

YAOKO REPORT 2021

Yaoko Group Integrated Report 2021



YAOKO GROUP

Company Overview

Company Name	YAOKO CO., LTD.
Location of Head Office	1-10-1 Arajukumachi, Kawagoe-shi, Saitama, 350-1124 Tel: 049-246-7000 (Switchboard)
Representatives	Chairman and Representative Director Yukio Kawano President and Representative Director Sumito Kawano Executive Vice President and Representative Director Masao Kobayashi
Capital Stock	4.199 Billion Yen
Employees	3,804 (as of end of March 2021) <Consolidated> *Plus 12,251 partner and casual members (calculated at 8 hours per day).
Number of Stores	181 (as of March 2021) <Consolidated>
Subsidiaries	AVE Co., Ltd. Foocot Co., Ltd. Yaoko Business Service Co., Ltd. Ogawa Trading Co., Ltd.
Home Page	https://www.yaoko-net.com/





Yaoko Group Management Philosophy

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

Our Management Philosophy highlights the very reason for the Yaoko Group's existence and our company's mission. We don't just look at what sells well and is profitable, but also we want to support local customers making their daily lives enjoyable and fulfilling, with a focus on food so that they feel happy to live near a Yaoko Group store and that we become a company appreciated by all of our customers. The level of our supermarkets determines the level of local people's dietary lives. Therefore, our role is important, and nothing makes us happier than hearing people say, "It is great to have the store nearby, I'm glad to live close to it." That is what makes our work meaningful.

Yaoko Group 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.

Our Company Policy is the guideline for all those who work at the Yaoko Group to take action and the desire for such a state to be maintained always. All of us who work at the Yaoko Group live a bright and honest life and, both mentally and physically healthy, contribute to creating stores that brim with happiness and smiles. That drives the Yaoko Group in developing itself as the center of local communities.

The Yaoko Group's Vision

More abundant and enjoyable dietary lives for everyone in the region

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

Yaoko Group has set itself a long-term vision for the future. By achieving it, we would like to be a group in which Yaoko, AVE and Focot each stand by local customers and are relied upon as a warm protective presence within the community. The group would also like to be closely connected to customers, employees, business partners and the local community, and just as important, to be a group that contributes to the "Well-Being" & "Sustainable" movements in our society.





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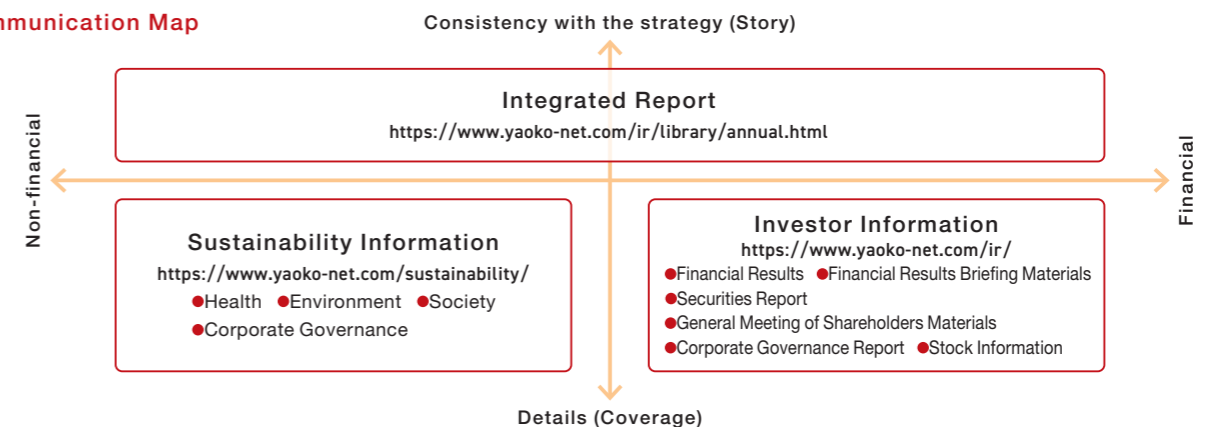
Editorial Policy The "Yaoko Report 2021" includes performance and business summaries, financial information, and more, focusing on our management philosophy and business strategies. In addition, comprehensive non-financial information which supports dynamic growth is also included. We hope it will be used by a variety of stakeholders, especially shareholders and investors, to promote an understanding of Yaoko Group.

Important Points about Future Estimations The "Yaoko Report 2021" 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 2020 to March 2021

Scope of reporting YAOKO Co., Ltd. and Group companies

Communication Map





We hope to be a company appreciated by our customers supporting the enrichment of their daily lives

This year marks the 132nd year of the founding of Yaoko. There are about 4 million companies in Japan; however, less than 1% (just over 30,000) are long-term companies that have been in business for over a century. Long-lived companies are almost all relatively small, such as traditional Japanese confectioners in Kyoto. Very few are on the scale of Yaoko, which has annual sales of 420 billion yen. What is more, Yaoko has been continuing to grow, steadily extending its reach.

It goes without saying that the retail business is constantly adapting to changes. We often update our products and services to meet the changing needs of our customers, sometimes by also encouraging changes in customers' daily lives. However, there is one thing that has not changed, and that should never change within the company; and that is the corporate philosophy that forms the company's fundamental way of thinking. A company with a strongly-held corporate philosophy and principles as the backbone of its corporate management, will develop steadily for many years.

This company's fundamental philosophy is to contribute to the improvement and development of regional culture through enriching the everyday lives of our customers by offering quality food. We don't just look at what sells well and is profitable. Our work is useful in making people's daily lives enjoyable and fulfilling, with a focus on foods. We want lots of people to feel happy that they live near our stores. That is the very reason for our existence and our purpose. Yaoko is often said to be unwavering, and I believe this is because our corporate philosophy is unwavering. Yaoko's principled management since its foundation has been the driving force for developing a solid company.

Enjoyable and fulfilling dietary lives are the foundation of an enjoyable life for many people. The level of local people's dietary lives is determined by the level of their supermarket. Therefore, our role is important and our work is worthwhile. We endeavor to enrich our customers' daily lives, in the hope of being a company appreciated by our customers.

川野幸夫

Yukio Kawano

Chairman and Representative Director

Yaoko's History

1890-1990

1890

1890 Kotaro Kawano establishes Yaoko in Bushu Ogawamachi, Saitama



Promotional flier from the Meiji Period

July 9, 1957

Seizo Kawano incorporates Yaoko (capital: 3.5 million yen)

1958

Introduction of self-service sales, conversion to supermarket



April 1968

Opening of the former Ranzan Store, actual start of development as a chain



April 1972

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

March 5, 1974

Reorganization of Yaoko as a stock company (capital: 9.5 million yen)



June 1978

Renovating to expand and reopening the Ogawa Shopping Center, first actual NSC store

September 1978

Capital increase to 100 million yen

November 1985

Opening of the Fresh Food Center as a hub for large-scale processing of fresh foods and refrigerated delivery to individual stores

March 1986

Relocation of headquarters from the Ogawa Shopping Center to Kawagoe Establishment of Fresh Yaoko Co., Ltd.

February 1988

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

December 1989

Establishment of the Kawano Masanori Memorial Public Interest Incorporated Foundation for Promotion of Pediatrics

1991-2000

November 1993

Listing on the Second Section of the Tokyo Stock Exchange

April 1994

1st Mid-Term Management Plan starts

July 1995

Opening of the Hanamidai Delivery Center in Ranzanmachi as a base for delivering room temperature goods Establishment of YCC Co., Ltd. as a wholly owned subsidiary in charge of the cultural business division

September 1995

Establishment of Nihon Apoch Co., Ltd. as a wholly owned subsidiary in charge of the pharmacy and drugstore business division

September 1996

Completion of the headquarters building construction in front of Kawagoe Station West Entrance, opening in October



Headquarters building

September 1997

Listing on the First Section of the Tokyo Stock Exchange



November 1997

Opening of the Chiba Distribution Center in anticipation of stores opening in Chiba and Ibaraki Prefectures

June 1998

Headquarters moves to Kawagoe

October 1998

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



November 1999

Opening of the Isesaki Distribution Center in Gunma Prefecture

2001-2010

April 2001

Opening of the Deli Departments

October 2002

Opening of the Sayama Grocery Center

November 2002

Opening of Sayama Chilled Center The Fresh Foods Center closes and becomes the Delicatessen Center



March 2003

Grand Opening of the Kawagoe Minami Furuya Store



April 2003

Corporate split, opening of Sanmi Co., Ltd. as a wholly owned subsidiary

June 2004

Opening of the Wakaba Walk Store



September 2006

Transfer of Nihon Apoch's drugstore business division to Sugi Pharmacy Co., Ltd.

October 2006

Closing of the Chiba Distribution Center, opening of the New Chiba Center in Funabashi, Chiba Prefecture

December 2006

Opening of the Kawagoe Training Center



September 2008

Transfer of all the shares of YCC Co., Ltd. to Bookoff Corporation

March 2009

Liquidation of Fresh Yaoko Co., Ltd.

January 2010

Opening of the Tokorozawa Mihara Store as an experimental small-format store

April 2010

Establishment of Yaoko Business Service Co., Ltd. as a wholly owned subsidiary

October 2010

Opening of "the market place Sakura," a new independently developed NSC

2011-2020

September 2011

Opening of the Tachikawa Wakaba-cho Store as an experimental eco-friendly store (with solar panels installed)

March 2012

Opening of the Kawagoe Matoba Store

April 2013

Launch of "Yes! YAOKO" private brand

June 2013

Opening of the Higashiyamato Store

September 2013

Start of "Star Select" collaboration PB with Life Corporation

June 2014

Closing of the Ogawa Delicatessen Center, opening of the Delicatessen & Fresh Food Center in Higashimatsuyama, Saitama Prefecture



February 2015

Start of YAOKO Online Supermarket

March 2015

Partial transfer of Nihon Apoch business to Alfresa Holdings Corporation

April 2015

Merger of consolidated subsidiary Sanmi Co., Ltd.

April 2015

Grand opening of the Lalaport Fujimi Store

June 2016

Start of Yaoko Farm agricultural business

March 2017

Full remodeling of the Kawagoe Minami Furuya Store, start of new flagship store model experiment based on evolution of meal solutions

April 2017

Ave Co., Ltd. and Ave Development Co., Ltd. become wholly owned subsidiaries

October 2017

Opening of the Kumagaya Distribution Center

November 2017

Opening of the Yaoko Seijo Store (small urban store)

February 2018

Opening of the Higashimatsuyama Shinjuku-cho Store

November 2018

Completion of the Yaoko Support Center (headquarters), open from December



©KAI NAKAMURA

March 2019

Opening of the Kuki Shobu Store

April 2019

Opening of the Yaoko Kawagoe Nursery School (Kawagoe City Accredited In-office Nursery School)

January 2020

Opening of the Matsudo Chilled Center

November 2020

Large-scale remodeling of the Tokorozawa Kitahara Store Start of next-generation flagship store model experiment

December 2020

Opening of the Yachiyo Training Center

February 2021

Establishment of Foocot Co., Ltd.

March 2021

Establishment of the Yaoko Child Support Foundation

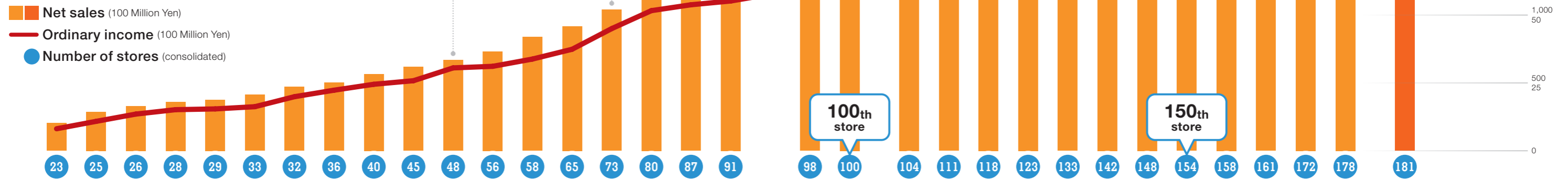


Year ended March 31, 2021
Net sales ¥422.1 billion
Ordinary income ¥19.7 billion
Number of Stores 181 stores

Yaoko's Performance Trends

Yaoko achieves 32 consecutive terms of increasing non-consolidated profitability!

The Yaoko Group aims to be the overwhelmingly number-one company in providing abundant and enjoyable dietary lives. Thanks to support from all of our stakeholders, Yaoko achieved 32 consecutive terms of increasing non-consolidated sales and profitability for the entire FY2020. Yaoko's solid growth in recent years derives from our three-year-term management plans, and our history of achieving store creation targets over these. This is also a result built upon the fact that all stores have come together as one to achieve year-over-year improvement goals.



