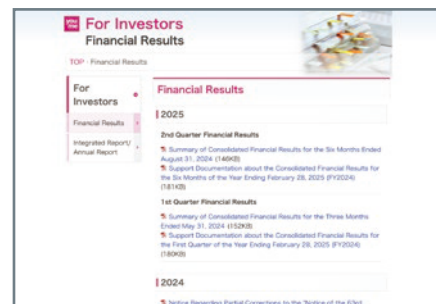




IZUMI CO., LTD.

3-3-1 Futabanosato, Higashi-ku, Hiroshima, 732-8555, Japan
<https://www.izumi.co.jp/> (in Japanese)

Our IR website
https://www.izumi.co.jp/corp/e_ir/



Our sustainability website
<https://izumi.co.jp/sustainability/> (in Japanese)



IZUMI CO., LTD.

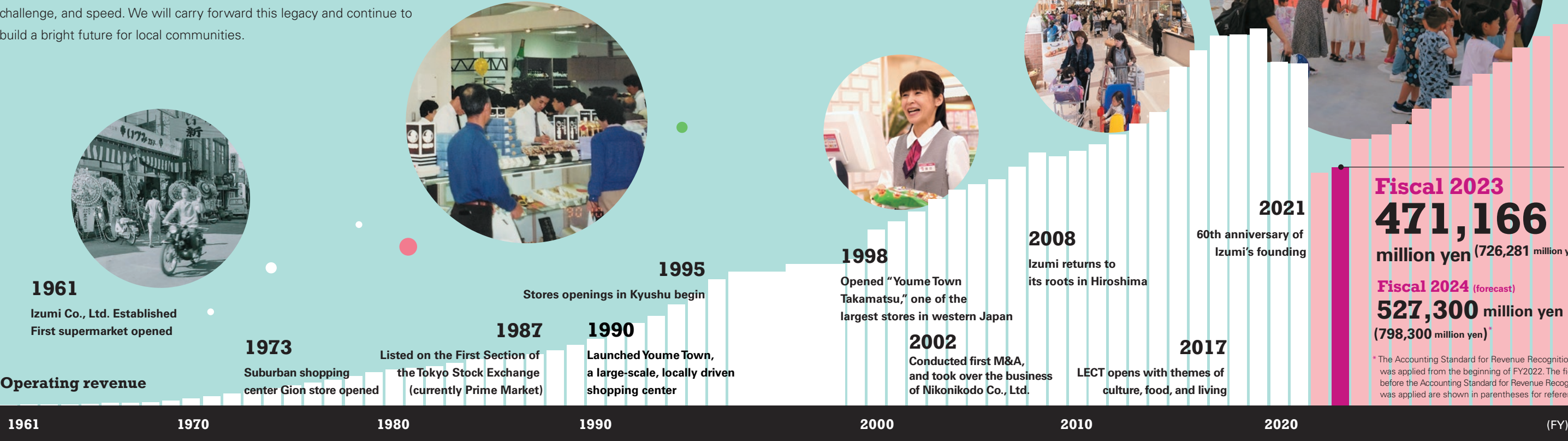


IZUMI CO., LTD.

Integrated Report **2024**

Realizing a wide range of value creation while inheriting the three “DNAs”

Since its founding, our Company's DNA has comprised the concepts of innovation, challenge, and speed. We will carry forward this legacy and continue to build a bright future for local communities.



Innovation

We will change the way we think and explore new opportunities instead of accepting the status quo.

In 1950, our founder established a clothing wholesaler, Yamanishi Shoten Co., Ltd., against the background of the increase in demand for clothing. In the 1960s, we were the third-largest growth company in Japan in clothing manufacturing and wholesale, but looking ahead to the future, we entered the unknown world of retail. We opened our first Izumi supermarket as the first comprehensive supermarket in the Chugoku and Shikoku regions. Instead of being satisfied with the current situation, we have continued to take the next step to carve out our future.



Challenge

We will remain positive, never fear anything, and be bold in action.

In the early 1970s, travel by bus and train was the main mode of transportation, and stores in downtown areas and in front of stations were doing well. However, our founder predicted that the popularization of automobiles would change people's lifestyles, and in 1973 he opened a large-scale store called the "Gion Shopping Center" (currently Yume Terrace Gion) in the suburbs with parking lots. On the day of opening, the area was so crowded that there was a heavy traffic jam. Actions that do not fear failure will lead to the creation of new value.



Speed

We will take action now, and won't wait or give up.

We had been considering opening stores in Okayama and Hyogo in order to develop our dominance strategy of store openings in new regions. However, from the perspective of future growth, it became clear that Kyushu has higher population density in some areas and less competition when comparing data between east and west. We also decided to expand into Kyushu due to the low land prices and construction costs. We take immediate action when we see good data. We value that speed.

Making the most of our three strengths to realize our four dreams

Over the course of more than half a century since our founding, we have acquired and nurtured three strengths that support our growth: regional infrastructure, on-site capabilities, and ability to respond to change. In the future, we will continue to further refine our 3 strengths and realize our 4 dreams in order to become the top store in the region.

Izumi's 4 Dreams

The Izumi Group has dreams. They are the four dreams that have grown together with Youme Town: communities, customers, tenants, and employees. We want to provide "the products new to the region" and "the best products in the region," while connecting and supporting everyone there. This creates new value through surprises and excitement. We will become the top store in the region while connecting broadly and deeply with communities, customers, tenants, and employees. Our dreams will never stop growing larger.



Local communities

We will create economic benefits through job creation, local production for local consumption activities in collaboration with local governments, shopping districts, NPOs, and other organizations, and cultural rediscovery. We will also serve as a lifeline for local communities in the event of a disaster.



Customers

We will be successful in making customers' lives more convenient and comfortable by providing high-quality products and services with safety and security.



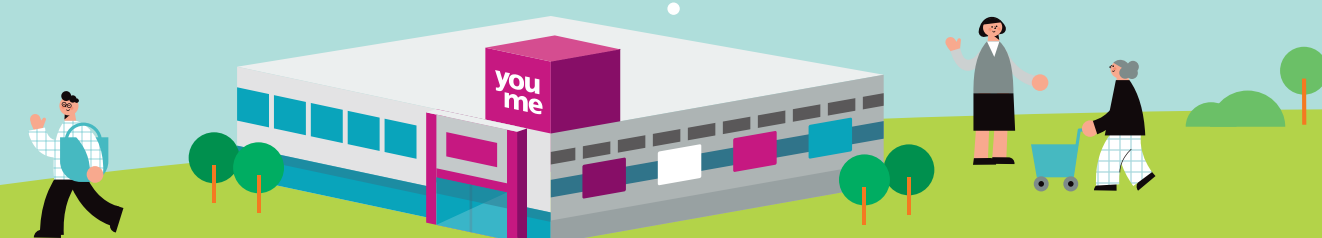
Tenants

We will use "Youme Town" as opportunities for the further development of tenants by creating successful examples of store creation.



Employees

We will provide employees with a sense of worth and enjoyment in contributing to local communities, and a sense of fulfillment that leads to their personal growth.



The 3 Strengths that Support Our Growth

Regional Infrastructure

We are working to increase our brand power and maximize our market share in the Chugoku, Shikoku, and Kyushu regions by developing stores through our dominant strategy. We will continue to build a solid regional infrastructure by opening new stores, and M&A and alliances.

On-site Capabilities

In order to become the top store in the region, we have adopted a store-oriented approach where store general managers, store managers, and staff act autonomously in managing stores in ways that best suit the region. As a result, we are able to flexibly and promptly renew our product lineup and expand our services according to the local environment and circumstances.

Ability to Respond to Change

We meet the diverse needs of our customers in three business formats: shopping centers, food supermarkets, and neighborhood shopping centers. In addition, we continue to respond to the changing times by investing in the revitalization of existing stores, and scrapping and building.

