いいくらし、いいあした。

Axial RETAILING

FINANCIAL INFORMATION

FOR THE FISCAL YEAR ENDED MARCH 31, 2024

Contents

1. Summary of Selected Financial Data for the Fiscal Year Ended March 31, 2024

2. Latest Initiatives

3. Grand Design and the Medium-Term Management Plan (Including Business Management Focused on Addressing the Cost of Capital and Profitability)

4. Annual Plan for the Fiscal Year Ending March 31, 2025

1. Summary of Selected Financial Data for the Fiscal Year Ended March 31, 2024

2. Latest Initiatives

3. Grand Design and the Medium-Term Management Plan (Including Business Management Focused on Addressing the Cost of Capital and Profitability)

4. Annual Plan for the Fiscal Year Ending March 31, 2025

1. (1) SUMMARY OF SELECTED FINANCIAL DATA

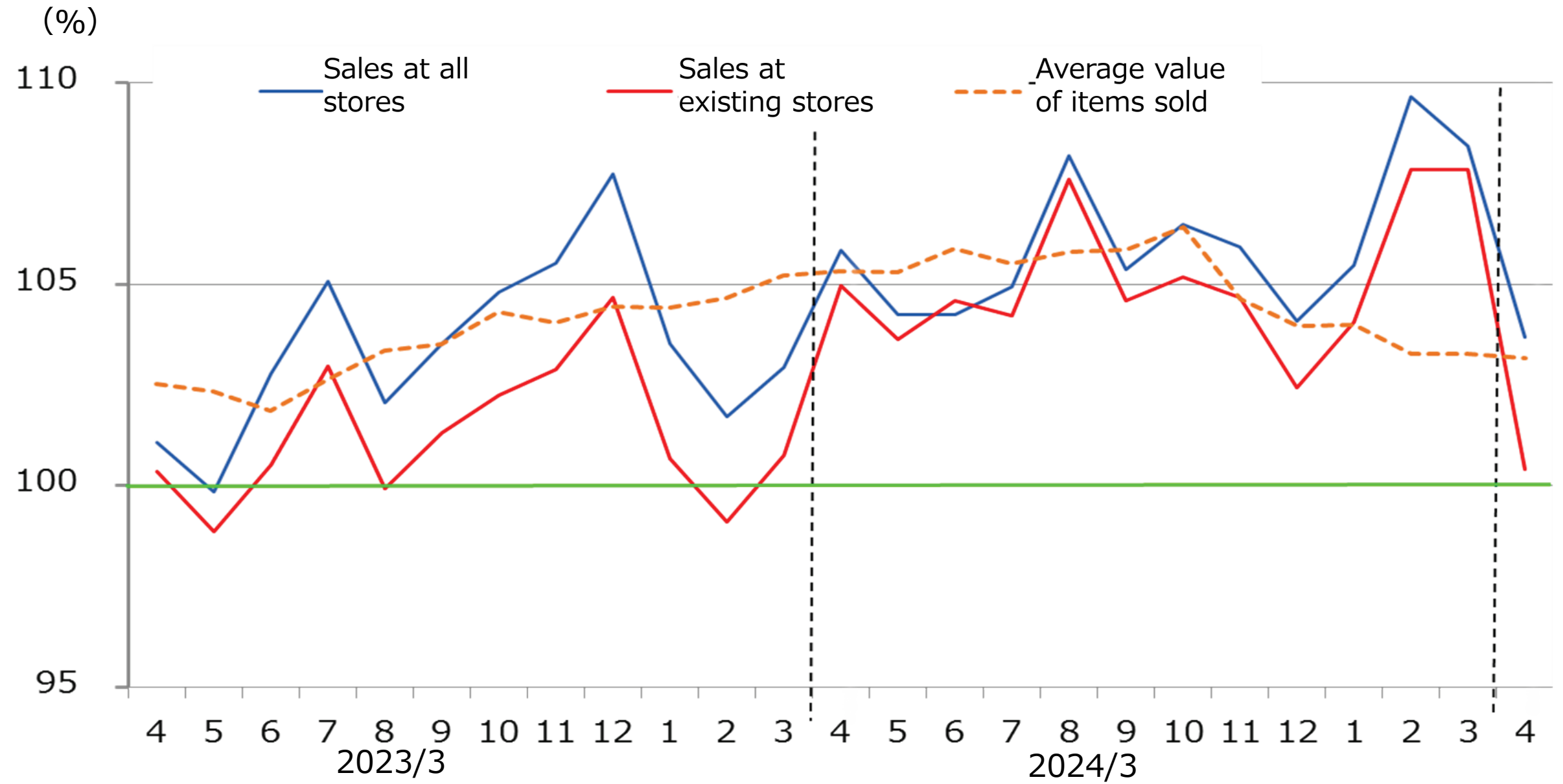
For the Fiscal Year Ended March 31, 2024

(Unit: Millions of yen)

	2023/3	2024/3	Change (%)	Change	
Net sales	254,966	**270,224**	**6.0**	15,257	Forecast: ¥263 billion; +4.9% at existing stores
Gross profit	74,827 (29.3%)	**79,138** (29.3%)	**5.8**	4,311	In-store merchandizing Loss/chance of loss management
SG&A expenses	64,383 (25.2%)	**67,358** (24.9%)	**4.6**	2,975	Growth in personnel expenses due to upfront raises Initiatives undertaken by the Cost-Cutting Committee
Ordinary profit	10,940 (4.3%)	**12,332** (4.6%)	**12.7**	1,391	Forecast: ¥11 billion
Net profit	6,356	**7,442**	**17.1**	1,086	Forecast: ¥7 billion
ROE/ROA	8.3%/9.1%	9.2%/9.7%			
Number of store openings	5	**4**	Harashin: Tsubame Store (relocation) Shirone store (rebuilding) FRESSAY: Numata Sakaemachi store, Sakaimachi store (relocation)		
Number of store closings	5	**2**	Harashin: Former Tsubame store (relocation) FRESSAY: Maebashi Plaza store		

Share repurchases: ¥1.5 billion (June to August 2023); share split: 1:4 (April 1, 2024)