(Business establishment) 1989/3 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 (Business evolution, growth acceleration, sowing new seeds) 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021/3 (Group growth) 2022/3

1st Mid-Term Management Plan 3/1995-3/1997	2nd Mid-Term Management Plan 3/1998-3/2000	3rd Mid-Term Management Plan 3/2001-3/2003	4th Mid-Term Management Plan 3/2004-3/2006	5th Mid-Term Management Plan 3/2007-3/2009	6th Mid-Term Management Plan 3/2010-3/2012	7th Mid-Term Management Plan 3/2013-3/2015	8th Mid-Term Management Plan 3/2016-3/2018	9th Mid-Term Management Plan 3/2019-3/2021	10th Mid-Term Management Plan 3/2022-3/2024
Theme	Theme	Theme	Theme	Theme	Theme	Theme	Theme	Theme	Theme
Establishing a Supermarket Business Format	Creating Everyday Lifestyle Assortment-style Supermarkets	Enriching the Sayama Model	Enriching Meal Solutions	Establishing the Yaoko Brand	Perfecting Supermarkets That Offer Customers Abundant and Enjoyable Dietary Lives	To Make a Clear Distinction as a Chain	"To be Called Yaoko, not just a Supermarket" Relentlessly Building the Foundation for the Next Stage without Compromise	Establishing the Yaoko Way	Achieving the Goal of "Building 20% Stronger Stores"
Store Building	Store Building	Store Building	Store Building	Store Building	Store Building	Store Building	Store Building	Store Building	Store Building
Grand Opening of the Sayama Store (Apr. 1994)	Full Remodeling of the Sayama Store (Oct. 1998)	Grand Opening of the Kawagoe Minami Furuya Store (Mar. 2003)	Opening of the Wakaba Walk Store (June 2004)	Grand Opening of the Kawagoe Shinjuku Store (Jul. 2007)	Grand Opening of the Tokorozawa Mihara Store (Jan. 2010) Opening of the Kawagoe Matoba Store (Mar. 2012)	Grand Opening of the Higashiyamato Store (Jun. 2013)	Grand Opening of the Lalaport Fujimi Store (Apr. 2015) Full Remodeling of the Kawagoe Minami Furuya Store (Mar. 2017) Grand Opening of the Yaoko Seijo Store (Nov. 2017)	Opening of the Higashimatsuyama Shinjuku-cho Store (Feb. 2018) Opening of the Kuki Shobu Store (Mar. 2019) Full remodeling of the Tokorozawa Kitahara Store (Nov. 2020)	

Shifts in Mid-Term Management Plans



YAOKO GROUP in Figures



Financial data

(Financial Results for the Fiscal Year ended March 31, 2021)

Net sales ¥487.1 billion	Operating income ¥22.4 billion	Ordinary income ¥22.2 billion
Net income ¥14.5 billion	Net sales to Ordinary income Ratio 4.6 %	Capital investment ¥24.6 billion



Management Resources

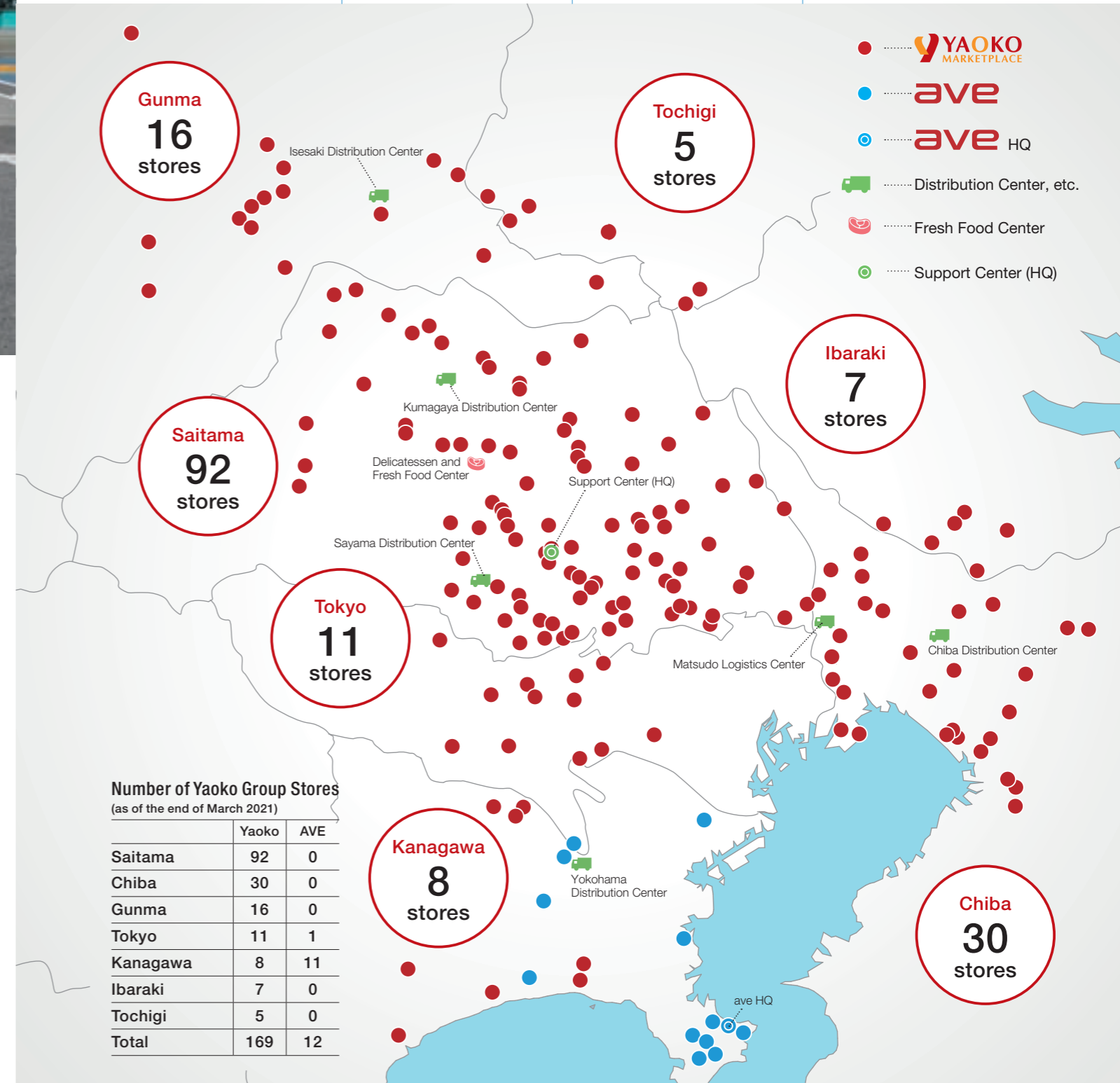
(as of March 31, 2021)

Number of Members 16,055 <small>(including part-time members)</small>	Yaoko Card members 2.77 million	Market Share in Business Area 19.1 %
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Stores / Logistics Hub

Total number of stores 181	Number of Yaoko stores 169	Number of AVE stores 12	Number of Logistics hubs 6
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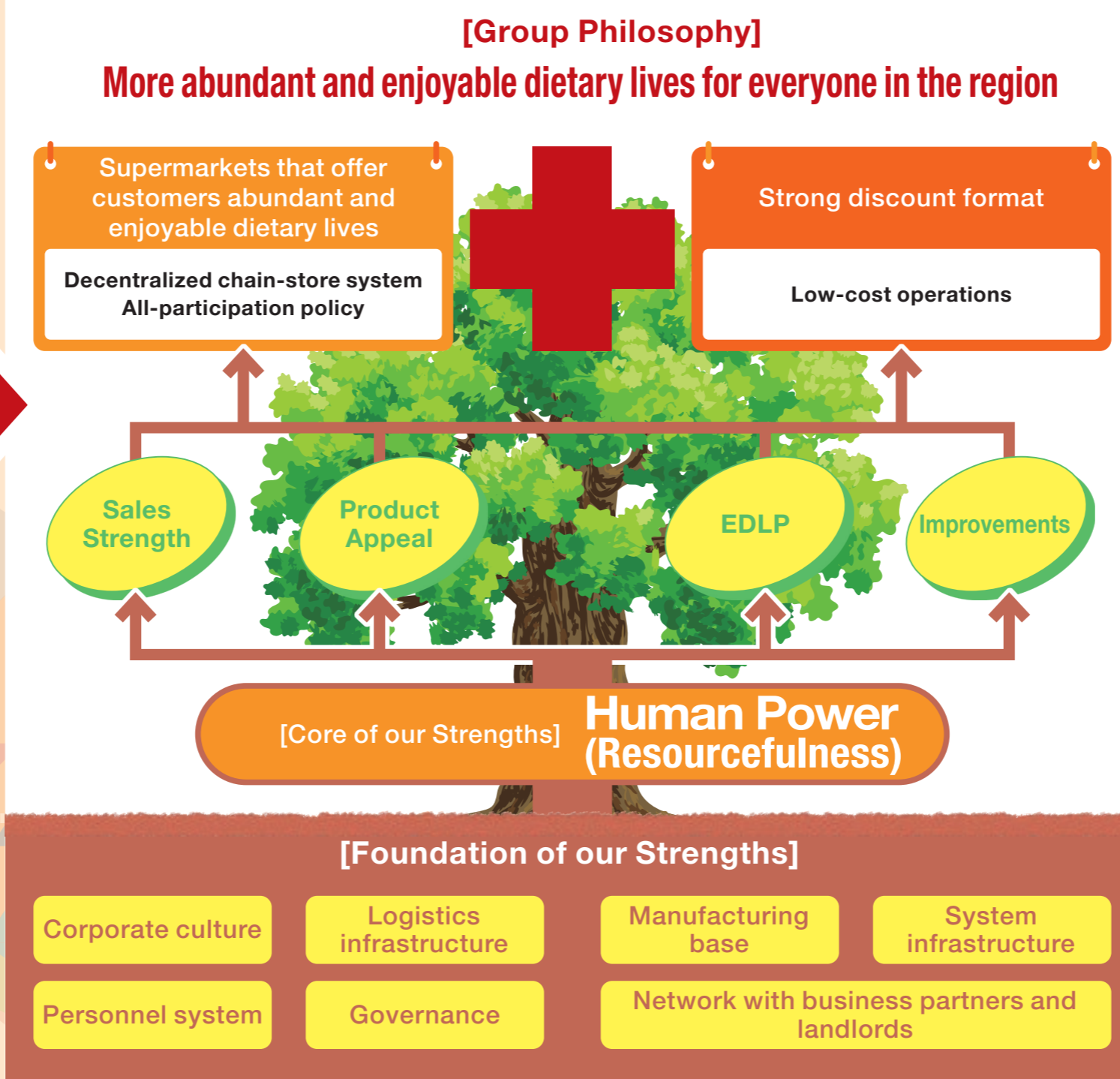
YAKO GROUP's Value Creation Process

Community and Social Issues

- Aging Society
- 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



Group Achievement Model



Outcomes

Non-financial

“Well-being” & “Sustainable”

- Train independent and highly aware personnel
- Achieve abundant, enjoyable, and healthy dietary lives
- Create local communities
- Contribute to a sustainable world

Financial

- **500** stores in the Kanto area, net sales **1** trillion yen
- Net sales to ordinary income ratio of **4%** or higher
- ROE of **10%** or higher





We contribute to “abundant and enjoyable dietary lives” in the region through personnel training

川野 登人

Sumito Kawano
President and Representative Director



Impact of COVID-19 and future issues

During 2020, the spread of COVID-19 greatly affected people's lives around the world. We would like to offer our heartfelt sympathies to all those who have suffered because of COVID-19, while expressing our sincere gratitude to the frontline healthcare workers helping to prevent the spread of the virus and providing medical treatment. Yaoko is aware of its responsibility as a form of lifeline contributing to everyday dietary lives, and has therefore continued its operation while taking preventative measures.

Japan has continued to experience repeated state of emergency declarations in 2021, and it is still not possible to predict when COVID-19 will be contained. Recently, consumption has become increasingly polarized amid constraints on economic activities. In the future, as Japan's population decline becomes more severe, it is expected that the country will experience a contraction of the food market and labor shortages. Meanwhile, EC operators that are growing sales through online retailing and drug stores that are increasing their outlets are expanding their presence within this food market. It is a challenging environment, in which we are unlikely to enjoy the support of customers unless we provide unrivalled appeal.

Yaoko Group's vision and strengths

In FY2021, the Yaoko Group has set a management philosophy of providing “more abundant and enjoyable dietary lives for everyone in the region.” Meanwhile, Yaoko will continue to promote its concept of “perfecting supermarkets that offer customers abundant and enjoyable dietary lives.” We aim to provide marketplaces that offer a sense of seasonality, creating stores filled with novelty and fun by, for instance, undertaking massive in-store presentation of a single product to propose that day's meals, or prompting customers to incorporate enjoyment of cheese and wine into their lifestyles. As people spend more time at home during COVID-19, we are upgrading our product lineup and marketplaces, aiming to make enjoyment and family conversations about delicious food a bigger part of everyday dietary lives.

AVE will further advance the discount business format. A core strength of AVE is that it is a low-cost operation that has thoroughly eliminated unnecessary operations. It provides a product lineup that offers reliable quality and leads to lifestyle enrichment while achieving unrivalled low prices. This fiscal year, we are starting to develop Foocot, a sister company to AVE. Amid growing demand for low prices, we plan to build a structure that can satisfy all customers in our business areas through these two business formats: Yaoko and AVE/Foocot.

Strengthening four initiatives

To achieve the above, we will strive over the next three years to strengthen four initiatives addressing “sales strength,” “product appeal,” “EDLP (everyday low prices),” and “improvements.” Sales strength refers to our proposal power: knowing both our products and our customers leads to proposals that meet customer needs. Yaoko will refine its “all-participation” policy, which also includes its partners, to create proposals and marketplaces that offer many times the usual selling power. To enhance product appeal, we aim to manufacture and sell our own

ready-made dishes utilizing the Delicatessen and Fresh Food Center, and to extend our private-label product lineup including direct imports.

EDLP and improvements are particular strengths of AVE, which will further improve automatic ordering, as well as optimal shelf allocation and store operation systems, to achieve even lower costs. Meanwhile, Yaoko too will promote affordability for the young family demographic in particular as a measure to deal with polarization of consumption. At the same time, we will aim to create and utilize a new processing center and enhance productivity by using AI to improve the accuracy of ordering and reduce inventories.

Improve “human power”

At the core of the four initiatives are the power of people, the growth of people, and the power of teamwork. Through these initiatives, we will cultivate leaders with abundant “human power” (resourcefulness), capable of thinking for themselves and achieving results as a team. We believe that it is the growth of people that supports corporate growth. In line with this belief, we will improve the infrastructure supporting our training system, information system, and logistics to make it efficient, flexible and scalable, so that everybody can play an active role with enthusiasm.

The Yaoko Group is part of the local community, as well as of the world as a whole, and therefore has a responsibility to future generations. While providing local communities with proposals for abundant, enjoyable, and healthy dietary lives through our main business, we also support children through the Yaoko Child Support Foundation. Meanwhile, we are aware that responding to environmental problems is a key global issue. In addition to energy saving, plastic reduction, and recycling efforts, we will contribute to a sustainable society through measures such as expanding agricultural businesses in suburban areas to improve self-sufficiency rates. As we pursue these endeavors going forward, we look forward to your continued patronage and support.