We operate stores rooted in the community,
with a focus on retail business

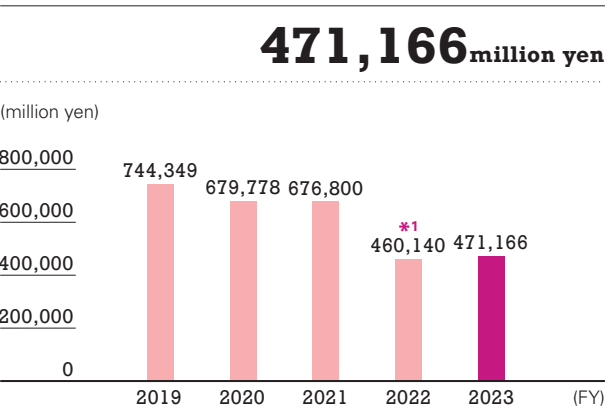
	Business Description / Related Data	Operating revenue / Operating profit																																			
Retail Business	We sell clothing, food, and household goods through shopping centers, general merchandising stores (GMS), supermarkets, and other formats. In the GMS Business, we operate large-scale commercial facilities (shopping centers: SC) where three generations of families can have a pleasant time together. In the SM Business, in addition to convenient and community-rooted food supermarkets (SM), we operate neighborhood shopping centers (NSC). Number of Malls and Stores by Area <table><tr><td>Other areas</td><td>4 stores</td></tr><tr><td>Shikoku area</td><td>10 stores</td></tr><tr><td>Kyushu area</td><td>158 stores</td></tr><tr><td>Chugoku area</td><td>91 stores</td></tr><tr><td>Total</td><td>263 stores</td></tr></table> (As of August 31, 2024) Net Sales Ratio by Area <table><tr><td>Other areas</td><td>30.7 billion yen</td></tr><tr><td>Chugoku area</td><td>167.3 billion yen</td></tr><tr><td>Kyushu area</td><td>119.9 billion yen</td></tr><tr><td>Total</td><td>317.9 billion yen (FY2023)</td></tr></table> Retail Sales by Floor Space <table><tr><td>Less than 3,000m²</td><td>8.1%</td></tr><tr><td>~10,000m²</td><td>12.6%</td></tr><tr><td>20,000m²~</td><td>53.4%</td></tr><tr><td>Total</td><td>25.9% (FY2023)</td></tr></table> (non-consolidated basis and excluding stand-alone XSELL stores) Major Group Companies ● Youme Mart Kumamoto Co., Ltd. ● Youme Mart Kitakyushu Co., Ltd. ● Yours Co., Ltd. ● Dailymart Co., Ltd. Number of Stores and Malls by Business Type ● GMS..... 61 stores ● SM..... 191 stores ● NSC..... 5 stores ● Other..... 6 stores (As of August 31, 2024)	Other areas	4 stores	Shikoku area	10 stores	Kyushu area	158 stores	Chugoku area	91 stores	Total	263 stores	Other areas	30.7 billion yen	Chugoku area	167.3 billion yen	Kyushu area	119.9 billion yen	Total	317.9 billion yen (FY2023)	Less than 3,000m ²	8.1%	~10,000m ²	12.6%	20,000m ² ~	53.4%	Total	25.9% (FY2023)	Operating revenue* Operating profit* 454,471 25,403 million yen million yen ■ Operating revenue (million yen) ■ Operating profit (million yen) <table><tr><td>2021</td><td>656,914</td><td>29,589</td></tr><tr><td>2022</td><td>444,350</td><td>28,609</td></tr><tr><td>2023</td><td>454,471</td><td>25,403</td></tr></table> (FY)  	2021	656,914	29,589	2022	444,350	28,609	2023	454,471	25,403
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Retail-peripheral Businesses	We are engaged in businesses that complement our retail business. These include card businesses such as credit cards, electronic money, travel, and insurance agency services, as well as facility management, construction, cleaning, security services, and designated management services. In addition, we also operate a food service business centered around food courts in Izumi stores. Total number of "Yumeca" cards issued (ten thousands) <table><tr><td>2021</td><td>899</td></tr><tr><td>2022</td><td>974</td></tr><tr><td>2023</td><td>1,023</td></tr></table> (FY) Number of management contracts for public facilities <table><tr><td>2021</td><td>9</td></tr><tr><td>2022</td><td>9</td></tr><tr><td>2023</td><td>10</td></tr></table> (FY) Number of directly-operated and franchised Izumi Food Service stores <table><tr><td>2021</td><td>56</td></tr><tr><td>2022</td><td>57</td></tr><tr><td>2023</td><td>60</td></tr></table> (FY) Number of directly-operated stores Number of franchised stores <table><tr><td>2021</td><td>73</td></tr><tr><td>2022</td><td>73</td></tr><tr><td>2023</td><td>74</td></tr></table> (FY) Major Group Companies ● Youme Card Co., Ltd. ● Izumi Techno Co., Ltd. ● Izumi Food Service Co., Ltd. ● Youme Delica Co., Ltd.	2021	899	2022	974	2023	1,023	2021	9	2022	9	2023	10	2021	56	2022	57	2023	60	2021	73	2022	73	2023	74	Operating revenue* Operating profit* 44,644 5,702 million yen million yen ■ Operating revenue (million yen) ■ Operating profit (million yen) <table><tr><td>2021</td><td>96,419</td><td>4,321</td></tr><tr><td>2022</td><td>40,625</td><td>4,664</td></tr><tr><td>2023</td><td>44,664</td><td>5,702</td></tr></table> (FY)    	2021	96,419	4,321	2022	40,625	4,664	2023	44,664	5,702		
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Other Businesses	In addition to our original wholesale business, we are also engaged in the real estate leasing business. Major Group Companies ● Yamanishi Co., Ltd. ● Izumi Real Estate Co., Ltd.	Operating revenue* Operating profit* 5,297 650 million yen million yen ■ Operating revenue (million yen) ■ Operating profit (million yen) <table><tr><td>2021</td><td>5,079</td><td>1,004</td></tr><tr><td>2022</td><td>5,488</td><td>632</td></tr><tr><td>2023</td><td>5,297</td><td>650</td></tr></table> (FY) 	2021	5,079	1,004	2022	5,488	632	2023	5,297	650																										
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* The operating revenue and operating profit in each business include adjustments between segments.

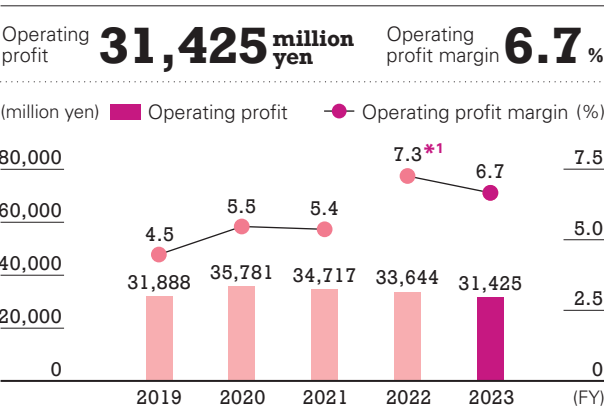
Financial Highlights

*1 The Accounting Standard for Revenue Recognition was applied from the beginning of FY2022
*2 Operating profit and profit attributable to owners of parent are not affected by the change in revenue recognition standards
*3 From FY2020,“(net) sales ratio” is referred to as “operating profit margin”

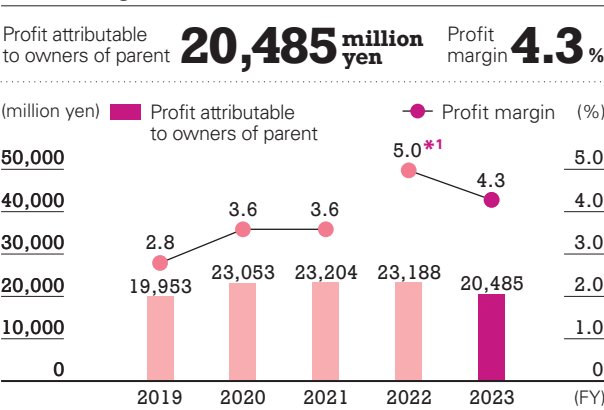
Operating revenue



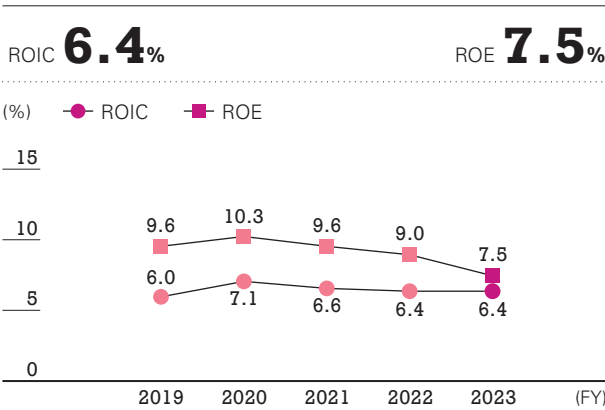
Operating profit*2 / Operating profit margin*3



Profit attributable to owners of parent*2 / Profit margin*3

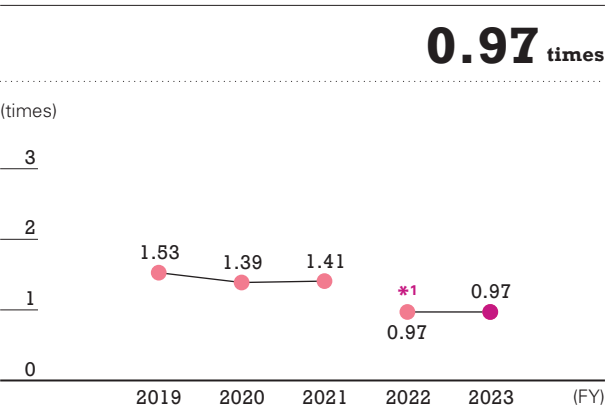


ROIC*4 / ROE

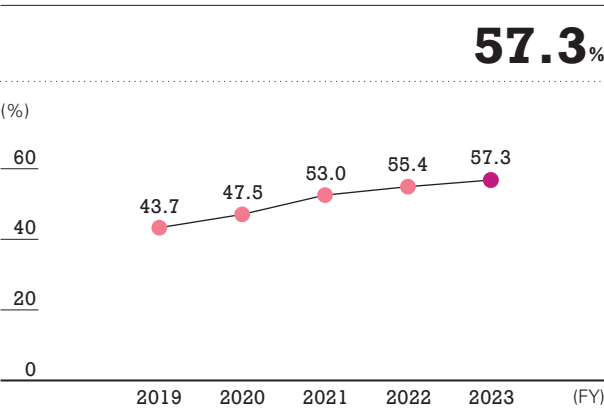


*4 Operating profit after tax / (Interest-bearing liabilities + Equity capital + Non-controlling shareholder interest)

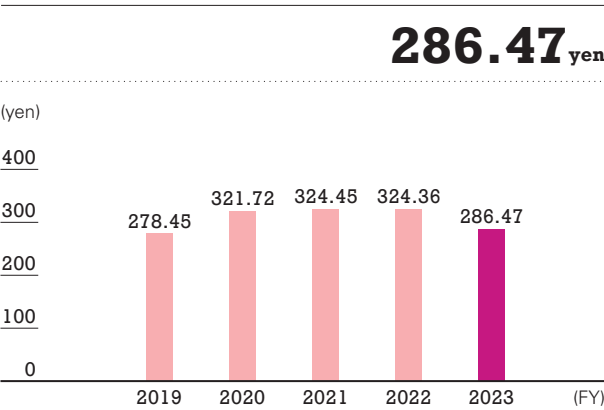
Total capital turnover



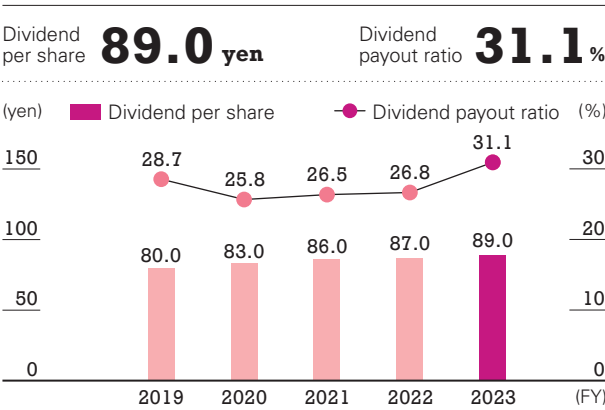
Equity ratio



Earnings per share (EPS)



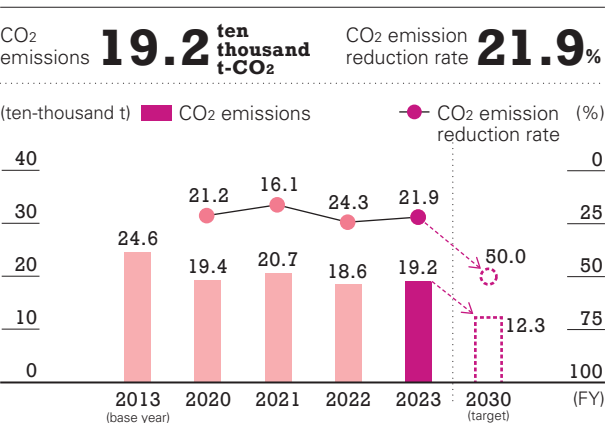
Dividend per share / Dividend payout ratio



Non-Financial Highlights

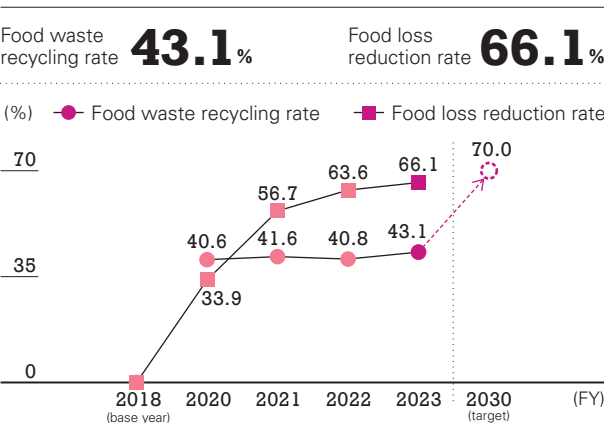
Aggregation scope: Izumi Co., Ltd.

