



# YAOKO REPORT 2018

Yaoko Group Integrated Report



## Management Philosophy

To contribute to the improvement and development of regional culture through enriching the everyday life of our customers by offering quality food.

## Company Policy

A cheerful life will create a cheerful store.

1. Create reliable goods that will make customers happy.
2. Build a spirit of service that is sincere to customers.
3. Build people who are always healthy, smiling, and active.

## The Joy of Living Near This Store

Eating is a major source of pleasure in life. The small joys of daily life include fresh juice on the breakfast table, fun treats for children, delicious snacks with alcohol, and dinner shared with the family around the table. We would like to provide that happiness.

We're aiming for a store that makes shopping fun and gives you a sense of enrichment. Appreciating the seasons, appealing to all five senses, making new discoveries, and being moved by the kindness of others. We aim to become the kind of store where you feel spiritually enriched in a society that is already materially enriched.

Food is culture. We believe that it is our important duty to get to know producers, to be grateful for the blessings of nature and the efforts of producers, to impart regional traditions and food cultures, to put into practice eating habits that lead to long, healthy lives, and to inherit and further develop our abundant food culture. We'll build a store that regions need; a store for connecting people and nurturing cultures.

We want to be a presence that all customers feel "happy to live nearby" and at the same time all our members feel "happy to work at."

Yaoko store around 1958



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#### Editorial Policy

Yaoko Group is publishing the "Yaoko Report 2018 (Integrated Report)" starting from the 2018 financial year. "Yaoko Report 2018" will include 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 will also be included. We hope it will be used by a variety of stakeholders, especially shareholders and investors, to promote understanding of Yaoko Group.

#### Important Points about Future Estimations

The "Yaoko Report 2018" 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.



## A Presence that Many Customers will Appreciate

For over 10 years, Yaoko has been known as "Japan's most energetic" supermarket corporation. Supermarkets are a labor intensive industry, and Yaoko is Japan's most energetic because all of its staff, including part-time employees, work more energetically than anyone else in Japan. I believe there are two main things that draw out and support that energy in our members. The first is continually valuing a highly motivational corporate philosophy as the backbone of our management. The second is the establishment of our business concept, "supermarkets that offer customers abundant and enjoyable dietary lifestyles in a proposition style," and continued efforts to perfect and advance that concept. Yaoko is often said to be unwavering, and I believe this is because our corporate philosophy and business is unwavering.

This company's fundamental philosophy is to contribute to the improvement and development of regional culture through enriching people's daily consumption. We don't just look at what will sell and what will be profitable. Our work is useful in making people's daily lives fun and fulfilling, with a focus on regional foods. We want lots of people to feel happy to live near our stores. That is our reason for existing and our purpose. I would like to realize this "purpose" through creating supermarkets that offer customers abundant and enjoyable dietary lifestyles in a proposition style.

Enjoyable and fulfilling eating habits are a foundation for the enjoyment of life for many people. The level of their supermarket determines the level of their eating habits. Therefore, our role is important and our work worthwhile. I work hard every day to earn a heartfelt "thanks" from our customers.

Chairperson and Executive Director  
Yukio Kawano

川野幸夫



## We are honing our strengths for our customers to realize abundant and enjoyable dietary lives.

We appreciate your patronage towards our stores.

In accordance with Yaoko's management philosophy, we are engaged in efforts to create "supermarkets that offer customers abundant and enjoyable dietary lives." That means our stores don't exist only to supply necessities, but also we create stores where the shopping experience itself is a pleasure. Customers will not travel far to shop for their daily meals. Therefore, the quality of their diet depends on how good their neighborhood store is. We are trying to satisfy all customers living near our stores by offering fresh foods and answering their various needs.

In order to achieve this end, we have structured ourselves around the concepts of "decentralized chain-store system" and "all participation policy". In other words, each person and each store considers local customer needs and takes actions as a team to satisfy them. The members working in each store are also local consumers. Making the most of this consumer viewpoint in our marketplaces enables us to create stores where customers can find what they really want.

Our main strengths are our high-quality products and customer-oriented suggestions. We use only the best ingredients, such as in our specialty "ohagi" rice balls, and strive for freshness by processing foods in our stores. Our buyers travel across Japan and the world to find excellent products and suppliers, so that our stores are stocked with only the high-quality products. Moreover, we tailor product selections to meet various customer needs, such as by offering smaller packs for elderly customers or seasoned foods for busy young families. We also make suggestions on seasonal menus, which helps our customers to decide what they cook tonight and consequently to widen the repertory of their favorite dishes.

These activities have gained us incredibly valuable assets in both our network of outstanding producers and suppliers, as well as the positive relationships we share with the landlords who have assisted in our regional expansion. We have achieved continuous, steady growth thanks to the support of so many stake-

holders, and have now successfully achieved 29 terms of increased income and profit in a row.

Currently, the social environment surrounding the supermarket industry is changing with unprecedented speed. There are innumerable issues poised to exert major influence on future business management, such as an aging population and declining birthrate, labor shortages, e-commerce expansion, population urbanization, and the increasing public finance deficit.

Even faced with these issues, we aim to continue unfaltering progress. Our long-term vision is to become the best supermarket chain which enriches the everyday lives of our customers. We are capitalizing on our strengths to achieve that, as per our 3-year Mid-term Management Plan. We are executing concrete plans based on our strategies in the following four fields: product and sales, operations, human resources development, and new store and growth. Our 9th medium-term management plan's theme is "Establishing the Yaoko Way." Under this theme, we will strengthen the foundations of our chain store operation by adopting new IT systems and reducing in-store tasks.

All of us at Yaoko will make our best efforts to ensure that all of our stakeholders are happy to have us here.

President & CEO  
Sumito Kawano

川野 澄人





Yaoko Group enriches the daily consumption of its customers and contributes to the improvement and development of regional culture by creating supermarkets that offer customers abundant and enjoyable dietary lifestyles in a proposition style. We continue to grow, aiming to be both number one in regional market share for the community and as a lifeline.

**"The Shape we Want to Take as a Corporation"**

- **Admired company**
- ↑
- **Sustained growth through improved regional market share**
- ↑
- **Improving the level of regional eating habits**
- **Focusing on regional communities**

**Yaoko Group's Strengths**



**Providing High Quality Service**

Creating supermarkets that offer customers abundant and enjoyable dietary lifestyles in a proposition style.

Sustained Growth with Customers

**Improving Reliability**

**A company worth working for that enriches the dietary lifestyles of its customers.**

The concrete numerical target for Yaoko Group's long-term vision, to show the direction of our value creation, is a corporation with 500 stores and 1 trillion yen in sales.

● Long-term Vision

**To become the irrefutable No. 1 group that promotes abundant and enjoyable dietary lifestyles**

- To be close to the community and to be an essential part of the community
- To be a group that can meet diverse customer needs
- To grow, one by one, to become a group that enjoys working