1. (2) Y-o-Y comparison of monthly sales



1. (3) Store openings and renovations during the year ended 2024/3



H Shirone store



H Tsubame store

Renovation: H Shichikuyama store



F Numata Sakaemachi store

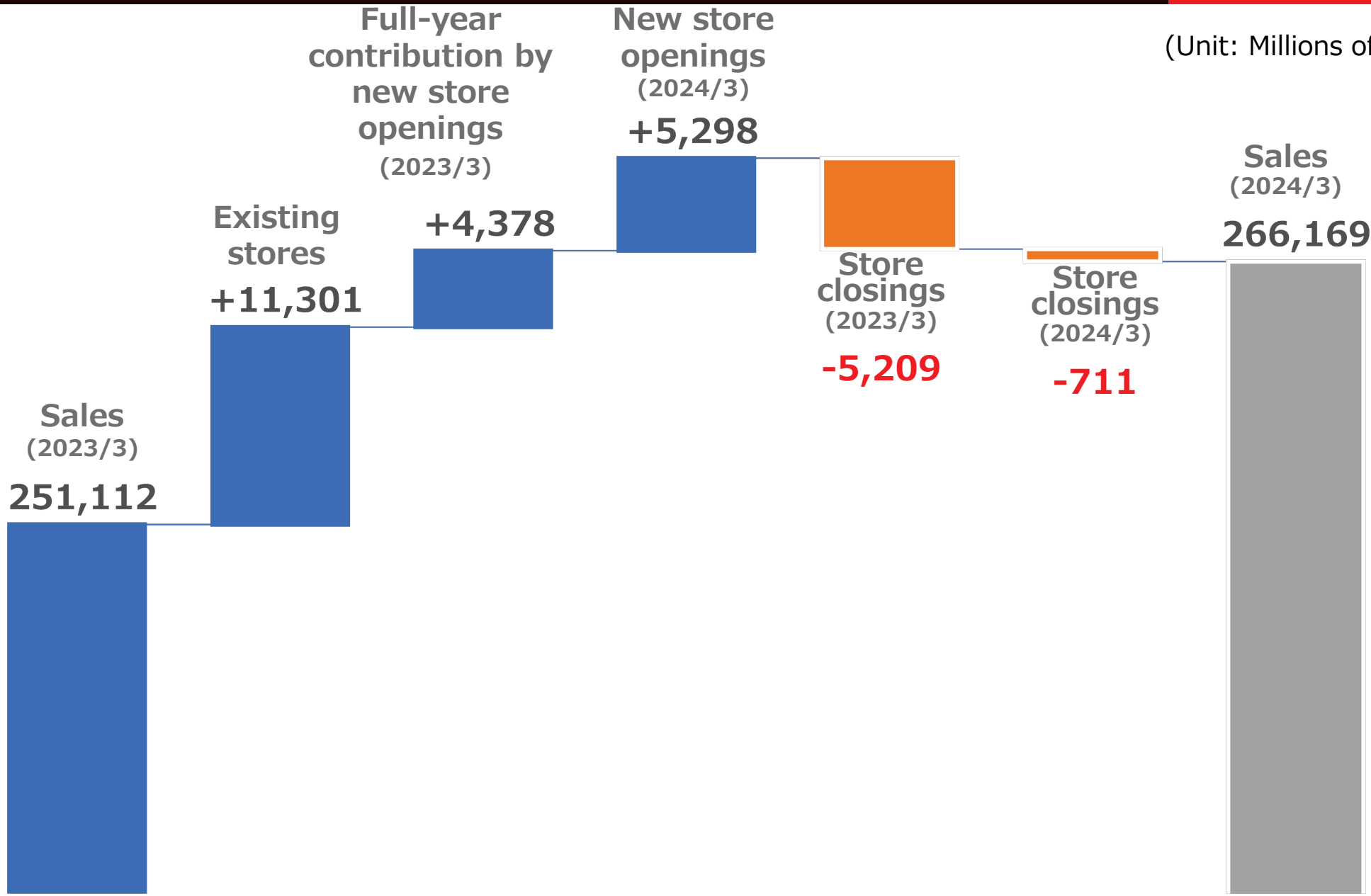
F Sakaimachi store



Renovation: F Shinbo store

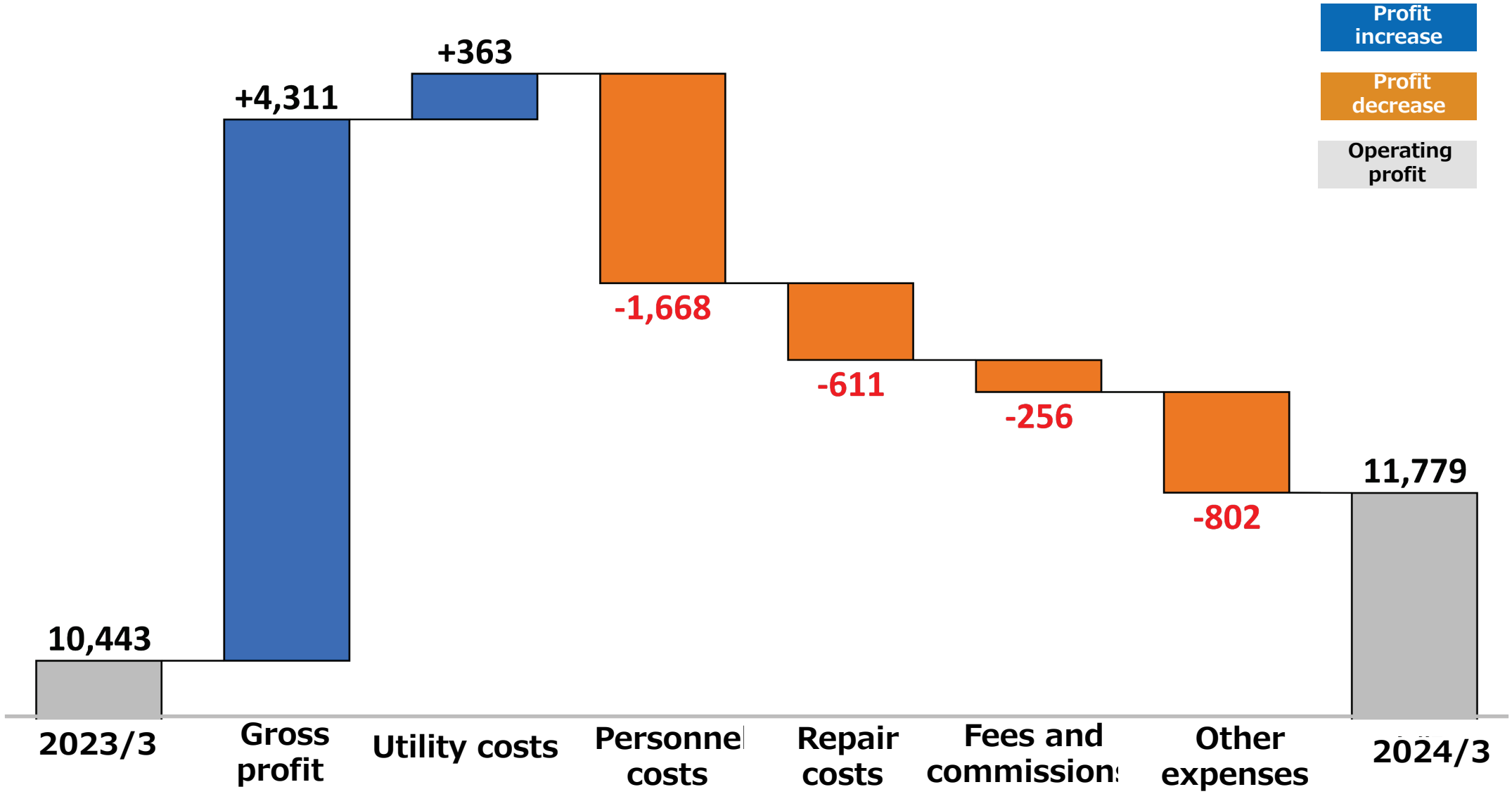
1. (4) Factors changing storefront sales

(Unit: Millions of yen)



1. (5) Factors changing operating profit

(Unit: Millions of yen)



1. (6) Results overview by group

(Unit: Millions of yen)

	Harashin and Narus			FRESSAY		
	2024/3	Change (%)	Change	2024/3	Change (%)	Change
Net sales	**190,494**	**7.4**	**13,081**	**80,825**	**3.2**	**2,534**
Gross profit	54,831 (28.8%)	6.4	3,320	24,486 (30.3%)	4.3	1,001
SG&A expenses	45,612 (24.0%)	5.6	2,403	22,116 (27.4%)	2.5	546
Operating profit	9,218 (4.8%)	11.0	916	2,369 (2.9%)	23.8	455
Ordinary profit	**9,545 (5.0%)**	**9.5**	**827**	**2,470 (3.1%)**	**23.5**	**470**
Net profit	6,510	22.8	1,207	785	-18.3	-175