CO2 emissions*5 / CO2 emission reduction rate (relative to FY2013)*5

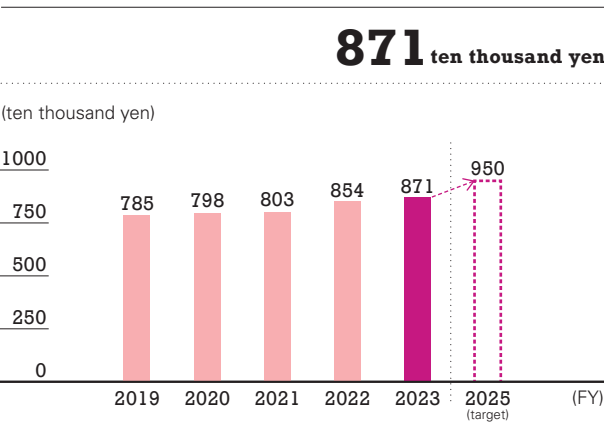


*5 Scope1-2

Food waste recycling rate / Food loss reduction rate (relative to FY2018)

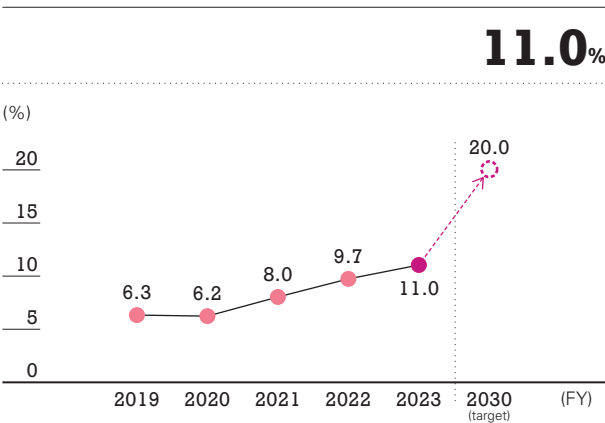


Labor productivity*6

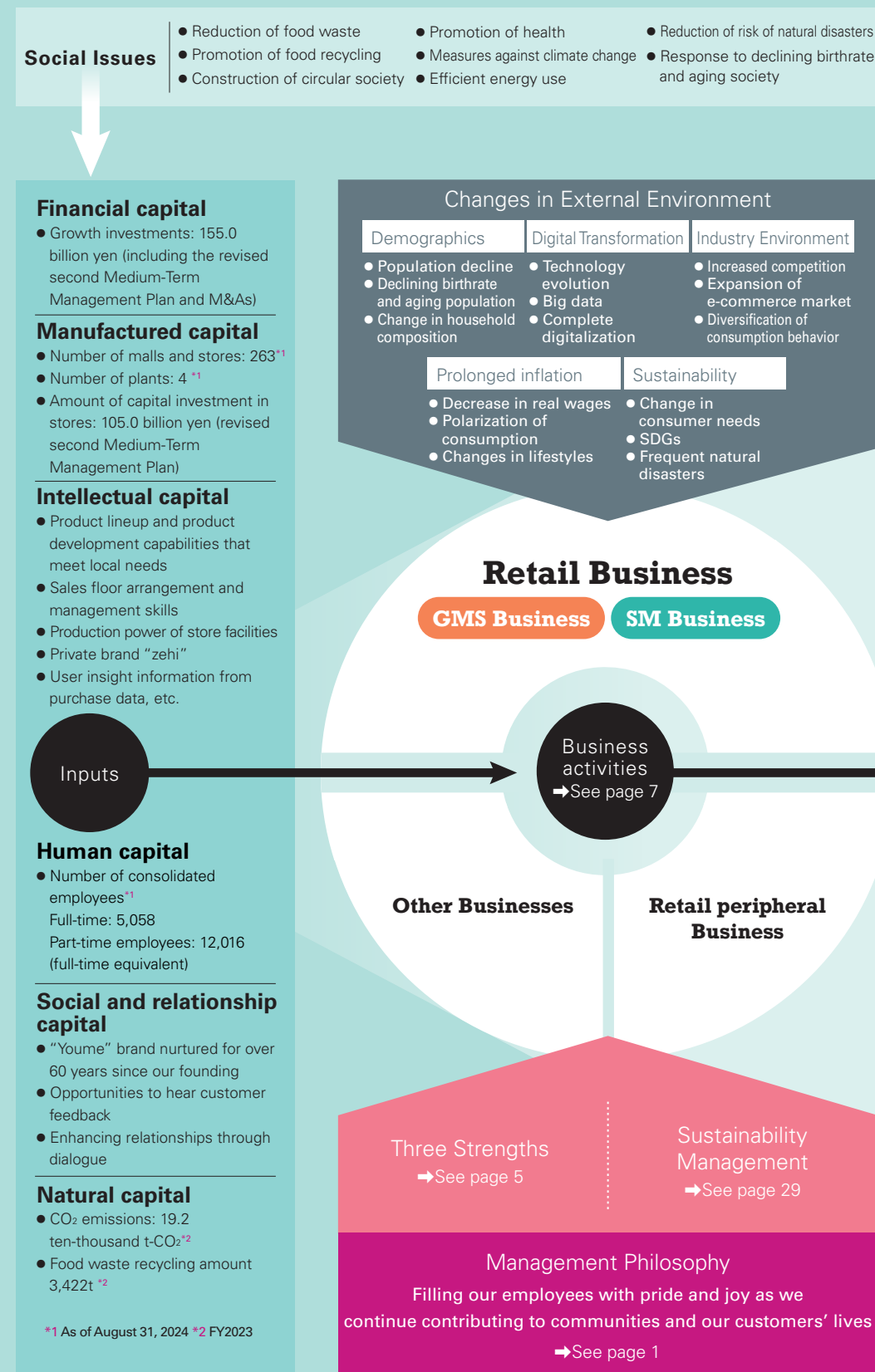


*6 Gross profit per employee (Calculated on a non-consolidated managerial accounting, directly-managed and existing store basis)

Ratio of women in managerial positions*7



*7 Standards stipulated in the Act on Promotion of Women's Participation and Advancement in the Workplace



Providing opportunities and places for people to connect using commercial facilities as platforms

Providing “good things at low prices” in each product/service field for diversifying and polarizing consumer behavior

Providing an environment where people can choose diverse and flexible ways of working and actively participate as members of local communities

Financial Value (FY2023)

Operating revenue	ROE
471,166 million yen	7.5%
Operating profit	Equity ratio
6.7%	57.3%
Profit attributable to owners of parent company	Dividend payout ratio
20,485 million yen	31.1%

Non-financial Value (as of the end of February 2024)

CO ₂ emissions reduction (relative to FY2013)	Ratio of women in managerial positions (Izumi standard) (Standards stipulated in the Act on Promotion of Women's Participation and Advancement in the Workplace)
21.9% reduction	11.0%
Food waste recycling rate	“zehi” sales results
43.1%	9,000 million yen
Food loss reduction rate (relative to FY2018)	Digital currency “Yumeca (e-money)” total number of cards issued
66.1%	10.23 million
Plastic bag usage reduction rate (relative to FY2018)	Number of Youme App members
69.2%	2.11 million
Number of agreements signed with local governments, etc.	Labor productivity ^{*4}
112 ^{*3}	871 ten thousand yen

^{*3} As of the end of June 2024

^{*4} Gross profit per employee (Izumi-only managerial accounting, directly-managed and existing store basis)

Local Communities

We will bring economic ripple effects and also play a role in providing lifelines during disasters.

Customers

We will be successful in making customers' lives more convenient and comfortable by providing high-quality products and services with safety and security.

Employees

Through autonomous human resource development, we will take pride and joy in contributing to the local community and create a sense of fulfillment that leads to personal growth.

Tenants

We will create successful cases of store creation through “Youme Town,” and use them for further mutual development.

Business Partners

Through this cooperative structure, we will fulfill our social responsibility in manufacturing processes and aim for a sustainable society.

Shareholders and Investors

We will improve corporate value by maintaining and improving high levels of capital efficiency and realizing an optimal capital structure.

2030 Long-Term Vision

Challenge of co-creation with local communities overflowing in “you me (dreams)”

Achievement of a 300-store network centered on the Chugoku, Shikoku and Kyushu regions.
Operating revenue of 1 trillion yen and operating profit margin (net sales ratio) of 5.5%^{*5} (FY2030)

^{*5} Figures before the application of the Accounting Standard for Revenue Recognition. After the application of this accounting standard, operating revenue will be 740.0 billion yen and the operating profit margin (operating revenue ratio) will be 7.1%.



you me

Utilizing and building on our six types of capital to continue providing value to society