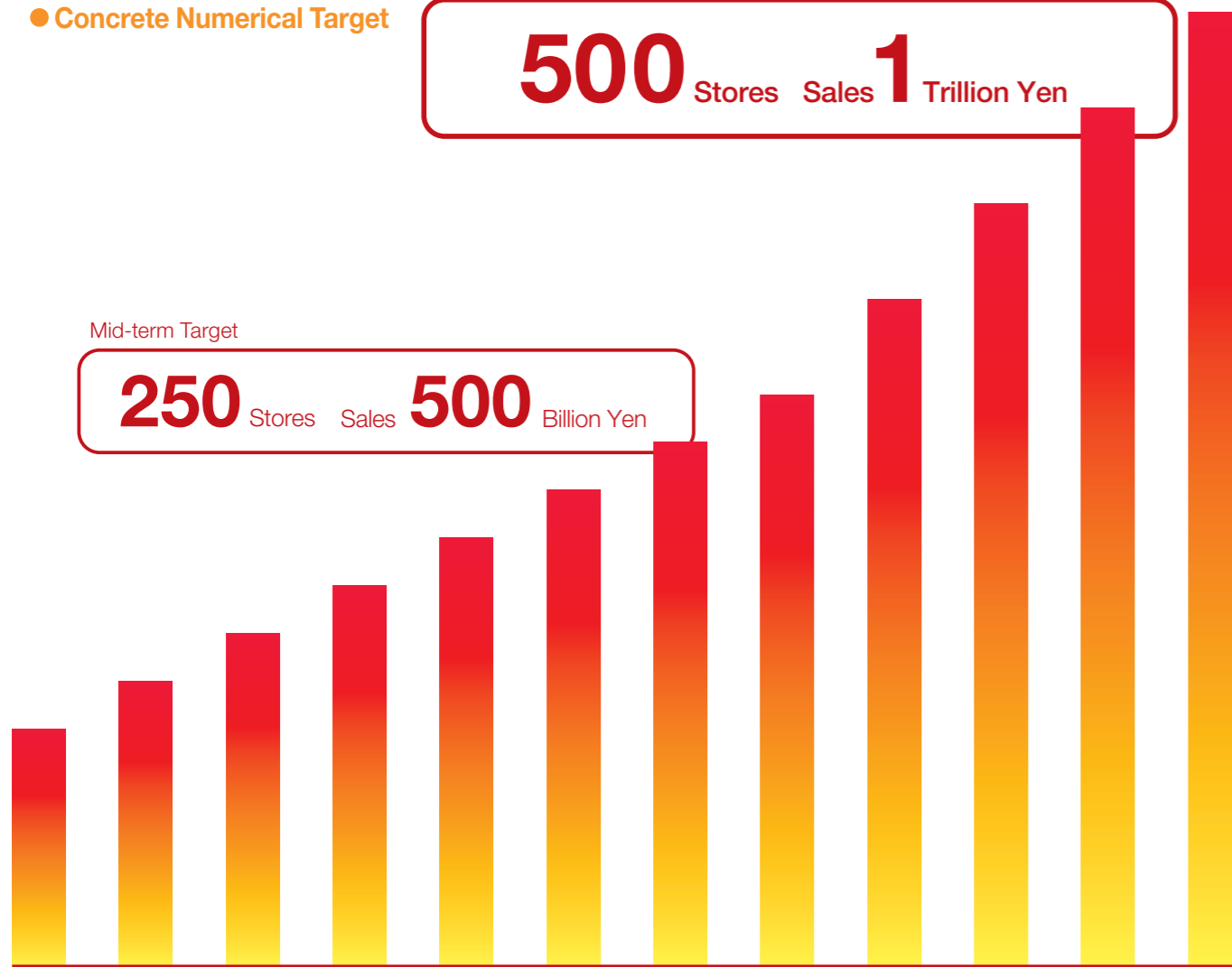
● Concrete Numerical Target

Long-term Target

**500** Stores Sales **1** Trillion Yen

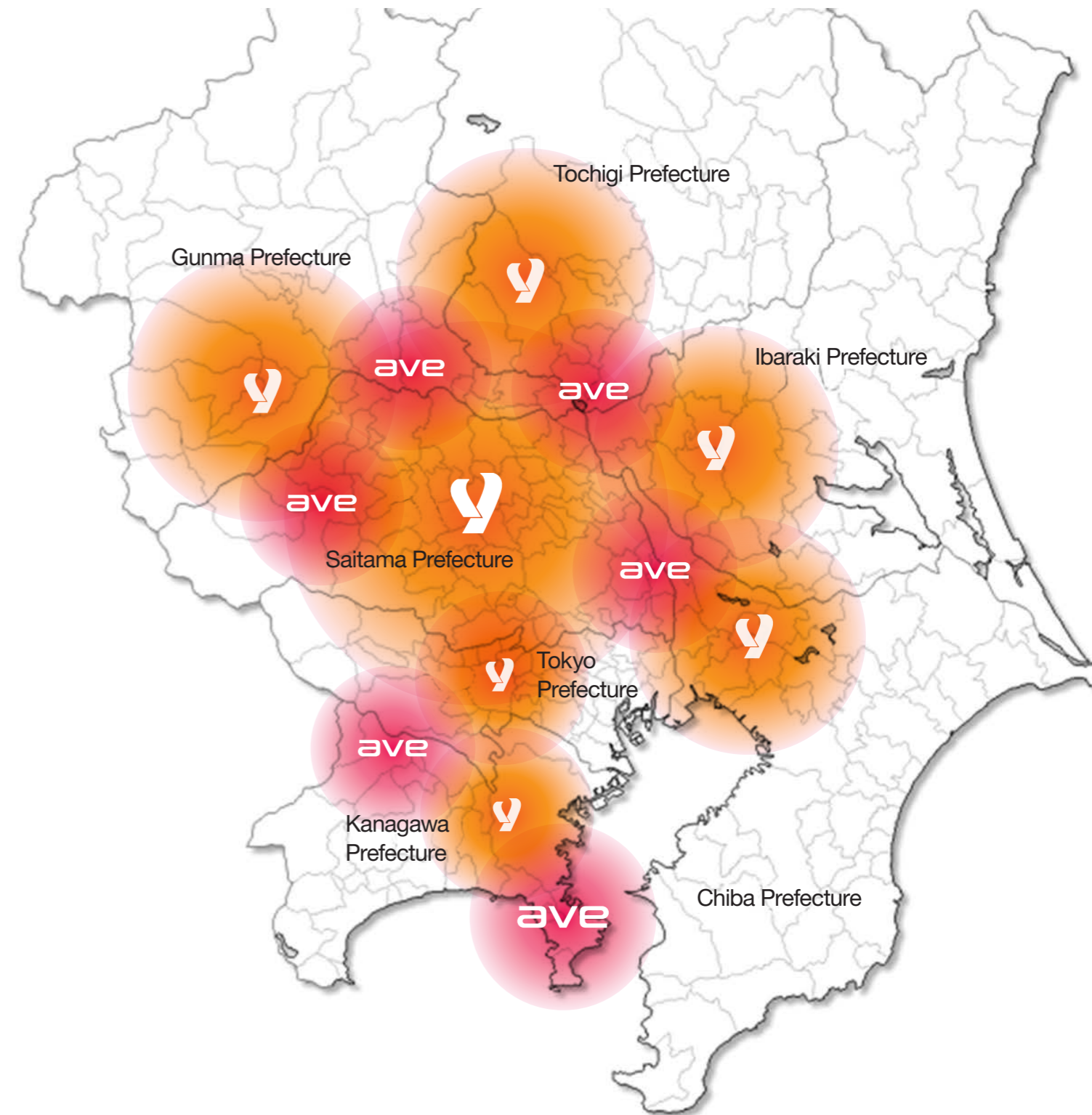
Mid-term Target

**250** Stores Sales **500** Billion Yen



**Making "500 Stores, 1 Trillion Yen in Sales" and "A Corporation that Delivers Lots of Happiness" a reality.**

We'll build the kind of store that improves the level of regional eating habits, assists regional people in living happy, healthy lives, connects regional people, nurtures culture and is an essential part of the region just by being there. I would like to deliver happiness to lots of people, just like our tradename ("Yaoko" is written with the characters for "800" and "happiness").



## "Measures for changes to the external environment, required measures, and issues to consider to deal with changes to the external environment and social issues."

Our company is clarifying the issues that need to be discussed in order to deal with changes to the external environment and social issues that have an effect on management. We are polishing our strengths and implementing various measures based on the mid-term 3 year management plan, using 4 pillars of basic strategy: product and marketing strategy, operational strategy, human resources development strategy, and new store and growth strategy.



## "Strategic Objectives in the 9th Mid-term 3 Year Management Plan"

(April 2018 - March 2021)



Management Policy

**"Perfecting supermarkets that offer customers abundant and enjoyable dietary lifestyles."**

Operating Policy

**"Store-by-store management chain-wide," "fully-participatory commerce," "onsite decision making"**

Main Theme

**"Establishing a Yaoko way"**

<Product and Marketing Strategy>

Target: 25% Market share in 1 km

- Improve the base level (freshness, cleanliness, stock availability, customer service)
- Create a store chosen for its fruit and vegetables
- Create products only available at Yaoko
- Increase sales strength (single serves, menu suggestions)

<Operational Strategy>

Target: Reduce store work by 15%, improve existing stores' MH sales

- Establishing, permeating, and evolving improvement
- Generating change through a new information system (streamlining and advancing business)
- Using functions of delicatessens, fresh food centers, and new distribution centers

<Human Resources Development Strategy>

Target: Improve work drive, improve manual labor environment

- Employ, settle, continue training
- Training so that teams, focused on senior staff, can shine, and establishment of a support system
- Creating an organization in which people understand what each other are thinking and know each others' faces
- Creating a workplace that employs a variety of people (Diversity)

<New Store and Growth Strategy>

Target: Achieve 5% growth

- Original new stores (Dominant new stores), continual systematic remodeling
- Acquire "Ave Business Conditions" know-how, consider new stores
- Creating a model store that can support e-commerce



Base Policy

**"To evolve and develop Ave business conditions as a member of Yaoko Group"**

- Number 1 regional store by continuing to maintain customer support through spacious markets and overwhelmingly low price strategies
- Product and Marketing Strategy: evolve into a market overflowing with freshness and volume, focusing on single servings
- Store Operational Strategy: evolution of low cost operations, which are the foundation of the overwhelmingly low price strategy
- New Store and Growth Strategy: consider enlarging new store area in cooperation with Yaoko





## "Product and Marketing Strategy"

### "Product Power"

#### <Product Development, Development of Production Areas/Direct Imports>

We're developing delicious products only available at Yaoko in order to create an irrefutable distinction between us and other companies. We continue to make our specialty product "hand-made ohagi" rice balls fresh in stores. They are still popular 15 years after sales started. Yaoko's buyers are also busy traveling around the world for ingredients using our network in Japan, Europe, China, Southeast Asia, North and South America, etc. While building trusting relationships with our business partners and local producers who have endorsed Yaoko's business, we've guaranteed fresh, delicious ingredients and deliver each product to our customers. In 2017 we established Ogawa Trade Co., Ltd. and began functioning as a trading company. Since then, we've been able to flexibly import and export goods, and we're polishing our development of original goods.

#### <Private Brands>

We're developing original goods in pursuit firstly of safety and security, reliable quality, taste, and at easy-to-buy prices. We promote our original brand with "Star Select" goods. They have been developed jointly with Yes! Yaoko and Life Corporation. Plus, we're further evolving original products that can only be bought at Yaoko by working with specialists in producing area development, ensuring excellent ingredients and developing goods across branches from the same ingredients.



### "Proposal Power"

#### <Use, product selection by scene, lifestyle proposals>

Yaoko's strength lies in each store having goods and proposals that meet the needs of their local customers. Each region has slightly different dietary habits, family structures, and age groups. We're meticulously implementing a product lineup that will satisfy customers by having what they need and want, from daily life to special events, and by introducing fresh, seasonal goods and proposals on how to eat them. We also provide cooking support with easy, tasty menu ideas daily and by providing a place for discussions about meals.

#### <Marketing Strategies Using FSP Data>

With the introduction of the Yaoko Card, we've been using data from the FSP (frequent shoppers program) to find potential customer needs and features of each store to provide suitable and speedy sales floor suggestions and brush-up our product lineup. At Yaoko "Customer Segment 19" was developed as an original tool to analyze customer shopping trends at each store and product department. We endeavor to develop products and serve our customers, so that all people living near our stores will join the ranks of our customers.





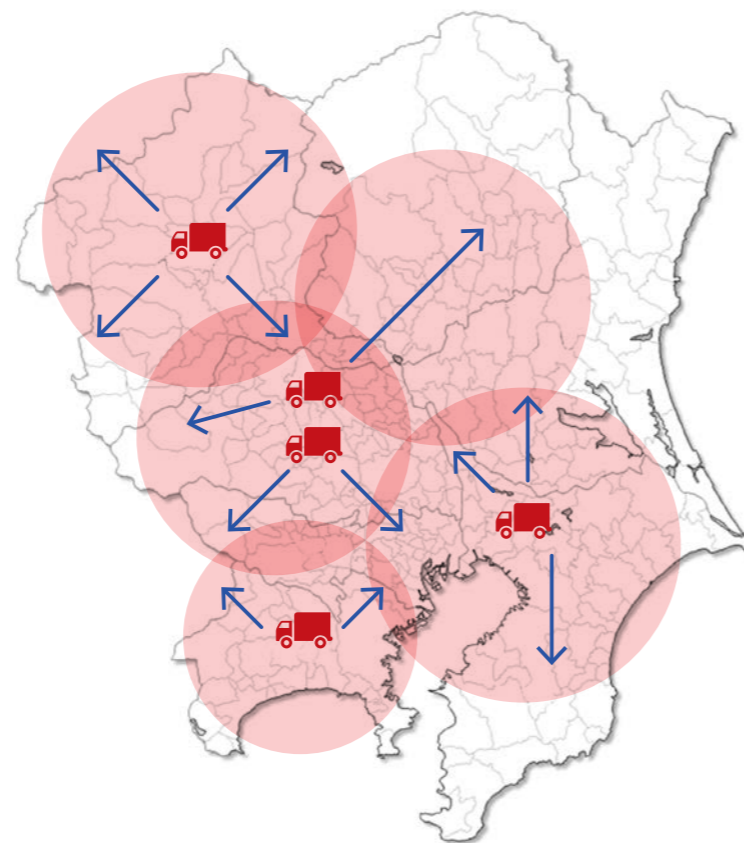
<Delicatessen and Fresh Food Center>



<Kumagaya Distribution Center>



<Ave Process Center>



<Distribution Network for Kanto Area>



## "Operational Strategy"

### <Delicatessen and Fresh Food Center>

In 2017, a second center was opened at the delicatessen and fresh food center in Higashimatsuyama, and our store back-up plan was further improved. We're continuing to reinforce our strength in freshly made in-store goods, improving our products and differentiation towards developing original products only available at Yaoko. Concurrently, we're reinforcing store support functions, making efforts to improve manufacturing costs, creating an easy-to-work-in workplace, and creating appealing products. Furthermore, in 2014, the fresh food and delicatessen center acquired the food safety management system international standard "ISO 22000" certification. We'll continue to reinforce, maintain, and improve our systems in order to guarantee food safety and security.

### <Distribution Center>

Distribution centers under the jurisdiction of all stores have been deployed in 5 locations: the Sayama center, Kumagaya center, Chiba center, Isesaki center and Yokohama center, in order to support dominant new stores. Distribution centers are reducing delivery distances and decreasing distribution costs while constructing a stable delivery network that can safely, reliably, and rapidly deliver to each store. Furthermore, the Kumagaya distribution center, which started operation in 2017, added functions such as subdividing categories for delivery of goods, a storehouse for direct wine imports, and establishing a place for processing fruit and vegetables in order to improve productivity and as an initiative to enrich its original product line.

Thanks to all the support we've received, we were able to get the food safety management system international standard "ISO 22000" certification for the Yaoko delicatessen and fresh food center. We will continue to improve our systems and live up to the trust our customers have in us.



### <Continuous Improvement and Low Cost Operation>

At Yaoko, initiatives are being promoted to make a firmer foundation as a "chain" through the establishment of new systems and manufacturing operations. We're gradually expanding all stores horizontally by standardizing work, such as introducing self-serve registers, pre-opening duties, and morning duties. Also, with Ave, we are also completing low cost operation initiatives annually, building top class productivity in the industry and further strengthening our corresponding prices.