The 10th Mid-Term Management Plan to Achieve the Goal of “Building Stores that Generate 20% More Sales”

Yaoko Group Vision

When formulating the 10th Mid-Term Management Plan, we developed a vision for the Yaoko Group for the first time, as Foocot Co., Ltd. will open its first store in FY2021.

With the aspiration of **providing more abundant and enjoyable dietary lives to everyone in the region**, we will aim for sustainable growth by constantly providing **our customers with value beyond just price, being a company where all employees are proud and enjoy their living, building our own model of high productivity while eliminating waste**, and **contributing to solving social issues while smoothly partnering with all stakeholders**.

We have endeavored to build small-area, high shopping frequency supermarkets for “Everybody Everyday.” Our management policy has not changed, but consumers have become more price-oriented, and the polarization of consumption is expected to accelerate, while customer preferences also become more diverse than before. Under these circumstances, we will raise the Group’s market share by deepening our relationships with discount stores (Ave, Foocot) and satisfying all of the customers in the region, as well as aspire to independent operations by developing the unique strengths of each Group company and growing through friendly competition.

Formulation of the 10th Mid-term Management Plan

FY2020 was the final year of the 9th Mid-term Management Plan. We achieved the initially set targets one year early in FY2019. Although we have used the Delicatessen and Fresh Food Center to make progress in building the foundation for a chain, we have not yet clearly differentiated ourselves from other companies in the same industry in terms of the sales strength of individual stores, product development ability, and the like.

Currently, the Yaoko Group and the industry overall are performing strongly as a result of stay-at-home demand due to the spread of COVID-19. However, with the end of COVID-19, the polarization of consumption, a shrinking market, and other issues are expected to surface, and competition is slated to be a cutthroat fight for survival that transcends industry boundaries in the food market, including online shopping.

Yaoko formulated its 10th Mid-term Management Plan ending FY2023, based on this understanding of the environment. First, based on the idea that we want to at least break free from competition with other companies in the same industry in these three years, we will focus on **addressing prices, improving the sales strength of individual stores, developing unique products, and raising productivity**, with our main goal as **“building stores that generate 20% more sales.”**

10th Mid-Term Management Plan Goal: “building stores that generate 20% more sales”

<p>Addressing Prices</p> <ul style="list-style-type: none"> Enhance products and categories frequently purchased by families in the childrearing generation Area-based EDLP and promotional fliers 	<p>Developing unique products</p> <ul style="list-style-type: none"> Strengthen fresh foods and develop products that lead to overwhelming support Use the Delicatessen and Fresh Food Center more, and venture into SPA Develop unique grocery products
<p>Improving the sales strength of individual stores</p> <ul style="list-style-type: none"> Increase the management power of regional managers and the store operational power of store managers 10 times stronger in selling single products by implementing an all-participation policy Create sales floors that appeal to customers 	<p>Raising productivity</p> <ul style="list-style-type: none"> Maximize the effects of installing an automatic order system using EDLP Make use of the Kumagaya Delicatessen and Fresh Food Center (PC function) Streamline the Support Center, and improve distribution efficiency

Numerical Plan (FY2021-FY2023)

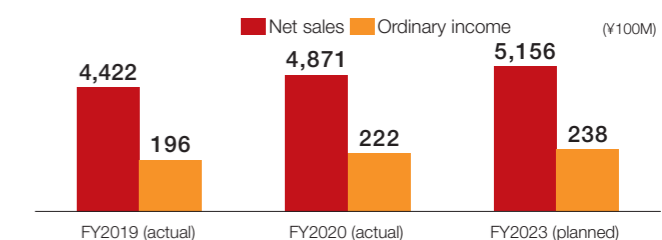
Our targets in the final year of the 10th Mid-term Management Plan are consolidated net sales of 515.6 billion yen and ordinary income of 23.8 billion yen. Although Yaoko alone plans to continue increasing sales and profits, on a consolidated basis, we anticipate start-up costs and new store losses for Foocot Co., Ltd. to rise.

For the first time, we set a target level (10% or higher) for ROE this time. With greater awareness of capital efficiency than previously, we plan to aim for stable dividends with a dividend payout ratio of 20%.

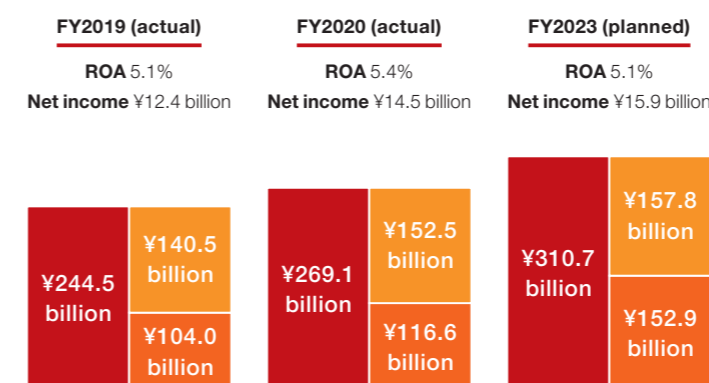
Target figures for FY2023 (10th Mid-term Plan)

	Net sales	Ordinary income	Current profit ratio
Consolidated	¥515.6 billion	¥23.8 billion	4.6%
Non-consolidated	¥436.9 billion	¥20.1 billion	4.6%

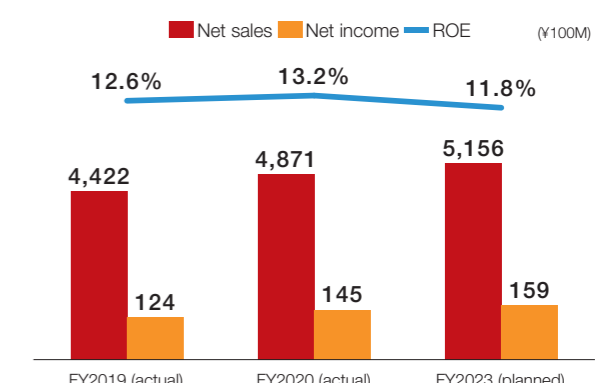
Consolidated net sales and ordinary income



Balance sheet management (ROA)



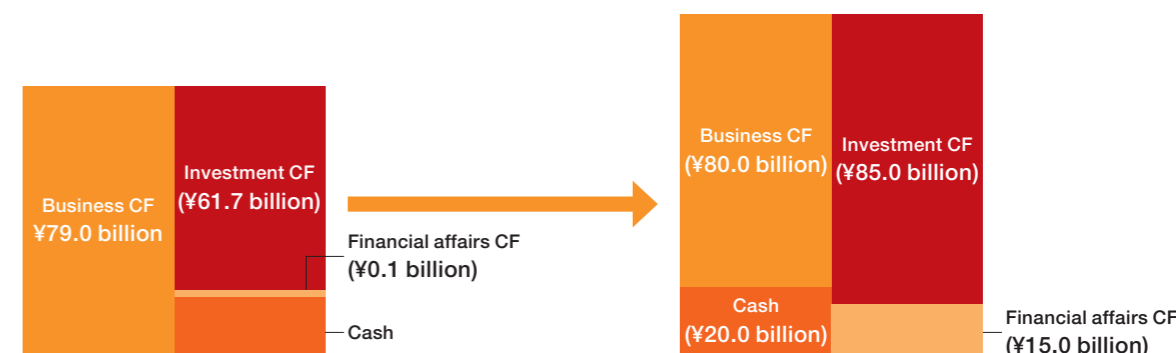
Profit and Loss Plan (ROE)



Cash flow

9th Mid-Term Management Plan Period (FY2018-FY2020)	10th Mid-Term Management Plan Period (FY2021-FY2023)
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We view the next several years as a chance to solidify our base for achieving sustainable growth as a Group in terms of securing personnel and store sites. We also intend to intensively consider unplanned investment deals, but our plan is to manage finances with full consideration given to stability and well-being by controlling the level of interest-bearing debts (balance sheet) while remaining aware of free cash flow levels.





Make unique products only available at Yaoko

We provide fresh foods to contribute to promoting health



Eating is important for the body. Daily meals build the body and lead to daily health.

At Yaoko, we work to provide fresh foods to help promote the health of everyone in the region.

For fresh foods, our buyers go to markets and producers to buy foods after checking them with their own eyes and mouths. Particularly in the fresh fish and produce divisions, we sell seasonal foods that are delivered directly from producers. In the produce area, we sell fresh vegetables harvested every morning by local farmers near our stores with whom we contract directly.

Our customers are supportive of our efforts to provide safe, reliable, fresh, and highly nutritional products from known producers.

Yaoko Farm, which we started in April 2016, secured farmland near our distribution centers in Sayama and Kumagaya to produce vegetables that remain fresh when they are delivered to stores. We received Global GAP (GGAP) in July 2019 and Japan GAP (JGAP) in December 2019, and we are working to achieve a long-term, sustainable supply of agricultural products, with consideration to food safety, as well as protection of the natural environment, labor safety of producers, and protection of human rights.

Affordability is reassuring: We are there for everyone in the region



In FY2020, we faced the unprecedented situation of the spread of COVID-19 both in Japan and abroad, and now we are hurling toward a new consumption style and the polarization of consumption due to changes in people's behavior and values.

While COVID-19 vaccine coverage is increasing, we cannot dispel the risk of novel coronavirus variants spreading, so we expect that there will continue to a certain extent to be opportunities for having meals at home.

Because of this, in addition to our supermarket functioning as a lifeline, we also will improve our strengths in selling and customer-oriented suggestions, as well as work more on affordability, so that everyone who lives in the region can enjoy shopping safely.



Able to propose customers' true happiness and joy

Store-by-store management



Miura Hasse Store Local vegetables for sale

The Yaoko Group is working to build a store that regions need; a store that improves regional dietary levels, helps people live happy and healthy lives, connects people, and nurtures cultures.

The dietary habits, family structure, and age makeup of residents are a little different in each region. Aiming to address the needs of small commercial areas and satisfy everyone who lives in the region, we manage our organization as a “decentralized chain-store system” with an “all participation policy.”

Yaoko Challenge!



Yaoko basically implements five in-store promotions every month and informs customers by promotional fliers in newspapers. We propose a “Today's item!” to customers through massive in-store presentation of seasonal products.

This single item massive sales presentation is linked to personnel training, as all store members work together to present and sell seasonal products to customers under the same theme at each store under concept of the “Yaoko Challenge!” to create outliers in sales. This massive in-store presentation of single items improves sales results and strength.

Product Proposals Using FSP Data

With the introduction of the Yaoko Card, we have been using data from the FSP (Frequent Shoppers Program) to find potential customer needs and local characteristics in regions where there are stores to provide suitable and speedy sales floor suggestions and brush-up our product lineup.

Yaoko has developed “Customer Segment 19” as a unique tool to analyze customer shopping trends. Based on this analysis, we are working to develop products and provide services so that everyone who lives in the region will become our customers.



Creating New Proposals (Product Development) and New Markets

In the delicatessen division, we are working to develop new products based on our regular products that correlate to the creation of new markets and demand and the improvement of profits. In the produce division, we use the popular Yaoko original product, “Miguel's Avocado,” across divisions, including as an ingredient in the delicatessen division, to create added value products only available at Yaoko. In addition, our roast beef is in high demand in the restaurant industry market and is a leading product in our meat division. Opportunities to eat out have decreased due to the spread of COVID-19, but our delicatessen division has developed products such as affordable new roast beef rice bowls and nigiri sushi using roast beef so that customers can eat our delicious roast beef at home.





Growth drivers for further strengths

Next-generation merchandising

The format, layout, and interior of Yaoko stores are planned and designed to fit the region, site, and demographics. Standard stores are roughly 21,350 square feet, while large stores are around 28,467 square feet and introduce challenging merchandising that is not possible in standard stores.

Since opening in June 2002, the Tokorozawa Kitahara Store has undergone renovations in conjunction with changes in customers' lifestyles, and it reopened in November 2020 as a collection of specialty stores called "the market Place Tokorozawa Kitahara." As a result of the renovation, the store expanded its sales floor area and restarted as a large store of around 28,467 square feet to respond to the increasingly competitive environment around the Tokorozawa Station and capture demand from young families within 3 km and senior citizens within 1 km.

Considering the challenges in a flagship store from the Kawagoe Matoba Store, we are further developing the flagship



store model and working on merchandising and store creation as a stepping stone to our next flagship store. We are further expanding meal solutions with improved ingredients, new proposals, and price conscious choices by using our strengths in merchandising selection and focus.

Achieving high productivity



Higashimatsuyama Delicatessen and Fresh Food Center



Kumagaya Delicatessen and Fresh Food Center

High productivity is essential to expanding price-conscious choices. We will continue to streamline operations by developing a productivity improvement model (improvements) and deploying it laterally to standardize in-store work, which we began in 2013 to eliminate overburden, waste, and non-uniformity. We will also use our Delicatessen and Fresh Food Center to reduce in-store work.

In addition, at the Delicatessen and Fresh Food Center, we are working to differentiate ourselves by further honing our strengths in unique, fresh, in-store products only available at Yaoko. The share of supply to the delicatessen division is increasing year by year, and with the expansion of ready-to-eat foods and food kits, in-store work is decreasing.

In the fall of FY2021, we plan to start operations at the Kumagaya Delicatessen and Fresh Food Center, which we are preparing to use also as a processing and packaging center for fresh foods. With the opening of this Center, we expect to streamline in-store work not only in the delicatessen division, but also in the fresh food division.

In addition, for dry grocery goods with a certain expiration date and home goods, we have already installed an automatic ordering system, but since June 2021, we have been demonstrating an automatic ordering system powered by AI demand prediction at the Kawagoe Nishiguchi Store and the Nishiomiya Store with the hope of launching this in all stores.