	Description	Key KPIs	FY2025 targets	FY2023 results	Challenges	Initiatives going forward
 Financial capital	Description While maintaining the Company's financial health, we proactively pursue investment for growth and shareholder returns, and work to increase our capital efficiency. Through these commitments, we will continue to increase our corporate value going forward. Strengths related to this capital High stability, ample cash flow from operating activities.	● ROE ● ROIC *Operating profit after tax / (Interest-bearing liabilities + Equity capital + Non-controlling shareholder interest) ● PER ● PBR ● Equity ratio ● Dividend payout ratio	● 8.7% *10% or more in the medium- to long-term ● 6.9% *7% or more in the medium- to long-term ● 15–20 or more in the medium- to long-term ● 1.5–2 or more in the medium- to long-term ● 50% (for the time being) ● 30% or more (progressive dividend policy)	● 7.5% ● 6.4% ● 12.1 ● 0.9 ● 57.3% ● 31.1%	Our risk-averse management style allows us to improve financial stability but offers poor prospects for future growth, which we see as a significant factor behind our price-to-book ratio (PBR) of under 1.	Alongside promotion of investment for growth based on our area strategy, we will work to optimize our use of capital, through shareholder returns and other factors, in the aim of generating returns on capital that exceed its cost.
 Manufactured capital	Description We will continue working to increase the strength of our brand and maximize our share of the market in the Chugoku, Shikoku, and Kyushu regions through store development based on our strategy aimed at achieving dominance in these specific regional markets. Strengths related to this capital Secured share in the market through our strategy for regional dominance, location-based advantage over competitors, high operating profit margin.	● Number of malls and stores ● Cash flow from investing activities ● Operating profit (operating profit margin) ● Operating revenue	● - (300 stores in FY2030) ● FY2021–FY2025 155.0 billion yen ● 41.0 billion yen (6.9%) ● 590.0 billion yen	● 263 stores As of August 31, 2024 ● 24.7 billion yen ● 31.4 billion yen (6.7%) ● 471.1 billion yen	In light of the rising barriers to opening stores due to soaring construction costs, it is necessary to shift from a growth strategy centered on store openings.	We will concentrate on narrowing the focus of our store opening plan, strengthen competitiveness by revitalizing existing stores, and achieve growth through M&As and alliances.
 Intellectual capital	Description We utilize our store-oriented management system to facilitate tailoring of product ranges and services to the needs of each store's local community. We will also continue to utilize customers' purchasing data to inform our responses to their diversifying lifestyles. Strengths related to this capital Number of Youme Card holders, number of Youme App users, high level of customer support for zehi.	● Number of Youme Card holders ● Number of Youme App members ● E-commerce transactions ● zehi sales ● Budget product sales (Izumi-developed products only)	● - ● 2.5 million users ● 5.0 billion yen ● 12.0 billion yen ● 4.0 billion yen	● 8.1 million holders ● 2.11 million users ● 2.1 billion yen ● 9.0 billion yen ● 1.8 billion yen	Our challenge is to increase average purchase value per existing customer while bringing in new customers. To meet it, we must make effective use of Card holder purchasing data and increase our points of contact with customers.	Alongside moving forward with our response to polarization in consumer behavior, we will utilize the Youme App and other tools to enhance our sales promotions tailored to the individual. We will also promote initiatives aimed at increasing customer convenience through our online supermarket, e-commerce website, and other services.
 Human capital	Description We are aiming to create working environments that give our employees, who come from a range of different backgrounds, the option to choose flexible ways of working, and that allow them to thrive in their own ways, based on their drive and abilities, without reference to their gender, age, educational background, or related factors. Strengths related to this capital High degree of employee autonomy, workforce highly skilled in fresh food handling, etc.	Data collected from Izumi Co., Ltd.; non-consolidated ● Cumulative total of Izumi University attendees ● Human capital ROI *((Operating profit + labor costs) / labor costs) - 1 ● Employee engagement scores (Company philosophy and strategies / personal growth / wellbeing / feeling appreciated) ● Attrition rate (within three years of joining the Company) ● Ratio of women in managerial positions ● Number of internal reports received	● 100 ● 63.0% ● 67 (+5) / 67 (+5) / 65 (+6) / 65 (+2) *Change relative to FY2022 shown in brackets ● 20.0% ● 14.0% ● 180	● 78 ● 47.9% ● 62 (±0) / 62 (±0) / 60 (+1) / 64 (+1) *Change relative to FY2022 shown in brackets ● 25.2% ● 11.0% ● 138	Connecting our management and human resources strategies as we put our human capital management practices in place will be challenging. We must also develop and implement concrete strategies to unlock the maximum potential and value that each individual can offer the Company.	We will promote concrete policies aimed at meeting the six key challenges we have identified in relation to human capital: human resources development, increasing employee engagement, hiring and retention, DE&I, promoting health management, and compliance.
 Social and relationship capital	Description By providing spaces for local people to relax and working to increase the appeal of local areas through collaboration with governmental bodies and industry, we aim to become central figures in the drive to revitalize communities. Strengths related to this capital The "Youme" brand nurtured for over 60 years since our founding, close community ties through collaboration with local governments, etc.	● Number of agreements signed with local governments, etc. ● Properties of which Izumi is the officially designated management entity	● - ● 14	● 112 As of the end of June 2024 ● 10	Once we have concluded agreements with local governments and other bodies, we must advance concrete initiatives and deliver positive outcomes.	We will further initiatives both allowing us to contribute to local communities and delivering business results for Izumi.
 Natural capital	Description In order to build a decarbonized, recycling-oriented society that can exist in harmony with nature, we will continue working to reduce environmental impacts by curbing our CO ₂ emissions, reducing food loss, expanding our stock of sustainable products, and more. Strengths related to this capital Joint initiatives with customers and local communities.	Data collected from Izumi Co., Ltd.; non-consolidated ● Reduction of CO₂ emissions associated with store operations (compared to FY2013) ● Food waste recycling rate ● Food loss reduction rate (compared to FY2018) ● Reduction in plastic bag usage (compared to FY2018)	(FY2030 targets) ● 50% ● 70% ● 50% ● 80%	● 21.9% ● 43.1% ● 66.1% ● 69.2%	We must not only work to reduce our own CO ₂ emissions (Scopes 1 and 2) but also Scope 3 emissions.	We will explore potential initiatives aimed at reducing not only Izumi's CO ₂ emissions but those throughout our supply chains.

Case Studies of the Value We Offer to Society



Meat raised at local high school sold in Izumi stores

As part of our work to promote local production for local consumption, we sold meat raised by local high school students in Izumi-operated stores.



Sales of Akitakata-yaki, new culinary specialty of Akitakata, Hiroshima Prefecture

Working with the city of Akitakata to bring new energy to its local communities, Izumi developed our own take on Akitakata-yaki (a savory pancake), received certification from the city as a vendor of this dish, and began sales in November 2023.



Opened Ube City Childcare Support Center within Youme Town Ube

We launched the center in May 2023, under a comprehensive partnership agreement with Ube City. The space is being used by families with young children to exchange information and discuss parenting.



We are working to steadily achieve the goals of the 2030 Long-Term Vision

Yasuaki Yamanishi President and Representative Director

Top Message

“About the Ransomware Attack Strengthening DX Investment with a Balanced Offense and Defense”

On February 15, 2024, several servers operated by the Company were hit by a ransomware attack, which destroyed and encrypted our data. This caused a shutdown of our store ordering system, disrupting in-store services and product selection at all Group stores, and partially disrupting our e-commerce site and sales promotion activities. This system failure led to the suspension of use of various other systems, including our e-mail system. As a result, we were forced to use telephone, fax, and mail for internal communications, significantly impacting accounting, accounting and closing, and other operations.

After the attack was discovered, the entire Group worked together to ensure business continuity and early recovery. By May, all systems were largely back to normal. However, the total damage amounted to approximately 2.9 billion yen, including lost “sales” opportunities due to a decrease in the number of customers.

The use of digital technology is an extremely important element of our growth, and we will be investing approximately 16 billion yen in DX over the next five years under the Second Medium-Term Management Plan (MMP2) we are currently promoting. However, the damage caused by this incident has revealed a major problem. The majority of our DX investment has gone into “offense,” such as improving operational efficiency and services, and not much weight was placed on “defense,” such as security.

As the importance of digital technology increases, so does the risk of it failing. If we are going to make aggressive DX investments, we must reinforce our “defense” as much as our “offense. As a manager, I deeply regret that I failed to recognize this. In promoting DX in the future, we intend to establish a double or even triple-layered strong security system with the help of information security professionals. The recent ransomware attack has also prompted the Company to undertake a complete review of its business processes. We will aim for a “creative reconstruction” that will evolve the company into a better state, not just a mere restoration.

“Summary of FY2023 We strengthened our role” at the heart of our communities” in two senses”

In FY2023, the downgrading of COVID-19 to a Class 5 infectious disease in May led to a rapid recovery in the movement of people, which had stagnated across the country. This initiated a turnaround in the performance of the Company’s retail business, especially the Youme Town general merchandise store (GMS), resulting in a 2.4% YoY increase in consolidated operating revenue for FY2023.

The long-standing restrictions on movement and activity imposed during the COVID-19 pandemic have been lifted, allowing our GMS to function as intended. This is symbolized by the sharp



increase in food and beverage-related sales at our larger stores that coincided with the downgrade to Class 5. We imagine this to be the result of many people spending more time enjoying eating out with friends and family again. As part of the life industry, we are overjoyed to once again be a place at the heart of our communities where people gather.

The turnaround in sales was also due to the effects of strategic new store openings and investments in the revitalization of existing stores. In FY2023, we opened three new stores in Fukuoka and Hiroshima prefectures, and made large investments in the revitalization of 12 existing stores to rejuvenate them and provide added value. For example, Youme Mart Buzen (Buzen City, Fukuoka Prefecture), which underwent a major renovation in April, saw a 17% increase in net sales over the previous year. Operating profit decreased due to the cost of opening new stores, aggressive investment in the revitalization of existing stores, and increases in labor costs and SG&A expenses. However, profit was higher than the initial plan, and we believe we have been able to maintain the increase in real profitability that we have achieved.

Steady progress was also made in our efforts to be “at the heart of our communities” in one other sense. While many regional cities are experiencing depopulation and economic decline, we are working with government and industry in a number of regions to revitalize local communities and create cities with growing populations. Having gained the understanding of many local governments regarding this management stance, we were able to conclude comprehensive agreements with many local governments where we opened stores in FY2023. In the future, we would like to contribute to the revitalization of each municipality by making proposals tailored to their situation regarding matters such as the development of safe and secure communities, development, environmental and industrial promotion, and improving resident services.

“ **Progress of the Second
Medium-Term Management Plan**
**We will greatly increase our presence
in the Kyushu area through two M&As** ”

To achieve the goals of MMP2, in FY2024 we will continue to aim to increase earnings through the opening of new stores, the revitalization of existing stores, and M&A, while also accelerating our dominance strategy in each area. In FY2024, we plan to open new stores in Nagasaki, Kumamoto, and Hiroshima prefectures, as well as continue to pursue the large-scale revitalization of existing stores in various locations.

We have high expectations that two recent M&As will advance our growth strategy. The first of these is the M&A of SUNLIFE, Co., Ltd., which became a subsidiary in May 2024. The company operates SM chain with four stores in Oita Prefecture, but it excels in terms of its product selection and creating sales areas that are closely connected to small trading areas, and is very popular with local customers. We hope to take advantage of this M&A to increase our presence in Oita City, where we have yet to establish a foothold. At the same time, we hope to create broad synergies between their supermarkets and our GMS Youme Town Beppu by complementing each other’s functions.

The other important M&A is that of the Kyushu operations of Seiyu Co., Ltd. Through this M&A, the Group will take over 69 stores operated by Seiyu under the SUNNY brand and other brands in the Kyushu region (62 of which are in Fukuoka Prefecture). Seiyu’s Kyushu operations have many stores in favorable locations in Fukuoka City, as well as in Kumamoto, Nagasaki, Saga, and Oita prefectures. It also has net sales of approximately 97 billion yen (actual results for the fiscal year ending December 31, 2022). This succession of operations has increased the Group’s total number of stores to 263 (as of August 31, 2024).