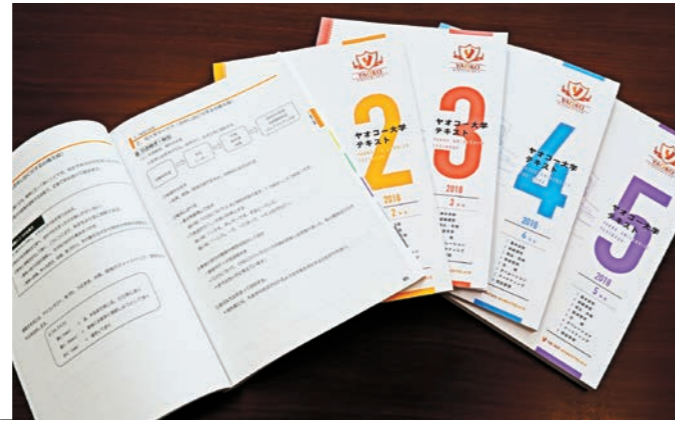


# "Human Resources Development Strategy"

## "Human Power" <Building People as a Foundation for Fully-Participatory Commerce>

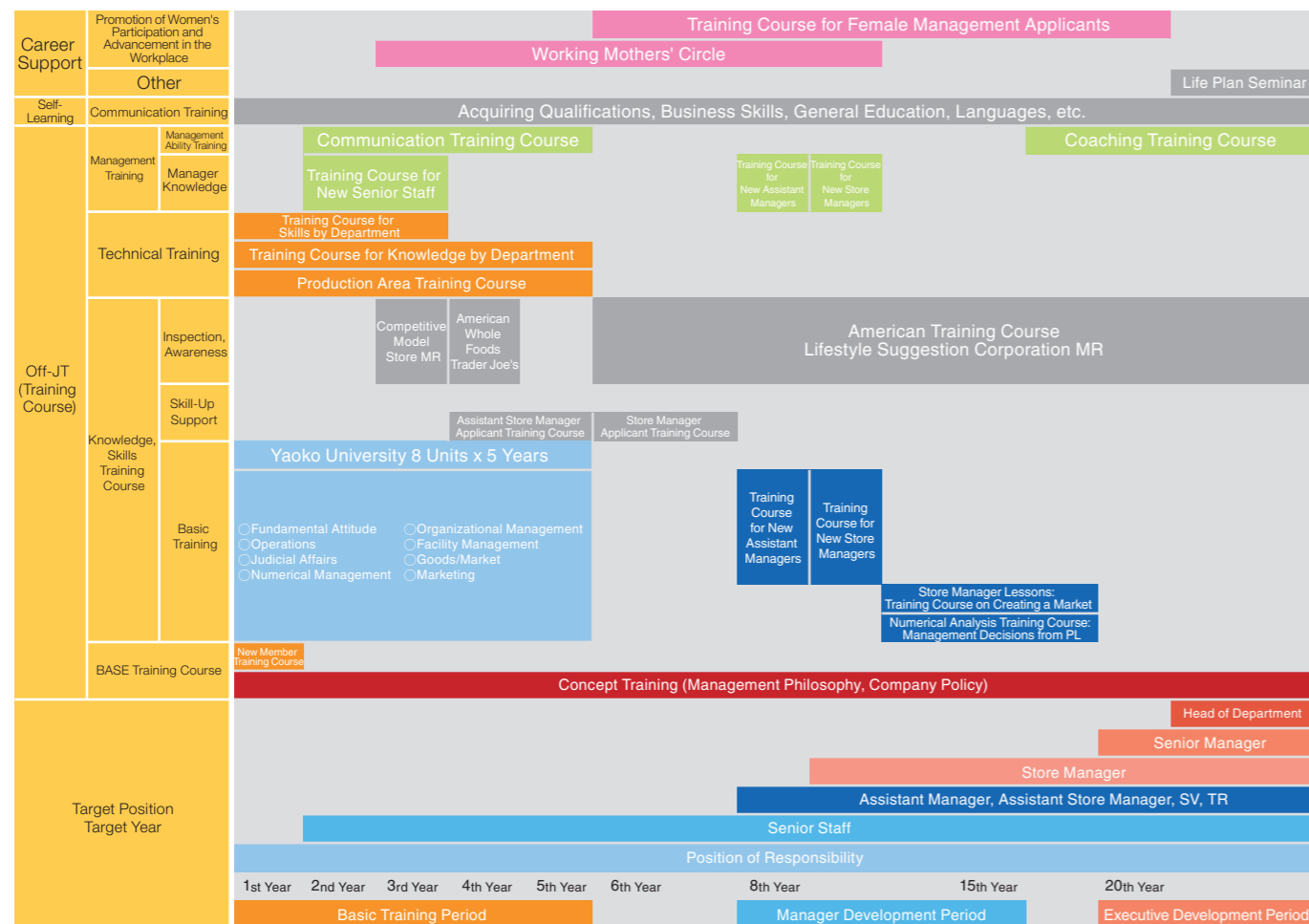
As the scale of a corporation increases, the gaps between stores due to insufficient training grows and concerns rise that the legacies of the founding spirit and management philosophy will fade. At Yaoko, we aim to build an organization that has suitable concept training, complete curriculum training for each position and

level, stable store management, and at which members can really feel their work is "worthwhile." The source of our company's strength is full-participation commerce. Increasing the abilities of each member is essential to creating strong stores. We're particularly putting our efforts into developing human resources.



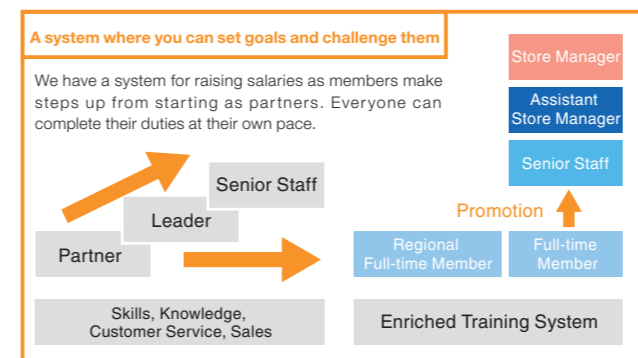
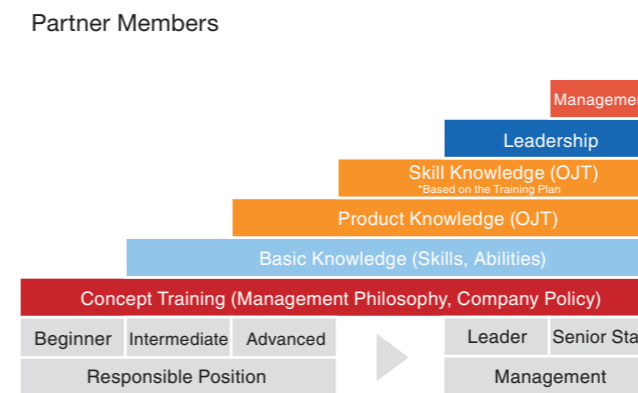
### <62nd Term Training Structure (Rough Sketch)>

Full-time Members, Regional Full-time Members



### <Providing Opportunities for All Training Courses>

Together with everyday duties, we're providing more opportunities for learning. These include the "festival of inspiration and happiness," which is a place for announcing improvements to partner members' duties, overseas observation training courses, skill training courses that teach professional skills, "Yaoko University," which is a training program for the first 5 years as a member, producing area training courses, where they review the producing areas of producers, participating in exhibitions, and more.

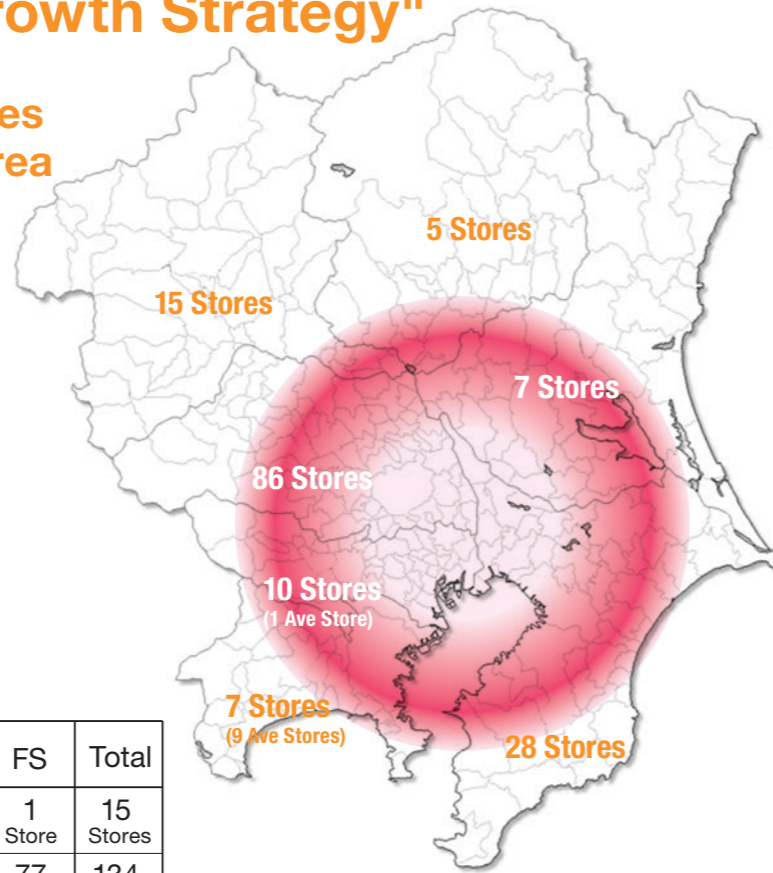




# "New Stores and Growth Strategy"

## Actively Opening New Stores Around the Tokyo Metro Area

We plan to have a formation of dominant new stores in a donut-shaped area from 20 - 40 km around the city center. Each new store will have a business area around it of a 1 - 3 km radius. We assess new store locations using all information networks and based on a sound investment recovery plan. Landlords are made aware of our management and foundational policies for store building, etc., and are provide long-term support as we work to build a trusting relationship.



### <New Store Status by Store Format>

Yaoko	CSC	NSC	FS	Total
Large Stores (Approx. 2,480 - 2,650 m <sup>2</sup> or more)	6 Stores	8 Stores	1 Store	15 Stores
Standard Stores (Approx. 1,490 - 2,480 m <sup>2</sup> )	15 Stores	42 Stores	77 Stores	134 Stores
Small Stores (Less than approx. 1,490 m <sup>2</sup> )			9 Stores	9 Stores

Ave	SuC	SbS	SSM	Total
Large Stores (Approx. 2,480 - 2,650 m <sup>2</sup> or more)	1 Store	3 Stores	6 Stores	10 Stores

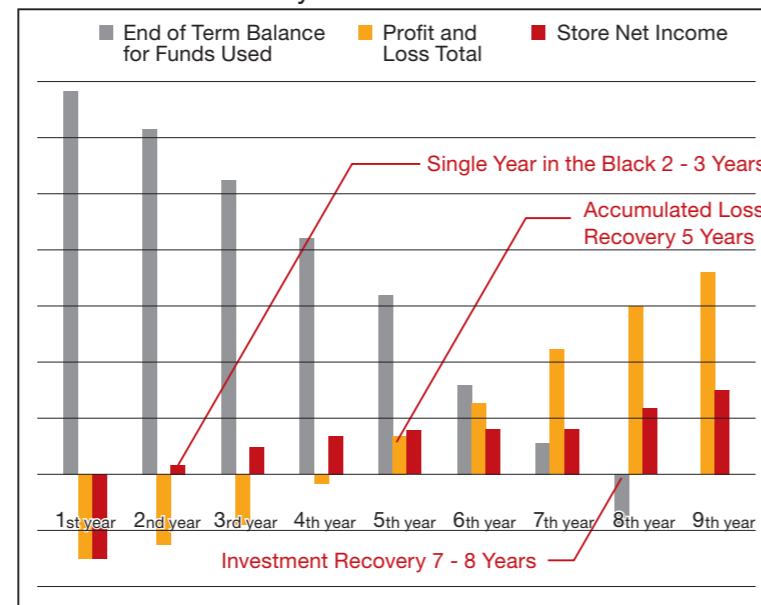
Yaoko Group  
**Total 168 Stores**  
As of end of March 2018

## Challenging a 20 km Business Area

We're trying to get into the city market in order to increase our market share in the Kanto area. The Yaoko Seijo Store, Yaoko's first small urban store, has opened.