Become the center of local communities and a place where people can interact

Cooking Support

"Cooking Support" provides simple and delicious daily dinner menu suggestions and meal consultation, and has been welcomed by customers as a community forum. Specifically, we provide menu suggestions and recipe ideas by giving out samples, producing and distributing recipe cards and the

Cooking Support magazine, holding cooking classes, and presenting recipes through videos and photos.

In FY2020, due to the effects of the spread of COVID-19, we were not able to give out samples or hold cooking classes, so we provided more menu suggestions by video.



Easy Italian recipe video by Italian cuisine expert Yasuo Toyota



Sharing information to link Yaoko with customers

We share information and two-way communication via official social media channels and our website as a touchpoint.

For instance, we post stories about our products, such as behind-the-scenes stories about the development of Yaoko original products and the commitment of our buyers. We also share information to reassure our customers to make them feel better about buying our products and enjoying shopping with us.



Official Instagram



Product stories from our website

Scan here for behind-the-scenes stories!



Support for children

In September 2020, we signed an "Agreement for the Provision/Transfer of Food, Etc." with the Saitama Social Welfare Council and began donating about 100 bags of rice per month for one year to support children in families suffering from the effects of the spread of COVID-19.

In March 2021, as a permanent initiative to support children, we established the Yaoko Child Support Foundation, which will provide a wide range of support not only through rice donations, but also other means.



Develop human resources who can be active for customers, and become a company that people want to join

The human power of each and every employee form the foundation for our store operating policies of “store-by-store management” and “all-participation” and are essential for building strong stores.

We put special effort into training personnel based on our motto, “A cheerful life will create a cheerful store.”

We are concerned that as the company gets bigger, differences among stores will grow due to insufficient education, and the continuation of the founding spirit and management philosophy will diminish.

At Yaoko, we are working to create an organization with stable store management where employees want to work by offering an education curriculum based on position and level, philosophical education, and so forth.

Training

We built a training center where we plan and implement a wide range of training to improve the human power and abilities of each and every employee.

At Yaoko University, group training of employees is conducted from the 1st to 5th years of employment. Employees who join Yaoko can learn the Company's basic curriculum and equally receive a certain level of education. In addition, we provide many learning opportunities to enhance single-store management and the all-participation policy, such as technical training to learn professional skills, participation in training and exhibitions in production areas to visit producers, overseas retail study tours, and the “Festival of Inspiration and Happiness” for presenting work improvements by partner employees.

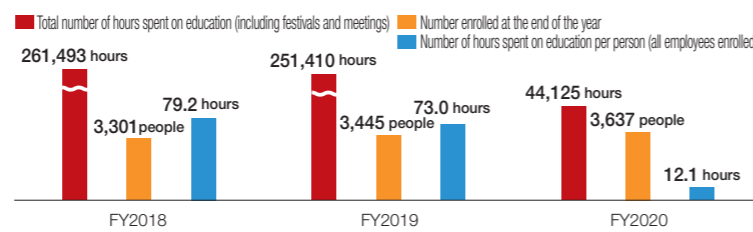
In June 2021, we began selective training as the first initiative in training our core personnel of the future. With the goal of training highly productive personnel with a broad perspective, we selected employees from our new hires to those in the third year after graduation who have potential and aptitude and think outside the box, and they are training together with young employees from other industries and businesses.

We also established the Kawagoe Training Center in December 2006 and the Wakaba Training Center in July 2017 as a space for interaction between generations, and in December 2020, we opened the Yachiyo Training Center, which includes an employee dormitory.

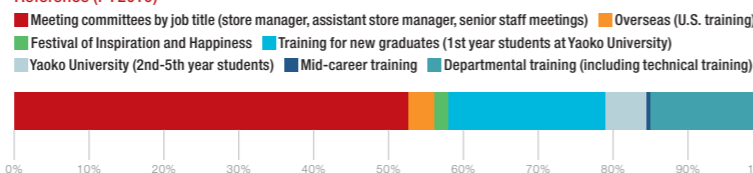


Yachiyo Training Center

● Personnel training (non-consolidated)



Reference (FY2019)



Diversity

As Japanese society experiences a declining birthrate and aging population, and as the size of our company grows, labor shortages have become a constant issue.

We are working to reduce employee turnover by promoting work-life balance through workstyle reform and by enhancing our education system so that our employees find it easy and meaningful to work at Yaoko. Another effort we have made towards priority measures has been to actively promote the advancement of women and hire more foreign applicants.

In terms of promoting the advancement of women, based on the Act on Promotion of Women's Participation and Advancement in the Workplace, we have announced an action plan to add 30 more women to management positions in the 5 years from April 2021.



Following this plan, we aim to increase the total number of women in management positions from 60 as of March 31, 2020, to 90 as of March 31, 2026, the fifth year. We understand that progress has been made through efforts, such as building a system has to support balance between family and work in response to life events, changes in company rules, and accredited in-business nursery school and

other physical amenities. We will continue to make efforts to create an environment where it is easy for women to work.

In terms of hiring more foreign applicants, we have approximately 600 foreign employees as of March 31, 2021. Of those employees, nearly 260 are foreign technical interns learning skills while they work in our stores and the Delicatessen & Fresh Food Center.

Health Management

For the past several years, we have made company-wide efforts to promote employee health. These efforts have included improving physical examination rates, assigning public health nurses, conducting original Yaoko exercises, and holding a huge athletic meet titled “Celebration of Sports and Music.”

These efforts have been appraised, and for the third year in a row since FY2019, Yaoko was certified as a top Healthy Management Company (White 500).

Based on the idea of “making health part of the Yaoko brand,” we have implemented various sports event plans as part of “health projects” aimed at improving health awareness among employees,

and are also using these events as a venue for interaction with other companies in our industry and members of local communities.

In FY2020, due to the effects of the spread of COVID-19, we were unable to hold the huge athletic meet and other sporting events, but we see maintaining the mental and physical health of employees through these efforts as one of the most important factors in the sustainable development of our company, and when the situation improves as a result of expanded vaccine coverage, we plan to resume these events.



● Work environment data (non-consolidated)

	2019/3	2020/3	2021/3	
Number of Employees	Men	2,695	2,782	2,921
	Women	606	663	716
	Total	3,301	3,445	3,637
	PHA Members (calculated at an average of 8H over period)	10,899	11,185	11,784
Average Age (years)	38.6	38.8	39.4	
Average Years Employed	10.5	10.7	10.9	
Management Positions	Ratio of Men	93.1%	92.4%	92.7%
	Ratio of Women	6.9%	7.6%	7.3%
Number of Women in Management Positions	55	62	60	
Ratio of Persons With Disabilities Employed *Including PHA members	2.46%	2.47%	2.50%	
Number of Persons Taking Childcare Leave *Including PHA employees	90	98	100	
Ratio of Paid Leave Acquisition	18.1%	36.4%	33.7%	
Rate of Work Accidents (per 1000 people per year)	3.1	4.1	3.5	
Average Annual Compensation (thousands of yen)	5,858	5,830	6,015	
Labor Distribution Ratio	48.1%	47.9%	47.3%	

Creating a sustainable and abundant society with our business partners

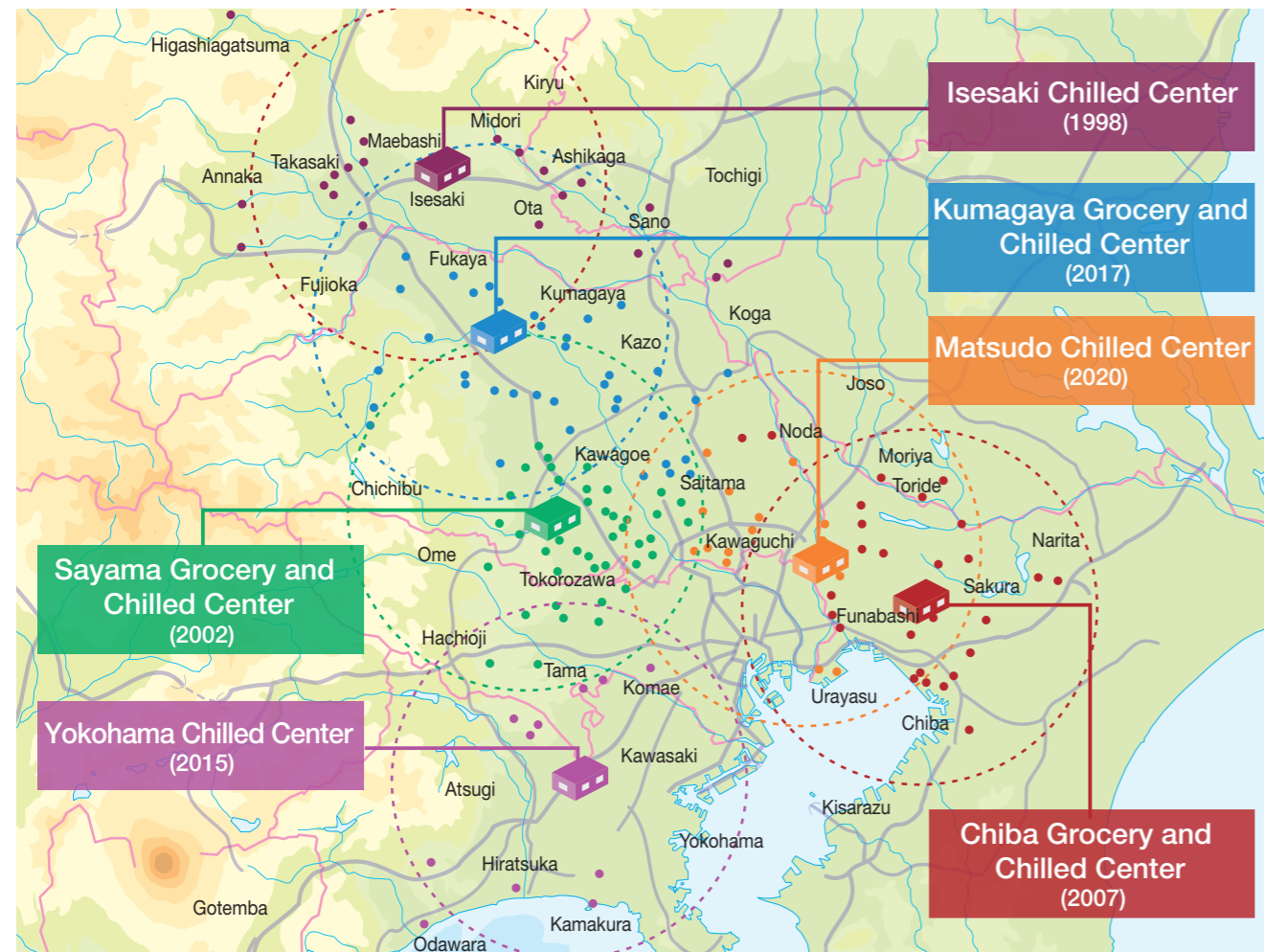


Logistics bases that serve to increase productivity and improve efficiency

The Yaoko Group has stores in one metropolis and six prefecture areas, mainly in Saitama Prefecture. Continuing with this area strategy, we aim to achieve our vision of “offering everyone in the region abundant and enjoyable dietary lives.”

Collaboration with various business partners is essential to our role as a lifeline and for offering abundant dietary lives in the areas where we have stores. For example, in distribution, Yaoko currently has placed grocery centers (room temperature)

and chilled centers (refrigerated and frozen) at six logistics bases to smoothly deliver products to more than 170 stores and increase productivity. Logistics bases must be optimally located to shorten the lead time to stores and deliver products that are very fresh to stores within a certain period of time. We place these logistics bases according to our area strategy, considering the volume of products and a delivery distance of approximately 1 to 1.5 hours.



Streamlining in-store work with deliveries according to aisle and category

Product stocking in stores is a labor-intensive process that is difficult to automate due to different temperature ranges and the huge number of products handled. In order to reduce this in-store workload as much as possible, work that can be done at distribution centers is centralized. This includes product inspections and deliveries by store aisle and category.



We won the Supply chain Innovation Award 2021 for our efforts in optimizing the supply chain by streamlining delivery and reducing product returns.

Introduction of berth reservation management system

Delivery trucks from manufacturers and vendors make intermittent deliveries to our logistics bases. Particularly at crowded times, drivers had to wait several hours to make deliveries. Understanding the importance of eliminating the shortage of drivers due to Japan’s declining birthrate and aging population, we made an effort to sort out the current situation and work with our business partners to improve it. We began in 2018, repeated PDCA, and introduced the “berth reservation management system” in 2020 to solve this problem. By visualizing the problem, we were able to prevent wait times even during the busiest periods, which led to improvement in the way that drivers work. This effort was praised and received the Supply chain Innovation Award 2021 from the Ministry of Economy, Trade and Industry.



Effort to reduce product returns: Changing the freshness management standard from the “1/3 rule” to the “1/2 rule”

Based on the trend toward a socially sustainable society, interest in food loss is increasing. Under these circumstances, as a supermarket that handles many products, by changing our freshness management standard from the “1/3 rule” to the “1/2 rule” in an effort to reduce returns of expired products from

distribution centers, we have effectively reduced removal work in distribution centers and reduced product returns (disposal). As a secondary effect, awareness of food loss has increased in the company and at logistics bases, which has led to new efforts, such as providing rice to foodbanks.

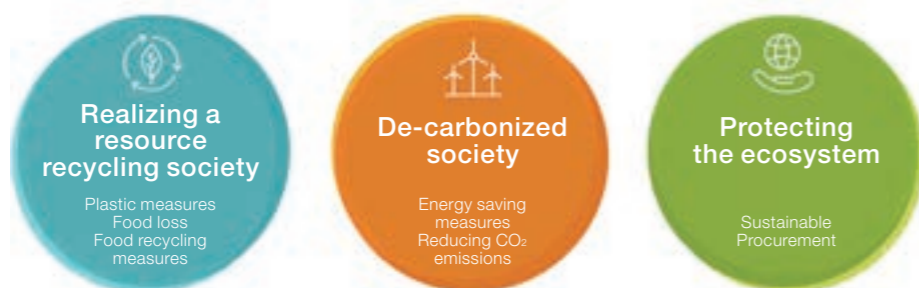
Think about coexistence in the regional environment together with our customers

As a grocery store and supermarket chain rooted in the community, the Yaoko Group's goals are to offer healthy choices through our business, make more healthy and happy people, and contribute to promoting health in local communities. As a foundation for such value creation, we aim to coexist with the local environment in regions where our stores are located through efforts to reduce our environmental footprint, and engage in sustainable management overall so that people will be glad that Yaoko is there. In January 2020, we revised our Sustainability Basic Policy (Yaoko Group Code of Conduct), and in March 2021, we formed a new environmental policy and decided on our goals and what issues to address. In the future, we will formulate specific numerical targets, and based on the revision of the Corporate Governance Code, we will move from the study phase to the action and implementation phase.