The above two M&As are expected to significantly increase our presence in the Kyushu area. Fukuoka, in particular, is the largest market among our priority target areas, and we are very proud to have taken over the SUNNY brand, which has formed a solid dominance in this area over the last 60 years. Since Fukuoka is located between Kumamoto and Hiroshima prefectures, where we have been focusing our efforts, strengthening our dominance here is expected to have various effects. This includes strengthening the product appeal of the entire Group and improving the efficiency of logistics and sales promotion.

There are many elements of SUNNY’s business that we can learn from, such as its ability to procure fresh food, the strong reputation of its prepared foods and private brand products, and the efficient operations it has developed in the field. We believe that the knowledge and expertise that SUNNY has cultivated can be used to build a new format for our food supermarkets and strengthen the competitiveness of our GMS’ food departments. Just as Youme Town created a new presence amongst GMSs, we hope that this M&A will be a powerful catalyst for the creation of a model for our “new SM business” we hope to establish.

“ **Responding to Increasingly
Polarized Consumer Needs**
**We will enhance our response to
the demand for lower prices by
developing new private brands** ”

In terms of product strategy, we recognize that our challenge remains to restore and increase the number of customers who visit our stores through merchandising that better meets the diverse consumption needs of our customers. In response to the rapid rise in prices, consumers are increasingly polarized between those seeking high value-added and looking for low-priced products. We regret that we were unable to sufficiently respond to this polarization in FY2023. Inflation increased faster than expected in the second half of the year, in particular, and the decrease in consumers’ purchasing power has exceeded tolerable levels. As a result, appealing to affordability has become the main battleground, and we were unable to sufficiently respond to the demand for low prices.

From FY2024 onward, we intend to further respond to consumer polarization in order to improve our competitiveness. To meet the demand for high value-added products, we will expand our product lineup to meet diversifying customer preferences, including quality and health consciousness. This will include *zehi*, our own brand of prepared foods and processed fresh foods, as well as through our *kore-uma* product quality certification process. On the other hand, to respond to the demand for low prices, we will promote measures such as the introduction of Seven & i Holdings’ *SEVEN The PRICE*, their price-focused private brand, as well as partnering with the Nichiryu Group, which engages in joint purchasing and product development in the area of daily necessities. In addition, we intend to focus on developing our own private brand, as well as developing exclusive budget products in collaboration with manufacturers to meet customer demand.

“ **Sustainability Initiatives**
**We will advance down-to-earth
initiatives in the areas of environment,
society, and economy** ”

In order to promote sustainability management, the Company has developed a Basic Sustainability Policy. At the same time, it has established a Sustainability Committee chaired by myself as an advisory body to the Board of Directors with a goal of achieving sustainable management and our growth strategies.

I see the sustainability of local communities and customers, which is also our first materiality, as being the most important aspect of sustainable management. As a company that has grown as a player in “life industry” with close ties to the communities in which we operate, we see employees, customers, and community as being one in the same. Employees are customers, and they are part of the community. Therefore, I recognize that the environmental, social, and economic challenges faced by each community are directly linked to the management challenges of the Group.

For example, in the area of the environment, we are fundamentally reexamining the issue of food loss, which is closely related to our business, from the perspective of resource recycling for the entire region. We are currently working to not only reduce food loss within our own business, but are also promoting region-wide collaborations with our suppliers, producers, and other partners. Based on this down-to-earth approach, we are systematically working on diversity, promotion of women’s participation and advancement, the development of the next generation of leaders, health management, and other issues.

I believe that our various sustainability initiatives are ultimately about energizing local communities and enriching the lives of our customers. Working hand-in-hand with local communities, we will continue to steadily engage in activities that benefit society and our own sustainability, all while gaining a bigger picture and learning from the perspectives of the younger generation.

“ **Message to Stakeholders**
**We will enrich local communities
regions and customers by
furthering our domination strategy** ”

As part of our Long-Term Vision, we have announced our goal of having 300 stores and operating revenue of one trillion yen* by 2030. The goal is not simply to expand the size of the company. What we are really striving for is to build a system in which we can take responsibility for enriching the lives of our customers, and an environment where our employees can work with high motivation every day.

The prerequisite to achieving this is “becoming number one in the region.” Based on this belief, we have consistently pursued a dominance strategy. “300 stores and one trillion yen1*” is less of a numerical target, and more of a rough estimate of the number that will result if our dominance strategy proceed smoothly in our current areas of operation.

How far can our “creative reconstruction” following the unexpected ransomware attack go? What results will our large M&As in the Kyushu area produce? I believe that FY2024 will be a significant year in the Company’s history from a number of perspectives. I hope that all of our all stakeholders will continue to have high expectations for Izumi’s future.

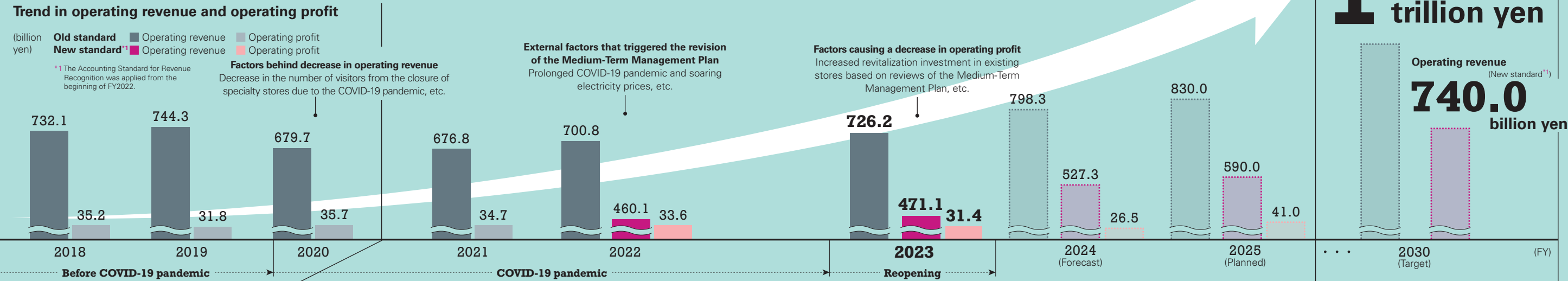
*The number before the application of the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29)

President and
Representative Director

山西泰明

Working Group-wide to enhance our management practices and achieve stable growth

FY2023 presented a challenging business environment with inflation showing no signs of abating. Against this backdrop, we proactively invested in new store openings and revitalizing our existing stores in the aim of achieving our 2030 Long-Term Vision. While this resulted in a decline in profits, the Japanese government’s reclassification of COVID-19 as a “Class 5” disease allowed for an increase in traffic to our stores, and we successfully increased revenue.



The first Medium-Term Management Plan

Initiatives

We opened new stores, took over operation of stores from other companies, formed alliances with two other companies, and revitalized existing stores. We also promoted our program for human resource development that allows employees to study with leading competitors. Further, we committed to expanding our investment in digital areas to enhance our competitiveness, including revamping our e-commerce website and increasing productivity through DX.

Numerical plan and results

	2020 plan	2020 results
Operating revenue	900.0 billion yen	679.7 billion yen
Operating profit margin (sales ratio)	6%	5.5%

Review

We temporarily suspended new store openings in our GMS business due to COVID-19, and growth in this area has slowed. We must work Group-wide to strengthen operations in both this area and our SM business. Responding to changes in the customer service landscape and increasing productivity are further challenges with which we must continue to engage.

The second Medium-Term Management Plan

Basic Strategies

We partially changed our business and financial strategies from the initial plan, and announced them in April 2023.

Key points of change (Target: GMS reform, Food supermarkets (SM) reform, and strengthening Group management)

- Change in investment allocation: We narrowed down our store opening plan from the initial plan of 33 to 20 stores.
- We will shift a portion of investment to revitalizing existing stores and expanding new business areas through M&As and alliances to achieve further growth.

Business strategy

GMS reform	Food supermarkets (SM) reform	Strengthening Group management
● Existing store renovations, and “scrap and build”	● Expansion of store network	● Pursuit of Group synergies
● Strengthening of lifestyle sector	● Development of next-generation SM (food supermarkets)	● Expansion of business areas through M&As and alliances
● Promotion of DX	● Revitalization of existing stores	
● Development of next-generation shopping centers	● Utilization of new plant for prepared food	
	● Promotion of DX	

Enabling digital commerce

- Acquisition of new customer base by strengthening Youme Online
- Deepening of trade-area share by strengthening Youme Delivery

ESG Strategy

- Reduction of CO₂ emissions
- Reduction of plastic packaging
- Food loss reduction and promotion of food recycling
- Strengthened corporate governance

Financial Strategy

Financing:
Financial rating steady at A+

Shareholder returns:
Target dividend payout ratio of 30% or more (progressive dividend policy)

Current progress of our second Medium-Term Management Plan

	2022	2023	2024 (Forecast)	2025 (Planned)
Operating revenue (after application of Revenue Recognition Standard)	700.8 billion yen (460.1 billion yen)	726.2 billion yen (471.1 billion yen)	798.3 billion yen (527.3 billion yen)	830.0 billion yen (590.0 billion yen)
Operating profit	33.6 billion yen	31.4 billion yen	26.5 billion yen	41.0 billion yen
ROA *	7.3%	6.7%	—	7.7%
ROIC	6.4%	6.4%	—	6.9%
ROE	9.0%	7.5%	—	8.7%

* Return on assets (ROA)

Our business strategy has involved opening a new store, Youme Town Iizuka (Iizuka City, Fukuoka Prefecture) in line with our area strategy and utilizing the “scrap and build” method to open a store with a new format, Youme Terrace Gion (Hiroshima City, Hiroshima Prefecture). Alongside these projects allowing us to provide new added value and thereby strengthen our competitive edge, we have expanded our store network through M&A. In addition, we have used investment in DX to advance improvements to service provision for our customers and productivity per person-hour. In parallel, our ESG strategy comprises steady efforts aimed at achieving our environmental KPIs for FY2030 and formulating Group company roadmaps for promoting sustainability. Our financial strategy, meanwhile, has involved announcing our policies on both shareholder returns and maintaining financial stability and clarification of our medium- to long-term targets for various relevant figures going forward, all in the aim of establishing management that takes into account cost of capital.

2030 Long-Term Vision

Achieve a 300-store network centered on the Chugoku, Shikoku and Kyushu regions, and take on the challenge of co-creation with local communities overflowing in “you me (dreams)”

Numerical targets

	2030 targets
Operating revenue (after application of Revenue Recognition Standard)	1 trillion yen (740.0 billion yen)
Operating profit margin Sales ratio (Operating revenue ratio after application of Revenue Recognition Standard)	5.5%*2 (7.1%)

*2 In line with the revision of the figures in the second Medium-Term Management Plan, the initial numerical targets were revised from 6.0 to 5.5

Financial Strategy



Summary of FY2/2024 and Prospects for FY2/2025

Strengthening the response to consumer polarization and improve the gross profit margin

For FY2023 (FY2/2024), the Group achieved a consolidated operating revenue of 471.1 billion yen (a 2.4% YoY increase), operating profit of 31.4 billion yen (a 6.6% YoY decrease), and profit attributable to owners of parent of 20.4 billion yen (an 11.7% YoY decrease), resulting in increased revenue but decreased profit. Aside from the ransomware attack the Company suffered just before the end of the term, we believe that we were able to achieve a safe landing overall. However, if we look closely at the details of the revenue, there are parts that did not go according to the initial plan.

