of these items to the highest level in Japan, we will tackle ambitious targets, think independently, and act proactively. By enjoying that process, each individual's growth will raise the overall level of the company to new heights. That is the concept behind "Enjoy YAOKO."

Policy for individual measures

Product and sales strategy

- Continuing to enhance fresh food
- Evolving the tailored strategies for different markets
- Evolving SPA and proprietary product development

Operational strategy

- Embedding and evolving *kaizen*
- Evolving the use of digitization
- Continuing energy-saving and recycling efforts

Personnel training strategy

- Thorough implementation of team basics
- Improving the work environment
- Organizational management that cultivates the next generation

Store opening and growth strategy

- Success in new openings and renovations
- Evolving the flagship stores in the north and south areas
- Evolving online supermarkets and e-commerce

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
		Collect 10 times the number of plastic trays vs. FY2020
	Food recycling	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 continue to pursue a sound and disciplined financial strategy to enhance the Group's overall strength.

Masanobu Kamiike
Director,
Chief Administrative Officer,
General Manager of Group Operations Department

Encouraging signs of a free and open exchange of information and mutual inspiration

BLUE ZONES HOLDINGS was founded in October 2025. With YAOKO at its core, our corporate group, which comprises AVE, Sendo, and Foocot, operates both lifestyle business and discount business categories, enabling us to meet the needs of a diverse range of income levels. We were confident that this position gave us a significant advantage for the future, but with the transition to a holding company structure and the addition of two new members—Delight Holdings (Cook Mart) and Bunkado—the Group's diversity and regional expansion have increased even further.

I believe that the greatest significance of establishing a holding company structure lies in the fundamental transformation of the Group's organizational structure. In the past, information flow was primarily vertical, based on a hierarchical structure with YAOKO at the top and its subsidiaries below. However, with the transition to a holding company structure, all companies, regardless of size, now stand on an equal footing, creating an environment where open and free exchange of information and mutual inspiration are generated naturally. This is the change I've felt most strongly in the six months since the establishment of the holding company.

One such symbolic step is the increased frequency of mutual site visits among group companies. Employees from YAOKO and Bunkado steadily stream into Cook Mart in Aichi, while Cook Mart staff, in turn, tour the sales floors at Bunkado and YAOKO; this kind of exchange that transcends business formats and regional boundaries takes place on a daily basis. While YAOKO possesses industry-leading capabilities, there were concerns that as the company expanded, it might lose its flexibility and spirit of initiative. However, witnessing how each group company, though small, boldly carries out the ideas they've conceived on their own has reignited a sense of wanting to take on new challenges among our employees, and this is precisely the tangible proof of the effectiveness of our group management approach.

We often receive questions from investors asking, "Is cooperation within the group moving forward?" To be frank, we're still in the early stages and not yet at the point where we're seeing tangible results. Each company that has joined us this time is a thriving business that has been managed soundly through their own efforts. That is precisely why, rather than rushing to achieve immediate results, we intend to pursue the maximization of value across the entire group from a long-term perspective.

Continuing to invest in growth with strict discipline

YAOKO, the core company of our group, has, in line with its expansion, made infrastructure investments to support its growth, including the construction of a support center (headquarters) and a distribution center, as well as the modernization of its core systems. While these investments do not generate immediate cash flow, they are all essential steps toward strengthening our competitiveness over the medium to long term. In terms of funding, anticipating future interest rate hikes even during a period of near-zero interest rates, we have strategically secured funds through long-term fixed-rate loans. Given the current environment of rising interest rates, we will strive to manage our funds efficiently going forward.

For the retail industry, the biggest investment in growth is opening new stores. When it comes to investing in new store openings, from a long-term perspective, I always place great importance on an approach similar to dollar cost averaging. First, we clarify the criteria for opening a store. We estimate achievable sales by considering local population projections and the competitive environment, calculate the payback period by considering interest rates and other factors, and make an assessment on the investment based on whether it meets our investment criteria. By consistently adhering to clear criteria for opening new stores, we can naturally operate in a way that increases store openings when investment costs are low, such as during an economic downturn, and curbs investment when costs are high. Rather than trying to time the market perfectly, we will continue to invest steadily based on uniform criteria. When viewed over the long term, my personal observation after many years of overseeing our store expansion strategy has been that we've been able to make investments in new store openings under consistent conditions.

No matter how the environment changes, we adhere to our decision-making criteria and never make investments that are not financially viable: we believe this discipline is the essence of investment that underpins sustainable growth.

Seeking the optimal balance between growth and returns

As part of our transition to a holding company structure, we have implemented a cash management system (CMS). The purpose is to eliminate the inefficiency caused by each company holding excess funds individually by pooling the group's total excess funds in one place and using them for investment and lending. Moreover, we have transitioned to a system where BLUE ZONES HOLDINGS now consolidates the borrowing that was previously handled individually by each group company. This has enabled the Group as a whole to secure funding on more favorable interest terms, which has also led to an increase in investment income. Through this integrated financial management, we are steadily improving capital efficiency and strengthening our funding capacity.

The disciplined allocation of our strong operating cash flow is also a pillar of our financial policy. While we aggressively invest in sectors with growth potential, we do not invest in businesses where profitability is in question, such as those with long payback periods. Given the current environment of rising interest rates, we will proceed with a systematic reduction of our outstanding debt, which currently stands at approximately 80 billion yen.

With regard to shareholder returns, we plan to gradually increase the dividend payout ratio, aiming for a level of around 30% in the future. Driven by the two pillars of profit growth through consecutive increased sales and profits, and an increase in the dividend payout ratio, the dividend amount has been steadily rising. We will strive to achieve the optimal balance between growth and shareholder returns, while also keeping an eye on the balance between stock price appreciation and dividend yield.

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

Developing talent that thinks for themselves, takes initiative, and drives change

In the supermarket industry, employee performance directly impacts business results. Sales can fluctuate by as much as 15% just because of a change in manager; something that would be hard to imagine in other retail sectors, such as drugstores. This is because the supermarket industry is subject to numerous seasonal changes and events, and it is necessary to constantly adjust the sales floor layout accordingly. In other words, we continuously adapt our stores, which serve as our "stage," to meet the daily needs of our customers and keep introducing new ideas. Thus, we need people who can think for themselves, take initiative, and drive change.

Customer purchasing patterns differ significantly between the southern and northern parts of Saitama Prefecture, which YAOKO refers to as its "tailored strategies for different markets." There are many areas where a one-size-fits-all, manual approach simply won't work, and developing the right talent to handle those areas is a critical issue for management. That is why YAOKO has adopted "Enjoy YAOKO" as its theme for FY2026. This conveys the message that we should embrace change and use our creativity to take our stores to the next level.

In addition, on-the-job training (OJT) is the main focus of on-site development. The foundation of YAOKO's employee development is learning from more experienced colleagues and using the thank-yous received from customers as fuel for growth. In addition, the people who support on-the-job training at the storefront are the

partners with a wealth of experience (part-time employees). The foundation of YAOKO's talent development capabilities lies in a system in which young employees in their 20s receive daily support from partners with many years of experience.

We are also working to enhance our educational system that includes "YAOKO University." I believe that how to pass on the importance and joy of thinking for oneself and thinking things through is the most important aspect of talent development. By systematically providing thought-provoking insights and linking them to on-the-job practice, we will further enhance the quality of our workforce. Guided by our belief that people are everything, we are committed to developing talent that aims to achieve the highest standards in Japan across all areas.

Essential digital transformation and environmental measures for sustainable store management

Due to an aging society, not only is the number of customers decreasing, but the number of employees working on the front lines is also steadily declining. Promoting the active participation of women and older adults in the workforce, utilizing foreign workers, and other such measures alone cannot fully compensate for the structural labor shortage. In this context, investment in digitalization and digital transformation is no longer a choice but a necessity.

Therefore, YAOKO is steadily rolling out fully self-service checkouts, focusing primarily on the checkout department, which requires the most staff. Additionally, by utilizing an AI-powered automated ordering system, we are streamlining the ordering and inventory management of more than 10,000 items. On the other hand, supermarkets with sales floors ranging from 2,000 to 2,600 m^2 that stock a wide variety of merchandise in small quantities still have many areas where they have no choice but to rely on human labor. Stocking a wide variety of merchandise of various shapes, such as fresh food and prepared food, is currently difficult to mechanize. While we are steadily advancing mechanization and digitization in areas where it is feasible, we have high hopes that, with the advancement of AI, we will one day be able to handle everything from demand forecasting and ordering to inventory management in real time.

As for our sustainability efforts, we have no intention of turning a blind eye to the fact that, as we expand the number of our stores, our overall environmental impact is increasing. We're not just paying lip service—we're taking this responsibility seriously and steadily working to reduce CO_2 emissions on a per-store basis. YAOKO currently operates approximately 200 stores and opens seven to eight new stores annually. Through energy-saving efforts at existing stores and the implementation of energy-efficient store designs at new locations, the company aims to achieve an overall reduction in emissions. In terms of recycling, we actively collect plastic bottles and food trays at our stores and generate revenue from recycling by selling these valuable materials at the YAOKO ECO CENTER. Revenue has been growing steadily every year, reflecting our company's stance of viewing environmental measures not as a "cost" but as an "investment" essential to sustainable growth.