Environmental policy

- We sell safe, eco-friendly products and endeavor to make lifestyle suggestions considering the lives of our customers and the environment.
- In order to realize a decarbonized society, we endeavor to reduce CO₂ emissions and actively work toward energy-saving business operation by conserving electricity and water and using clean energy.
- In order to realize a resource recycling society, we reduce garbage and promote reuse and recycling through reusable shopping bags, simple packaging, single-use plastics reduction, and in-store collection.
- In order to realize a resource recycling society, we promote the reduction of food waste and food loss, and we promote food product recycling through efforts such as a recycling loop at Yaoko Farm.
- In order to protect the natural ecosystem, we promote the development of products that use eco-friendly ingredients and endeavor to maintain a sustainable society.

Goals and issues



System for study environmental problems

As stated in the section on corporate governance (p. 33), the Compliance Committee, which is chaired by the President of Yaoko and composed of internal directors, full-time auditors, executive officers, and department managers, discusses

environmental problems. In addition, the Committee shares information discussed the company's aspirations at lunch meetings with external directors in attendance.

Achieving a decarbonized society Efforts to save energy and reduce CO₂ emissions

Efforts to go all-electric and use renewable energy

As a measure to promote clean energy, we are making efforts such as introducing all-electric stores, as well as using renewable energy including solar power generation. As of March 31, 2020, we have converted a cumulative total of 81 stores to all-electric. At a total of 40 stores we have installed solar power generation systems. At our Soka Haracho Store, we also serve our customers with an electric vehicle charging station.



Solar panel installation



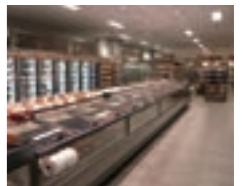
EV charging stations

Introduction of 100% renewable energy

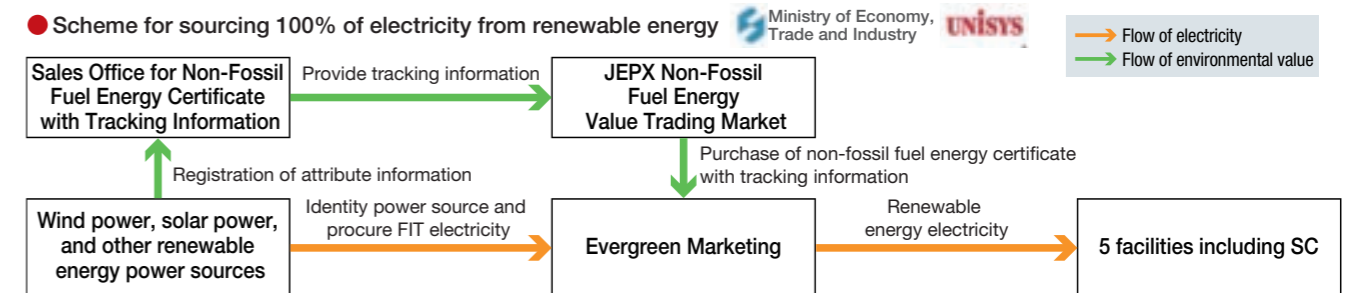
Five of our facilities, including the Support Center, Delicatessen and Fresh Food Center, and Kumagaya Distribution Center, switched to 100% renewable energy. In partnership with Evergreen Marketing, we use FIT electricity procured by identifying information renewable energy power sources granted non-fossil fuel energy certificates with tracking information. With this, we will reduce our annual CO₂ emissions by 7,900 tons.

Energy-Saving Efforts

Our energy-saving efforts include converting in-store lighting to LED, as well as reducing power consumption with demand monitors. We are also steadily introducing reach-in cases to our frozen foods sections, and are striving to reduce energy use and CO₂ emissions.

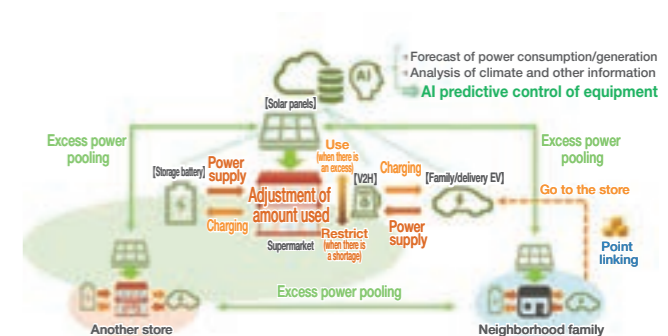


Reach-in and LED



Collaboration in demonstration of “R.E.A.L. New Energy Platform™” regional circular business model for excess solar power

Using rooftop solar panels on our Kawagoe Matoba and Tsurugashima Stores, we collaborated with i GRID SOLUTIONS and Itochu on a demonstration of a regional circular business for excess solar power. Forecasts of the amount of excess power generated are done with AI and other data from both companies. As a result, we are making progress in basic studies that contribute to future power pooling in the local community and regional resilience. This will further validate the model and help to promote a regional circular model and decarbonization.





Realizing a recycling-based society

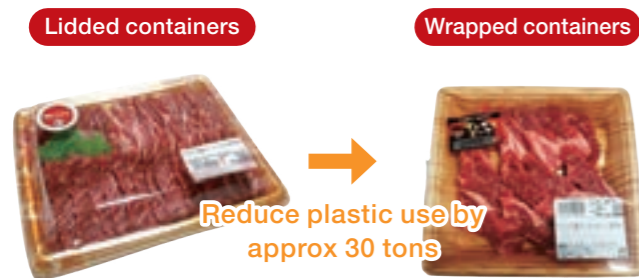
– A circular economy to conserve the regional environment

Plastic reduction efforts

We are moving forward with efforts to reduce the use of plastics based on milestones reached in the 2019 “plastic resource recycling strategy” and the “Act on Promotion of Resource Circulation for Plastics” passed in June 2021. As the grocery

supermarket chain closest to customers, we will aim to shift to a circular economy that protects the regional environment based on a policy to first reduce, then to reuse and recycle.

● Accomplishments in reducing



Charge for shopping bags

Since July 2020, we charge customers for shopping bags, and around 80% of customers refuse shopping bags. This resulted in reducing plastic use by approximately 1,000 tons from the previous year.



● Accomplishments in recycling

In-store recycling stations



Recycle into eco-friendly containers

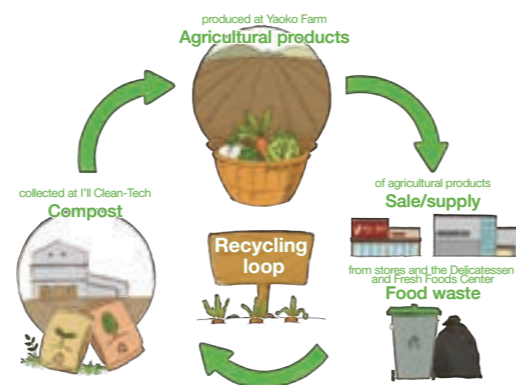


In FY2020, we switched to around 1,000 tons of eco-friendly plastic containers, which reduced CO₂ emissions by approximately 1,636 tons in one year.

Food loss reduction and food product recycling efforts

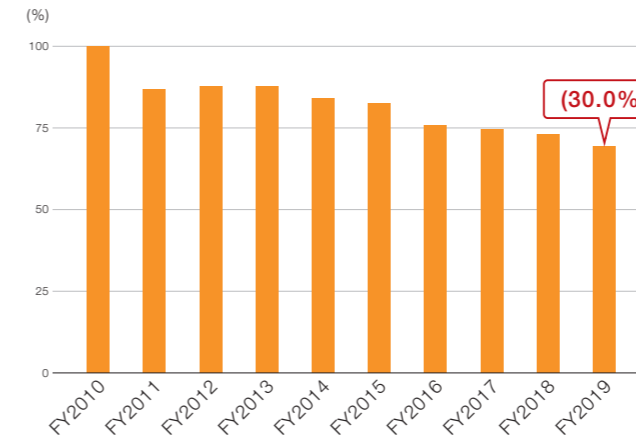
Our basis for reducing food waste is our sales plan and proper orders made at the store level. In order to appeal to customers using the freshness of our foods, we work to sell out products by lowering prices daily. Since April 2019, we have changed the delivery deadline for dry food products other than rice from the 1/3 rule to the 1/2 rule (refer to page 26). Starting in April 2020, we expanded the scope of this rule to snacks and have extended the standard price sale deadline of non-glutinous rice. These are part of efforts to reduce food loss throughout our supply chain. We have also introduced biodegradable waste composting machines at our Delicatessen and Fresh Food Center, in an effort to reduce our environmental footprint.

In addition, we have implemented a recycling loop at Yaoko Farm, in which food waste is recycled as fertilizer.

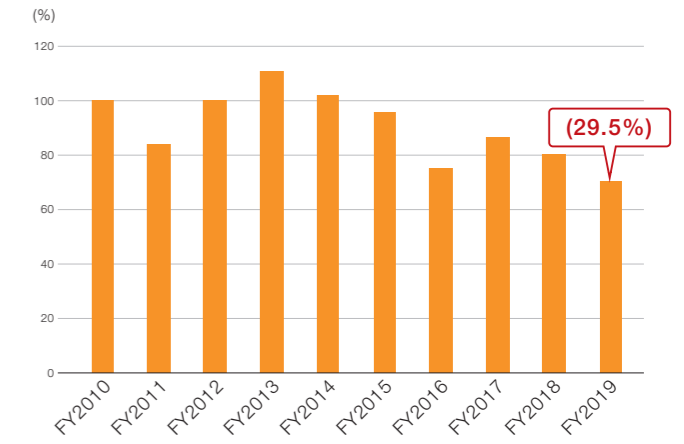


Environmental Data

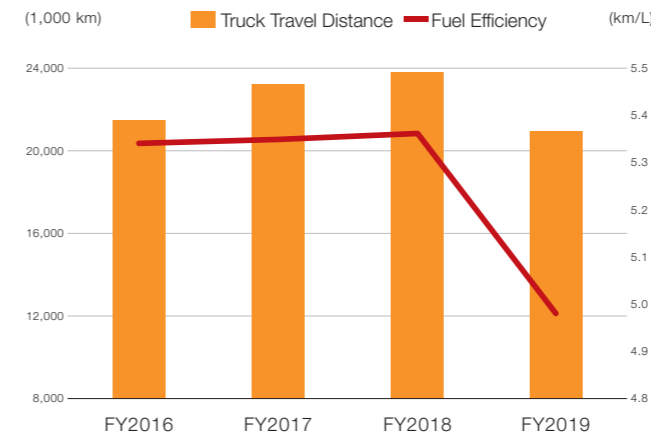
● Rate of company-wide energy consumption reduction, with rate in FY2010 as 100



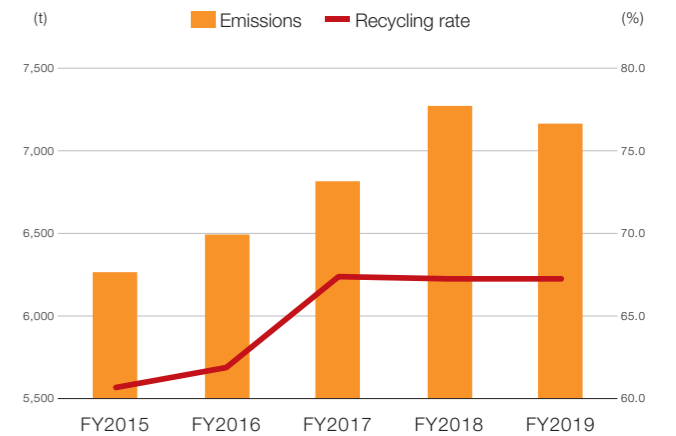
● Rate of greenhouse gas emission reduction, with rate in FY2010 as 100



● Truck travel distance (thousand km) and fuel efficiency (km/L)



● Food residue emissions and recycling rate



● ESG data

	FY2016	FY2017	FY2018	FY2019	
Electricity Usage (thousands of kilowatt hours)	241,775	283,323	233,557	228,563	
Water Usage (thousands of cubic meters)	1,550	1,614	1,594	1,633	
Truck Travel Distance (thousands of kilometers)	21,550	23,199	23,845	20,969	
Logistical Fuel Usage (L)	4,037,099	4,335,886	4,448,912	4,213,416	
Fuel Efficiency (Km/L)	5.3	5.4	5.4	5.0	
Total CO ₂ Emissions (t-CO ₂) *Logistical, company vehicle, and store	127,539	142,671	125,492	115,396	
Waste	Leftover Food (t), biodegradable waste, fish waste, and waste oil	6,504	6,828	7,278	7,173
	Recycling rate (MAFF Regular Report)	67.5%	67.0%	67.3%	67.3%
Shopping Bag Refusal Rate	37.1%	36.9%	37.2%	47.7%	

Corporate Governance

Executive Group Photo (as of June 22, 2021)



Yukio Kawano
Chairman and Representative Director

January 1969 Joined Yaoko Ltd., General Manager of Sales Department
 March 1974 Reorganized Yaoko Ltd. and established YAOKO Co., Ltd.; Director
 October 1974 Senior Managing Director, the Company
 May 1981 Representative Director, the Company
 January 1985 President and Representative Director, the Company
 June 2007 Chairman and Representative Director, the Company (to present)