### <Investment Recovery Model>



## Building Stores to Match Special Characteristics of the Area

The interior layout of Yaoko stores is designed to suit the special characteristics of the area, such as new store region, location, etc. The interior of stores with small market areas will use tones and frameworks to dispel the narrow feeling of the stores as much as possible. Large stores will introduce challenging MDs, which standard stores are not able to. Also, in regions with lots of young customers, a fun shopping space is created, such as by using pop fonts. Fresh foods and delicatessens are separated or integrated depending on the flow of customers, using double or single tracks depending on the scale of the store.

Furthermore, we've placed particular importance on zoning in our layout, such as fresh foods and delicatessen zones, so that customers can get the feel of a lively, bustling marketplace with fresh and freshly made goods. We endeavor to create an environment in which customers can make lots of new discoveries about food, and which store members can easily work in.



Yaoko Urawa PARCO Store



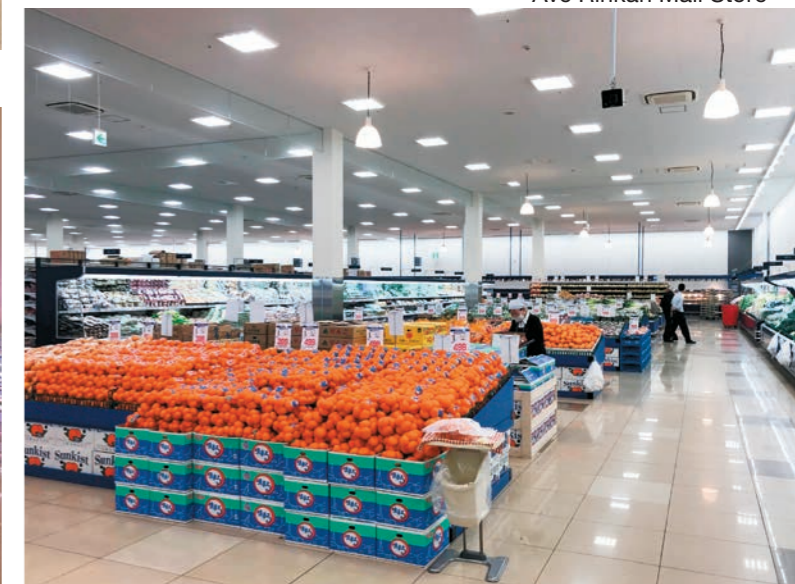
Yaoko Higashimatsuyama Shinjukucho Store



Yaoko Lalaport Fujimi Store



Yaoko Higashiyamato Store



Ave Rinkan Mall Store



Yaoko Group contributes to the promotion of good health in the neighborhood through supermarket operations, making healthy proposals to promote a vigorous, energetic lifestyle. Also, with the current labor shortages, we're striving for proactive healthy management with member health as a top priority and foundation for corporate growth. Furthermore, we're promoting an atmosphere that diverse human resources, including women and foreign members, can thrive in.



## "Yaoko Farm"

Yaoko Farm provides safe and secure ingredients at a time when the number of agricultural workers is in decline due to factors such as the aging population. The aim is to contribute to creating an abundant lifestyle for regional customers. We've chosen land close to our distribution centers in order to deliver fresh vegetables to our stores in a way that is safe and secure, and that we know the history of. It also bears the role of a pilot farm that builds networks between each store and local farmers. In the future, we would like to create a Yaoko standard for vegetable growing and further contribute to everyone's health.

## "Health Management Initiatives"

<Yaoko Sports Carnival and Member Health Promotion> (Sports and Music Festival)

I believe that healthy staff members can propose healthy eating habits to customers and greatly contribute to the development of this company.

At Yaoko, we hold a sports festival every year for all members to participate in. It gives them a chance to move their bodies and gain an awareness of their own health. It also promotes the "healthy management" way of thinking throughout the whole company. I believe having fun and sweating together with colleagues and bosses who you might not have regular communication with has a positive effect on one's work.

We are also proactively promoting initiatives such as more regular medical check-ups, employment of public health nurses, and increased opportunities for discussion about health for our members.



## "Initiatives with Local Vegetable Farmers"

Yaoko's fruit and vegetable section features rows of fresh goods picked that morning. We have direct contracts with local farmers. It is a popular initiative, because you can meet the producers and deliver safe, secure, fresh, and highly nutritional goods to the customers. Each store exchanges information with local farmers, such as periodic planting and marketing plans, to accurately convey the customers' needs and help to engage the local farmers. Also, we're endeavoring to reduce the burden on the environment by reducing delivery distances.



## "Selective Private Brand"

At Yaoko, we have a rich line-up of delicious things offered at easy-to-buy prices with the aim of supporting abundant and enjoyable dietary lifestyles. In particular, our products developed in-house are safe and affordable, with reliable quality and taste. Furthermore, Yaoko's original brand "Yes! Yaoko" is conceptual-

ized as having "nothing unnecessary." We do our ongoing best to avoid using artificial seasonings or colorings and to use just the delicious ingredients themselves.

We'll continue to develop in-house products that live up to customers' expectations in the future as well.





## "Diversity"

In order to deal with considerable changes to our competitive society, we're creating a diverse environment in which many different people can thrive.

### <Promoting Women's Activities>

We're trying a variety of initiatives in order to increase the number of women participating in management. We're establishing a flexible, easy-to-work-in system to support working parents. We're increasing support, such as through member get-togethers during maternity leave or for those with small children, holding a "working mothers' circle" to discuss careers and problems balancing work and family. There is also applicant selection training to provide training for positions, such as assistant store manager, to get employees started in management.

### <Action Plan>

<b>Plan Period</b>	April 1st 2016 - March 31st 2021 (5 Year Period)
<b>Target</b>	Additional 30 Women in Management
<b>Initiative Details</b>	<ol style="list-style-type: none"> <li>1. Proactive placement in management</li> <li>2. Internal company awareness of the support system for working mothers</li> <li>3. Establish a nursery in the office</li> <li>4. Prepare a work environment in which work and family are compatible</li> </ol>



### <Information on Women's Activities (as of March 2018)>

	Regular Members	All Sections
<b>Employment Ratio</b>	27.8%	61.2%
<b>Length of Service</b>	Women: 7.43 Years Men: 10.79 Years	Women: 5.54 Years Men: 5.46 Years
<b>Percentage in Management</b>	6.8% *Women in Management: 51 Management Positions: 745	



### <Selecting and Promoting Foreign Members>

In order to develop original products, we need to develop excellent overseas production areas with a start in South-East Asia and China. We're also expanding the area in which foreign members are active; accepting technical trainees using the foreign technical training system, where they can work at centers and stores while they learn skills. Furthermore, they get to experience Japanese culture outside of work through participation in recreational and company events.

## "Yaoko's Governance as seen by an External Director"

Using four opportunities for governance and contributing to increased corporate value from an objective viewpoint.

Three periods have passed since Yaoko Co., Ltd. introduced external directors. Management by the board of directors based on the founder's clear vision and the good balance between leadership and ethical views has steadily increased corporate value. Nevertheless, with drastic changes to the market environment and diversifying values of a variety of stakeholders, not just shareholders, but also consumers and workers, external directors were introduced to give a diagnostic evaluation of that management from a new viewpoint, and to speak out.

Yaoko carries out governance in board meetings and the lunch meetings held afterwards, the executive trip held once a year, and special meetings for important issues. Board meetings focus on deliberations about store data, such as budget, accounts, new branch stores and remodeling. There is a lot on the agenda that is considered beforehand, so we don't get into opposing arguments. However, in the case of large investments such as purchases or joint ventures, the frank opinion from the position and experience of an external director can greatly effect management decisions. At lunch meetings we delve into and share one theme, such as present issues or mid-term planning focused on an internal director's department. Here external directors are even more proactive in using their expertise to present questions and opinions for a lively exchange of opinions. At the annual executive trip company executives mingle, inquire deeply into, and discuss medium to long term management based on the 3 year plan. Every year the difference in values of the external and internal executives becomes clear and leads to extraordinarily open discussions, so it is a very effective place for corporate governance. At special meetings external directors share their specialized knowledge and experience on important issues with the company, which contributes to an increase in corporate value.



External Director  
**Asako Yano**

Currently at Yaoko, we're using these four venues to review the beliefs and initiatives that have led Yaoko so effectively in the past, under an objective eye. I am a woman and come from a foreign corporation, so I am aware that the expectations of my role as an external director are different from others, because of the diversity I bring to the board of directors. I'll brace myself and work hard to meet those expectations, so I can serve all our varied stakeholders.





**The basis of company management is the management philosophy and company policy "honesty." Honest business with no lies or tricks is the first principle for transparent, healthy management.**

The Yaoko Group has established a transparent and just management system as a foundation for its corporate governance. In order to implement continuous growth and an increase in corporate value over the medium to long term, we respect our relationship with various stakeholders, including customers, shareholders, business partners, regional society, and our members. At the same time we observe all laws, rules, and social norms and fulfil our social responsibilities.

The board of directors' meeting is the top decision-making mechanism in the company, and is comprised of 12 directors. Along with deciding important matters relating to manage-

ment, they continually maintain the executive functions of our business. Three members of the board are external directors who inspect management from an independent standpoint, and act to see their expert opinions and external views reflected appropriately. Additional meetings are held after each board meeting to support the external directors and share information on performance and management issues. The auditors' meeting is comprised of four auditors, three of whom are external auditors. Auditors attend board meetings, inspect the professional performance of directors, and provide advice and suggestions from each specialty field.

**Executives**

Back Row From Left

**Takao Wakabayashi**  
Auditor (Full-time)

**Takanori Ishizuka**  
Director  
(Director of Delicatessen Business)

**Mitsuo Ozawa**  
Director (Director of Sales Planning and Director of Product Strategy)

**Shinichi Togawa**  
Director (Director of Information Systems and Director of Logistics Promotion)

**Hiroaki Yagihashi**  
Director (Chief Director of Development, Executive Manager of Development, and Senior Manager of New Store Strategy)

Middle Row From Left

**Akio Ezaki**  
Auditor (External)

**Masanobu Kamiike**  
Managing Director (Chief Director of Business Management, Manager of Business Planning Office, and Chief Director of Human Resources and General Affairs)

**Masao Kobayashi**  
Executive Vice President  
(Chief Senior Director of Sales)

**Noriaki Arai**  
Managing Director  
(Deputy Chief Senior Director of Sales, Senior Manager of Sales Office)

**Kunimitsu Fukazawa**  
Auditor (External)

**Yukio Sato**  
Auditor (External)

Front Row From Left

**Asako Yano**  
Director (External)

**Sumito Kawano**  
President and Representative Director

**Yukio Kawano**  
Chairperson and Executive Director

**Shigeyuki Kurokawa**  
Director (External)

**Hisashi Sakamaki**  
Director (External)



## "Deciding On New Mid-term Management Plans"

The world has changed from a so-called "producers' sovereignty" where the suppliers are the core, to a "consumers' sovereignty" where daily lives are the core. We in the retail industry are the closest to those consumers and there are great expectations put towards us. Our role and our pleasure is to protect and nurture our customers' abundant dietary lifestyles, and to make people feel happy to live near our stores.