The biggest point of reflection is that we were not able to adequately address consumer polarization. Due to rapid inflation causing prices to rise faster than real wages, there is a noticeable trend among general consumers to curb spending. Meanwhile,

among the affluent, there is a growing tendency to seek higher value-added products, driven by factors such as rising stock prices. As a strategy to address this polarization in consumer spending, the Company has simultaneously expanded our low-priced budget products, and our own high-value-added brand “zehi.” However, the responses have been reactive, and sufficient results have not been achieved.

In FY2024, we plan to revisit our merchandise strategy and capture sales opportunities by promoting products and prices that respond to consumer polarization, ultimately leading to improved gross profit. The performance forecast for FY2024 anticipates an increase in consolidated operating revenue to 527.3 billion yen, with an operating profit of 26.5 billion yen and a profit attributable to owners of parent of 14.4 billion yen. This outlook considers factors such as increased expenses due to M&A activities, continued wage increases and proactive investments, and the impact of the ransomware incident, resulting in higher revenue but lower profits.

Basic Approach of Our Financial Strategy

Continue dynamic growth investments while maintaining financial discipline

The basic mission of the finance department is to maintain financial discipline while allocating optimal funding to support sustainable growth. Over the past decade, the Company has reduced its interest-bearing liabilities to about one-third, and as of the end of February 2024, the equity ratio is 57.3%, which means financial soundness is sufficiently ensured. On the other hand, regarding the allocation of funds, the revised Second Medium-Term Management Plan announced in April 2023 stated that “155 billion yen out of the 180 billion yen operating cash flow for FY2021-FY2025 will be allocated to growth investments such as capital investment, DX investment, and sustainability investment.” However, due to the recent M&A activities involving SUNLIFE Co., Ltd. in Oita and Seiyu Co., Ltd.’s Kyushu Business (SUNNY), the total growth investment amount will significantly increase from the initial plan to over 200 billion yen. The shortfall of approximately 60 billion yen is planned to be covered entirely by interest-bearing liabilities. As a result, the equity ratio is expected to decrease to around 50%, but we believe that financial soundness can be sufficiently maintained at that level.

approached with a strong determination by the entire management team, including myself, to “achieve them at all costs!” What we are particularly focusing on is the target operating profit of 41 billion yen. The immediate challenge is to restore the profits that declined due to the impact of the ransomware attack within this fiscal year (FY2024). We will further strengthen and accelerate our business strategies, including the area strategy in the western Japan region, opening new stores, revitalizing existing stores, and reforming merchandising. In addition to this, I believe that the extent to which we can leverage the positive effects of the two M&As this time, particularly the succession of SUNNY’s business, over the next year and a half will be a major factor in achieving the Medium-Term Management Plan.

The Group, which has grown primarily through the regionally-based GMS Business, has been experimenting for several years to develop the SM Business as a “second pillar.” With the addition of a powerful ally, SUNNY, we are hopeful that the path to evolving into this second pillar will open up rapidly. SUNNY, which operates a highly efficient business model centered on low-cost operations, is a top-class leading company in Japan as an urban food supermarket. I am confident that by each department absorbing their excellent insights and know-how and working together to reform the SM Business, we will surely achieve the goals of the Second Medium-Term Management Plan and the 2030 Long-Term Vision. I also believe that communicating our growth strategy and vision from a medium- to long-term perspective to our shareholders, investors, and other stakeholders is an important mission of mine. I will continue to proactively communicate with our customers, and by having as many people as possible understand our vision for the future, we will improve our corporate value (PBR).

Progress of Second Medium-Term Management Plan and Medium-to Long-Term Outlook

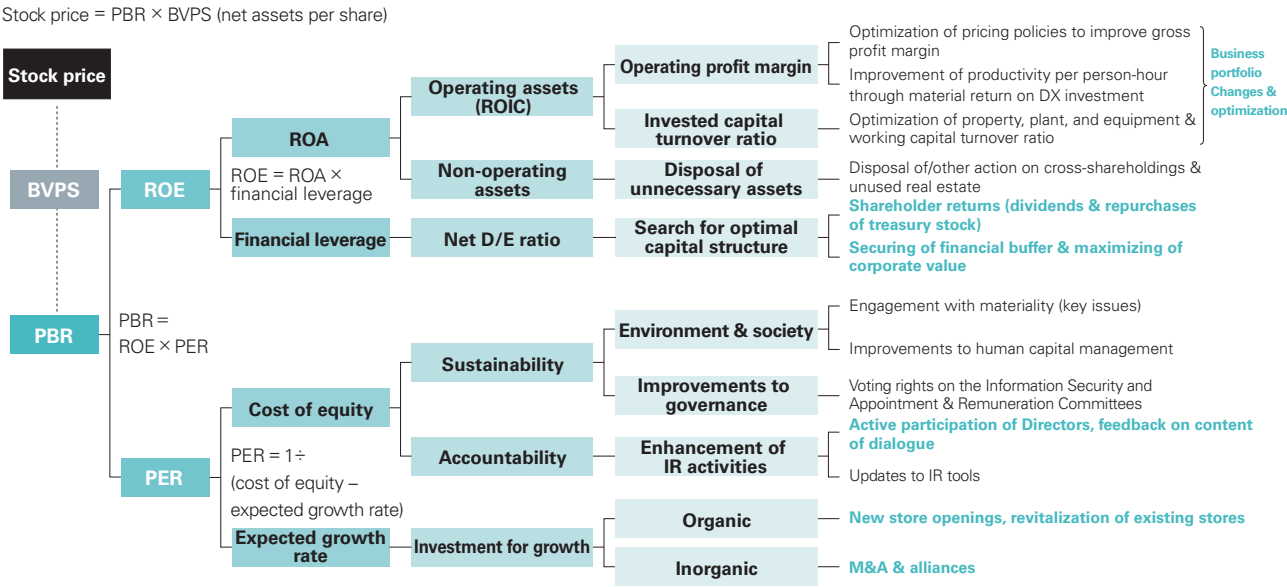
The SM Business is significantly evolving towards becoming a “second pillar” from the effects of M&As

The numerical targets of the Second Medium-Term Management Plan, which concludes in FY2025, are being

Cash flow allocation

Revised Second Medium-Term Management Plan (FY2021–FY2025)			Current prospects		
CFO 180.0 billion yen Cash inflow			CFO 180.0 billion yen Cash inflow		
CFI 155.0 billion yen Cash outflow			CFI 200.0 billion yen or more Cash outflow		
CFO	● New stores, M&A, etc. based on our area strategy ● Investment for revitalization/S&B of existing stores		CFO	● Boosting radical growth by opening stores, M&A, etc. based on our area strategy ● Optimizing our business portfolio through investment for revitalization/S&B of existing stores	
CFI	Capital investment, DX, sustainability: 155.0 billion yen, of which 20.0 billion yen is reserved for M&A		CFI	Capital investment, DX, sustainability: 200.0 billion yen or more (including M&A & other activities)	
CFF	Shareholder returns	Dividends: dividend payout ratio of 30% (target)	CFF	Shareholder returns	● Dividends Dividend payout ratio: 30% or more (progressive dividend) ● Treasury stock Carrying out repurchases in the aim of achieving optimal capital structure & implementing flexible capital strategy
	Financing	● Financing through company funds & interest-bearing liabilities ● Net D/E ratio: up to 0.5		Financing	● Financing through company funds & interest-bearing liabilities ● Net D/E ratio: goal of 0.5–1.0 ● Equity ratio: 50% (for the present)

Logic Tree for Increasing PBR



M&A Strategy

We will promote highly synergistic M&A to achieve our 2030 Long-Term Vision

Policy and future strategy

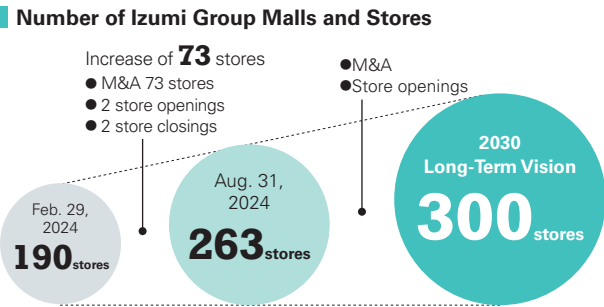
Izumi is promoting M&A as one of the major pillars of its growth strategy. We aim to acquire or collaborate with companies and businesses that can create synergies with our existing operations in the Chugoku, Shikoku, Kyushu regions, and Hyogo Prefecture.

In May 2024, we changed our organizational structure to more swiftly realize growth investment initiatives, such as M&A, which are essential for our future sustainable growth. The Corporate Strategy Section within the Corporate Planning Department has been elevated to a department, renamed the Investment Promotion Department, and is now directly under the Deputy President's supervision.

Subsequently, we acquired SUNLIFE Co., Ltd., which operates four stores in Kyushu, and took over the Kyushu operations of Seiyu Co., Ltd., which operates 69 stores. As a result, the number of our stores in Kyushu will increase, and we expect this to greatly enhance our presence in the region.

As one of the key growth strategies to achieve our 2030 Long-Term Vision of establishing a network of 300 stores and reaching one trillion yen in operating revenue, we will continue to promote our M&A strategy.

* The number before the application of the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29)



M&A in Practice①



May 2024: Subsidiary Acquisition
SUNLIFE Co., Ltd.

Number of stores: **4** stores
(As of August 2024)



Market presence and strengths

SUNLIFE Co., Ltd. is a community-focused grocery store chain primarily operating in Oita City, aiming to become "the most customer-supported store in the region." It has maintained a strong presence in small commercial areas for an extended period.

Performance (FY9/2023)

Net sales	Operating profit
5,795 million yen	60 million yen

Purpose of business succession

SUNLIFE Co., Ltd. operates in Oita City and Hiji Town in Oita Prefecture, areas where Izumi currently has no presence, allowing us to tap into a new market. Additionally, since Oita City is adjacent to Beppu City, where we already have stores, this will create synergies such as streamlining logistics and promotions, as well as sharing products and information within the region.

We believe that this will enable us to expand our market share in the food sector within Oita Prefecture and enhance our influence in the area.