1. Summary of Selected Financial Data for the Fiscal Year Ended March 31, 2024

2. Latest Initiatives

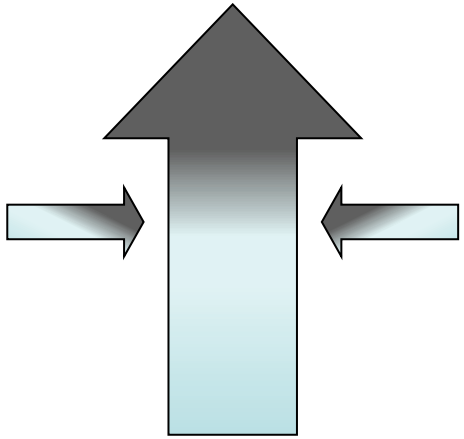
3. Grand Design and the Medium-Term Management Plan (Including Business Management Focused on Addressing the Cost of Capital and Profitability)

4. Annual Plan for the Fiscal Year Ending March 31, 2025

2. (1) Grand design

Deliver affluence, fun and convenience to customers by fully leveraging the merits of scale yielded by our chain store operations

Scale



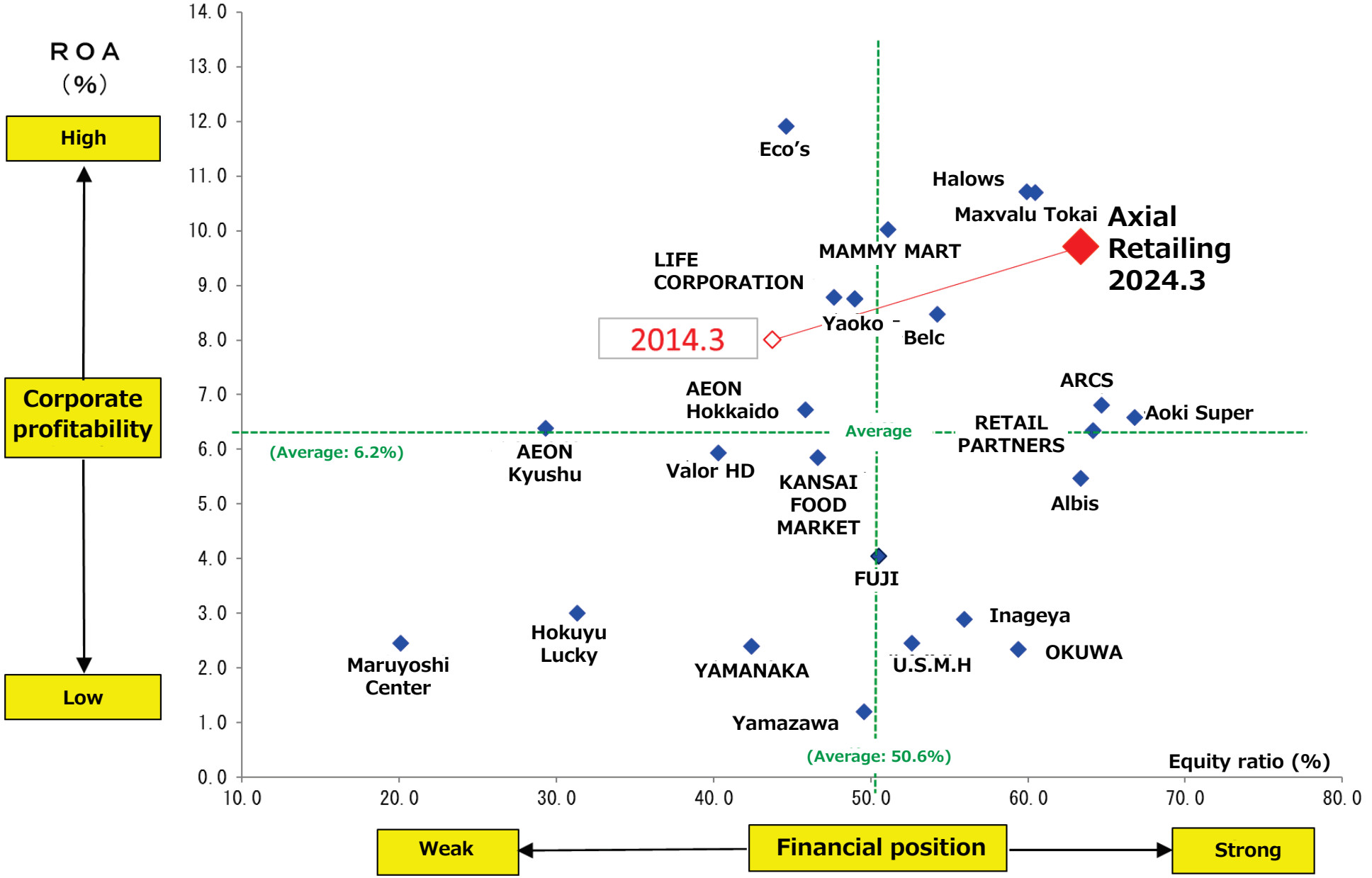
Functions

Human resources:
TQM as a foundation

2. (2) Accomplishments over 10 years after the merger

1. Scale	**37 stores opened, 30 stores renovated, 26 stores closed (Average floor space of FRESSAY stores: from 502 tsubo to 557 tsubo)**
2. Functions	2013 Nakanoshima Distribution Center (DC) 2016 FRESSAY Maebashi Distribution Center 2018 Rory Processing Center 2023 FRESSAY Training Center 2024 Rory Delica Center Expansion of Nakanoshima Chilled Center
3. Human resources	Total number of employees at Product Headquarters + Sales Planning Division + Ax Label (2013/9) 86 → 105 (2024/3)
4. Outcomes arising from the above scale and functions	1. Number of PB products developed: 285 → 552 2. Sharing of Rory's specialty products, such as Ohagi and Oguni Manju

2. (3) Profitability and stability



2．(4) Functions currently under development

- Rory Delica Center
- Expansion of Nakanoshima Chilled Center
- New Axial Retailing Group headquarters (construction now under way)







2. (5) Health-focused MD









2. (6) Ethical MD Integration of business activities and response to social issues

Hana-well



We launched “Hana-well,” an ethical product brand, with the aim of integrating our business activities and efforts aimed at addressing social issues. We will contribute to the resolution of social issues from the following five aspects.

Earth

We will deliver Earth-friendly products with low environmental footprints.

Healthy

We will propose products that are friendly to physical health and can contribute to the betterment of emotional health.

Local

We will disseminate the attractiveness of the nature’s blessings and local cultures that have been nurtured in regional communities even as we help ensure the succession of these assets to future generations.