From Yaoko's 1st mid-term management plan in 1994 we have steadily improved our original business model, rather than being just an average supermarket. In order to meet diversifying, increasingly-individualized, and advancing cus-

tomers needs, we've progressed to become self-improving specialty stores that offer customers abundant and enjoyable dietary lifestyles. At the end of the last period, Kanagawa's supermarket chain Ave joined our group. The next 10 years will be very different from the last 10. We anticipate a fiercely competitive environment, not just within the industry, but among other businesses as well. In the midst of this we aim to be a corporate group that reliably supports customers. Towards that aim, we have decided on a new mid-term management plan for three years, finishing at the end of the 2021 financial year.

## "Framework of the 9th Mid-term Management Plan"

In the 9th mid-term management plan we aim to:

Be a company which customers and members are happy to live nearby

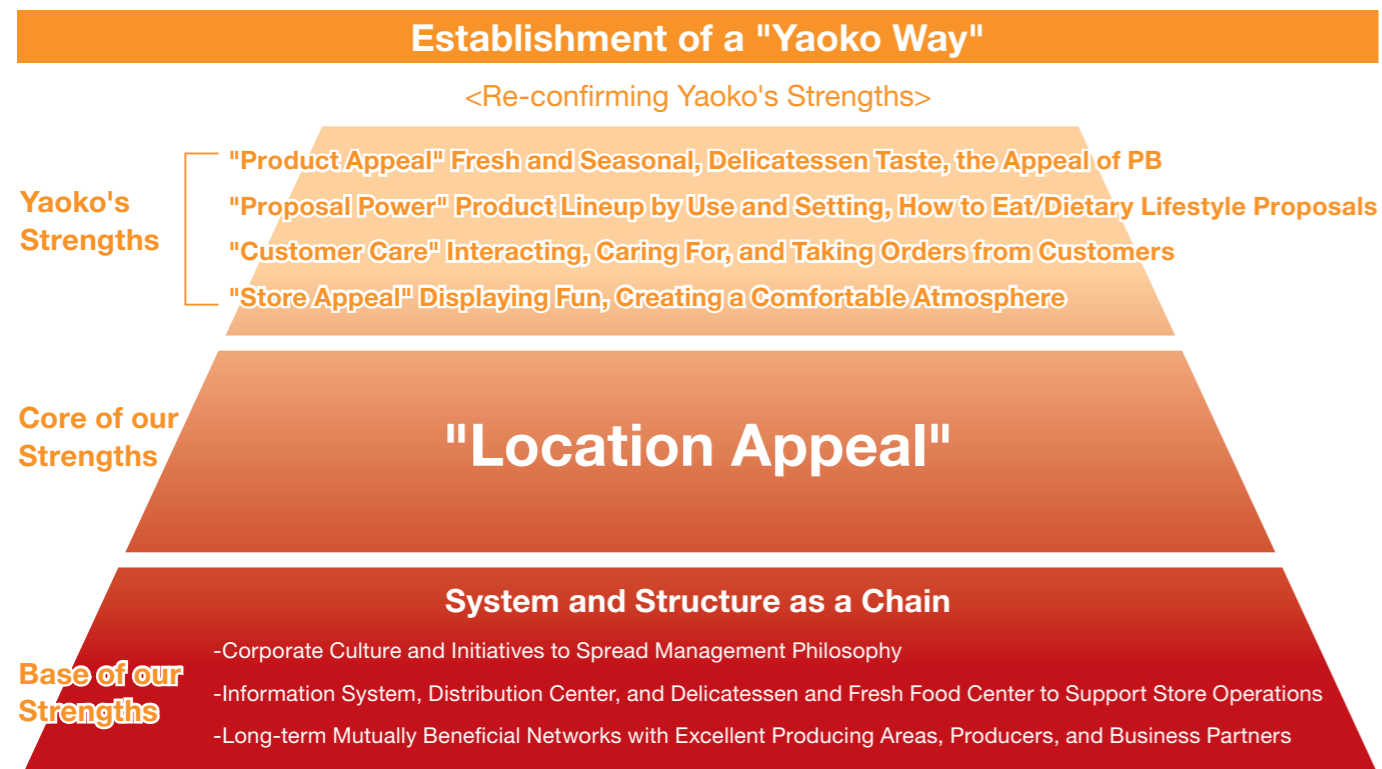
Make customers' shopping and life experience comfortable (stress-free), abundant, and fun.

Thanks to you, we've increased both sales and profits for 29 periods of non-consolidated financial reports. We've increased our number of stores from 33 at the start of the 1st management plan, with sales of 55.6 billion yen, to 168 stores, including group stores, and 398.2 billion yen in sales at the end of the last period. The 9th mid-term management plan is a foundation for further growth over the next 3 years.

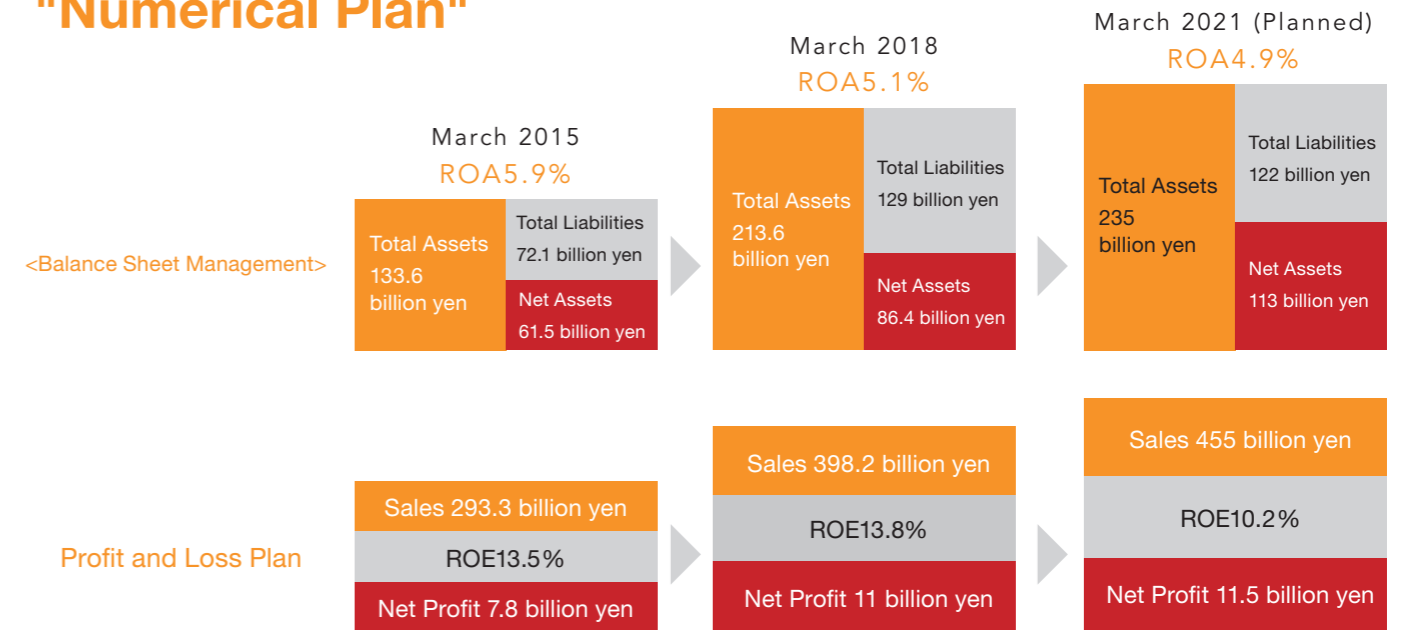
Over the next three years we'll be preparing a foundation for further corporate expansion, including a support center (headquarters), distribution base, and a delicatessen and

fresh food center and system. There will be a large burden of investment in these three years with regard to profits and losses. Even so, we aim to maintain our consecutive sales and profit records, and show consecutive increases in sales and profits for 32 years of non-consolidated financial reports.

We also plan to prepare over the next three years to cope with future M&A and similar moves, so as not to lose what makes us Yaoko even if the corporate scale increases. We will do so by systemizing Yaoko's universal values and ways of thinking (establishing a Yaoko Way).



## "Numerical Plan"



### <Cash Flow Plan>

Our group has invested 61.3 billion yen over the last three years, mainly in new stores, large-scale remodeling, the delicatessen and fresh food center, a new support center, and a distribution center. This investment exceeds operational cash flow, so we have taken on an additional 44.3 billion yen in interest-bearing debt.

We are continuing with restructuring investments in a new support center and system in the 9th mid-term management

plan, but this plan stays within the range of operational cash flow. These large-scale investments continuing from the 8th plan are growth investments for the future, and should lead to a steady contribution to profits from now on.

We also plan to maintain a payout ratio of 20% for stable dividends and over 2 billion yen as premium redemption to shareholders.

### 8th Mid-term Management Plan (April 2015 - March 2018)



### 9th Mid-term Management Plan (April 2018 - March 2021)



### <Theme of the Mid-term Management Plan and History of Store Building>

	Period	Theme	Measures	Store Building
8th	2015 - 2017 Financial Year	"To be Called Yaoko, not just a Supermarket" Relentlessly Building the Foundation for the Next Stage without Compromise		Grand Opening of the Yaoko Market Seijo (Nov. 2017) Remodeling the Kawagoe Minami Furuya Store (Mar. 2017) Grand Opening of the Lalaport Fujimi Store (Apr. 2015)
7th	2012 - 2014 Financial Year	To Make a Clear Distinction as a Chain	Maximizing Meal Solutions	Grand Opening of the Higashiyamato Store (Jun. 2013)
6th	2009 - 2011 Financial Year	Enriching the style of Supermarket that Proposes Abundant and Fun Dietary Lifestyles	Simultaneously Implementing Meal Solutions and Price Consciousness	Grand Opening of the Kawagoe Matoba Store (Mar. 2012) Grand Opening of the Tokorozawa Mihara Store (Jan. 2010)
5th	2006 - 2008 Financial Year	Establishing the Yaoko Brand		Grand Opening of the Kawagoe Shinjuku Store (Jul. 2007)
4th	2003 - 2005 Financial Year	Enriching Meal Solutions	Enriching Meal Solutions as an Everyday Lifestyle Assortment-style SM	Grand Opening of the Wakaba Walk Store (Jun. 2004)
3rd	2000 - 2002 Financial Year	Enriching the Sayama Model	Yaoko Market Price Strategy	Grand Opening of the Kawagoe Minami Furuya Store (Mar. 2003)
2nd	1997 - 1999 Financial Year	Creating Everyday Lifestyle Assortment-style Supermarkets	Creating a SM with Enriched Selection of Fresh Foods and Delicatessen	Full Remodeling of the Sayama Store (Oct. 1998)
1st	1994 - 1996 Financial Year	Establishing Supermarket Business Format	"What kind of store will we become?"	Grand Opening of the Sayama Store (Apr. 1994)



- 1890 Establishment of Yaoko
- 1899 Incorporation of Yaoko (Ltd.)
- 1958 Introduction of Self-Service, Conversion to a Supermarket
- 1972 Opening of the Ogawa Shopping Center, Actual Start of Development as a Chain