I believe that grocery stores are a form of common capital that support the daily lives of local communities, and that the very act of steadfastly continuing to operate in a way that prioritizes people's health and the global environment in a manner worthy of the name "Blue Zones" is the greatest form of sustainability. Going forward, we will deploy the environmental targets management system we have developed at YAOKO to all Group companies and work to foster a shared sense of environmental awareness.

Long-term relationships of trust with our stakeholders are vital to our growth

BLUE ZONES HOLDINGS is supported by many stakeholders, including our shareholders, employees, customers, landowners, and business partners. One of the principles I hold dear is that we should reward those with whom we've shared a long-term relationship. That is because long-term relationships of trust are the cornerstone of corporate management.

Furthermore, based on our belief that being loved by our local customers is what matters most, we sincerely hope that the approximately 4 million YAOKO Card members will become shareholders. While we are implementing stock splits and increasing our dividend payout ratio, for a supermarket chain like ours, which supports everyday life, it is a tremendous source of strength when our frontline staff works hard to delight our customers and, at the same time, when members join us as supporters in working together to realize future prosperity. With that in mind, we are currently exploring the possibility of making BLUE ZONES HOLDINGS' shareholder discount coupons redeemable at all stores within the Group.

Building long-term relationships of trust also helps us ensure stable procurement of merchandise in collaboration with our business partners, especially as global supply chains become increasingly unstable. Rather than pursuing short-term profits, we are committed to maintaining a community-based business approach from a long-term perspective. We will continue to be a company that people living in the communities where our stores are located love and have high expectations for. We will spread this approach throughout the entire Group to achieve sustainable growth and improve corporate value.

Enhancing Human Capital

Have high aspirations and see from the customer's perspective, proven technical skills and in-depth knowledge, and the ability to deliver results as a team.
Employees who share these values common to the Group support the various sites in the value chain.

Personnel training

Basic approach

Our personnel is the most important source for improving corporate value in order to put BLUE ZONES HOLDINGS' mission—"Create a world (Blue Zones) where all members of the community can be healthy and happy every day"—into practice. To be a corporate group that continues to create value as a member of the local community, our company is committed to developing employees who can think for themselves and produce results as a team. Through mutual learning and personnel exchanges within the group, we are focusing on developing the next generation of management talent that will cultivate and secure the personnel necessary for continuous growth, and maintain and strengthen our competitiveness.

Personnel exchanges

Rather than simply expanding our reach, our Group places a priority on creating value that enhances the local food culture and quality of life. Developing the talent that will take on these roles is the foundation that will support the Group's future.

Based on the idea that learning from each other's strengths and transforming them into our own will enhance the overall capabilities of the Group, we promote mutual learning through store visits and technical training. We aim to grow through friendly competition while honing each other's strengths.

We are also promoting personnel exchanges among Group companies with the aim of developing the next generation of management talent. Expanding the scope of work by posting employees to Group companies provides employees with opportunities to cultivate a broader perspective and a higher viewpoint.

Production area training

To properly convey the commitment of producers contained in the merchandise—such as their dedication to deliciousness and ingenuity used during production—and deliver that merchandise to our customers, employees need to have a deep understanding of production areas and manufacturing sites. Therefore, our buyers visit production sites and strive to purchase merchandise that aligns with the commitment of the producers and our company.

At YAOKO, we conduct field training focused primarily on young employees from various departments, helping them deepen their understanding of our merchandise through interactions with producers and tours of manufacturing sites.

Moving forward, we will continue to maintain a comprehensive understanding of the entire supply chain—from upstream to downstream—and cultivate personnel who can convey the commitment contained in our products to our customers, thereby enhancing our sales strength.







① Training in Italy
② Training at the Soka Distribution Center
③ YAOKO FARM training for new employees
④ Training at a rice production area
⑤ Production area training

Enhancing Human Capital

Health management

Promoting efforts to improve employees' physical and mental health

We place a high priority on creating an environment where employees can work with energy and enthusiasm, and we promote both physical and mental well-being.

At YAOKO, a Chief Health Officer (CHO) has been appointed as the person responsible for overseeing employees' health management and promoting health-focused management. We are working to create a comfortable work environment through a wide range of initiatives, including planning and running health-related events, providing health consultations and guidance from occupational physicians and public health nurses, conducting stress assessments, and carrying out employee satisfaction surveys in collaboration with labor unions.

In recognition of these efforts, YAOKO has been certified as an "Outstanding Organization of KENKO Investment for Health" for eight consecutive years.



Group photo at the Koedo Kawagoe Half Marathon

2026
健康経営優良法人
KENKO Investment for Health
大規模法人部門

Promoting diversity

Initiatives for women and foreign nationals to play active roles

YAOKO established a Diversity Development Division within the Human Resources & General Affairs Department, and is focused on promoting the advancement of women and foreign technical interns.

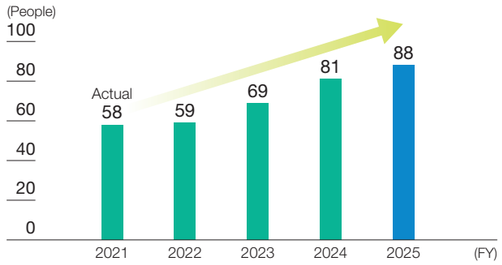
To make it easier for women to work, we are promoting an internal nursery school project and conducting lifestyle training for female employees.

Under the action plan established in accordance with the Act on Promotion of Women's Participation in the Workforce, the company has set a target of achieving a ratio of at least 10% of women in management positions by the end of March 2028, and as of the end of March 2026, this figure was 8.7%, showing a steady increase. We are actively working to support the balance between work and childcare or elder care, the revision of career plans to enable women to play an active part of the company in management roles, and identify and develop candidates for management positions, all with the goal of creating a workplace environment in which women can fully utilize their abilities and excel as managers.

Additionally, as of the end of March 2026, there were 551 foreign technical interns at the company. They primarily work in the Delicatessen and Fresh Food Center, as well as in the fresh seafood, prepared foods, and bakery sections of stores, and are indispensable to YAOKO.

Number of women in management positions

Target for FY2030
Percentage of women in management positions 20%



Temporary employment post retirement

YAOKO BUSINESS SERVICE launched a temporary staffing business in April 2026 to enable employees who have reached the retirement age for employment to continue working actively at their original workplaces. We register individuals who are willing to work and meet the company's staffing needs as temporary employees and assign them to stores. We will continue to provide opportunities for employees to apply the experience they have gained over their work life, primarily in support roles.

Promoting employment and self-reliance for people with disabilities YAOKO HARMONY

As part of our corporate social responsibility efforts, we established YAOKO HARMONY, a special-purpose subsidiary, in April 2024 to ensure a stable employment environment for people with disabilities and to create a workplace where they can thrive while taking advantage of their individuality and abilities.

Employees who work at YAOKO HARMONY are responsible for manually peeling the boiled potatoes used in the potato salad made at the Higashi-Matsuyama Delicatessen and Fresh Food Center. To achieve the best possible flavor in our potato salad, we deliberately peel the potatoes by hand, an important step that underpins the deliciousness of YAOKO's prepared foods.

Employees at YAOKO HARMONY have established three key priorities: (1) prevent accidents, (2) work as a team, and (3) commit to creating delicious merchandise (such as peeling potatoes very thinly). And we set daily targets and place great importance on having the entire team move forward step by step in the same direction. Moving forward, we will continue to work together as a team to hone our skills and strive to deliver the value of deliciousness to our customers through our work.



Higashi-Matsuyama Delicatessen and Fresh Food Center



Potato salad made in-house



Peeling potatoes

A Value Chain of Food Professionals

Through a value chain that is continually refined thanks to the cooperation of food professionals, BLUE ZONES HOLDINGS is constantly improving quality and freshness that enriches our customers' dietary lives.

Purchasing

Building on a robust purchasing network supported by relationships of trust with our business partners, we procure high-quality ingredients carefully selected by our buyers. At the same time, we are also strengthening our efforts to source produce directly from local and overseas producers.
To live up to our customers' trust in the taste and freshness of the merchandise we offer, we are actively seeking out high-quality ingredients both domestically and internationally, and we are steadily converting these efforts into profits.

Sendo

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

Chiba Prefecture, where Sendo operates its stores, is dotted with production areas for a wide variety of produce, including fresh fish, raw meat, vegetables, and fruit, and we are fully committed to purchasing locally produced and consumed goods from Chiba Prefecture. We are committed to purchasing fresh fish from fishing ports and markets, and skipjack tuna caught this morning is being delivered directly from the fishing port to our stores. Our selection of merchandise is carefully curated with a focus on deliciousness and freshness, with a wide variety of merchandise made with Chiba Prefecture ingredients, such as delicious *udon* noodles made entirely from *satonosora* wheat grown in Chiba Prefecture. In addition, the delicatessen's Japanese-style omelet made on a hot plate and hand-shaped *ohagi* confection are made using locally raised eggs and glutinous rice from Chiba Prefecture respectively. We are also committed to skills, with products manufactured by employees who have undergone technical training and certification at YAOKO, and we are developing these items into new signature merchandise while maintaining a selection of merchandise that focuses on the local Chiba region.