Diversity

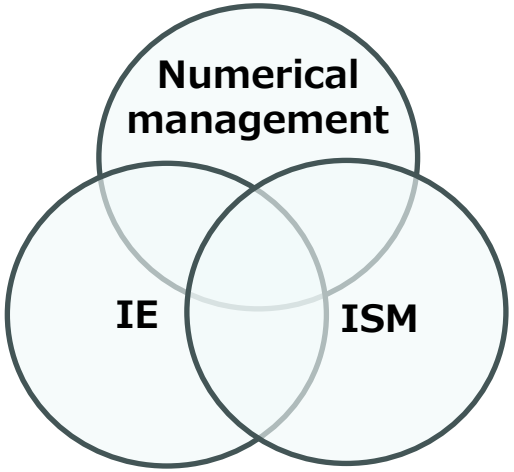
We will support the creation of an inclusive society that enables everyone to remain true to his/her authentic self and is free of discrimination.

Future

We will empower initiatives aimed at taking on the challenge of realizing future-oriented technological innovation.

2. (7) Introduction of ISM

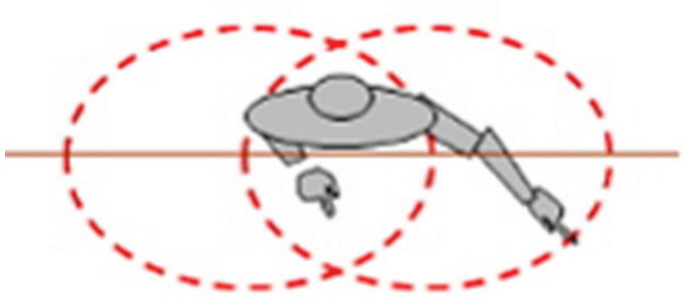
WM + TQM

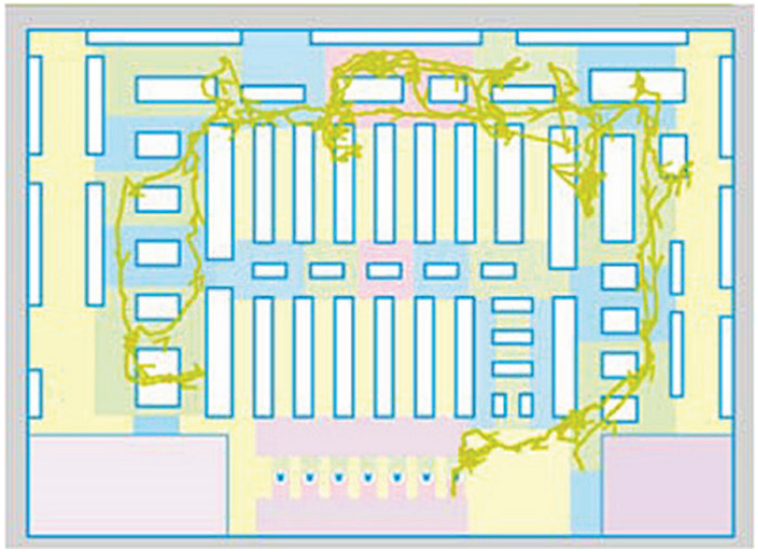


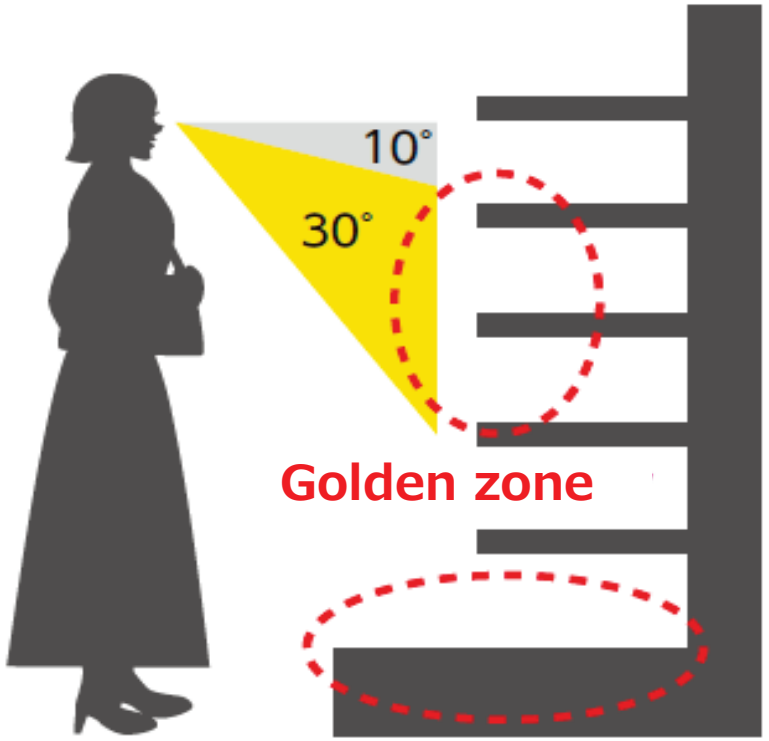
Profit management via weekly management (WM)

Maximize net sales and gross profit via the introduction of ISM

Facilitate activities aimed at making improvements via the use of ISM







2. (8) Human resource development—Idea Dojo (training center)

Nurture the capability to formulate unique and innovative concepts via the development of creativity and imagination



Professor Tetsuya Kaida
Founder and Master of Dojo, Idea Dojo,
Nagaoka University of Technology



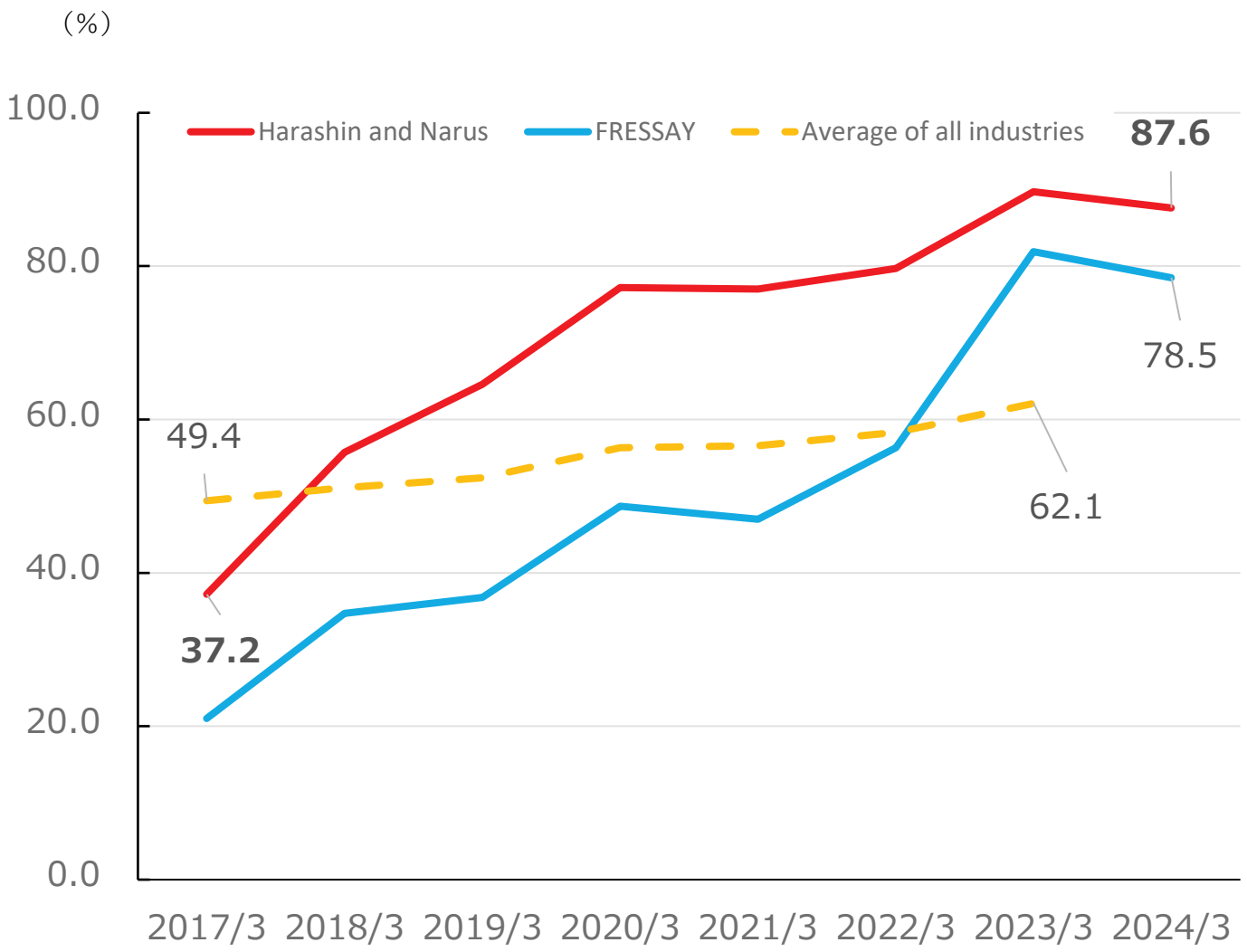
Eight keys in the Kaida method of idea creation