<Incorporation of Yaoko>



<Introduction of Self-Service>

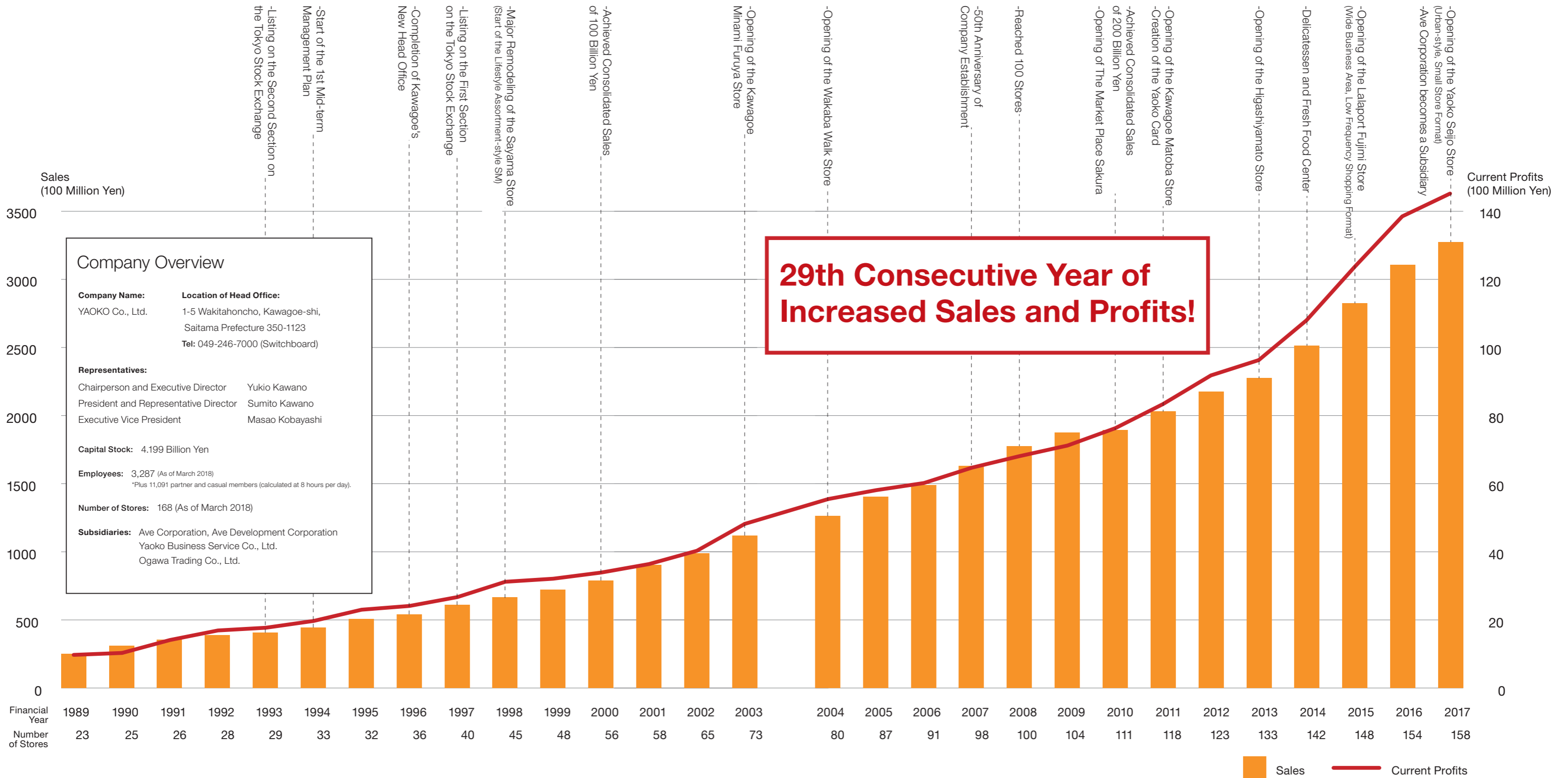
- 1974 Reorganization of Yaoko to Go Public (YAOKO Co., Ltd.)
- 1985 Opening of Ogawa Shopping Center Expansion
- 1986 Headquarters Moved to Kawagoe
- 1988 Stock Offering as Over-the-Counter Registered Stock



<Opening of the Ogawa Shopping Center>



<Opening of the Ogawa Shopping Center Expansion>

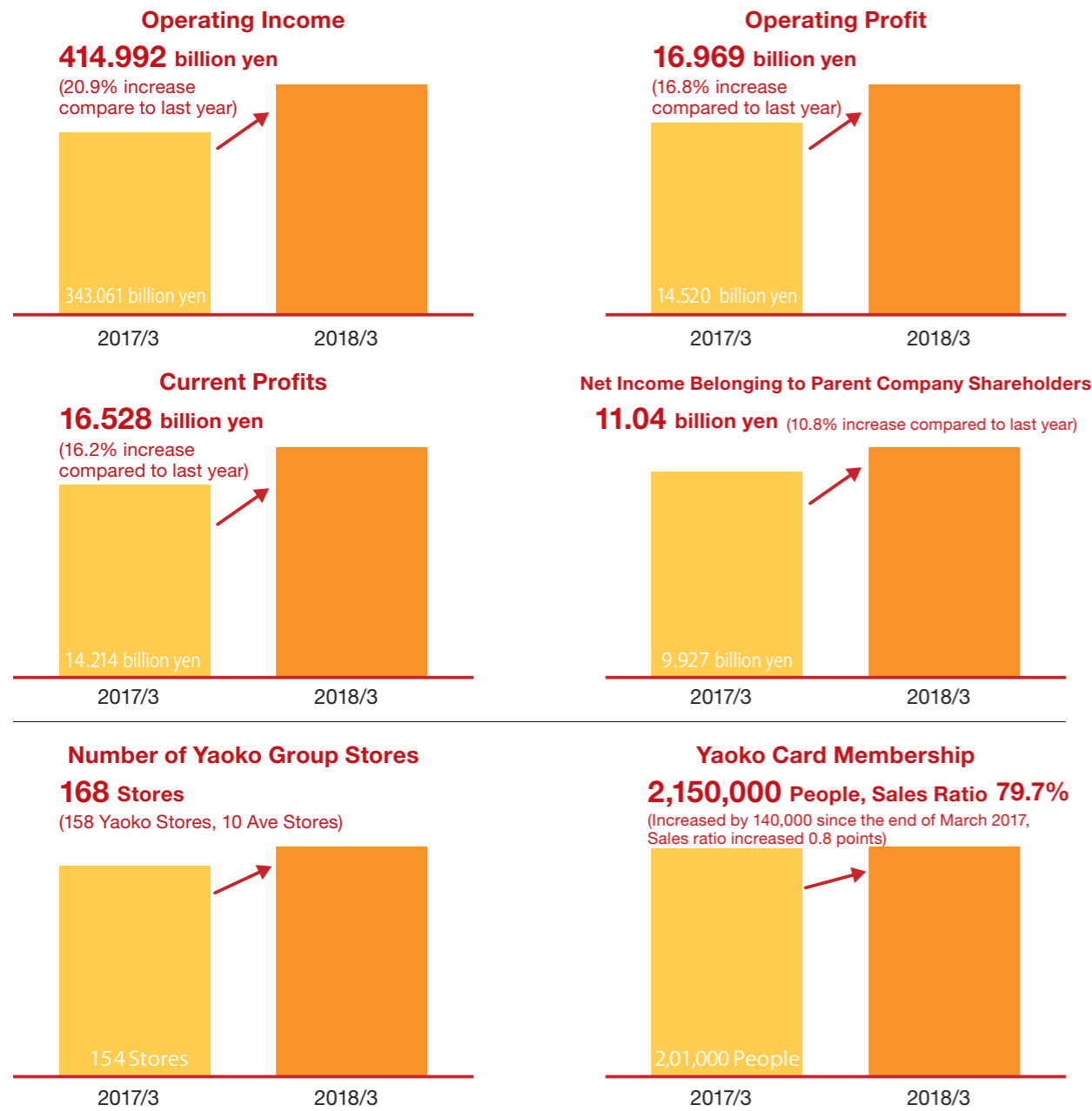




## Achievement of 29 Consecutive Periods of Increased Sales and Profits

In Yaoko Group's March 2018 consolidated fiscal year, operating income was 414,992 million yen, operating profit was 16,969 million yen, current profits were 16,528 million yen, and net profits for the parent company stockholders were 11,004 million yen. Unconsolidated, we achieved our 29th consecutive year of increased sales and profits. Through this we also achieved the targets of the 8th mid-term management plan (April 2015 - March 2018).

### The Whole Yaoko Group



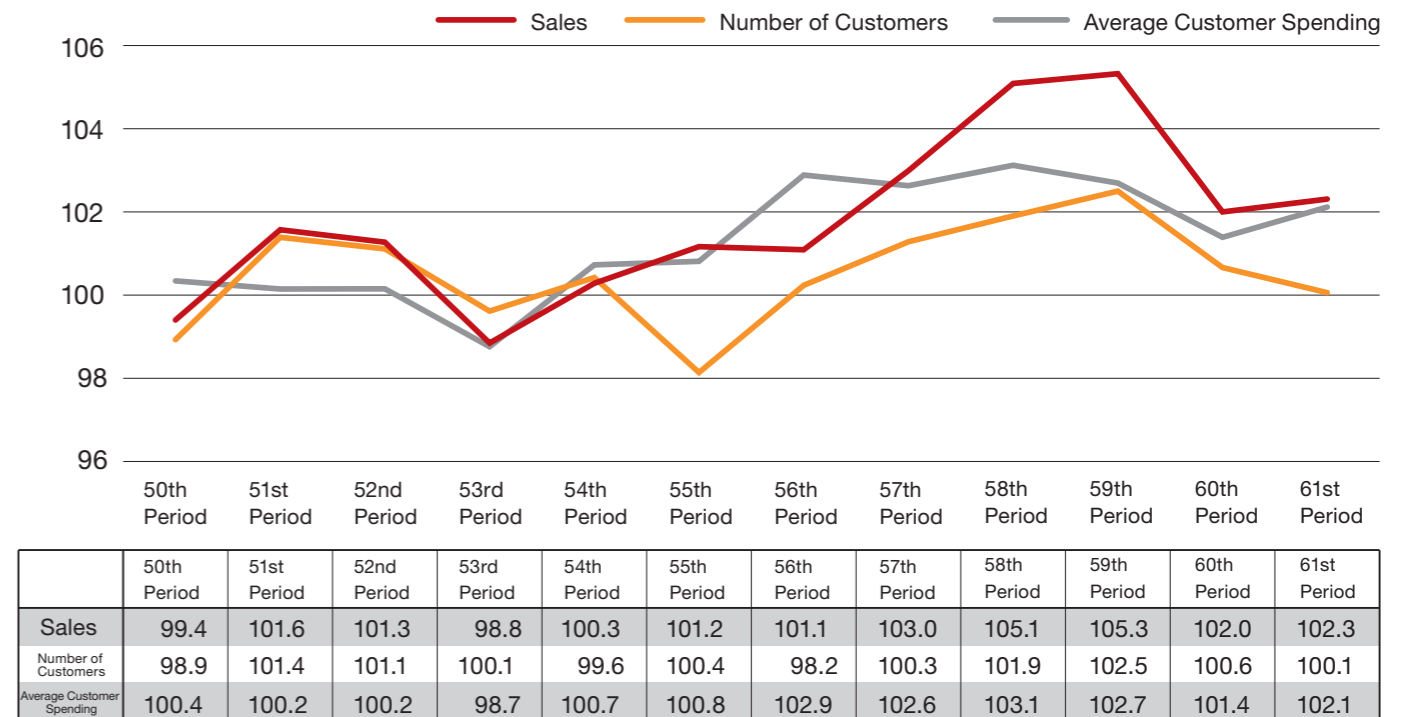
\*Non-consolidated values for the March 2017 period.