■ Significant concurrent positions
 President, Kawano Masanori Memorial Public Interest Incorporated Foundation for Promotion of Pediatrics
 Chairman, Japan Supermarkets Association



Sumito Kawano
President and Representative Director

April 2001 Joined the Company
 January 2009 General Manager of Grocery Department, the Company
 June 2009 Director; General Manager of Grocery Department, the Company
 December 2009 Director; Deputy Director of Management Reform Promotion and General Manager of Grocery Department, the Company
 March 2011 Director; Deputy Director of Management Reform Promotion and Deputy Director of Sales Management, the Company
 June 2011 Executive Managing Director; Deputy Director of Management Reform Promotion and Deputy Director of Sales Management, the Company
 February 2012 Executive Vice President and Representative Director, the Company
 April 2013 President and Representative Director, the Company (to present)

■ Significant concurrent positions
 Representative Director, Ave Co., Ltd.
 Representative Director, Foccot Co., Ltd.
 Representative Director, YAOKO Child Support Foundation



Shigeyuki Kurokawa
Director (External)

April 1979 Joined Nomura Securities Co., Ltd.
 October 2008 Senior Corporate Managing Director in charge of Financial Management Division, Nomura Securities Co., Ltd.
 April 2009 Director and Managing Executive Officer in charge of Corporate Sales of Corporate Company, Nomura Real Estate Development Co., Ltd.
 April 2013 Director and Executive Vice President, General Manager of Corporate Sales Division, Nomura Real Estate Development Co., Ltd.
 April 2014 Representative Director and Executive Vice President; General Manager of Corporate Sales Division, Nomura Real Estate Development Co., Ltd.
 April 2015 Advisor, Nomura Real Estate Development Co., Ltd.
 June 2015 Director, the Company (to present)
 July 2015 Representative Director, SK Holdings Co., Ltd. (to present)
 July 2015 Representative Director, INCREASE PLANNING CO., LTD.
 July 2016 Outside Director, PRESI Co., Ltd.
 September 2016 Representative Director, Go For It Co., Ltd. (to present)
 July 2017 Outside Director, PRESI-X Co., Ltd.
 July 2017 Outside Director, PRESI Kensetsu Co., Ltd.

■ Significant concurrent positions
 Representative Director, SK Holdings Co., Ltd.
 Representative Director, Go For It Co., Ltd.



Asako Yano
Director (External)

April 1990 Joined Mercedes-Benz Japan Co., Ltd.
 September 1997 Joined Boston Consulting Group Japan Co., Ltd.
 March 2000 Joined Louis Vuitton Japan K.K.
 June 2002 COO, Celux Co., Ltd.
 October 2008 President and Representative Director, Dramatic Co., Ltd.
 June 2015 Director, the Company (to present)
 August 2015 Director, Cogito Education and Management Inc.
 June 2018 Outside Director, WATABE WEDDING CORPORATION
 March 2019 Outside Director, Mitsubishi Pencil Co., Ltd. (to present)
 May 2020 Outside Director, SANYO SHOKAI LTD. (to present)
 November 2020 Outside Director, CIRCULATION Co., Ltd. (to present)
 November 2020 Representative Director, BLOOM Co., Ltd. (to present)

■ Significant concurrent positions
 Outside Director, Mitsubishi Pencil Co., Ltd.
 Outside Director, SANYO SHOKAI LTD.
 Outside Director, CIRCULATION Co., Ltd.
 Representative Director, BLOOM Co., Ltd.



Masao Kobayashi
Executive Vice President and Representative Director; Chief Director of Sales Management

March 1977 Joined the Company
 June 1994 Director; General Manager of Sales Department, the Company
 May 2004 Executive Managing Director; General Manager of Sales Department, the Company
 March 2006 Executive Managing Director; Deputy Director of Sales Management and General Manager of Sales Department, the Company
 March 2008 Executive Managing Director; Chief Director of Sales Management, the Company
 June 2009 Senior Managing Director; Chief Director of Sales Management, the Company
 March 2014 Executive Vice President and Representative Director; Chief Director of Sales Management, the Company (to present)

■ Significant concurrent positions
 President and Representative Director, Ogawa Trading Co., Ltd.



Mitsuo Kozawa
Director; General Manager of Sales and Marketing Division and General Manager in charge of Cooking Support

September 1989 Joined the Company
 March 2010 General Manager of Meal Solutions Department, the Company
 March 2011 General Manager of Sales Department, the Company
 June 2012 Director; General Manager of Sales Department, the Company
 February 2017 Director; General Manager of Sales and Marketing Division and General Manager of Merchandising Strategy Department, the Company
 March 2019 Director; General Manager of Sales and Marketing Division, General Manager of Merchandising Strategy Department, and General Manager in charge of Cooking Support, the Company
 March 2020 Director; General Manager of Sales and Marketing Division and General Manager in charge of Cooking Support, the Company (to present)



Takao Wakabayashi
Auditor (Full-time)

June 2008 Retired from The Resolution and Collection Corporation
 July 2008 Joined the Company, General Manager of Store Development Management Division
 April 2010 Deputy Director of Store Development and General Manager of Store Development Management Division, the Company
 February 2012 Deputy Director of Store Development and General Manager of Store Development Department, the Company
 April 2013 Chief Director of Store Development, the Company
 June 2013 Director, the Company
 April 2014 Chief Director of Store Development and General Manager of Store Development Management Division, the Company
 June 2016 Auditor (Full-time), the Company (to present)



Yukio Sato
Auditor (External)

March 2013 Chief of General Affairs Department, Saitama Prefectural Police Headquarters
 March 2014 Retired from Saitama Prefectural Police
 June 2017 Auditor (External), the Company (to present)



Masanobu Kamiike
Executive Managing Director; Chief Administrative Officer and in charge of Store Development Division

January 2005 Joined the Company
 April 2008 Chief Director of Store Development and General Manager of Store Development Management Division, the Company
 June 2008 Director; Chief Director of Store Development and General Manager of Store Development Management Division, the Company
 April 2013 Director; Chief Director of Business Management, General Manager of Corporate Planning Office, and Chief Director of Human Resources & General Affairs, the Company
 June 2013 Executive Managing Director; Chief Director of Business Management, General Manager of Corporate Planning Office, and Chief Director of Human Resources & General Affairs, the Company
 March 2019 Executive Managing Director; Chief Director of Business Management, Chief Director of Human Resources & General Affairs, and in charge of Store Development Division, the Company
 March 2020 Executive Managing Director; Chief Administrative Officer and in charge of Store Development Division, the Company (to present)



Hiroaki Yagihashi
Director; Chief Director of Store Development and General Manager of Store Development Management Division

October 2008 Joined the Company
 February 2012 General Manager of Store Planning Department, the Company
 March 2016 Chief Director of Store Development, the Company
 June 2017 Director; Chief Director of Store Development, the Company
 March 2018 Director; Chief Director of Store Development, General Manager of Store Development Management Division, and General Manager in charge of Store Development Strategy, the Company
 November 2018 Director; Chief Director of Store Development, the Company
 March 2019 Director; Chief Director of Store Development, General Manager of Store Development Management Division, and General Manager in charge of Store Development Strategy, the Company
 March 2020 Director; Chief Director of Store Development and General Manager of Store Development Management Division, the Company (to present)



Katsuhiko Hashimoto
Auditor (External) (New)

April 2012 Director of Meat Inspection Center, Saitama Prefecture
 March 2014 Retired from Saitama prefectural government
 April 2014 Part-time Instructor, HANASAKI TOKUHARU HIGH SCHOOL, Satoeakuen (to present)
 April 2014 Instructor for Food Hygiene Manager Training Course, Saitama Prefecture Food Hygiene Association (to present)
 June 2020 Auditor (External), the Company (to present)



Tsuyoshi Ikarashi
Auditor (External) (New)

July 2012 District Director, Ojiya Tax Office, National Tax Agency
 July 2017 Assistant Regional Commissioner of Collection Department, Kantoshinetsu Regional Taxation Bureau, National Tax Agency
 July 2018 Retired from National Tax Agency
 August 2018 Commenced practice of Tax Accountant Office (to present)
 June 2020 Auditor (External), the Company (to present)



Takanori Ishiduka
Director; Deputy Director of Sales Management and General Manager of Sales Department 1 and Sales Department 2

April 1996 Joined the Company
 February 2012 General Manager of Sales Management Office and General Manager in charge of Merchandise Development, the Company
 October 2012 General Manager of Sales Management Office, General Manager in charge of Merchandise Development, and General Manager in charge of Operation Promotion, the Company
 February 2013 General Manager of Sales Management Office and General Manager in charge of Operation Promotion, the Company
 April 2015 General Manager of Delicatessen Division, the Company
 June 2015 Director; General Manager of Delicatessen Division, the Company
 March 2020 Director; General Manager of Sales Department 1 and Sales Department 2 and in charge of Sales Division, the Company
 March 2021 Director; Deputy Director of Sales Management and General Manager of Sales Department 1 and Sales Department 2, the Company (to present)



Corporate Governance

Governance that has made it possible to achieve 32 consecutive terms of increasing profitability

The basis of company management is “honesty” declared in company policy. Honest business with no lies or tricks and transparent, healthy management is our first principle, and since our founding in 1890, we have dedicated ourselves to unwavering business according to our unwavering management philosophy. Our management philosophy and company policy are the very reason for our existence. We consider it to be of utmost importance for each and every employee to understand this principle and apply it in their day to day work; thus, top management reminds employees repeatedly at morning meetings, conferences, or other opportunities. We consider carrying on this management philosophy and company policy since the time of our founding to be the foundation of the governance that has made it possible for us to achieve 32 consecutive terms of increasing profitability.

Governance

■ Overview of the Basic Policy on Corporate Governance

The basis for corporate governance of Yaoko is to maximize corporate value by meeting the expectations of our shareholders and all other stakeholders, and conducting efficient and sound corporate management.

In order to do so, we consider it crucial for us to comply with various laws, rules, and social norms, and maintain our high ambitions for management and unity, while executing fair and

transparent business and maintaining stable, continuous growth as a corporation.

Through our supermarket business, we contribute to customers and communities by broadly fulfilling our corporate social responsibility (CSR), such as ensuring the safety of our products and conforming to the social environment, and we have given special status to management with the goal of creating a unique presence.

■ Yaoko's Corporate Governance System

Board of Directors

The Board of Directors decides on important matters relating to management, including the budget, financial results, opening new stores, remodeling and other store data, as well as monitoring the status of business execution.

Board of Corporate Auditors

Our Board of Corporate Auditors has 1 full-time auditor and 3 external auditors. Experts (tax accountants, public health nurses, and former police officers) have been chosen as outside auditors in order to ensure the legality and propriety of business executed by Yaoko. The Board of Corporate Auditors audits management issues.

Management Promotion Council

This council generally meets once monthly in order to discuss and decide on important executive policies relating to the management and business operation administration of Yaoko and its affiliate companies. The President of Yaoko chairs these meetings, with internal directors, full-time auditors, executive officers, and department managers in attendance.

Internal Control Committee

This committee generally meets four times annually to discuss and decide on important matters relating directly or indirectly to financial reports, in order to ensure the suitability of financial reports. The President of Yaoko chairs these meetings, with vice presidents, full-time auditors, section managers, relevant department managers, and fiscally-concerned parties in attendance.

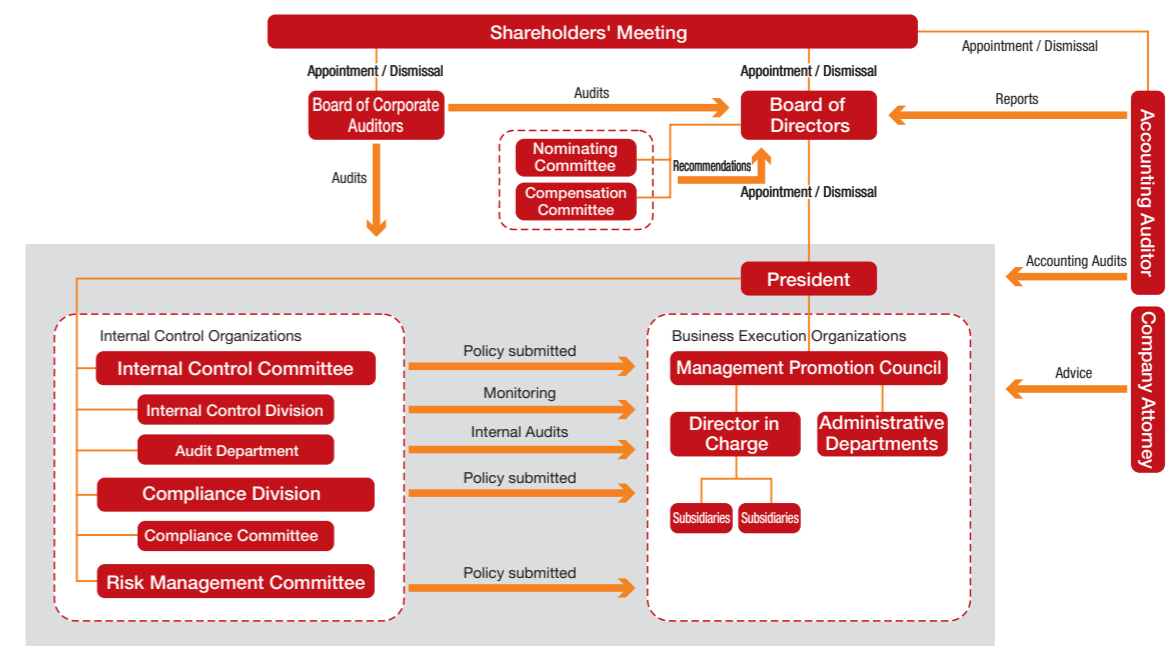
Compliance Committee

This committee meets twice annually to discuss and decide on compliance, environmental problems, fair transactions, privacy protection and management, and other such issues. The President of Yaoko chairs these meetings, with internal directors, full-time auditors, executive officers, and department managers in attendance.