Japanese-style omelet made on a hot plate

YAOKO

Product development commitment

Recent price hikes have placed an ever-increasing burden on customers' household budgets, and families in the childrearing generation, in particular, are becoming increasingly frugal. Therefore, we are focusing on developing products unique to YAOKO that will lead customers to visit our stores by thoroughly refining our product appeal, which is one of YAOKO's strengths.

YAOKO's buyers go to the actual production sites directly to check the production areas and share their commitment to our merchandise with the people making them, with the aim of developing merchandise that is delicious and has 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. We also develop merchandise tailored to specific areas. "Kohoku Beef", a line of *wagyu* beef we offer in the northern area, uses crossbred cattle that provide a better balance of lean meat and marbling than Japanese Black cattle, tailored to the needs of the many middle-aged or older customers in the northern area, and is gaining increasing popularity among customers.



Private label products

YAOKO's private label products include "Yes!," a proprietary brand that shows the company's pride in its products, and "star select," merchandise developed in collaboration with Life Corporation. By the end of March 2026, the number of merchandise items under these private label products was a total of approximately 1,370 SKUs, accounting for more than 10% of total sales. In recent years, driven by growing demand for individual-sized meals, items such as the "Demiglace Hamburger Steak & Two-Cheese Omelet Rice," which combines rice and side dishes in a single package, the "Premium Go-San-Yaki Castella," made with carefully selected ingredients, and unprocessed soy milk made from 100% *yukihomare* soybeans from Furano, Hokkaido, have proven popular with our customers. In addition, "Secreto de la Familia Tinto," a private label red wine directly imported by OGAWA Trading, a trading company that is part of BLUE ZONES HOLDINGS, has received high acclaim, including winning the "Diamond Trophy," the top prize at the 13th Sakura Award 2026.





A Value Chain of Food Professionals

Manufacturing

Our group owns Delicatessens and Fresh Food Centers, and despite various environmental issues, we are achieving differentiation and uniqueness, improving store operational efficiency, and generating profits as a manufacturer through in-house production.
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.

YAOKO Sendo

As a manufacturer-retailer, we are expanding the scope of in-house production within our supply chain

The YAOKO Delicatessen and Fresh Food Centers have been expanding the area of in-house production within YAOKO and its supply chain. We are expanding and improving manufacturing technologies from raw materials to the manufacturing of merchandise based on the operating concept of “Spare no effort for deliciousness,” 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 Delicatessens and Fresh Food Centers is steadily increasing with not only the delicatessen division working to expand merchandise, such as potato salad, *menchi-katsu* (fried meat cake), and *sekihan* (red rice), but also the fresh food division working to produce roast beef, seasoned meats, and fish. Merchandise that has meticulous attention paid to its ingredients and seasonings is also supported by our customers. In addition, the Kumagaya Delicatessen and Fresh Food Center, which has the functionality of a processing center, has been responsible for some products in the fresh meat division and fully centralized packing of meat products in four YAOKO stores, thereby contributing to improved productivity by reducing opportunity loss due to labor shortages in the field and improving store technical capabilities.

Furthermore, Sendo purchases and sells some merchandise manufactured at YAOKO’s Delicatessens and Fresh Food Centers, such as potato salad and silky custard pudding, therefore the Delicatessens and Fresh Food Centers supply merchandise to group companies as well, enabling more customers to enjoy the deliciousness that YAOKO has worked hard to create.

Safety and security initiatives

Our Higashi-Matsuyama Delicatessen and Fresh Food Center is continuing its kaizen activities based on the ISO22000 certification, which is a food safety management system. Likewise, our Kumagaya Delicatessen and Fresh Food Center is also thoroughly pursuing safety and security. We will continue to provide safe and delicious merchandise to our customers by maintaining and enforcing a high level of hygiene management in our stores, as well as our Delicatessens and Fresh Food Centers, to the fullest extent.



Logistics

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.
These initiatives are leading to further improvements in our in-store service levels.

YAOKO Sendo

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 produce in our stores on the same day that they arrive from markets. We are also focusing on shipping fresh fish directly from the fishing port to our stores and other initiatives to deliver fresh food to our customers while maintaining its freshness.



YAOKO

Building 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, we are continuing our efforts to improve logistics efficiency by reducing drivers’ waiting and loading times when delivering goods to distribution centers and other locations, as well as by promoting deliveries on pallets. In the fresh meat division, we have also introduced a “milk run” collection system, in which YAOKO arranges for trucks to collect merchandise from various manufacturers and deliver them to our distribution center. This initiative resolves shipping challenges for our business partners as well as helping to reduce YAOKO’s logistics costs and lighten the workload at our distribution center. 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.

A Value Chain of Food Professionals

Sales

As a retailer that adapts to change, we tailor our operations to customers' diversifying needs. In our lifestyle-assortment style segment, we contribute to improving customer satisfaction through value-added store operations, while in our discount-style segment, we strive to improve customer satisfaction by offering low prices through rigorous, low-cost store operations.

AVE　Foocot

Capturing customer demand for bulk buying with EDLP and volume sales of individual products

AVE and Foocot have achieved low-cost operations through full systematization and have earned the support of their customers thanks to their overwhelming sales strength driven by EDLP and volume sales of individual items. We ensure that all fresh food is sold out by the end of the day. For raw meat and fresh fish, we sell fresh merchandise processed on the same day taking advantage of our processing center, while for fruits and vegetables, we put the full inventory on display in generous quantities before store opening to spark customers' shopping interest, thereby achieving efficient store operations.



Impressive high-volume display of fruits and vegetables

Cook Mart

Creating an enjoyable shopping experience through store-exclusive merchandise development

Cook Mart does not have a merchandise development department at its headquarters; instead, each store develops its own merchandise. Guided by Cook Mart's corporate culture of "Enjoy and Bring Joy!" we've created merchandise such as *Debupan*, homemade *char siu*, and Japanese dumplings wrapped in meat, which have become a source of joy for our customers when they visit our stores. Moreover, a culture has been fostered within the company where information about each store's initiatives is shared internally, leading to a steady stream of hit merchandise originating from the storefront.



Cook Mart's *Debupan*

Bunkado

Selection of merchandise packed with delicious, new, and fun items

Bunkado strives to offer a wide selection of merchandise that delights customers, while deepening strong bonds with dedicated producers nationwide who are meticulous in creating merchandise. We endeavor to create a sales floor and merchandise that our customers can enjoy every day by offering carefully selected items that showcase the producers behind them, such as "Suzuki's Gin-chan Salted Silver Salmon" and "The Three Miyamoto Brothers' Sticky Lotus Root," as well as a bargain corner featuring products at outlet prices, and by offering services that vary by day of the week, such as "Fresh Produce Day" and "Meat Surprise Market."





Bunkado's specialty merchandise

YAOKO

Deepening the tailored strategies for different markets

YAOKO took the selection of merchandise and sales promotions that had been common to all areas and split them up according to the diverse lifestyles, needs, and shopping trends of customers in different store regions, 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, and is continuously adjusting them. In March 2026, we finished renovating the Shin-Urayasu Store to serve as our flagship store in the South Area, specifically targeting the young to middle-aged demographic. Together with the Kuki Yoshiba Store, our flagship store in the North Area that opened in 2024, we will continue to refine our services with the goal of providing attentive service that meets our customers' needs.



YAOKO Shin-Urayasu Store

ESG Initiatives

BLUE ZONES HOLDINGS' 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 CO_2 emissions. We are also advancing initiatives to learn about the environment together with customers.