Groupwork for idea creation
Exposure to different cultures and engagement in fieldwork at locations outside the usual workplaces

2. (9) Develop a worker-friendly environment

Annual paid leave take-up rate





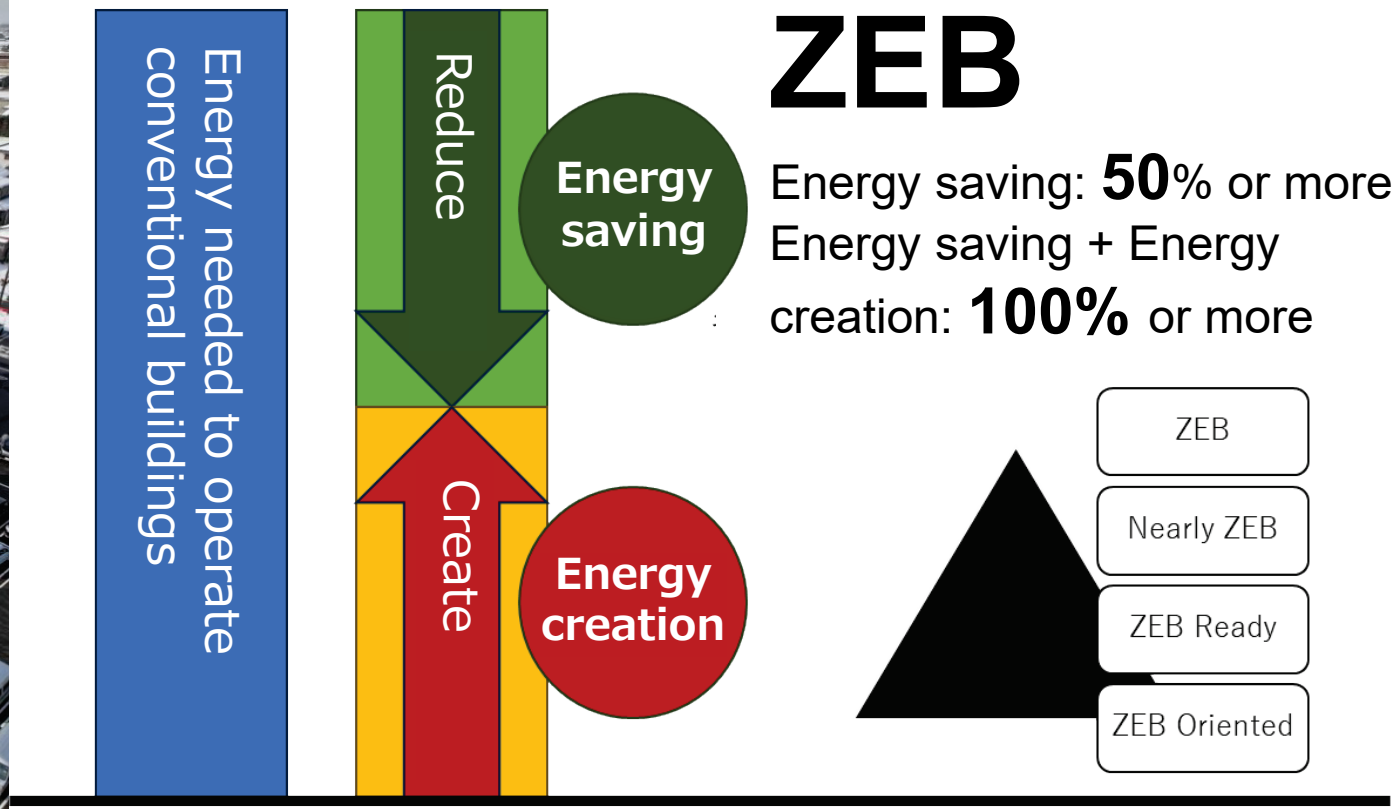
Drastically relaxed our grooming standards for hair and accessories

We honor the diversity of employees' outward appearances

- ✓ Inclusion of time spent changing clothes in working hours
- ✓ Raises and fiscal year-end special allowances

2. (10) The first ZEB-certified supermarket chain store in Japan (Shirone store)





Number of stores equipped with solar panels

2023/3: 38 → 2024/3: 48 (cumulative total)

Planning to establish a microgrid centered around the new headquarters building

1. Summary of Selected Financial Data for the Fiscal Year Ended March 31, 2024

2. Latest Initiatives

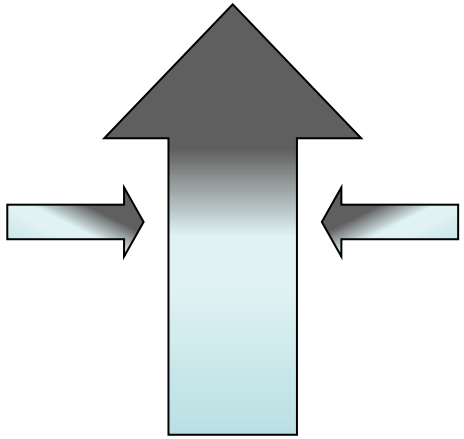
3. Grand Design and the Medium-Term Management Plan (Including Business Management Focused on Addressing the Cost of Capital and Profitability)

4. Annual Plan for the Fiscal Year Ending March 31, 2025

3. (1) Grand design

Deliver affluence, fun and convenience to customers by fully leveraging the merits of scale yielded by our chain store operations

Scale



Functions

Human resources:
TQM as a foundation

3. (2) Medium-Term Management Plan (2024 – 2026)