### KPI Emphasized by Yaoko Group

March 2018 Period End  
**Sales to Current Profit Ratio: Consolidated 4.15%,**  
 Non-consolidated 4.32%

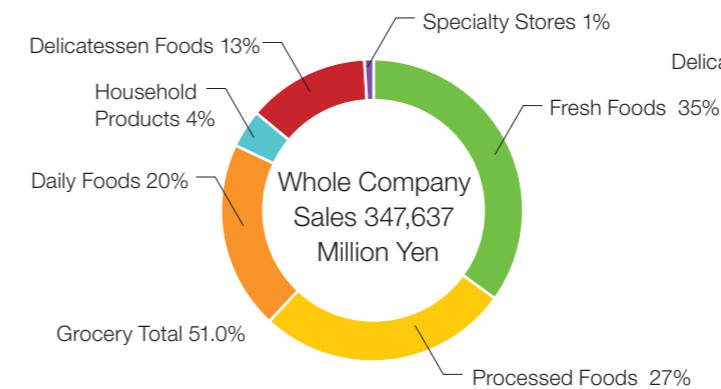
### Yaoko's General Situation

<Last Year's Ratio Index for Existing Stores>

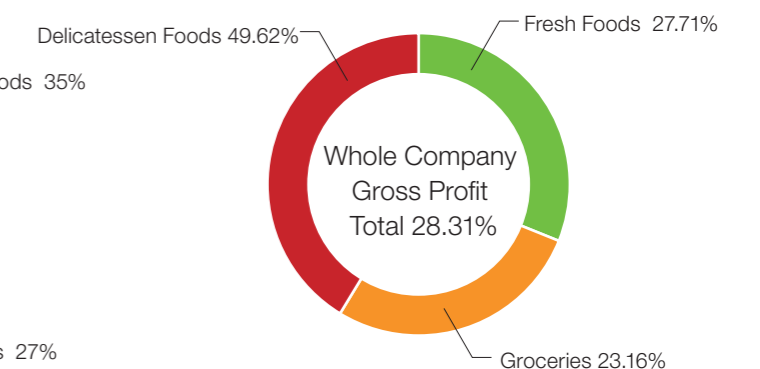


<Detailed Data>

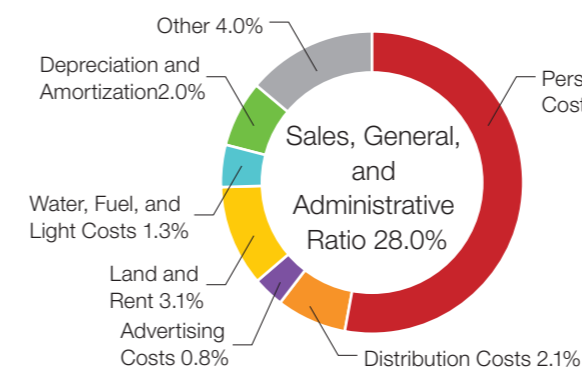
#### Sales Distribution Ratio by Product



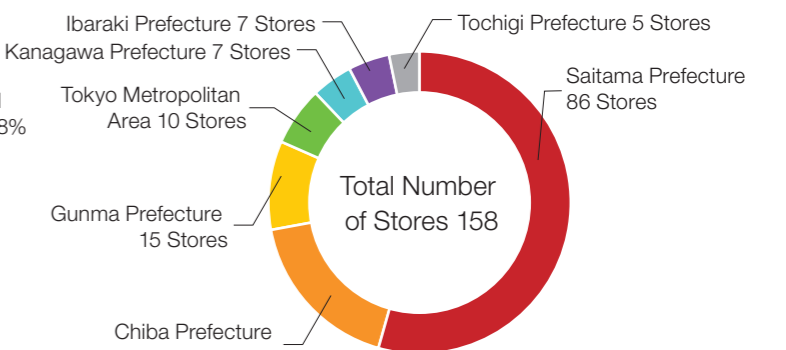
#### Gross Profit Ratio by Product



#### Marketing and General Management Costs



#### Number of Stores by Region





## Main Financing Index (Consolidated)

	5th Mid-term Management Plan			6th Mid-term Management Plan		
	03/2007	03/2008	03/2009	03/2010	03/2011	03/2012
Business Earnings	188,270	202,253	208,286	206,497	221,061	237,371
(Compared to Previous Period)	107.7%	107.4%	103.0%	99.1%	107.1%	107.4%
Sales	180,415	194,283	199,732	197,671	211,624	227,291
Cost of Sales	129,190	138,352	142,175	140,666	150,401	161,814
(Cost Rate)	71.6%	71.2%	71.2%	71.2%	71.1%	71.2%
Profit Margin on Sales	51,225	55,931	57,556	57,004	61,222	65,476
(Gross Profit Ratio)	28.4%	28.8%	28.8%	28.8%	28.9%	28.8%
Business Income	7,854	7,969	8,554	8,825	9,436	10,080
Business Gross Profit	59,079	63,901	66,110	65,830	70,659	75,556
(Sales Business Gross Profit Ratio)	32.7%	32.9%	33.1%	33.3%	33.4%	33.2%
Distribution Costs	3,361	3,531	3,807	3,824	4,126	4,561
Advertising Costs	1,719	2,055	1,980	2,035	2,210	2,116
Salary and Allowances	22,035	24,035	24,889	25,151	26,302	27,620
Carried Over Bonus Reserves	1,610	1,706	1,795	1,795	1,832	1,897
Retirement Provision Expense	533	1,327	1,128	1,257	1,236	1,289
Executive Retirement Bonus Funds	21	19	18	21	21	386
Stock Payment Reserves	-	-	-	-	-	-
Executive Stock Payment Reserves	-	-	-	-	-	-
Statutory Welfare and Public Welfare Costs	-	-	-	-	-	-
Water, Fuel, and Light Costs	2,767	3,084	3,442	2,914	3,276	3,396
Land and Rent	6,589	6,928	7,063	6,937	7,099	7,270
Leasing Fees	1,497	1,539	-	-	-	-
Depreciation and Amortization	2,332	2,393	2,557	2,697	3,243	3,941
Goodwill Amortization	-	-	-	-	-	-
Other Management Costs	9,641	9,464	11,259	10,597	11,707	12,297
Total Marketing and General Management Costs	52,109	56,086	57,941	57,232	61,056	64,777
(Sales, General, and Administrative Cost Ratio)	28.9%	28.9%	29.0%	29.0%	28.9%	28.5%
Operating Profit	6,969	7,814	8,168	8,597	9,603	10,779
(Operating Profit Ratio)	3.9%	4.0%	4.1%	4.3%	4.5%	4.7%
Non-Operating Profit	238	266	254	227	198	208
Non-Operating Expenses	261	277	281	364	382	416
Current Profits	6,946	7,803	8,142	8,460	9,418	10,571
(Current Profit Ratio)	3.9%	4.0%	4.1%	4.3%	4.5%	4.7%
Extraordinary Profits	250	106	632	85	553	17
Extraordinary Losses	508	413	957	76	807	382
Pre-Tax Net Income	6,688	7,496	7,817	8,469	9,165	10,205
Net Income	3,845	4,227	4,706	4,827	5,148	5,388
(Net Income Ratio)	2.1%	2.2%	2.4%	2.4%	2.4%	2.4%
Capital Investment	5,254	6,905	12,884	10,184	10,902	10,899
New Stores and Prior Investments	4,816	6,297	12,452	9,864	10,705	10,306
Activation of Existing Stores	438	608	432	320	197	593
Depreciation and Amortization	2,332	2,393	2,557	2,697	3,403	3,941
Total Assets	64,779	65,302	73,800	80,299	91,307	99,810
Current Assets	17,069	17,150	15,552	14,552	17,124	17,826
Fixed Assets	47,710	48,152	58,248	65,746	74,183	81,984
Total Debt	36,916	36,790	41,500	43,999	50,691	54,889
Net Assets	27,863	28,511	32,300	36,299	40,615	44,921
Business Cash flow	5,384	7,665	7,329	7,965	10,962	9,981
Investment Cash flow	958	-5,025	-10,712	-9,039	-8,795	-10,300
Financial Affairs Cash flow	-4,556	-3,091	2,945	-129	-721	-654
Free Cash flow (Business CF + Investment CF)	6,342	2,640	-3,383	-1,074	2,167	-319
ROE	14.2%	15.1%	15.6%	14.2%	13.5%	12.7%
ROA	5.9%	6.5%	6.4%	6.0%	5.6%	5.4%
EPS	198.67	219.65	242.41	248.62	265.15	277.53
BPS	1,464.11	1,456.12	1,654.67	1,859.18	2,079.54	2,298.69
Total Asset Turnover	2.8	3.0	2.7	2.5	2.3	2.3
Capital to Asset Ratio	42.6%	43.3%	43.5%	45.0%	44.2%	44.7%
Number of Shares Issued (1st Period Average Excluding Treasury Shares)	19,356,009	19,246,180	19,415,965	19,415,585	19,415,255	19,415,045

	7th Mid-term Management Plan			8th Mid-term Management Plan			9th Mid-term Management Plan		
	03/2013	03/2014	03/2015	03/2016	03/2017	03/2018	03/2019	03/2020	03/2021
Business Earnings	247,967	274,149	307,354	-	-	414,992	-	-	-
(Compared to Previous Period)	104.5%	110.6%	112.1%	-	-	-	-	-	-
Sales	237,307	261,900	293,397	-	-	398,228	-	-	-
Cost of Sales	169,656	187,627	210,136	-	-	294,931	-	-	-
(Cost Rate)	71.5%	71.6%	71.6%	-	-	74.1%	-	-	-
Profit Margin on Sales	67,651	74,272	83,261	-	-	103,297	-	-	-
(Gross Profit Ratio)	28.5%	28.3%	28.4%	-	-	25.9%	-	-	-
Business Income	10,659	12,249	13,956	-	-	16,763	-	-	-
Business Gross Profit	78,310	86,522	97,217	-	-	120,060	-	-	-
(Sales Business Gross Profit Ratio)	33.0%	33.0%	33.1%	-	-	30.1%	-	-	-
Distribution Costs	4,745	5,212	5,877	-	-	7,129	-	-	-
Advertising Costs	2,110	2,233	2,463	-	-	2,829	-	-	-
Salary and Allowances	28,696	31,500	34,777	-	-	42,995	-	-	-
Carried Over Bonus Reserves	1,957	2,084	2,163	-	-	2,684	-	-	-
Retirement Provision Expense	1,367	1,263	823	-	-	1,033	-	-	-
Executive Retirement Bonus Funds	151	78	90	-	-	5	-	-	-
Stock Payment Reserves	-	-	-	-	-	346	-	-	-
Executive Stock Payment Reserves	-	-	-	-	-	42	-	-	-
Statutory Welfare and Public Welfare Costs	-	-	-	-	-	6,568	-	-	-
Water, Fuel, and Light Costs	3,756	4,692	5,122	-	-	4,766	-	-	-
Land and Rent	7,745	8,456	9,164	-	-	11,557	-	-	-
Leasing Fees	-	-	-	-	-	-	-	-	-
Depreciation and Amortization	3,488	4,271	5,078	-	-	7,114	-	-	-
Goodwill Amortization	-	-	-	-	-	1,015	-	-	-
Other Management Costs	13,307	14,728	18,184	-	-	14,997	-	-	-
Total Marketing and General Management Costs	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 Profit	201	205	208	-	-	214	-	-	-
Non-Operating Expenses	380	364	337	-	-	655	-	-	-
Current Profits	10,803	11,840	13,342	-	-	16,528	-	-	-
(Current Profit Ratio)	4.6%	4.5%	4.5%	-	-	4.2%	-	-	-
Extraordinary Profits	120	93	1,726	-	-	348	-	-	-
Extraordinary Losses	494	140	2,181	-	-	584	-	-	-
Pre-Tax Net Income	10,429	11,793	12,887	-	-	16,292	-	-	-
Net Income	6,019	7,110	7,834	-	-	11,004	-	-	-
(Net Income Ratio)	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	-	-	-
Activation of Existing Stores	2,782	4,601	4,047	-	-	4,182	-	-	-
Depreciation and Amortization	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	-	-	-
Fixed Assets	84,740	101,182	112,178	-	-	178,071	-	-	-
Total Debt	55,134	71,466	72,116	-	-	129,034	-	-	-
Net Assets	49,911	55,146	61,511	-	-	84,639	-	-	-
Business Cash flow	8,808	15,859	17,750	-	-	18,613	-	-	-
Investment Cash flow	-5,838	-19,850	-13,918	-	-	-30,805	-	-	-
Financial Affairs Cash flow	-2,086	7,379	-6,105	-	-	4,736	-	-	-
Free Cash flow (Business CF + Investment CF)	2,970	-3,991	3,832	-	-	-12,192	-	-	-
ROE	12.8%	13.6%	13.5%	-	-	13.8%	-	-	-
ROA	5.7%	5.6%	5.9%	-	-	5.1%	-	-	-
EPS	310.03	183.12	201.77	-	-	283.41	-	-	-
BPS	2,552.70	1,409.88	1,584.19	-	-	2,179.81	-	-	-
Total Asset Turnover	2.3	2.1	2.2	-	-	1.9	-	-	-
Capital to Asset Ratio	47.2%	43.2%	46.0%	-	-	39.6%	-	-	-
Number of Shares Issued (1st Period Average Excluding Treasury Shares)	19,414,755	38,829,105	38,828,669	-	-	38,828,270	-	-	-