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

CO_2 reduction

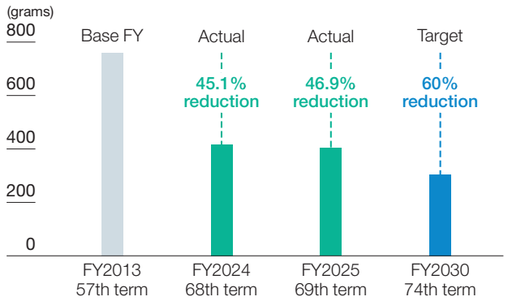
YAOKO is actively working to reduce CO_2 emissions by making LED lighting the standard for our stores, installing reach-in cases, honeycomb filter cleaning and temperature controls to reduce electricity consumption, and installing automated air conditioning control systems to maintain optimal temperatures and maximize energy savings. In addition, we have introduced non-fluorocarbon refrigeration units that operate using environmentally friendly CO_2 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 CO_2 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

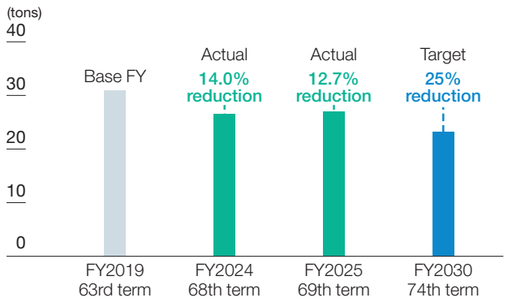
CO_2 reduction target and results

Scope 1 and 2: **60% reduction** in total CO_2 emissions by FY2030 vs. FY2013 levels



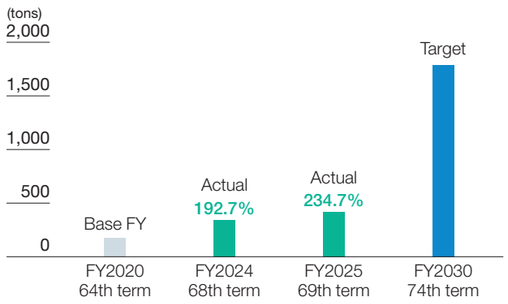
Plastic reduction target and results

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



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

YAOKO is stepping up its in-store recycling efforts. Our stores collect foam and clear trays, clear plastic containers, aluminum and steel cans, PET bottles, and other recyclable materials, which we compact and bale for recycling. Thanks to the cooperation of customers, the volume collected continues to increase year after year and the in-store program collected approximately 3,974 tons of recyclable materials in fiscal 2025. Food waste at the stores is processed at food recycling facilities using methane fermentation, and the resulting biogas is used to generate renewable electricity. A solid waste byproduct of power generation is used as fertilizer to grow vegetables at YAOKO FARM. The food recycling loop is completed by selling the harvested vegetables at our stores. We are expanding this initiative to additional regions as advances in recycling technology and the growing number of recycling facilities make it possible.



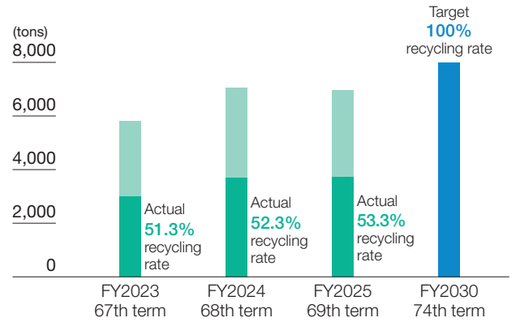
Recycling container



Recycling awareness poster & FY2025 collection results

Food recycling target and results

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



Collecting used cooking oil as a sustainable aviation fuel source

YAOKO has begun collecting used cooking oil at two stores in Yokohama City in support of the sustainable aviation fuel (SAF) initiative led by Yokohama City and Japan Airlines. Reducing CO_2 emissions to help realize a decarbonized society is a commitment set out in YAOKO's Environmental Policy, which calls for proactive efforts to operate energy-efficient stores through measures such as conserving energy and water and using clean energy. Collecting used cooking oil at stores is one way YAOKO is putting this commitment into practice. The Company also sells dedicated used cooking oil collection bottles to make it easier for customers to bring used cooking oil from home for recycling when they shop.



Used cooking oil recycling container

ESG Initiatives

Social Measures

Classes on balanced diets

YAOKO works with its business partners to hold food education events on balanced diets as part of its commitment to supporting abundant, enjoyable, and healthy dietary lives. The Three Food Groups are presented as an easy way to understand the importance of a balanced diet as part of a healthy and enjoyable lifestyle. Partners complement these sessions with hands-on cooking workshops featuring simple dishes that even children can prepare, including okonomiyaki and French toast, as well as easy emergency meals using canned foods for disaster preparedness. Participants have shared comments such as, “It’s a great way to eat more vegetables,” and “I’m going to make this at home.” We will continue offering these events to help make balanced eating enjoyable and accessible.



Okonomiyaki preparation demonstration



Easy disaster-preparedness cooking with canned foods

Environmental education classes on building sustainable communities

YAOKO also joins with its business partners to hold environmental education events for elementary school students. Participants learn about YAOKO’s environmental initiatives, including how to use and sort materials at in-store recycling stations, and gain insight into corporate environmental activities through virtual factory tours hosted by business partners. The program also features hands-on workshops, including making shrink-plastic keychains from bento box lids and creating original eco bags featuring the children’s own drawings, providing an engaging way to learn about the environment. Participants have shared comments such as, “I didn’t know some items can’t be recycled,” and “There aren’t many opportunities to learn about recycling with my child, so this was very helpful.” YAOKO will continue working with its business partners to provide opportunities for children to learn about the environment through hands-on experiences.



A class on “Recycling You Can Do Yourself”

Kindergarten and elementary school outreach classes

YAOKO expanded its food education and environmental initiatives in fiscal 2025 by launching a food education program for preschool children and outreach classes at elementary schools. The 5 A DAY Food Discussion Class is an experiential program for preschool children led by YAOKO’s 5 A DAY educators. The instructors visit nursery schools and kindergartens to explain balanced diets and the importance of eating vegetables and fruit in terms that young children can easily understand. The program includes a group visit to a YAOKO store, where the children take part in a hands-on shopping experience. The children choose items for themselves in the produce section, an activity designed to spark interest and curiosity even among those who are reluctant to eat vegetables.
The outreach classes at elementary schools introduce YAOKO’s plastic recycling, food loss reduction, and other environmental initiatives. We consult closely with teachers in advance and develop programs tailored to the specific needs of each grade level and each school’s educational approach. YAOKO will continue to expand its food education and outreach classes in line with the needs of preschools and elementary schools to help local customers lead richer, more enjoyable lives.





5 A DAY Food Discussion Class activities



Outreach presentation at an elementary school environmental class



Rice distribution for child support



YAOKO FARM Harvest Experience



Kumagaya Distribution Center Tour & Experience

Support activities for children

YAOKO launched an activity program to support children from economically disadvantaged families and single-parent households in September 2020. To ensure the continuity of food-based support, we established the YAOKO Child Support Foundation in 2021, and it currently operates as a public interest incorporated foundation. Since fiscal 2025, business partners have donated products equivalent in value to a portion of the sales of products developed in collaboration with YAOKO and other products, with support provided through the Foundation. Currently, the Foundation delivers food products through Saitama Prefecture to support organizations such as the Saitama Children’s Cafeteria Network and the Saitama Food Pantry Network. In addition to providing food-related support, YAOKO offers children firsthand experiences through activities such as tours of the Kumagaya Distribution Center and harvesting at YAOKO FARM. We plan to continue these activities on an ongoing basis for the future of local children.

Food drive and food pantry

YAOKO employees organize an annual food drive and food pantry event in partnership with two local food pantry organizations. The event brings together donations collected within the Company and contributions from various sources, including products nearing their best-before dates provided by business partners and many items donated by local farmers who have contracts with YAOKO stores. Participants have responded very positively to the event, and YAOKO will continue improving it in fiscal 2026 to make it even more enjoyable.



Our food pantry

ESG Initiatives

Response to the TCFD Recommendations

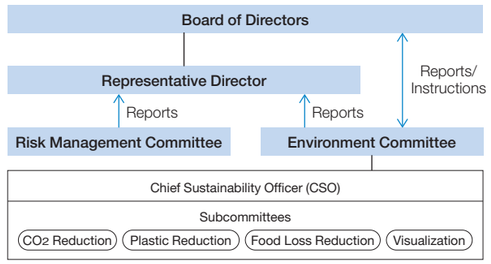
We collect relevant data and analyze climate change scenarios for YAOKO, a core operating subsidiary, following the Task Force on Climate-related Financial Disclosures (TCFD) framework. We identify business risks and opportunities related to climate change and take concrete steps to minimize risk and reduce CO_2 emissions.

▶Please see our website for details:
https://www.yaoko-net.com/sustainability/tcfd.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 and Representative Director meets twice a year to discuss and determine the policies for important matters on environment issues, and monitors their progress. In addition, YAOKO's 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.