M&A in Practice②



August 2024: Business succession
Seiyu Co., Ltd.'s Kyushu Business

Number of stores: **69**
(as of August 2024)



Market presence and strengths

Seiyu Co., Ltd. has been operating stores in the Kyushu region under the SUNNY brand and other brands. Among them, we are establishing a solid dominant presence in Fukuoka Prefecture, centered around Fukuoka City, which is the largest market in Kyushu and is expected to continue experiencing population growth. Our strengths include high brand recognition among customers, strong connections with local communities, and the strategic placement of our stores in prime locations such as in front of train stations.

In terms of store operations, we achieve high efficiency and low-cost operations. For products, we develop deliciously prepared food leveraging our fresh procurement capabilities, and offer "good quality at a low price!"

Group's presence in the Kyushu area. Additionally, we will leverage economies of scale to further enhance efficiency in procurement, marketing, logistics, and other areas.

In terms of store locations, despite the increased hurdles for opening new stores due to rising construction costs, we will be able to acquire 69 stores all at once, primarily located in prime areas such as in front of train stations and city centers. Furthermore, in an environment where securing talent is challenging, being able to acquire a large number of human resources with thorough knowledge of the SM business is a significant advantage. We also believe that taking over the SUNNY brand, which has been operating stores in Kyushu for over 60 years and has gained strong support from local customers, is also an advantage.

In terms of operations, we aim to absorb the excellent low-cost operation know-how possessed by SUNNY and extend it to the Group's existing SM stores, thereby creating a highly profitable new SM business.

Performance (Kyushu Business)* (FY12/2022)

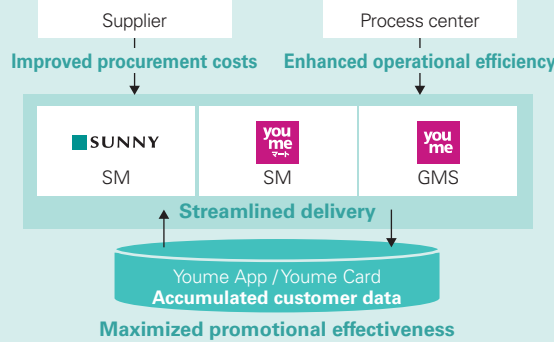
Net sales	Operating profit
96,997 million yen	26,731 million yen

* Due to the difficulty in allocating certain Head Office expenses, we are disclosing the sales and gross profit of the business subject to succession.

Purpose of business succession

The stores included in the business subject to succession do not geographically overlap with our stores in the Kyushu region, and are in an environment where they can complement each other. As a result, business succession provides an opportunity to establish a stronger dominant position than before. This is expected to enhance the

Synergies through succession



Creation of a Highly Profitable "New SM Business"



Ripple effects on existing SM business



Understanding and applying SUNNY's SM management know-how

Creation of a highly profitable "new SM business"

Business Strategy

We will continue to accelerate our business growth and meet the expectations of our customers and local communities

With the revision of the Second Medium-Term Management Plan, we have significantly shifted the focus of growth investment from opening new stores to revitalizing existing stores. We aim to be the “at the heart of our communities” and will continue to develop stores that meet the diverse customer needs that change with the times.

Retail Business

Revitalizing existing stores to rejuvenate them and create new added value

In FY2023, we carried out major revitalization efforts at 12 stores. In April, we opened the first store of the lifestyle brand “studio CLIP” as a franchise business with Adastria Co., Ltd. at Youme Town Yukuhashi. In November, we completely renovated “LECT” in Hiroshima City and opened the second franchise store “Plugs Market” in collaboration with Hands Inc., as well as the next-generation theme park “Little Planet.” We have received positive feedback from our customers by enhancing products and services aimed at parents and those in their 20s to 30s. As a result, sales at large revitalized stores increased by approximately 5% compared to the previous year.

Additionally, as a rejuvenation strategy for aging stores, we are implementing a scrap-and-build approach. We rebuilt the former Youme Town Gion in November, and opened Youme Terrace Gion, which in addition to a directly-operated food sales area, features MUJI and a food court. In September 2024, Youme Town Itsukaichi was rebuilt and reopened as NSC Youme Mall Itsukaichi.

Further promoting responses to consumer polarization, and aiming to enhance competitiveness

As consumers’ price needs have increased due to prolonged inflation, besides implementing measures such as “app coupons” and bargain pricing, we are further strengthening budget product development and introducing low-priced private brand products from the Seven & i Group. In February 2024, we joined the “Nichiryu” Group of Nihon Ryutsu Sangyo Co., Ltd. This will enable us to leverage economies of scale through joint procurement and other means to address low-cost products and reduce costs, thereby strengthening our price competitiveness. We will continue to consider strengthening our in-house product development capabilities in the future.

To promote high-value-added products, we expanded our own brand, zehi, centered on prepared foods, to offer products that meet the diverse needs of customers, such as those focused on quality and health. In addition to taste and quality, by proposing values such as convenience and instant consumption that are in high demand, we will increase our loyal customers and continue to increase the brand’s share of sales going forward, driving revenue growth.

Retail peripheral Businesses

Achieving steady growth in our retail & retail-peripheral business in the post-COVID era

With the transition of COVID-19 to a category 5 infectious disease, sales in the retail business have been strong, leading to an increase in the volume and sales of related operations. In the financial business, we have revamped the design and features of the Youme Card (Yumeca credit card) for the first time in 15 years and have also updated the system. The total number of issued cards reached 10.23 million by the end of

FY2023, driven by the promotion of new memberships for Youme Cards and the digital currency “Yumeca (e-money),” as well as expanding acceptance at external affiliated stores. This has strengthened the foundation of our touchpoints with customers.

At Izumi Techno, the facility management business performed well due to the operation status of public facilities contracted for designated management services and the positive shift in event attendance. At Izumi Food Service, the food and beverage business is experiencing steady growth in its new business formats in addition to its main business formats.

Introduction of New Store Openings

Youme Terrace Gion

A new business format that carries on the commitment to the local community

The store, which originally opened in 1973 as the first suburban large-scale store Izumi Gion Shopping Center, was transformed into a new business model called Youme Terrace Gion through a scrap-and-build process in November 2023. As a store that has been cherished by the local community for 50 years, the concept of aiming to be “a store that the local community can be proud of” remains unchanged. It will continue to aim to be a store that values connections with the community.



Store Manager,
Youme Terrace Gion
Kazumasa Uomoto



Youme Town Iizuka

Opening a store in an untapped area and promoting a dominance strategy

We launched the center in July 2023 on the site of a former wholesale market in Iizuka City, located in the center of Fukuoka Prefecture. By opening a store in the Chikuho area, which had been a blank spot for Youme Town, we were able to advance our dominance strategy in Fukuoka Prefecture. We aim to create a store where customers can experience, relate, and feel excitement by actively proposing products and services that have not been available in this area before. Our goal is to become a presence that is always needed by the local community.



Store Manager, Youme Town Iizuka
Tadayuki Matsumura



Roadmap for New Store Openings We plan to open 20 stores over a five-year period (FY2021-FY2025).

FY2023	FY2024	FY2025
Store opening results	Store opening results	Store opening plan
Fukuoka Prefecture Youme Town Iizuka	Nagasaki Prefecture Youme Mart Shin-Omura	Okayama Prefecture Youme Mall Sanyo (S&B)
Hiroshima Prefecture Youme Terrace Gion (S&B) Yours Higashi Honura (S&B)	Kumamoto Prefecture Youme Mall Koushi	Fukuoka Prefecture Youme Mart Sone (S&B)
	Hiroshima Prefecture Youme Mall Itsukaichi (S&B)	Hiroshima Prefecture Avance minamoa Hiroshima Store
	Fukuoka Prefecture SUNNY Kyudai-Gakkentoshi Store	

Area Strategy

We will accelerate our expansion into new areas while achieving stable growth in existing areas

In the area strategy of the second Medium-Term Management Plan, we reviewed the content of the strategy by dividing store locations into “key areas” and “other store opening areas,” and clarified the area strategy for the western Japan region. We aim to achieve corporate growth by expanding our regional market share to establish a network of 300 stores centered on the Chugoku, Shikoku, and Kyushu regions.

We will accelerate our dominance strategy by expanding into key areas and revitalizing existing stores

We have designated Hiroshima, Kumamoto, Fukuoka, and Yamaguchi as “key areas” due to their large market size and existing market share, and will accelerate our dominance strategy by opening new stores and revitalizing existing ones in these regions. By the end of FY2022, while we opened nine Youme Town stores in Fukuoka Prefecture, one of our key areas, the Chikuho area in the central part of the prefecture remained a blank spot. Youme Town Iizuka, which opened in July 2023, is a key store in the Chikuho area. We believe that we can further promote the Youme brand through the synergistic effect with the nearby Youme Mart. We will also

focus on revitalizing existing stores, which are highly profitable and can be expected to produce solid results even in key areas. At Youme Town Yatsushiro (Yatsushiro City, Kumamoto Prefecture), which was renovated in April 2023, we aimed to attract customers from a wide area and introduced leading tenants that did not exist in the area. By strengthening our appeal to the younger generation, both the number of customers and sales are trending favorably.

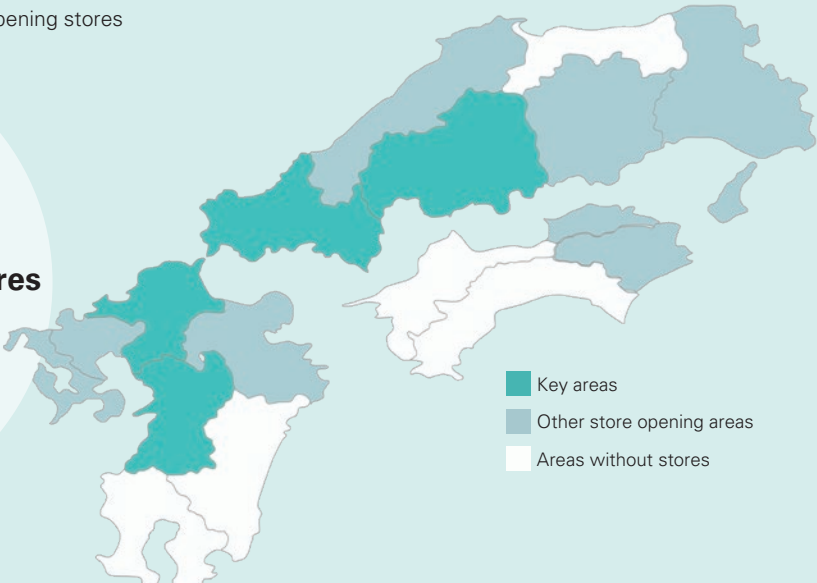
In other store opening areas, such as Hyogo and Nagasaki prefectures, M&A is our main strategy. We will expand the Youme brand by increasing market share through new store openings. We will strengthen our regional dominance infrastructure to achieve a competitive advantage in areas such as product procurement, while also contributing to the development of the local economy and the maintenance and expansion of employment.