- On Sep. 30th, 2009, YCC Co., Ltd., which was a consolidated subsidiary, transferred to Bookoff Corporation, and on Mar. 27th, 2010 Fresh Yaoko Co., Ltd. was liquidated.
- On Mar. 26th, 2015, Nihon Aepoch Co., Ltd., which was a consolidated subsidiary, partly transferred to Alfresa Holdings Corporation. It was excluded from consolidated subsidiaries from the March 2016 period and became an equity-method affiliated subsidiary.
- On Apr. 1st, 2015, Sanmi Co., Ltd., which was a consolidated subsidiary, was taken over, and became a non-producing company on the consolidated financial statements for March 2016 and March 2017 periods.
- On Apr. 3rd, 2017, Ave Co., Ltd. became a consolidated subsidiary.
- On Apr. 1st, 2015, there was a stock split in which 1 common stock share became 2 shares. Book-value Per Share (BPS) and Earnings Per Share (EPS) are estimated based on stock split assumptions at the beginning of the March 2014 period.
- Return on Equity (ROE) is calculated based on average capital over the period.



## Main Financing Index (Non-consolidated)

	5th Mid-term Management Plan			6th Mid-term Management Plan		
	03/2007	03/2008	03/2009	03/2010	03/2011	03/2012
Business Earnings	170,694	185,308	195,655	197,877	211,885	227,211
(Compared to Previous Period)	109.4%	108.6%	105.6%	101.1%	107.1%	107.2%
Sales	163,143	177,667	187,507	189,522	202,943	217,650
Cost of Sales	124,708	135,701	142,912	144,219	154,299	165,676
(Cost Rate)	76.4%	76.4%	76.2%	76.1%	76.0%	76.1%
Profit Margin on Sales	38,435	41,966	44,594	45,302	48,643	51,973
(Gross Profit Ratio)	23.6%	23.6%	23.8%	23.9%	24.0%	23.9%
Business Income	7,551	7,640	8,147	8,355	8,942	9,561
Business Gross Profit	45,986	49,606	52,742	53,658	57,585	61,534
(Sales Business Gross Profit Ratio)	28.2%	27.9%	28.1%	28.3%	28.4%	28.3%
Distribution Costs	3,021	3,215	3,497	3,538	3,822	4,239
Advertising Costs	1,561	1,876	1,884	2,021	2,196	2,075
Salary and Allowances	14,315	15,706	16,841	17,437	18,177	19,108
Carried Over Bonus Reserves	1,167	1,246	1,306	1,360	1,397	1,441
Retirement Provision Expense	405	963	842	972	943	987
Executive Retirement Bonus Funds	21	19	18	21	21	386
Stock Payment Reserves						
Executive Stock Payment Reserves						
Statutory Welfare and Public Welfare Costs						
Water, Fuel, and Light Costs	2,600	2,927	3,341	2,891	3,249	3,370
Land and Rent	6,018	6,358	6,672	6,731	6,875	7,040
Leasing Fees	1,173	1,207				
Depreciation and Amortization	2,041	2,109	2,289	2,425	3,059	3,546
Other Management Costs	7,190	7,157	8,930	8,628	9,466	10,153
Total Marketing and General Management Costs	39,517	42,788	45,623	46,029	49,208	52,350
(Sales, General, and Administrative Cost Ratio)	24.2%	24.1%	24.3%	24.3%	24.2%	24.1%
Operating Profit	6,468	6,818	7,119	7,628	8,377	9,184
(Operating Profit Ratio)	4.0%	3.8%	3.8%	4.0%	4.1%	4.2%
Non-Operating Profit	222	250	317	399	372	776
Non-Operating Expenses	240	262	273	368	379	412
Current Profits	6,450	6,806	7,163	7,660	8,370	9,548
(Current Profit Ratio)	4.0%	3.8%	3.8%	4.0%	4.1%	4.4%
Extraordinary Profits	189	90	571	85	553	17
Extraordinary Losses	408	293	897	63	784	371
Pre-Tax Net Income	6,231	6,604	6,837	7,681	8,139	9,194
Net Income	3,621	3,789	3,928	4,506	4,698	5,159
(Net Income Ratio)	2.2%	2.1%	2.1%	2.4%	2.3%	2.4%
Capital Investment	4,827	6,624	12,873	10,072	10,837	10,846
New Stores and Prior Investments	4,398	6,070	12,452	9,770	10,650	10,263
Activation of Existing Stores	429	554	421	302	187	583
Depreciation and Amortization	2,318	2,279	2,478	2,644	3,181	3,868
Total Assets	60,173	60,393	69,873	76,601	86,006	94,645
Current Assets	13,753	13,645	13,009	12,478	13,729	14,659
Fixed Assets	46,419	46,748	56,864	64,122	72,277	79,985
Total Debt	32,899	32,898	39,303	42,380	47,958	52,571
Net Assets	27,273	27,495	30,570	34,220	38,048	42,074
Business Cash flow						
Investment Cash flow						
Financial Affairs Cash flow						
Free Cash flow (Business CF + Investment CF)						
Dividend per Share	65.00	40.00	43.00	45.00	57.00	55.00
ROE	13.5%	13.8%	13.5%	13.9%	13.0%	12.9%
ROA	6.0%	6.3%	5.6%	5.9%	5.5%	5.5%
EPS	187.12	196.87	202.32	232.11	242.00	265.75
BPS	1,446.09	1,416.04	1,574.50	1,762.51	1,959.72	2,167.09
Total Asset Turnover	2.7	2.9	2.7	2.5	2.4	2.3
Capital to Asset Ratio	45.3%	45.5%	43.8%	44.7%	44.2%	44.5%
Number of Shares Issued (1st Period Average Excluding Treasury Shares)	19,356,009	19,246,180	19,415,965	19,415,585	19,415,255	19,415,045
Number of Original Stores	6 Stores	7 Stores	4 Stores	5 Stores	7 Stores	8 Stores
Number of Scrap and Build Stores						
Number of Stores Closed	2 Stores		3 Stores			1 Stores
Number of Stores at End of Period	91 Stores	98 Stores	100 Stores	104 Stores	111 Stores	118 Stores
Sales Floor Area at End of Period (Weighted Average) m <sup>2</sup>	168,623	184,388	192,851	195,728	210,679	223,535

	7th Mid-term Management Plan			8th Mid-term Management Plan			9th Mid-term Management Plan		
	03/2013	03/2014	03/2015	03/2016	03/2017	03/2018	03/2019	03/2020	03/2021
Business Earnings	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%			
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 Rate)	76.2%	76.2%	76.1%	71.9%	72.1%	72.3%			
Profit Margin on Sales	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%			
Business Income	10,136	11,680	13,433	14,807	15,654	16,255			
Business Gross Profit	64,244	71,534	80,908	102,124	107,064	112,682			
(Sales Business Gross Profit Ratio)	28.2%	28.5%	28.6%	32.9%	32.7%	32.4%			
Distribution Costs	4,418	4,872	5,435	6,449	6,712	7,129			
Advertising Costs	2,072	2,204	2,436	2,626	2,815	2,824			
Salary and Allowances	19,991	22,022	24,473	36,864	39,415	41,488			
Carried Over Bonus Reserves	1,491	1,582	1,665	2,014	2,181	2,270			
Retirement Provision Expense	1,045	968	658	727	930	1,014			
Executive Retirement Bonus Funds	129	38	86	90	22	-			
Stock Payment Reserves				339	462	346			
Executive Stock Payment Reserves					32	42			
Statutory Welfare and Public Welfare Costs				5,130	5,735	6,328			
Water, Fuel, and Light Costs	3,727	4,661	5,075	4,665	4,170	4,524			
Land and Rent	7,506	8,215	9,053	9,640	10,045	10,655			
Leasing Fees						-			
Depreciation and Amortization	3,130	3,848	4,592	5,612	6,142	6,817			
Other Management Costs	11,101	12,322	11,179	14,113	13,876	14,021			
Total Marketing and General Management Costs	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 Profit	1,269	776	574	220	218	383			
Non-Operating Expenses	378	359	334	531	524	581			
Current Profits	10,521	11,213	12,599	13,539	14,214	15,019			
(Current Profit Ratio)	4.6%	4.5%	4.5%	4.4%	4.3%	4.3%			
Extraordinary Profits	110	93	2,614	1,385	2,249	347			
Extraordinary Losses	465	132	2,101	1,367	2,314	583			
Pre-Tax Net Income	10,166	11,174	13,112	13,556	14,149	14,782			
Net Income	6,379	7,074	8,543	9,065	9,927	10,307			
(Net Income Ratio)	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			
Activation of Existing Stores	2,779	4,594	3,974	8,068	7,605	4,072			
Depreciation and Amortization	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			
Fixed Assets	82,401	98,730	107,663	121,998	139,733	166,914			
Total Debt	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			
Business Cash flow				15,428	15,805	-			
Investment Cash flow				-15,236	-23,267	-			
Financial Affairs Cash flow				-2,242	25,083	-			
Free Cash flow (Business CF + Investment CF)				192	-7,462	-			
Dividend per Share	57.00	60.00	80.00	45.00	50.00	55.00			
ROE	14.3%	14.0%	15.0%	14.1%	13.8%	12.8%			
ROA	6.4%	5.9%	6.6%	6.4%	5.5%	5.2%			
EPS	328.57	182.19	220.02	233.48	255.67	265.47			
BPS	2,439.63	1,373.69	1,563.13	1,751.10	1,959.66	2,184.83			
Total Asset Turnover	2.3	2.1	2.2	2.2	1.8	1.8			
Capital to Asset Ratio	47.8%	44.5%	46.9%	47.7%	42.3%	42.7%			
Number of Shares Issued (1st Period Average Excluding Treasury Shares)	19,414,755	38,829,105	38,828,669	38,827,937	38,827,881	38,828,270			
Number of Original Stores	5 Stores	10 Stores	9 Stores	6 Stores	6 Stores	6 Stores			
Number of Scrap and Build Stores	1 Stores			2 Stores	3 Stores				
Number of Stores Closed						2 Stores			
Number of Stores at End of Period	123 Stores	133 Stores	142 Stores	148 Stores	154 Stores	158 Stores			
Sales Floor Area at End of Period (Weighted Average) m <sup>2</sup>	232,330	251,654	267,349	279,318	290,346	303,626			

1. On Apr. 1st, 2015, Sanmi Co., Ltd., which was a consolidated subsidiary, was taken over, and became a non-producing company on the consolidated financial statements for March 2016 and March 2017 periods.  
2. On Apr. 1st, 2015, there was a stock split in which 1 common stock share became 2 shares. Book-value Per Share (BPS) and Earnings Per Share (EPS) are estimated based on stock split assumptions at the beginning of the March 2014 period.  
3. Return on Equity (ROE) is calculated based on average capital over the period.