Environment Management System



Strategy

We identify the risks and opportunities associated with climate change and ascertain their financial impact on YAOKO's 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℃ (under 2℃) scenario combining NZE, SDS, and RCP2.6, and a 4℃ scenario combining STEPS and RCP8.5. The risks and opportunities that will impact YAOKO, a major consolidated subsidiary, 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℃ scenario): IPCC RCP8.5 scenario and RCP2.6 scenario Transition scenario (1.5℃-2℃ scenario): IEA STEPS, SDS, and NZE scenarios
Subject	YAOKO store management
Analysis	YAOKO store management qualitative evaluation and financial impact of physical and transition risk (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> (YAOKO)

	Risk items				Risk impact				Countermeasures
	Category	Major category	Subcategory	Time to develop	Details of risks	2℃ (1.5℃)	4℃	Financial impact estimated	
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 CO_2 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	—	○	
		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	○	
			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	—	—	
	Physical risks	Acute risk	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	○	Strengthen the resilience of stores, factories, distribution centers, etc. by establishing and maintaining BCPs
		Chronic risks	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	○	
			Rise in average temperature, sea temperature and sea level	Medium to long term	Increase in procurement costs of raw materials Increase in water expenses from drought	Moderate	High	○	
Opportunities	Products and services		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	—	—	Promote measures such as cooperation with business partners and product development at our own factories
	Energy sources		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 (YAOKO)

Impact of the introduction of carbon taxes

Assumption: USD 130/t-CO_2 (source: IEA 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 CO_2 emission intensity on Scope 2 by FY2030 compared to FY2013 levels

*CO_2 emission intensity is calculated based on store area x 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℃ scenario, and the maximum value represents that of a 4℃ scenario

Metrics and targets (YAOKO)

Metrics	Targets
CO_2 reduction	Reduce total Scope 1+2 CO_2 emissions by 60% vs. FY2013 level
Plastic 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 in-store vs. FY2020
Food recycling	Achieve zero food waste Recycle 100% of food waste

▶Please see pages 39 – 40 for details.

YAOKO CO_2 emissions (calculated based on GHG Protocol)

▶Please see page 51.

Directors and Auditors

(as of June 23, 2026)

Directors



Yukio Kawano
Chairman and Representative Director

Jan. 1969 Joined YAOKO LTD.; General Manager of Sales Department
Mar. 1974 Reorganized YAOKO LTD. and established YAOKO CO., LTD.; Director
Oct. 1974 Senior Managing Director, YAOKO
May 1981 Representative Director, YAOKO
Jan. 1985 President and Representative Director, YAOKO
Jun. 2007 Chairman and Representative Director, YAOKO (to present)
Oct. 2025 Chairman and Representative Director, BLUE ZONES HOLDINGS CO., LTD. (to present)

Significant concurrent positions
Chairman and Representative Director, YAOKO CO., LTD.
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 YAOKO CO., LTD.
Jan. 2009 General Manager of Grocery Department, YAOKO
Jun. 2009 Director; General Manager of Grocery Department, YAOKO
Dec. 2009 Director; Deputy Director of Management Reform Promotion and General Manager of Grocery Department, YAOKO
Mar. 2011 Director; Deputy Director of Management Reform Promotion and Deputy Director of Sales Management, YAOKO
Jun. 2011 Managing Director; Deputy Director of Management Reform Promotion and Deputy Director of Sales Management, YAOKO
Feb. 2012 Executive Vice President and Representative Director, YAOKO
Apr. 2013 President and Representative Director, YAOKO (to present)
Apr. 2017 Director, AVE Co., Ltd. (to present)
Feb. 2021 Director, Foocot Co., Ltd. (to present)
Oct. 2025 President and Representative Director, BLUE ZONES HOLDINGS CO., LTD. (to present)

Significant concurrent positions
President and Representative Director, YAOKO CO., LTD.
Director, Ave Co., Ltd.
Director, Foocot Co., Ltd.
President, YAOKO Child Support Foundation



Masanobu Kamiike
Director, Senior Managing Director; General Manager of the Group Operations Department

Jan. 2005 Joined YAOKO CO., LTD.
Apr. 2008 Chief Store Development Officer and General Manager of Store Development Management Division, YAOKO
Jun. 2008 Director; Chief Store Development Officer and General Manager of Store Development Management Division, YAOKO
Apr. 2013 Director; Chief Business Management Officer, General Manager of Corporate Planning Office, and Chief Director of Human Resources & General Affairs, YAOKO
Jun. 2013 Managing Director; Chief Business Management Officer, General Manager of Corporate Planning Office, and Chief Director of Human Resources & General Affairs, YAOKO
Mar. 2019 Managing Director; Chief Business Management Officer, Chief Director of Human Resources & General Affairs, in charge of Store Development Division, YAOKO
Mar. 2020 Managing Director; Chief Administrative Officer, in charge of Store Development Division, YAOKO
Mar. 2022 Senior Managing Director; Chief Administrative Officer, in charge of Store Development Division, YAOKO
Mar. 2024 Senior Managing Director; Chief Administrative Officer, in charge of Store Development Division, General Manager of Finance Department, and Chief Health Officer (CHO), YAOKO
Mar. 2025 Senior Managing Director; Chief Administrative Officer, in charge of Store Development Division, and Chief Health Officer (CHO), YAOKO
Oct. 2025 Director; Chief Administrative Officer, BLUE ZONES HOLDINGS CO., LTD.
Mar. 2026 Director; Chief Administrative Officer, General Manager of the Group Operations Department, BLUE ZONES HOLDINGS (to present)
Senior Managing Director; Chief Administrative Officer, in charge of Store Development Division, YAOKO (to present)

Significant concurrent positions
Senior Managing Director, YAOKO CO., LTD.



Takanori Ishizuka
Director

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

Significant concurrent positions
Managing Director, YAOKO CO., LTD.



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, YAOKO CO., LTD. (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.
Nov. 2020 Representative Director, BLOOM Co., Ltd. (to present)
Jun. 2024 Outside Director, Audit and Supervisory Committee Member, SPARX Group Co., Ltd. (to present)
Oct. 2025 Director, BLUE ZONES HOLDINGS CO., LTD. (to present)

Significant concurrent positions
Director, YAOKO CO., LTD.
Outside Director, MITSUBISHI PENCIL 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, YAOKO CO., LTD. (to present)
Oct. 2025 Director, BLUE ZONES HOLDINGS CO., LTD. (to present)

Significant concurrent positions
Outside Director, Pac. EX Holdings Co., Ltd.
Director, YAOKO 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 Director, YAOKO CO., LTD. (to present)
Oct. 2025 Director, BLUE ZONES HOLDINGS CO., LTD. (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
Director, YAOKO CO., LTD.

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.

Auditors



Masahiro Yamada
Executive Auditor

Apr. 2014 Joined YAOKO CO., LTD., General Manager of Human Resources Department in charge of Human Resources
Mar. 2015 General Manager of Human Resources Department in charge of Operations, YAOKO
Mar. 2018 General Manager of Internal Control Division and General Manager of Compliance Division, YAOKO
Mar. 2024 Assistant to Chief Administrative Officer, YAOKO
Jun. 2024 Executive Auditor, YAOKO (to present)
Oct. 2025 Executive Auditor, BLUE ZONES HOLDINGS CO., LTD. (to present)

Significant concurrent positions
Executive Auditor, YAOKO CO., LTD.



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, YAOKO CO., LTD. (to present)
Oct. 2025 Auditor, BLUE ZONES HOLDINGS CO., LTD. (to present)

Significant concurrent positions
Auditor, YAOKO CO., LTD.

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, YAOKO CO., LTD. (to present)
Oct. 2025 Auditor, BLUE ZONES HOLDINGS CO., LTD. (to present)

Significant concurrent positions
Auditor, YAOKO CO., LTD.

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), YAOKO CO., LTD. (to present)
Feb. 2023 Auditor (Outside), JA Echigo Chuetsu (to present)
Jun. 2024 Executive Auditor, NCT Co., Ltd (to present)
Oct. 2025 Auditor, BLUE ZONES HOLDINGS CO., LTD. (to present)

Significant concurrent positions
Auditor, YAOKO CO., LTD.
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

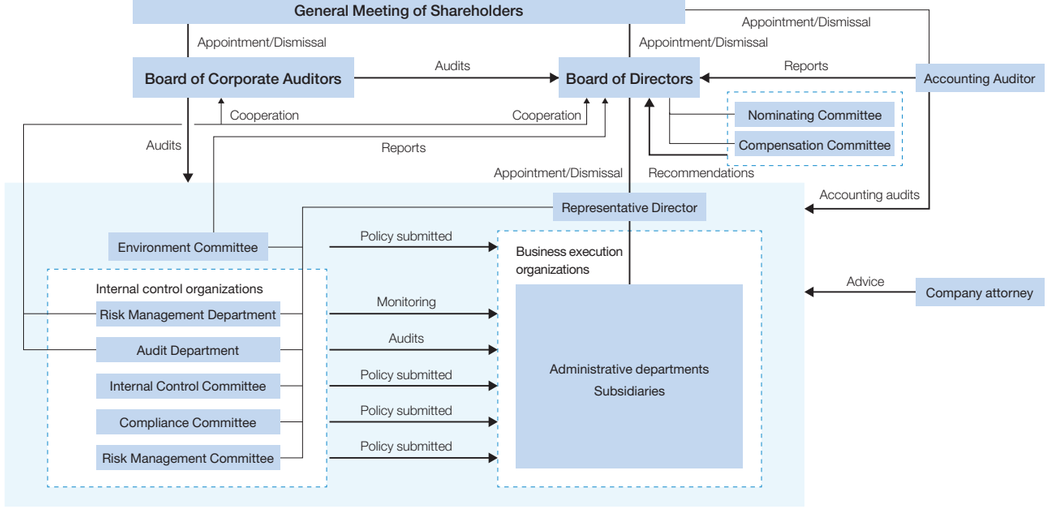
BLUE ZONES HOLDINGS' corporate governance structure is designed to ensure compliance with laws, regulations, and social norms, fulfill our social responsibility to stakeholders, and provide a structure for transparent and fair management.