Risk Management Committee

This committee generally meets twice annually to evaluate and discuss specific risk scenarios and risk reduction measures, apply the PDCA concept, and discuss and decide on issues relating to risk management in the company. The President of Yaoko chairs these meetings, with internal directors, full-time auditors, executive officers, and department managers in attendance.

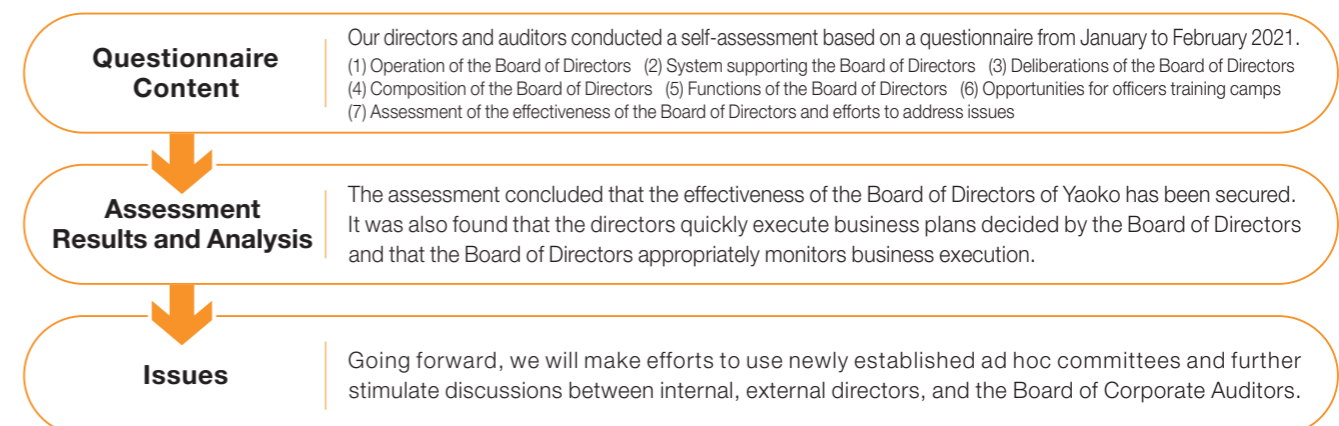
■ Yaoko's Corporate Governance System



■ Overview of Board of Directors & Board of Corporate Auditors

Main Items	Content
Organizational Structure	Company with Board of Auditors
Number of Directors (of whom, External Directors)	9 (2)
Number of Auditors (of whom, External Auditors)	4 (3)
Number of meetings of the Board of Directors (FY2020)	14
Number of meetings of the Board of Corporate Auditors (FY2020)	15
Term of office for Directors	1 year
Term of office for Auditors	4 years

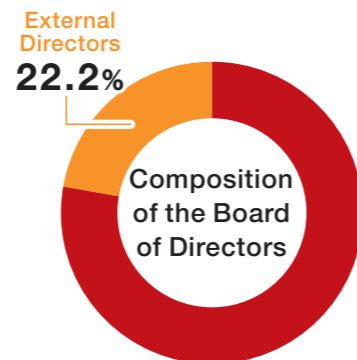
■ Assessment of the effectiveness of directors



Corporate Governance

Board of Directors

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



Main agenda topics

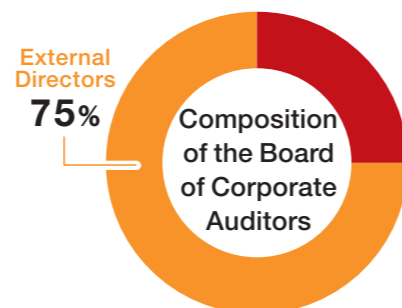
Budget, financial results, stores and other properties, rules and regulations, officers, shareholders' meeting, affiliate companies, internal control, funding plan, important personnel matters, articles of incorporation, organizational changes, other topics

Reason for appointment of external directors, and their activities

Name	Reason for appointment and expected role	Number of meetings attended	Significant concurrent positions
Shigeyuki Kurokawa	Mr. Kurokawa has been highly evaluated for his achievements and insight as an executive manager in the finance and real estate industries. He has been sufficiently fulfilling his role in decision-making on important matters of the Company's management, supervision of business execution, and others. He also serves as chair of the Nominating and Compensation Committees.	13/14 times	Representative Director, SK Holdings Co., Ltd. Representative Director, Go For It Co., Ltd.
Asako Yano	Ms. Yano 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. She also serves as a member of the Nominating and Compensation Committees.	13/14 times	Outside Director, Mitsubishi Pencil Co., Ltd. Outside Director, SANYO SHOKAI LTD. Outside Director, CIRCULATION Co., Ltd. Representative Director, BLOOM Co., Ltd.

Board of Corporate Auditors

The Board of Corporate Auditors has a system in place that ensures the legality and propriety of business execution based on experience in executing audit operations from a company-wide perspective, using their experience and insight in finance, accounting, food safety management, crime prevention and crisis management, with support from internal departments.



Reason for appointment of external auditors, and their activities

Name	Reason for appointment and expected role	Number of Board of Directors meetings attended	Number of Board of Corporate Auditors meetings attended	Significant concurrent positions
Yukio Sato	Mr. Sato was appointed in order to receive his effective advice and information on store crime prevention measures and measures to respond to crimes committed against the Company, and to strengthen and enhance the Company's audit system, based on his experience and his expertise.	14/14 times	15/15 times	—
Katsuhiro Hashimoto	Mr. Hashimoto was appointed in order to receive his effective advice and information on food safety management, particularly fresh foods, and to strengthen and enhance the Company's audit system, based on his experience and his expertise.	10/10 times (Appointed June 2020)	10/15 times (Appointed June 2020)	—
Tsuyoshi Ikarashi	Mr. Ikarashi was appointed in order to receive his effective advice and information on the propriety of the execution of management duties from the perspective of a tax expert, and to strengthen and enhance the Company's audit system.	10/10 times (Appointed June 2020)	10/15 times (Appointed June 2020)	—

Nominating and Compensation Committees

An ad hoc Nominating Committee and Compensation Committee were established in February 2021 as advisory bodies of the Board of Directors. Each of these committees is composed of two independent external directors and one internal director. A majority of the committee members are independent external directors, and the committees are each chaired by an independent external director. The Nominating Committee deliberates on the appointment/dismissal of directors and recommendations of auditor candidates, and the Compensation Committee deliberates on individual compensation for directors, thereby using the knowledge and advice of external officers, as well as ensuring the objectivity and clarity of procedures relating to the appointment of directors and auditors and decisions on compensation for directors, which improves the supervisory function of the Board of Directors and further enhances the corporate governance function.

Officers' compensation, etc.

Director Compensation Basic Policy

(1) Base Policy

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

(2) Fixed compensation is monthly fixed monetary compensation.

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

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

Officer categories	Total compensation (millions of yen)	Total by type of compensation (millions of yen)			Number of officers eligible
		Fixed compensation	Compensation linked to short-term performance (bonus)	Compensation linked to medium/long-term performance (stock compensation)	
Directors (excluding External Directors)	250	142	62	45	9
Auditors (excluding External Auditors)	13	13	—	—	1
External Officers	37	37	—	—	8

Compliance

Establishing the Yaoko Group Code of Conduct

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

Efforts to Enforce Compliance

In order to improve and establish compliance awareness, Yaoko conducts compliance training for employees based on the law and past incidents and other companies, including training for new employees by year, and through various meetings and individual events, and we also work to foster a workplace culture that gives priority to compliance.

Establishing an internal reporting office

The “Yaoko Compliance Hotline” in the Compliance Division is a place to report and receive consultation about criminal or potentially-criminal activities in the workplace. We are working to ensure the effectiveness of this system by not limiting consultations to criminal activities, allowing anonymous reports and consultation, and preventing whistleblowers from being disadvantaged.



Main Financing Index (Consolidated) (Unit: ¥1M)

	5th Mid-term Management Plan			6th Mid-term Management Plan			7th Mid-term Management Plan			8th Mid-term Management Plan			9th Mid-term Management Plan		
	03/2007	03/2008	03/2009	03/2010	03/2011	03/2012	03/2013	03/2014	03/2015	03/2016	03/2017	03/2018	03/2019	03/2020	03/2021
Total Revenue	188,270	202,253	208,286	206,497	221,061	237,371	247,967	274,149	307,354	-	-	414,992	435,085	460,476	507,862
(Compared to Previous Period)	107.7%	107.4%	103.0%	99.1%	107.1%	107.4%	104.5%	110.6%	112.1%	-	-	-	104.8%	105.8%	110.3%
Net Sales	180,415	194,283	199,732	197,671	211,624	227,291	237,307	261,900	293,397	-	-	398,228	417,709	442,220	487,189
Cost of Sales	129,190	138,352	142,175	140,666	150,401	161,814	169,656	187,627	210,136	-	-	294,931	309,524	328,243	363,286
(Cost Rate)	71.6%	71.2%	71.2%	71.2%	71.1%	71.2%	71.5%	71.6%	71.6%	-	-	74.1%	74.1%	74.2%	74.6%
Gross Profit	51,225	55,931	57,556	57,004	61,222	65,476	67,651	74,272	83,261	-	-	103,297	108,184	113,977	123,902
(Gross Profit Ratio)	28.4%	28.8%	28.8%	28.8%	28.9%	28.8%	28.5%	28.3%	28.4%	-	-	25.9%	25.9%	25.8%	25.4%
Operating Revenue	7,854	7,969	8,554	8,825	9,436	10,080	10,659	12,249	13,956	-	-	16,763	17,375	18,256	20,673
Operating Gross Profit	59,079	63,901	66,110	65,830	70,659	75,556	78,310	86,522	97,217	-	-	120,060	125,560	132,233	144,575
(Sales Operating Gross Profit Ratio)	32.7%	32.9%	33.1%	33.3%	33.4%	33.2%	33.0%	33.0%	33.1%	-	-	30.1%	30.1%	29.9%	29.7%
Distribution Expenses	3,361	3,531	3,807	3,824	4,126	4,561	4,745	5,212	5,877	-	-	7,129	7,332	7,708	8,918
Advertising and Promotion Expenses	1,719	2,055	1,980	2,035	2,210	2,116	2,110	2,233	2,463	-	-	2,829	2,934	2,996	2,718
Salaries and Allowances	22,035	24,035	24,889	25,151	26,302	27,620	28,696	31,500	34,777	-	-	42,995	44,264	46,432	49,820
Provision for Bonuses for Employees	1,610	1,706	1,795	1,795	1,832	1,897	1,957	2,084	2,163	-	-	2,684	2,599	2,812	2,922
Retirement Benefit Expenses	533	1,327	1,128	1,257	1,236	1,289	1,367	1,263	823	-	-	1,033	1,029	1,059	1,097
Provision for Retirement Benefits for Directors	21	19	18	21	21	386	151	78	90	-	-	5	5	5	248
Provision for Stock Compensation for Employees	-	-	-	-	-	-	-	-	-	-	-	346	284	389	229
Provision for Stock Compensation for Directors	-	-	-	-	-	-	-	-	-	-	-	42	42	42	40
Legal Welfare Expenses	-	-	-	-	-	-	-	-	-	-	-	6,568	6,759	7,121	8,636
Utilities	2,767	3,084	3,442	2,914	3,276	3,396	3,756	4,692	5,122	-	-	4,766	5,072	4,864	4,540
Rent	6,589	6,928	7,063	6,937	7,099	7,270	7,745	8,456	9,164	-	-	11,557	12,058	12,603	13,336
Leasing Fees	1,497	1,539	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation and Amortization	2,332	2,393	2,557	2,697	3,243	3,941	3,488	4,271	5,078	-	-	7,114	8,452	9,163	9,582
Amortization of Goodwill	-	-	-	-	-	-	-	-	-	-	-	1,015	1,015	1,015	1,015
Other	9,641	9,464	11,259	10,597	11,707	12,297	13,307	14,728	18,184	-	-	14,997	15,805	16,132	19,008
Total Selling, General and Administrative Expenses	52,109	56,086	57,941	57,232	61,056	64,777	67,327	74,523	83,746	-	-	103,091	107,660	112,351	122,117
(Sales, General, and Administrative Cost Ratio)	28.9%	28.9%	29.0%	29.0%	28.9%	28.5%	28.4%	28.5%	28.5%	-	-	25.9%	25.8%	25.4%	25.1%
Operating Income	6,969	7,814	8,168	8,597	9,603	10,779	10,983	11,998	13,470	-	-	16,969	17,900	19,882	22,458
(Operating Income Ratio)	3.9%	4.0%	4.1%	4.3%	4.5%	4.7%	4.6%	4.6%	4.6%	-	-	4.3%	4.3%	4.5%	4.6%
Non-Operating Income	238	266	254	227	198	208	201	205	208	-	-	214	217	358	319
Non-Operating Expenses	261	277	281	364	382	416	380	364	337	-	-	655	629	612	565
Ordinary Income	6,946	7,803	8,142	8,460	9,418	10,571	10,803	11,840	13,342	-	-	16,528	17,488	19,629	22,211
(Ordinary Income Ratio)	3.9%	4.0%	4.1%	4.3%	4.5%	4.7%	4.6%	4.5%	4.5%	-	-	4.2%	4.2%	4.4%	4.6%
Extraordinary Income	250	106	632	85	553	17	120	93	1,726	-	-	348	2,609	22	199
Extraordinary Losses	508	413	957	76	807	382	494	140	2,181	-	-	584	2,367	890	1,322
Income Before Income Taxes	6,688	7,496	7,817	8,469	9,165	10,205	10,429	11,793	12,887	-	-	16,292	17,730	18,761	21,089
Net Income	3,845	4,227	4,706	4,827	5,148	5,388	6,019	7,110	7,834	-	-	11,004	11,798	12,458	14,593
(Net Income Ratio)	2.1%	2.2%	2.4%	2.4%	2.4%	2.4%	2.5%	2.7%	2.7%	-	-	2.8%	2.8%	2.8%	3.0%
Capital Investment	5,254	6,905	12,884	10,184	10,902	10,899	15,104	21,032	21,597	-	-	24,702	23,009	22,723	24,673
New Stores and Prior Investments	4,816	6,297	12,452	9,864	10,705	10,306	12,322	16,431	17,550	-	-	20,520	13,427	11,706	13,318
Activation of Existing Stores	438	608	432	320	197	593	2,782	4,601	4,047	-	-	4,182	2,752	7,944	3,462
Depreciation and Amortization	2,332	2,393	2,557	2,697	3,243	3,941	3,488	4,271	5,078	-	-	7,114	8,452	9,163	9,582
Total Assets	64,779	65,302	73,800	80,299	91,307	99,810	105,046	126,612	133,628	-	-	213,673	224,315	244,511	269,121
Current Assets	17,069	17,150	15,552	14,552	17,124	17,826	20,305	25,430	21,449	-	-	35,601	38,507	48,062	58,091
Non-Current Assets	47,710	48,152	58,248	65,746	74,183	81,984	84,740	101,182	112,178	-	-	178,071	185,807	196,409	210,999
Deferred Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	39	29
Total Liabilities	36,916	36,790	41,500	43,999	50,691	54,889	55,134	71,466	72,116	-	-	129,034	130,259	140,473	152,495
Net Assets	27,863	28,511	32,300	36,299	40,615	44,921	49,911	55,146	61,511	-	-	84,639	94,055	104,037	116,625
Business Cash Flow	5,384	7,665	7,329	7,965	10,962	9,981	8,808	15,859	17,750	-	-	18,613	22,970	29,218	26,896
Investment Cash Flow	958	-5,025	-10,712	-9,039	-8,795	-10,300	-5,838	-19,850	-13,918	-	-	-30,805	-16,431	-21,992	-23,345
Financial Affairs Cash Flow	-4,556	-3,091	2,945	-129	-721	-654	-2,086	7,379	-6,105	-	-	4,736	-5,715	1,418	4,191
Free Cash Flow (Business CF + Investment CF)	6,342	2,640	-3,383	-1,074	2,167	-319	2,970	-3,991	3,832	-	-	-12,192	6,539	7,226	3,551
ROE	14.2%	15.1%	15.6%	14.2%	13.5%	12.7%	12.8%	13.6%	13.5%	-	-	13.7%	13.2%	12.6%	13.2%
ROA	5.9%	6.5%	6.4%	6.0%	5.6%	5.4%	5.7%	5.6%	5.9%	-	-	5.1%	5.3%	5.1%	5.7%
EPS	198.67	219.65	242.41	248.62	265.15	277.53	310.03	183.12	201.77	-	-	283.41	303.86	320.85	375.81
BPS	1,464.11	1,456.12	1,654.67	1,859.18	2,079.54	2,298.69	2,552.70	1,409.88	1,584.19	-	-	2,179.81	2,422.24	2,679.23	3,003.15
Total Asset Turnover (times)	2.8	3.0	2.7	2.5	2.3	2.3	2.3	2.1	2.2	-	-	1.9	1.9	1.8	1.8
Capital to Asset Ratio	42.6%	43.3%	43.5%	45.0%	44.2%	44.7%	47.2%	43.2%	46.0%	-	-	39.6%	41.9%	42.5%	43.3%
Outstanding Shares (excluding own shares / average for period) (shares)	19,356,009	19,246,180	19,415,965	19,415,585	19,415,255	19,415,045	19,414,755	38,829,105	38,828,669	-	-	38,828,270	38,829,591	38,830,676	38,833,224