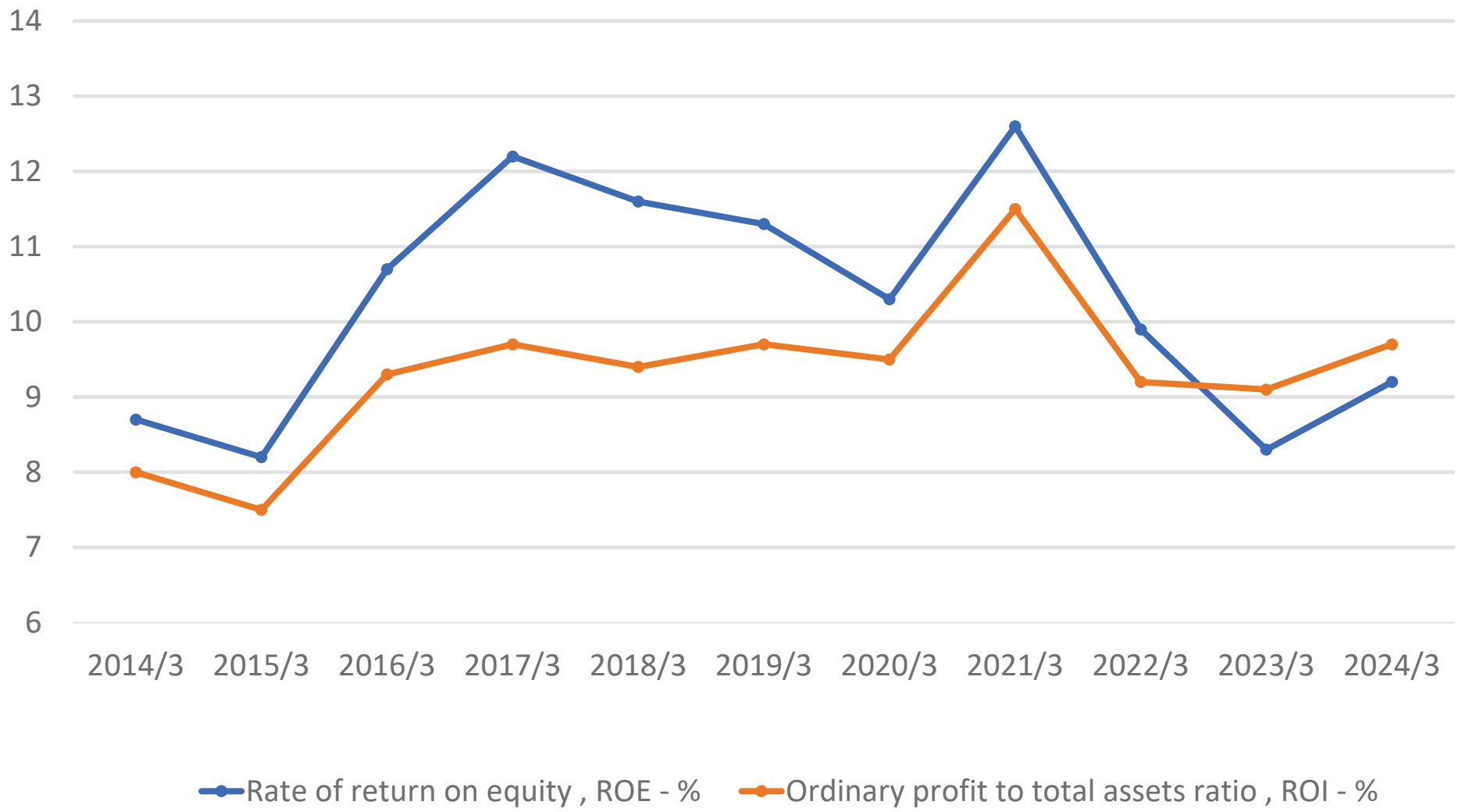
Scale	• Net sales ¥300 billion, with an ordinary profit ratio of 4.5% • Open 10 new stores, bringing the total number of stores from 131 to 137 at the end of 2026/3
Functions	• Relocate headquarters • Plan to redevelop the Group's foundations (manufacturing, distribution and IT) • Promote vertical MD • Promote the development of PB, original products • Promote the ESLP strategy and labor saving (reduce burdens associated with cash register operations)
Human resources	• Restructure our in-house job qualification system (tests to certify specialist qualifications) • Redevelop in-house educational programs • Develop a worker-friendly environment

3. (3) Numerical plan

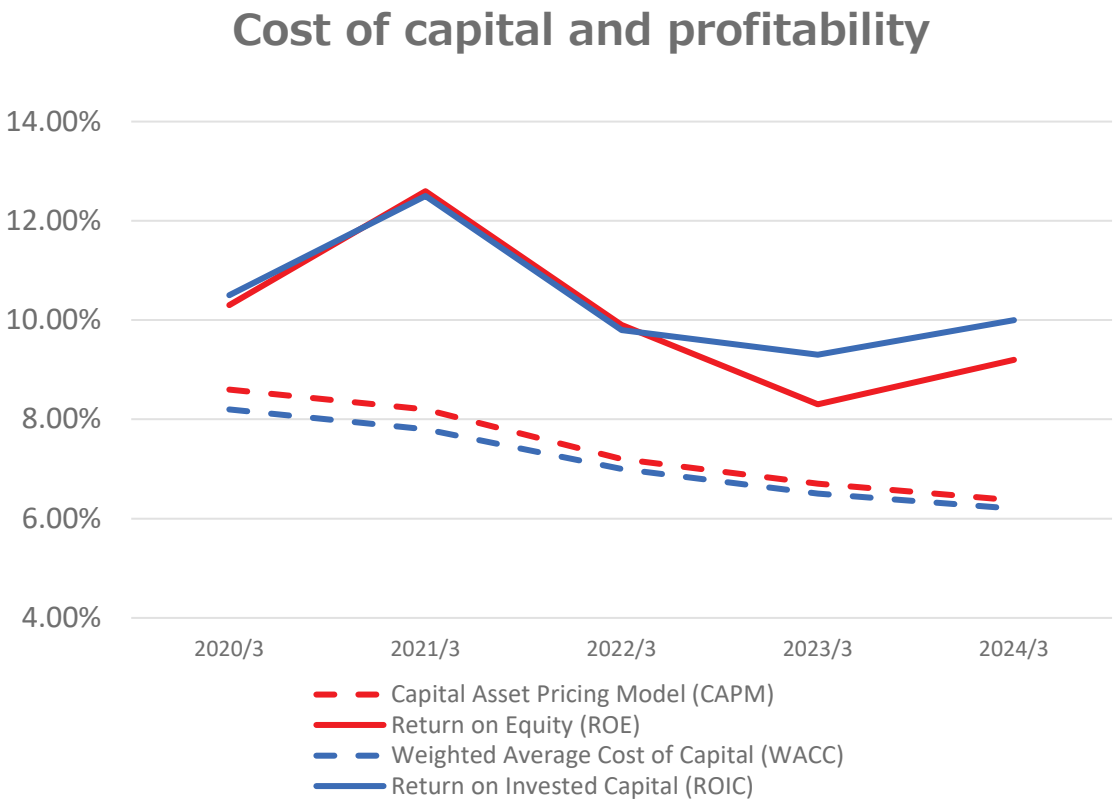
(Unit: Millions of yen)