Governance enabling sustained growth in sales and profits

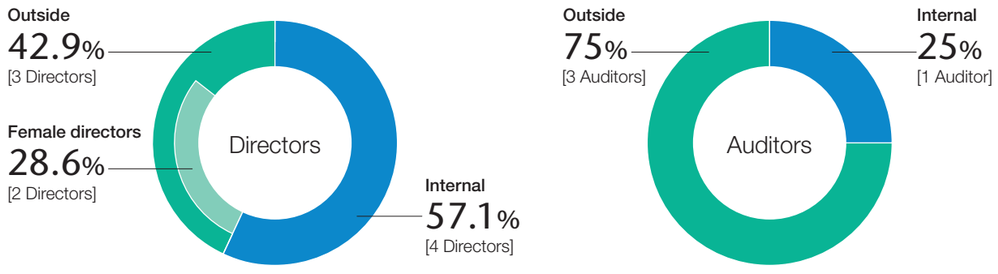
Our corporate governance is founded on the Group's mission, "Create a world (Blue Zones) where all members of the community can be healthy and happy every day," and its vision, "Become the community's common capital." As a corporate group, we do more than pursue profits. We seek to build a company that people want to work with by offering products we can confidently recommend to the people in our communities and creating a workplace where employees would want those close to them to work and do business. Achieving this requires every employee to act in ways that foster mutual trust. At the heart of that trust is sincerity. We place the highest priority on conducting business with honesty and integrity and practicing sound management with open communication. Guided by these principles, each Group company will continue to challenge and inspire one another as we strive for sustainable growth.

Corporate governance system

Corporate Governance System [Organizational structure: company with Board of Corporate Auditors]
(as of June 23, 2026)



Ratio of Outside Directors and Outside Auditors (as of June 23, 2026)



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

Board of Directors

Chairperson	Composition	Number of meetings in FY2025 (Attendance rate)
President	Internal Directors 4 Outside Directors 3	8 (100%)

Purpose

The Board of Directors provides oversight of business execution and decides important management matters, including organizational changes, key personnel appointments, management plans, and budgets, and approves financial statements. Each supermarket subsidiary operates autonomously, while the Company facilitates the exchange of information and personnel among the subsidiaries in accordance with its management philosophy.

Main topics of discussion

- Corporate structure changes and key personnel decisions
- Business plans and budget proposals
- Selection of Director candidates

Board of Corporate Auditors

Chairperson	Composition	Number of meetings in FY2025 (Attendance rate)
Full-time Auditor	Full-time Auditor 1 Outside Auditors 3	7 (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 BLUE ZONES HOLDINGS. 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

Nominating Committee

Chairperson	Composition	Number of meetings in FY2025 (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

Compensation Committee

Chairperson	Composition	Number of meetings in FY2025 (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.

Questionnaire outline	In February and March 2026, Directors and Auditors conducted questionnaire-based self-assessments. 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. Group governance structure 7. Lunch meetings 8. Officer training camps 9. General discussions 10. Training 11. Assessment of the effectiveness of the Board of Directors
Assessment results and analysis	The Directors and Auditors discussed the questionnaire results and a third-party analysis of those results and confirmed that the Company's Board of Directors is operating effectively. 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 fiscal 2026, we will undertake new initiatives to strengthen oversight of the Group's internal control and risk management framework, discuss the role of the Holdings Board of Directors, and establish a Board operating structure that better enables Directors to focus on decision-making and deliberation.

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.

Skill judgment method

Only skills falling within the area from A to E are recognized

Knowledge/skills	Experience: Up to 3 years	Up to 7 years	7 years and longer
Expert level	C	B	A
Level high enough to exchange opinions with experts	F	E	D
General level plus something extra	I	H	G

		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	1	●	●	●		●	●	●		●	●
Sumito Kawano	1	●	●	●		●	●	●			
Masanobu Kamiike	1	●	●	●		●				●	●
Takanori Ishizuka	1	●					●	●		●	●
Asako Saito Outside	1	●			●		●				●
Takashi Kuzuhara Outside	1	●	●								●
Yumiko Kamada Outside	1	●			●		●	●		●	●
Auditors											
Masahiro Yamada	1		●	●		●					
Yukio Sato Outside	1	●	●			●					
Katsuhiro Hashimoto Outside	1				●	●					
Tsuyoshi Ikarashi Outside	1		●	●							

Skills to be acquired

Management (items required for operation of a listed company)	Corporate management, management strategy, M&A	The BLUE ZONES HOLDINGS Group operates food supermarkets. The competition in the "food" field is intensifying with entry of companies from other industries. To realize sustainable growth, the Company needs Directors who have management experience and a track record in retail, real estate development, and M&A fields.
	Personnel affairs, labor, human resource development	As a labor-intensive business, the Group's most important asset is its people. Creating an environment where every employee can maximize their potential requires Directors with extensive experience not only in human resources and labor management, but also in talent development.
	Financial, accounting	To continue making investments for further improving corporate values while maintaining sound financial standings, the Company needs Directors with ample experience in the financial field. Directors 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	Our mission is to "Create a world (Blue Zones) where all members of the community can be healthy and happy every day." We need knowledgeable Directors capable of addressing sustainability with sincerity so future generations do not incur excessive financial burdens, food shortages, or more frequent natural disasters.
	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 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 Group's competitive strength in the supermarket business lies in its product development capabilities and sales capabilities. We therefore require Directors with extensive experience in manufacturing, retailing, product development, and merchandising.
	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 with solid knowledge and experience in IT and logistics.
	Store openings and store development	The Group has set targets of 500 stores and ¥1 trillion in sales. Achieving these goals requires a nationwide store network and Directors with extensive experience in store openings 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 who have long-term perspectives and are able to understand potential customer needs.

Officer compensation, etc.

Director compensation at BLUE ZONES HOLDINGS is based on the YAOKO basic policy on director compensation. The policy establishes a system that effectively serves 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, beginning in fiscal 2026, stock-based compensation linked to medium/long-term performance. 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 (FY2025)

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)	223	140	56	27	4
Auditors (excluding Outside Auditors)	15	15	—	—	1
Outside Officers	39	39	—	—	6

- Fixed compensation represents the total executive compensation paid by the Company and YAOKO to the Company's Directors, Audit & Supervisory Board Members, and Outside Officers.
- Short-term performance-linked compensation (bonuses) is the total executive compensation paid by YAOKO to the Company's Directors.
- Medium- to long-term performance-linked compensation (stock compensation) is the amount recognized as an expense by YAOKO for the Company's Directors.

Compliance

Basic views and promotion framework

BLUE ZONES HOLDINGS' mission is to "Create a world (Blue Zones) where all members of the community can be healthy and happy every day." 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 BLUE ZONES HOLDINGS 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. BLUE ZONES HOLDINGS aims to be a corporate group trusted by all stakeholders by keeping its Mission, Vision, and Values at the forefront and putting them into practice through its Standards of Conduct.

BLUE ZONES HOLDINGS Code of Conduct

The BLUE ZONES HOLDINGS Code of Conduct translates the BLUE ZONES HOLDINGS Corporate Ethics into specific behavioral standards, and provides Group employees with a shared set of principles and standards of conduct. The Code serves as the foundation for the daily actions of employees, helps earn customer trust, and enables the Group to fulfill its responsibilities to society.

Internal reporting office

The 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.

Compliance enforcement

BLUE ZONES HOLDINGS instills and raises compliance awareness through training for new employees, training by year of employment, conference meetings, and individual sessions across Group companies, which emphasize awareness of harassment laws and regulations based on past cases at other companies. The Company also fosters fair business relationships with its business partners by communicating the requirements of the Small and Medium-sized Enterprise Transactions Act.