1. 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.
2. On Mar. 26th, 2015, Nihon Apoch 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.
3. 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.
4. On Apr. 3rd, 2017, Ave Co., Ltd. became a consolidated subsidiary.

5. 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.
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.

Main Financing Index (Non-consolidated) (Unit: ¥1M)

	5th Mid-term Management Plan			6th Mid-term Management Plan			7th Mid-term Management Plan			8th Mid-term Management Plan			9th Mid-term Management Plan		
	03/2007	03/2008	03/2009	03/2010	03/2011	03/2012	03/2013	03/2014	03/2015	03/2016	03/2017	03/2018	03/2019	03/2020	03/2021
Total Revenue	170,694	185,308	195,655	197,877	211,885	227,211	237,556	263,015	295,883	325,441	343,061	363,892	380,992	401,358	442,126
(Compared to Previous Period)	109.4%	108.6%	105.6%	101.1%	107.1%	107.2%	104.6%	110.7%	112.5%	110.0%	105.4%	106.1%	104.7%	105.3%	110.2%
Net Sales	163,143	177,667	187,507	189,522	202,943	217,650	227,420	251,334	282,449	310,634	327,406	347,637	364,122	383,677	422,101
Cost of Sales	124,708	135,701	142,912	144,219	154,299	165,676	173,312	191,480	214,975	223,317	235,996	251,209	262,941	277,311	306,817
(Cost Rate)	76.4%	76.4%	76.2%	76.1%	76.0%	76.1%	76.2%	76.2%	76.1%	71.9%	72.1%	72.3%	72.2%	72.3%	72.7%
Gross Profit	38,435	41,966	44,594	45,302	48,643	51,973	54,108	59,853	67,474	87,317	91,410	96,427	101,181	106,366	115,284
(Gross Profit Ratio)	23.6%	23.6%	23.8%	23.9%	24.0%	23.9%	23.8%	23.8%	23.9%	28.1%	27.9%	27.7%	27.8%	27.7%	27.3%
Operating Revenue	7,551	7,640	8,147	8,355	8,942	9,561	10,136	11,680	13,433	14,807	15,654	16,255	16,869	17,680	20,024
Operating Gross Profit	45,986	49,606	52,742	53,658	57,585	61,534	64,244	71,534	80,908	102,124	107,064	112,682	118,051	124,047	135,308
(Sales Operating Gross Profit Ratio)	28.2%	27.9%	28.1%	28.3%	28.4%	28.3%	28.2%	28.5%	28.6%	32.9%	32.7%	32.4%	32.4%	32.3%	32.1%
Distribution Expenses	3,021	3,215	3,497	3,538	3,822	4,239	4,418	4,872	5,435	6,449	6,712	7,129	7,332	7,708	8,878
Advertising and Promotion Expenses	1,561	1,876	1,884	2,021	2,196	2,075	2,072	2,204	2,436	2,626	2,815	2,824	2,922	2,949	2,713
Salaries and Allowances	14,315	15,706	16,841	17,437	18,177	19,108	19,991	22,022	24,473	36,864	39,415	41,488	42,679	44,735	47,982
Provision for Bonuses for Employees	1,167	1,246	1,306	1,360	1,397	1,441	1,491	1,582	1,665	2,014	2,181	2,270	2,351	2,505	2,554
Retirement Benefit Expenses	405	963	842	972	943	987	1,045	968	658	727	930	1,014	1,003	1,021	1,099
Provision for Retirement Benefits for Directors	21	19	18	21	21	386	129	38	86	90	22	-	-	-	-
Provision for Stock Compensation for Employees	-	-	-	-	-	-	-	-	-	339	462	346	284	389	229
Provision for Stock Compensation for Directors	-	-	-	-	-	-	-	-	-	-	32	42	42	42	40
Legal Welfare Expenses	-	-	-	-	-	-	-	-	-	5,130	5,735	6,328	6,532	6,871	8,340
Utilities	2,600	2,927	3,341	2,891	3,249	3,370	3,727	4,661	5,075	4,665	4,170	4,524	4,804	4,598	4,288
Rent	6,018	6,358	6,672	6,731	6,875	7,040	7,506	8,215	9,053	9,640	10,045	10,655	11,157	11,612	12,277
Leasing Fees	1,173	1,207	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation and Amortization	2,041	2,109	2,289	2,425	3,059	3,546	3,130	3,848	4,592	5,612	6,142	6,817	8,049	8,739	9,140
Other	7,190	7,157	8,930	8,628	9,466	10,153	11,101	12,322	15,073	14,113	13,876	14,021	14,832	15,117	18,043
Total Selling, General and Administrative Expenses	39,517	42,788	45,623	46,029	49,208	52,350	54,613	60,737	68,548	88,274	92,544	97,465	101,991	106,292	115,588
(Sales, General, and Administrative Cost Ratio)	24.2%	24.1%	24.3%	24.3%	24.2%	24.1%	24.0%	24.2%	24.3%	28.4%	28.3%	28.0%	28.0%	27.7%	27.4%
Operating Income	6,468	6,818	7,119	7,628	8,377	9,184	9,630	10,796	12,360	13,850	14,520	15,217	16,059	17,754	19,719
(Operating Income Ratio)	4.0%	3.8%	3.8%	4.0%	4.1%	4.2%	4.2%	4.3%	4.4%	4.5%	4.4%	4.4%	4.4%	4.6%	4.7%
Non-Operating Income	222	250	317	399	372	776	1,269	776	574	220	218	383	499	648	611
Non-Operating Expenses	240	262	273	368	379	412	378	359	334	531	524	581	574	573	539
Ordinary Income	6,450	6,806	7,163	7,660	8,370	9,548	10,521	11,213	12,599	13,539	14,214	15,019	15,984	17,829	19,791
(Ordinary Income Ratio)	4.0%	3.8%	3.8%	4.0%	4.1%	4.4%	4.6%	4.5%	4.5%	4.4%	4.3%	4.3%	4.4%	4.6%	4.7%
Extraordinary Income	189	90	571	85	553	17	110	93	2,614	1,385	2,249	347	2,609	22	199
Extraordinary Losses	408	293	897	63	784	371	465	132	2,101	1,367	2,314	583	2,365	889	1,321
Income Before Income Taxes	6,231	6,604	6,837	7,681	8,139	9,194	10,166	11,174	13,112	13,556	14,149	14,782	16,228	16,963	18,669
Net Income	3,621	3,789	3,928	4,506	4,698	5,159	6,379	7,074	8,543	9,065	9,927	10,307	11,139	11,574	13,315
(Net Income Ratio)	2.2%	2.1%	2.1%	2.4%	2.3%	2.4%	2.8%	2.8%	3.0%	2.9%	3.0%	3.0%	3.1%	3.0%	3.2%
Capital Investment	4,827	6,624	12,873	10,072	10,837	10,846	15,009	20,913	21,524	17,048	26,054	24,445	15,699	17,049	24,405
New Stores and Prior Investments	4,398	6,070	12,452	9,770	10,650	10,263	12,230	16,319	17,550	8,980	18,449	20,373	6,226	10,738	13,293
Activation of Existing Stores	429	554	421	302	187	583	2,779	4,594	3,974	8,068	7,605	4,072	2,730	3,357	3,315
Depreciation and Amortization	2,318	2,279	2,478	2,644	3,181	3,868	3,413	4,190	4,995	5,612	6,142	6,817	8,049	8,739	9,140
Total Assets	60,173	60,393	69,873	76,601	86,006	94,645	99,080	119,927	129,501	142,399	179,870	198,546	210,799	230,824	254,815
Current Assets	13,753	13,645	13,009	12,478	13,729	14,659	16,678	21,196	21,837	20,400	40,137	31,632	36,029	43,703	52,283
Non-Current Assets	46,419	46,748	56,864	64,122	72,277	79,985	82,401	98,730	107,663	121,998	139,733	166,914	174,770	187,082	202,501
Deferred Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	39	29
Total Liabilities	32,899	32,898	39,303	42,380	47,958	52,571	51,715	66,588	68,807	74,407	103,781	113,712	117,159	128,031	141,300
Net Assets	27,273	27,495	30,570	34,220	38,048	42,074	47,364	53,338	60,694	67,991	76,089	84,834	93,640	102,793	113,515
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	65.00	40.00	43.00	45.00	57.00	55.00	57.00	60.00	80.00	45.00	50.00	55.00	60.00	65.00	85.50
ROE	13.5%	13.8%	13.5%	13.9%	13.0%	12.9%	14.3%	14.0%	15.0%	14.1%	13.8%	12.8%	12.5%	11.8%	12.3%
ROA	6.0%	6.3%	5.6%	5.9%	5.5%	5.5%	6.4%	5.9%	6.6%	6.4%	5.5%	5.2%	5.3%	5.0%	5.2%
EPS	187.12	196.87	202.32	232.11	242.00	265.75	328.57	182.19	220.02	233.48	255.67	265.47	286.89	298.06	342.90
BPS	1,446.09	1,416.04	1,574.50	1,762.51	1,959.72	2,167.09	2,439.63	1,373.69	1,563.13	1,751.10	1,959.66	2,184.83	2,411.54	2,647.18	2,923.05
Total Asset Turnover (times)	2.7	2.9	2.7	2.5	2.4	2.3	2.3	2.1	2.2	2.2	1.8	1.8	1.7	1.7	1.7
Capital to Asset Ratio	45.3%	45.5%	43.8%	44.7%	44.2%	44.5%	47.8%	44.5%	46.9%	47.7%	42.3%	42.7%	44.4%	44.5%	44.5%
Outstanding Shares (excluding own shares / average for period) (shares)	19,356,009	19,246,180	19,415,965	19,415,585	19,415,255	19,415,045	19,414,755	38,829,105	38,828,669	38,827,937	38,827,881	38,828,270	38,829,591	38,830,676	38,833,224
Number of New Stores	6	7	4	5	7	8	5	10	9	6	6	6	6	5	5
Number of Remodeled Stores	8	17	9	5	3	5	7	7	10	11	10	11	8	9	10
Number of Scrap and Build Stores	-	-	-	-	-	-	1	-	-	2	3	-	-	-	-
Number of Stores Closed	2	-	3	-	-	1	-	-	-	-	-	2	3	-	2
Number of Stores at End of FY	91	98	100	104	111	118	123	133	142	148	154	158	161	166	169
Number of Stores at End of FY (consolidated)	-	-	-	-	-	-	-	-	-	-	-	168	172	178	181
Sales Floor Space at End of FY (weighted average) (m ²)	168,623	184,388	192,851	195,728	210,679	223,535	232,330	251,654	267,349	279,318	290,346	303,626	310,981	321,037	329,520

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