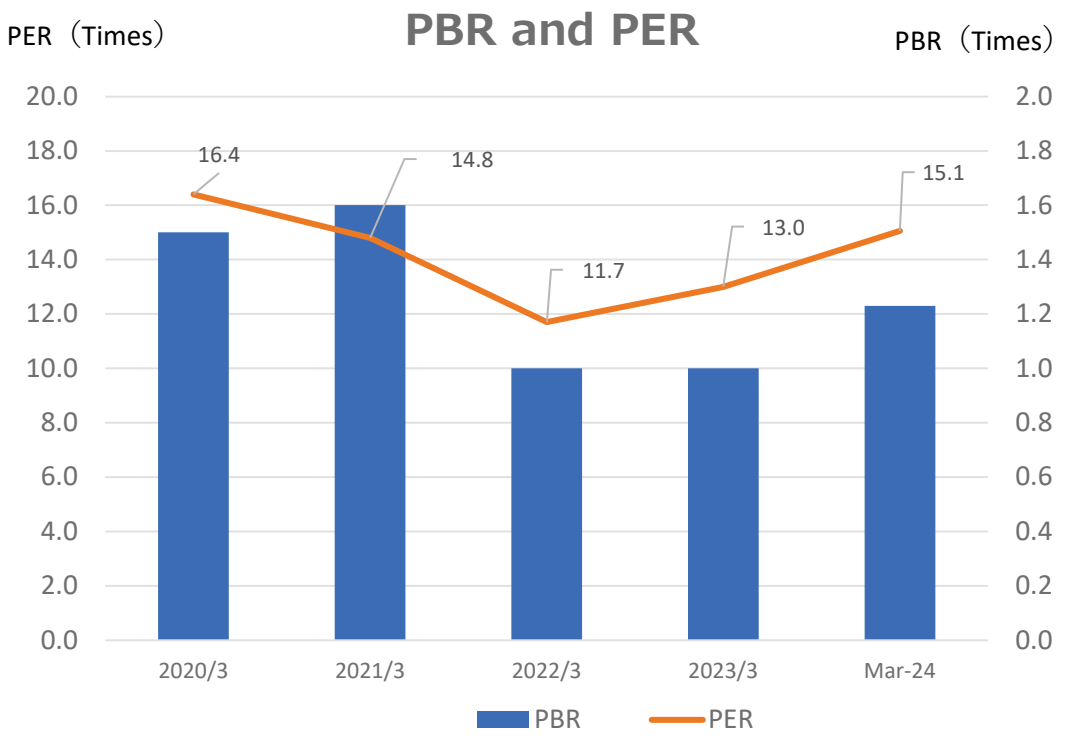
	2024/3 results	2025/3	2026/3	2027/3	Notes
Net sales	270,224	280,000	289,000	**300,000**	
Ordinary profit ratio	4.6%	4.5%	4.5%	**4.5%**	
Labor distribution rate	49.2%	49.5%	50.0%	**50.0%**	
Number of stores	131	131	134	**137**	
Openings/ Closing	4/2	2/2	4/1	4/1	
Investment	11,967	12,500	11,300	12,000	
ROA	9.7%			**10.0%**	Ordinary profit/ Total assets
ROE	9.2%			**10.0%**	
Notes	• Established Rory Delica Plant • Expanded Nakanoshima Chilled Center	• Relocate headquarters	• Establish Nagano Area Center • Reorganize Rory Confectionary Plant, etc.		Launch the construction of a manufacturing base in Maebashi

3．(4) Trends in ROA and ROE



3. (5) Business management focused on addressing the cost of capital and stock prices ① Analysis of current status





Earnings per share (forecast)	242.5	325.5	273.4	264.7	307.7

1. Lower cost of shareholders' equity →Mainly attributable to a lower β value
2. Lower ROE and decline in ROIC →Growth in shareholders' equity and lower profitability　Outcome: Trend toward reductions in margin between the cost of capital and profit

1. Lower PBR → Growth in shareholders' equity and stagnation of stock prices
2. Lower PER→Higher earnings per share fail to stimulate a rise in stock prices

→ Can be assumed that our market reputation regarding growth potential is low

3. (6) Business management focused on addressing the cost of capital and stock prices ② Matters to be tackled

Our conventional commitment

✓ Long-term target : ROA of 15% (Ordinary profit / Total assets)

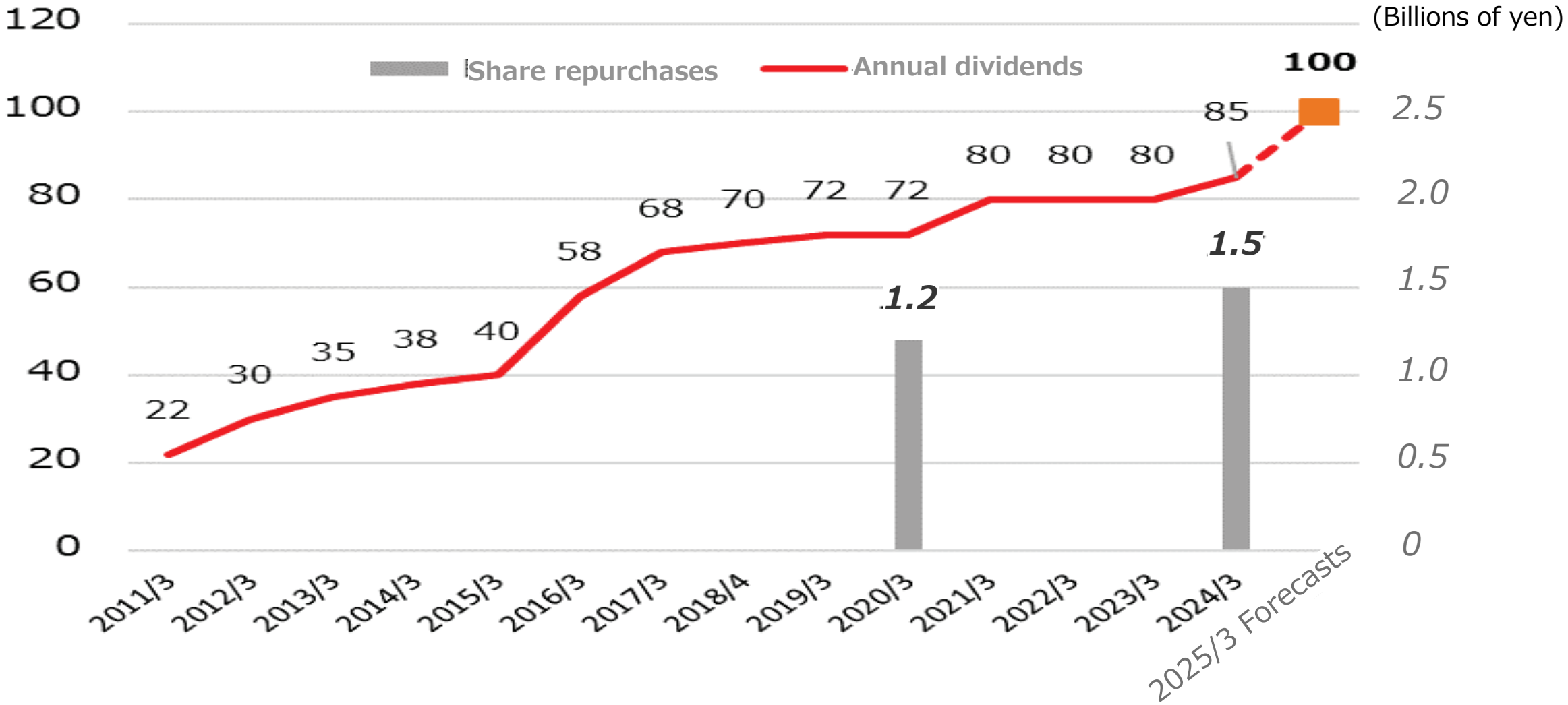
✓ Immediate targets: ROA of 10%, ROE of 10%