ESG Data

Environment (YAOKO)

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

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	**FY2025**
CO_2 reduction (scope: non-consolidated)							
Amount of GHG emissions (CO_2-t)*1							
Scope 1 Emissions from fuel combustion	4,696	3,900	3,164	3,769	4,562*2	5,513	**5,358**
Scope 1 Emissions from fluorocarbon leakage	16,080	16,074	11,850	15,644	13,508	14,782	**15,743**
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	**49,670**
Total	120,609	120,465	126,506	126,727	81,441*2	73,226	**70,771**
CO_2 reduction results (compared to FY2013, with FY2013=100)*3	70.0%	62.7%	67.0%	64.0%	61.1%*2	54.9%	**53.1%**
Fluorocarbon emissions (leakage)*4							
Direct HFC emissions	10,514	10,818	9,089	11,237	12,041	14,567	**15,743**
Direct HCFC emissions	5,566	5,256	2,761	4,407	1,467	215	**0**
Total	16,080	16,074	11,850	15,644	13,508	14,782	**15,743**
Amount of energy usage*5							
Electricity (thousands of kWh)	228,563	237,720	245,047	234,367	276,599	300,547	**343,806**
Ratio of renewable energy (total for fiscal year)	0.0%	0.0%	0.0%	19.1%	36.6%	53.4%	**60.4%**
Liquefied petroleum gas (LPG) (t)	585	265	553	412	514	914	**930**
City gas (thousands of cubic meters)	754	816	897	893	1,061	1,200	**1,231**
A-heavy oil (KL)	196	206	196	196	236	98	**0**
Number of locations with rooftop solar power installations (cumulative total)	38	39	43	44	46	53	**53**
Number of locations that purchase renewable energy (cumulative total)	—	—	12	48	91	113	**116**
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	**5,568.4**
Actual reduction results per store (compared to FY2019, with FY2019=100)	—	93.1%	95.2%	86.8%	86.2%	86.0%	**87.3%**
Amount collected at stores for recycling							
Amount of foam trays and clear trays collected at stores (t)	140	179	156	178	329	397	**501**
Collection per store (compared to FY2020)	—	—	87.1%	100.4%	182.9%	192.7%	**234.7%**
Food recycling (scope: non-consolidated)							
Burnable waste generated (t)		12,491	13,751	12,129	11,348	15,280	**16,014**
Amount which was food residue (t)	4,542	3,116	3,352	3,032	2,837	6,969	**7,512**
Amount recycled (t)	2,631	2,674	3,108	2,887	2,943	3,622	**4,063**
Food waste	991	915	991	1,159	1,160	1,438	**2,101**
Fish bones	1,486	1,607	1,970	1,600	1,667	2,078	**1,855**
Waste oil	154	152	147	127	116	106	**107**
Percentage recycled*6	20.3%	46.3%	48.3%	50.3%	51.3%	52.3%	**53.3%**
Number of stores that conducted recycling (food waste)		36	36	36	40	50	**75**

Society (YAOKO)

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	**FY2025**
Labor environment							
Number of employees							
Men	2,782	2,921	3,011	3,103	3,214	3,334	**3,451**
Women	663	716	809	853	900	998	**1,042**
Total	3,445	3,673	3,820	3,956	4,114	4,332	**4,493**
PHA members (calculated at an average of 8 hours during the term)	11,185	11,784	12,428	12,554	12,816	13,953	**14,690**
Average age	38.8	39.4	39.3	39.4	39.6	40.0	**40.2**
Average years employed	10.7	10.9	11.0	11.3	11.5	11.5	**11.4**
Management positions							
Percentage of women in management positions	7.6%	7.3%	6.7%	6.6%	7.5%	8.5%	**8.7%**
Number of women in management positions	62	60	58	59	69	81	**88**
Childcare leave status							
Number of employees who took childcare leave	99	133	138	151	99	87	**110**
Percentage of male employees who took childcare leave	0.0%	1.8%	5.3%	12.8%	29.5%	41.0%	**31.5%**
Gender pay gap							
All employees	50.8%	52.2%	51.4%	51.9%	52.9%	54.3%	**56.1%**
Regular employees	75.6%	75.2%	72.6%	75.6%	77.0%	77.3%	**77.7%**
Part-time and fixed term staff	102.5%	104.1%	102.9%	102.7%	103.2%	104.7%	**104.5%**
Percentage of paid leave taken	36.4%	33.7%	34.5%	37.5%	38.2%	38.5%	**38.9%**
Employment rate for people with disabilities	2.47%	2.50%	2.46%	2.52%	2.56%	2.51%	**2.61%**
Rate of work accidents (per 1,000 people per year)	4.1	3.5	5.2	5.4	4.8	4.7	**6.0**

Governance (BLUE ZONES HOLDINGS)

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	**FY2025**
Percentage of independent outside directors	33.3%	33.3%	33.3%	33.3%	37.5%	37.5%	**42.9%**
Percentage of female directors (from among directors)	11.1%	11.1%	11.1%	11.1%	12.5%	12.5%	**28.6%**
Percentage of independent outside auditors	75.0%	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 from March 2025

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	67,327	74,523	83,746	–	–	103,091
(Sales, general, and administrative cost ratio)	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 (yen)	310.03	183.12	201.77	–	–	283.40
BPS (yen)	2,552.70	1,409.88	1,584.19	–	–	2,179.80
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
Number of stores at end of FY (consolidated)	–	–	–	–	–	168

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 Apoch 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.
5. A two-for-one stock split of common stock was implemented effective April 1, 2015. Net assets per share (book value per share (BPS)) and earnings per share (EPS) for the fiscal year ended March 31, 2014, have been calculated as if the stock split had taken effect at the beginning of the fiscal year.

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	**813,155**	
104.8%	105.8%	110.3%	105.5%	105.3%	109.8%	118.9%	**110.4%**	
417,709	442,220	487,189	514,029	541,824	595,348	708,290	**783,434**	
309,524	328,243	363,286	384,259	405,790	446,763	534,270	**589,802**	
74.1%	74.2%	74.6%	74.8%	74.9%	75.0%	75.4%	**75.3%**	
108,184	113,977	123,902	129,769	136,034	148,584	174,019	**193,632**	
25.9%	25.8%	25.4%	25.2%	25.1%	25.0%	24.6%	**24.7%**	
17,375	18,256	20,673	21,996	22,662	24,239	28,110	**29,720**	
125,560	132,233	144,575	151,766	158,696	172,824	202,130	**223,352**	
30.1%	29.9%	29.7%	29.5%	29.3%	29.0%	28.5%	**28.5%**	
7,332	7,708	8,918	9,577	9,937	10,895	12,581	**13,321**	
2,934	2,996	2,718	2,669	2,761	3,037	3,441	**3,449**	
–	–	–	–	78	588	479	**648**	
44,264	46,432	49,820	53,089	54,895	58,637	71,115	**80,035**	
2,599	2,812	2,922	2,987	3,180	3,308	3,603	**3,916**	
1,029	1,059	1,097	1,148	1,573	1,573	1,730	**1,755**	
5	5	248	3	2	0	22	**15**	
2	2	2	2	1	1	6	**1**	
284	389	229	565	387	492	1,106	**323**	
42	42	40	37	29	34	51	**29**	
6,759	7,121	8,636	8,303	8,458	9,176	10,839	**12,961**	
5,072	4,864	4,540	5,282	7,553	7,040	8,745	**9,082**	
12,058	12,603	13,336	14,166	14,728	15,835	17,553	**18,824**	
8,452	9,163	9,582	10,303	10,863	11,354	12,852	**14,548**	
1,015	1,015	1,015	1,015	–	–	258	**344**	
15,805	16,132	19,008	18,530	18,008	21,517	24,338	**27,700**	
107,660	112,351	122,117	127,684	132,461	143,495	168,727	**186,960**	
25.8%	25.4%	25.1%	24.8%	24.4%	24.1%	23.8%	**23.9%**	
17,900	19,882	22,458	24,081	26,235	29,328	33,402	**36,392**	
4.3%	4.5%	4.6%	4.7%	4.8%	4.9%	4.7%	**4.6%**	
217	358	319	279	357	589	242	**424**	
629	612	565	1,070	995	1,040	1,061	**1,088**	
17,488	19,629	22,211	23,290	25,597	28,877	32,583	**35,727**	
4.2%	4.4%	4.6%	4.5%	4.7%	4.9%	4.6%	**4.6%**	
2,609	22	199	52	25	3	603	**780**	
2,367	890	1,322	966	2,143	2,925	4,045	**3,205**	
17,730	18,761	21,089	22,376	23,479	25,955	29,140	**33,301**	
11,798	12,458	14,593	15,382	15,849	18,243	20,176	**23,596**	
2.8%	2.8%	3.0%	3.0%	2.9%	3.1%	2.9%	**3.0%**	
23,009	22,723	24,673	42,047	22,977	26,738	39,556	**38,553**	
13,427	11,706	13,318	23,799	11,616	17,097	22,676	**23,866**	
2,752	7,944	3,462	11,324	6,837	6,091	9,479	**10,636**	
6,830	3,073	7,893	6,924	4,524	3,551	7,402	**4,051**	
8,452	9,163	9,582	10,303	10,863	11,354	12,852	**15,991**	
224,315	244,511	269,121	305,997	318,231	342,409	376,206	**427,822**	
38,507	48,062	58,091	60,303	76,625	86,135	92,983	**102,050**	
185,807	196,409	210,999	245,673	241,595	256,272	283,222	**325,771**	
–	39	29	20	11	1	–	**–**	
130,259	140,473	152,495	177,168	176,618	174,506	190,274	**221,857**	
94,055	104,037	116,625	128,828	141,613	167,902	185,931	**205,964**	
22,970	29,218	26,896	30,525	33,276	37,163	43,183	**47,071**	
-16,431	-21,992	-23,345	-46,909	-10,516	-26,785	-37,009	**-46,395**	
-5,715	1,418	4,191	15,571	-8,251	-8,075	-5,775	**3,637**	
6,539	7,226	3,551	-16,384	22,760	10,378	6,174	**676**	
13.2%	12.6%	13.2%	12.5%	11.7%	11.8%	11.6%	**12.4%**	
5.3%	5.1%	5.4%	5.0%	5.0%	5.3%	5.4%	**5.5%**	
303.85	320.85	375.81	396.08	407.99	464.43	493.30	**115.91**	
2,422.24	2,679.23	3,003.15	3,317.02	3,644.95	4,121.55	4,447.92	**980.25**	
1.9	1.8	1.8	1.7	1.7	1.7	1.9	**1.8**	
41.9%	42.5%	43.3%	42.1%	44.5%	49.0%	48.1%	**46.6%**	
38,829,591	38,830,676	38,833,224	38,837,603	38,847,080	39,282,078	40,900,204	**203,585,357**	
172	178	181	192	199	205	239	**276**	

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.
10. Since the fiscal year ended March 31, 2025, Sendo Co., Ltd. has been a consolidated subsidiary.
11. A five-for-one stock split of common stock was implemented effective April 1, 2026. Net assets per share (book value per share (BPS)) and earnings per share (EPS) for the fiscal year ended March 31, 2026, have been calculated as if the stock split had taken effect at the beginning of the fiscal year.

Main Financial Indicators (YAOKO) (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 (yen)	328.57	182.19	220.02	233.48	255.67	265.47
BPS (yen)	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
Sales floor space at end of FY (weighted average) m²	232,330	251,654	267,349	279,318	290,346	303,626

	9th Mid-term Management Plan			10th Mid-term Management Plan			11th Mid-term Management Plan		
	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	**FY2025**	FY2026
Total revenue	380,992	401,358	442,126	467,838	487,891	534,780	590,022	**637,361**	
(Compared to previous period)	104.7%	105.3%	110.2%	105.8%	104.3%	109.6%	110.3%	**108.0%**	
Net sales	364,122	383,677	422,101	446,535	466,035	511,357	564,108	**609,981**	
Cost of sales	262,941	277,311	306,817	325,388	339,434	373,185	412,488	**444,526**	
(Cost ratio)	72.2%	72.3%	72.7%	72.9%	72.8%	73.0%	73.1%	**72.9%**	
Gross profit	101,181	106,366	115,284	121,147	126,601	138,172	151,619	**165,455**	
(Gross profit ratio)	27.8%	27.7%	27.3%	27.1%	27.2%	27.0%	26.9%	**27.1%**	
Operating revenue	16,869	17,680	20,024	21,302	21,856	23,423	25,914	**27,380**	
Operating gross profit	118,051	124,047	135,308	142,449	148,457	161,595	177,533	**192,835**	
(Sales operating gross profit ratio)	32.4%	32.3%	32.1%	31.9%	31.9%	31.6%	31.5%	**31.6%**	
Distribution expenses	7,332	7,708	8,878	9,401	9,752	10,680	11,531	**12,212**	
Advertising expenses	2,922	2,949	2,713	2,641	2,728	2,974	3,142	**3,118**	
Provision for point card certificates	–	–	–	–	78	588	479	**648**	
Salaries and allowances	42,679	44,735	47,982	51,027	52,583	56,141	63,687	**70,206**	
Provision for bonuses	2,351	2,505	2,554	2,640	2,771	2,855	3,021	**3,129**	
Retirement benefit expenses	1,003	1,021	1,099	1,112	1,513	1,548	1,576	**1,599**	
Provision for retirement benefits for directors (and other officers)	–	–	–	–	–	–	–	**–**	
Provision for share awards	284	389	229	565	387	492	1,106	**323**	
Provision for share awards for directors (and other officers)	42	42	40	37	29	34	51	**29**	
Legal and other welfare expenses	6,532	6,871	8,340	7,993	8,099	8,788	9,811	**11,548**	
Utilities expenses	4,804	4,598	4,288	4,992	7,023	6,572	7,431	**7,658**	
Rent expenses on land and buildings	11,157	11,612	12,277	13,036	13,493	14,481	15,636	**16,465**	
Depreciation	8,049	8,739	9,140	9,761	10,092	10,509	11,452	**12,942**	
Other	14,832	15,117	18,043	17,485	17,064	20,345	21,264	**23,611**	
Total selling, general and administrative expenses	101,991	106,292	115,588	120,696	125,619	136,003	150,194	**163,495**	
(Sales, general, and administrative cost ratio)	28.0%	27.7%	27.4%	27.0%	27.0%	26.6%	26.6%	**26.8%**	
Operating profit	16,059	17,754	19,719	21,753	22,837	25,592	27,339	**29,339**	
(Operating profit ratio)	4.4%	4.6%	4.7%	4.9%	4.9%	5.0%	4.9%	**4.8%**	
Non-operating income	499	648	611	586	559	475	415	**515**	
Non-operating expenses	574	573	539	889	981	1,032	1,047	**1,063**	
Ordinary profit	15,984	17,829	19,791	21,451	22,415	25,036	26,708	**28,791**	
(Ordinary profit ratio)	4.4%	4.6%	4.7%	4.8%	4.8%	4.9%	4.7%	**4.7%**	
Extraordinary income	2,609	22	199	50	30	3	26	**14**	
Extraordinary losses	2,365	889	1,321	1,766	1,336	3,409	3,745	**3,159**	
Profit before income taxes	16,228	16,963	18,669	19,735	21,110	21,630	22,989	**25,646**	
Profit attributable to owners of parent	11,139	11,574	13,315	13,937	14,291	15,099	16,713	**19,044**	
(Profit ratio attributable to owners of parent)	3.1%	3.0%	3.2%	3.1%	3.1%	3.0%	3.0%	**3.1%**	
Capital investment	15,699	17,049	24,405	32,153	21,811	22,606	36,303	**30,782**	
New stores and prior investments	6,226	10,738	13,293	14,125	10,591	13,101	21,332	**17,408**	
Revitalizing existing stores	2,730	3,357	3,315	11,297	6,755	6,066	9,337	**9,514**	
Other (IT systems, etc.)	6,743	2,954	7,797	6,731	4,465	3,439	5,634	**3,860**	
Depreciation	8,049	8,739	9,140	9,761	10,092	10,509	11,452	**14,207**	
Total assets	210,799	230,824	254,815	290,367	301,647	321,850	339,499	**326,555**	
Current assets	36,029	43,703	52,283	55,383	70,235	78,106	76,909	**69,798**	
Non-current assets	174,770	187,082	202,501	234,962	231,401	243,741	262,590	**256,756**	
Deferred assets		39	29	20	11	1	–	**–**	
Total liabilities	117,159	128,031	141,300	166,405	166,621	163,789	171,917	**183,282**	
Net assets	93,640	102,793	113,515	123,961	135,026	158,061	167,581	**143,272**	
Operating cash flow	–	–	–	–	–	–	–	**–**	
Investing cash flow	–	–	–	–	–	–	–	**–**	
Financing cash flow	–	–	–	–	–	–	–	**–**	
Free cash flow (Operating CF + Investing CF)	–	–	–	–	–	–	–	**–**	
Dividend per share	60.00	65.00	85.50	80.00	85.00	110.00	125.00	**–**	
ROE	12.4%	11.8%	12.3%	11.7%	11.0%	10.3%	10.3%	**12.3%**	
ROA	5.3%	5.0%	5.2%	4.8%	4.7%	4.8%	5.1%	**5.8%**	
EPS (yen)	286.89	298.06	342.90	358.88	367.89	384.37	408.65	**–**	
BPS (yen)	2,411.54	2,647.18	2,923.04	3,191.70	3,475.41	3,879.97	4,115.81	**–**	
Total asset turnover	1.7	1.7	1.7	1.5	1.5	1.6	1.7	**1.9**	
Equity ratio	44.4%	44.5%	44.5%	42.7%	44.8%	49.1%	49.4%	**43.9%**	
Number of issued shares (excluding treasury stock/average for period)	38,829,591	38,830,676	38,833,224	38,837,603	38,847,080	39,282,078	40,900,204	**–**	
Number of new stores	6	5	5	9	6	4	8	**7**	
Number of remodeled stores	8	9	10	10	9	11	6	**9**	
Number of scrap-and-build stores	–	–	–	–	–	1	1	**–**	
Number of stores closed	3	–	2	1	–	–	–	**–**	
Number of stores at end of FY	161	166	169	177	183	187	195	**202**	
Sales floor space at end of FY (weighted average) m²	310,981	321,037	329,520	345,703	354,337	363,106	377,444	**391,909**	

1. 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.
2. A two-for-one stock split of common stock was implemented effective April 1, 2015. Net assets per share (book value per share (BPS)) and earnings per share (EPS) for the fiscal year ended March 31, 2014 have been calculated as if the stock split had taken effect at the beginning of the fiscal year.
3. Return on Equity (ROE) is calculated based on average capital over the period.
4. Beginning fiscal year ended March 31, 2019, capital investment is written separately for stores (new and existing) and others.
5. The Company began applying the Accounting Standard for Revenue Recognition in the fiscal year ended March 31, 2021.