Ongoing initiatives from the year ended 2024/3

1. Share repurchases from the market: ¥1.5 billion (408,000 shares)
2. Share split: 1:4 (effective on April 1, 2024)
3. Dividends: Up ¥5 per share (2024/3); Up ¥15 per share for 2025/3 (planned; pre-share split basis)
4. Shareholder privileges (to be granted to shareholders registered as of September 30, 2024)
   - Holders of 100 or more shares are included among eligible shareholders after the share split
   - Enhance shopping discount coupons and other privileges on the whole

3. (7) Shareholder returns

Dividends per share (pre-share split basis) and share repurchases from the market



1. Summary of Selected Financial Data for the Fiscal Year Ended March 31, 2024

2. Latest Initiatives

3. Grand Design and the Medium-Term Management Plan (Including Business Management Focused on Addressing the Cost of Capital and Profitability)

4. Annual Plan for the Fiscal Year Ending March 31, 2025

4. (1) Annual policy

Shrinking and aging population

Intensifying competition transcending sector boundaries

Coming era of inflation—Challenges to be addressed even after securing customer understanding on sales price hikes

Operation “Central Focus on Deliciousness”

“Taste great!” That’s what we would like to hear from customers!

Let’s upgrade the quality of everything we do, starting with the products we offer!

4. (2) Specific measures: Capital expenditures

Establishment of Rory Delica Center

Expansion of Nakanoshima Chilled Center

New headquarters (to be launched in this autumn)

- **Kitchen Labo and Kitchen Studio**
- **Development of a multi-purpose hall**





4. (3) Specific Measures: The new human resource development system

Specialist qualification test system

- “Rice omelet specialist test” (supervised by KAGOME CO., LTD.)

“Gourmet tour” supporting subsidy system

Subsidy system designed to assist in student loan repayments



(Photo from the KAGOME website)



4. (4) Numerical plan

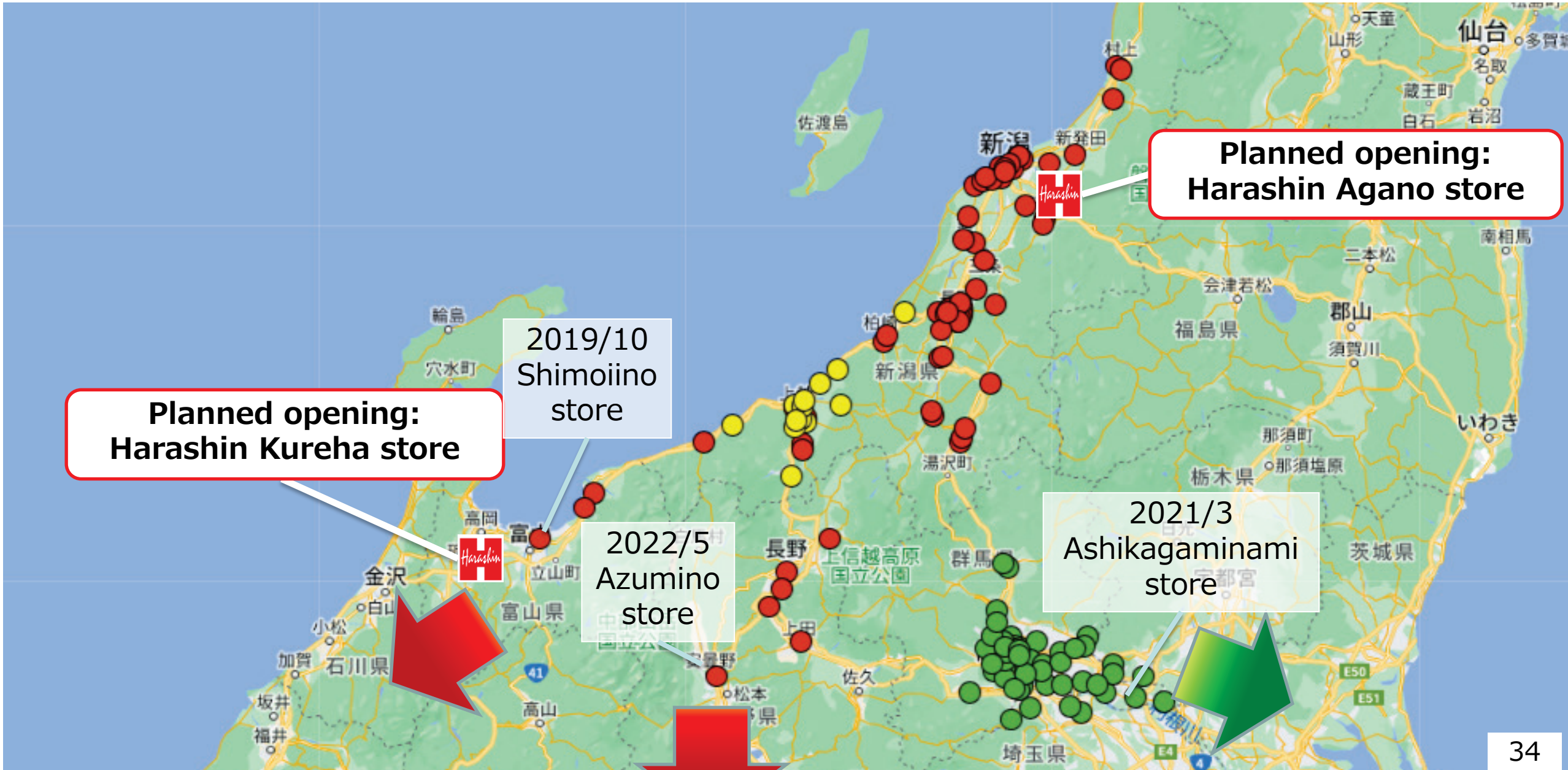
(Unit: Millions of yen)

	Consolidated	Change	Approximate targets by group			
			Harashin and Narus	Change	FRESSAY	Change
Net sales	**280,000**	**3.6%**	198,000	3.9%	82,000	1.5%
Operating profit	12,100	2.7%	9,800	6.3%	2,300	-2.9%
Ordinary profit	**12,500**	**1.4%**	9,900	3.7%	2,400	-2.9%
Net profit	7,500	0.8%	6,600	1.4%	800	1.9%
Store openings (renovations)	**2 (3)**	-2 (+1)	2 (2)	— (+1)	0 (1)	-2(−)
Dividends per share (Yen) (Pre-share split basis)	25 (100)	+3.75 (+15)	Capital expenditures: ¥12.5 billion; depreciation and amortization: ¥5.5 billion			

Assumptions for net sales forecasts	1st-half results	2nd-half results	Full-year results
All stores	*4.9%*	2.0%	3.4%
Existing stores	*2.7%*	1.5%	2.1%

Forecasts for number of customers and average spending per visit	Number of customers	Average spending per visit
All stores	**2.1%**	**1.2%**
Breakdown of average spending	**Number of items sold per customer**	**Average value of items sold**
	-2.2%	**3.5%**

4. (5) Store openings plan for the year ending 2025/3



いいくらし、いいあした。

Axial RETAILING

Thank you for listening.