Clarify area strategy in western Japan region

- In key areas, accelerate our dominance strategy by opening stores, revitalizing existing stores, M&A, etc.
- In other store opening areas, make M&A the main strategy, and expand the “Youme” brand area by increasing market share while opening stores

Area Strategy

Store opening plan
(FY2021 – 2025)
Planning to open **20** stores
1GMS store, and
19SM stores



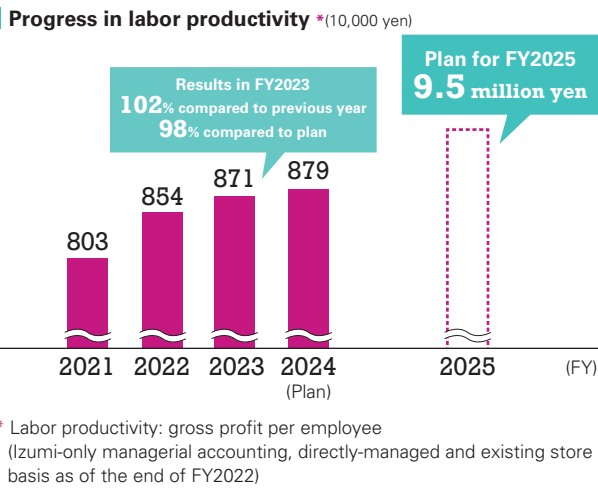
DX Strategy

We will achieve operational efficiency and enhance customer convenience through the promotion of digitalization

The Izumi Group is increasing its competitive edge and achieving business growth and social contributions by advancing customer-, employee-, and community-focused DX. We will complete the recovery from the ransomware attack that occurred in February 2024 and we continue to strengthen our “creative reconstruction” system.

Aiming for further value creation and talent acquisition through productivity improvement with DX

We aim to improve the gross profit margin by promoting business reform through DX and implementing systems utilizing AI to optimize inventory levels and reduce opportunity losses. Additionally, we aim to improve the working environment for employees by reducing man-hours through operational efficiency. The surplus time created will be allocated to improving on-site capabilities, creating additional value, and establishing a more comfortable working environment. We aim to work towards creating a cycle where this productivity improvement leads to better recruitment and employee retention.



Simultaneously promoting both offensive and defensive DX

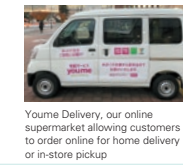
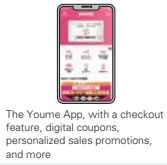
Through “offensive DX,” we aim to realize our management philosophy by improving customer satisfaction, increasing employee productivity, and contributing to local communities and society. On the other hand, as part of “defensive DX,” we are advancing not only system updates but also strengthening our organizational structure.

Overview of DX Strategy

Offensive DX

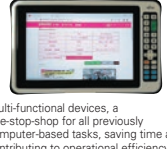
Customers

Creating stores full of smiling faces



Employees

Creating pleasant working environments



Local communities

Creating systems for the future



Defensive DX

We have established a dedicated team for information gathering and analysis, and have introduced IT asset management tools. We will formulate and regularly review our security policy, as well as conduct security training for all employees.

Mission
We aim to achieve both profit growth and a better future

2030
Towards achieving the Long-Term Vision

Creating new value and pursuing sustainability together with local communities and wider society

Izumi formulated our Basic Sustainability Policy in October 2021 in order to adapt to the changing times and respond to societal needs. We are promoting sustainability management that allows us to create new value for society through our business activities and pursue mutual sustainability for society, local communities, and our Company.

Basic Sustainability Policy

1. We will formulate a forward-looking long-term vision and work to solve social issues through our business.

2. We will build strong relationships of trust with all of our stakeholders and fulfill our social responsibilities together through dialogue.

3. We will engage in community-based activities and provide long-term value through activities for the improvement and maintenance of better living environments in order to develop alongside our local communities.

Materiality

We identified the materiality of various issues in May 2022, considering both social issues and issues relevant to our business activities, and taking into account the degree of importance of each issue. Our societies and the environments in which we do business are changing dramatically. Against this backdrop, we will continue to work toward increasing our sustainable corporate value.

Materiality Identification Process

Step1
Issue Identification

Referred to GRI standards, ISO 26000, and SDGs to identify issues in society and in our Group.

Step2
Issue Analysis

Created a Materiality Matrix using the level of impact on society and our Group's business based on the issues identified.

Step3
Selection of Materiality Candidate

Selected 11 materiality candidates based on their importance to society and perceived importance to our Group.

Step4
Materiality Identification

Identified materiality and initiatives with final approval by the Board of Directors in May 2022.

Materiality	Relevant SDGs	Risks	Opportunities	Social issues	Business strategy	Initiatives	Targets	Key initiatives in FY2023
Local communities and customers Creating enriched lives together with local communities and customers	3 Good Health and Well-being 9 Industry, Innovation and Infrastructure 11 Sustainable Cities and Communities	Reduced sales opportunities due to population decline, societal aging, and other factors Insufficient collaboration with local communities leading to inability to open new stores as planned	Increased sales opportunities due to regional revitalization Building trust through increased awareness of our role as part of regional infrastructure	Declining birthrate and aging population Population decline Frequent natural and human-made disasters	Expanding new store openings Comprehensive agreements and agreements for the provision of emergency supplies with governmental bodies	Providing customers with convenient ways to shop (expansion of online supermarket services) Providing products and services that consider various customers, such as senior citizens and single-person households Signing comprehensive agreements and agreements for the supply of goods during disasters Providing places for customers in local communities to gather	20 planned store openings (between FY2021 and FY2025) Promote last-mile solutions, with 5.0 billion yen in e-commerce transactions (FY2025)	Opened 3 stores in FY2023 (total of 8 stores opened between FY2021 and FY2023): 1 large-scale store opened, 2 aging stores rebuilt (S&B) 2.1 billion yen in e-commerce transactions (our e-commerce website Youme Online + our online supermarket Youme Delivery)
Environment Achieving a decarbonized society and efficiently using resources	7 Affordable and Clean Energy 12 Responsible Consumption and Production 13 Climate Action 14 Life Below Water	Physical damages due to rise in natural disasters Surge in purchasing costs due to extreme weather events and rising costs of raw materials	Cost reductions through energy conservation, waste reduction, recycling, etc. Improving our corporate brand as a leading company for environmental sustainability	Impacts of climate change Effective use of resources Reduction of food loss	Reduction of CO₂ emissions Promotion of recycling Reduction of food waste	Reduction of GHG emissions Reduction of plastic containers and packaging, and effective resource use Reduction of food waste and waste generated by stores Implementation of food recycling	Reduce CO₂ emissions associated with store operations by 50% (relative to FY2013) (FY2030) Net zero emissions from store operations (FY2050)	Reduced CO₂ emissions associated with store operations by 21.9% (relative to FY2013) Considered potential partners for off-site PPA aimed at reducing CO₂ emissions
Safety and security Creating value by providing safety and security, and through products and services	3 Good Health and Well-being 12 Responsible Consumption and Production	Customer attrition due to product-related accidents and similar Loss of trust due to infringement of laws and regulations relating to quality control, quality labeling, etc.	Increased customer loyalty Increased sales opportunities through provision of products that meet customer needs	Sales of sustainable products Sales of safe and secure products	Expansion of sales of sustainable products Thorough hygiene management	Thorough hygiene management Expansion of health-conscious and allergen-free products Sustainable procurement of marine and agricultural products	Proportion of products categorized as sustainable (FY2030): 8.9% in Food Division; 15.0% in Delica Division; 8.8% in Lifestyle Division	Drafted sustainable procurement roadmap and KPIs
Diversity Creating an environment where diverse human resources can thrive	5 Gender Equality 8 Decent Work and Economic Growth 10 Reduced Inequalities	Worsened company image, customer attrition, decrease in employee engagement Difficulty in retaining human resources, exodus of employees to other companies	Enhancing our competitive edge through diversity Increased engagement, talent acquisition	Shrinking workforce Empowering women in the workplace Employee engagement	Providing spaces that allow diverse human resources to thrive Creating working environments that empower women	Increased ratio of female managers and employment rate of people with disabilities Gender equality, and support for the young, elderly, and others in playing active roles Creation of a working environment that suits different life stages	14.0% of managerial positions filled by female employees (FY2025) 100.0% of eligible male employees taking childcare leave, etc. (FY2025)	11.0% of managerial positions filled by female employees 90.4% of eligible male employees took childcare leave, etc. Company-wide promotion of the creation of a working environment that encourages eligible male employees to take childcare leave, including by dispatching employees from Head Office to cover during this leave

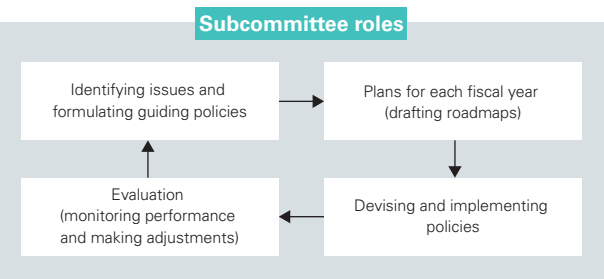
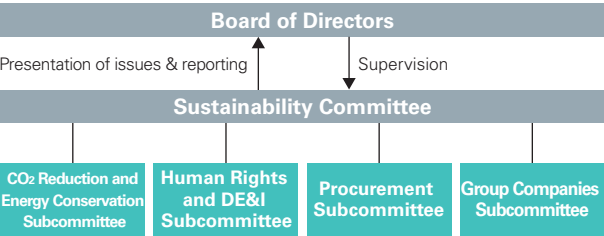
Structure for sustainability promotion

Izumi has established a Sustainability Committee, which acts as an advisory body to the Board of Directors and is chaired by our Representative Director, with the Corporate Planning Department Manager (Director of Management Strategy) and the Marketing Division Manager (Executive Officer for Sustainability) as vice-chairs. The Sustainability Committee deliberates on initiatives aimed at solving sustainability-related challenges.

The Committee met four times* in FY2023, debating initiatives to reduce CO₂ emissions, the Company's course of action relating to human capital disclosure, its sustainable procurement roadmap and KPIs, and more. In FY2024, it will consider concrete measures in line with this roadmap and work toward making the Company better equipped to achieve the related KPIs.

*A planned meeting of the Committee in February 2024 was postponed until April of the same year as we dealt with the aftereffects of a ransomware attack.

Structure for sustainability promotion



Structure (subcommittees)	Role
CO ₂ Reduction and Energy Conservation Subcommittee	Tracking progress on climate change-related targets and drafting measures in this area Discussing measures for the use of photovoltaic systems and renewable energies Drafting plans for and implementing the installation of energy-saving equipment in our stores and beyond
Human Rights and DE&I Subcommittee	Creating and operating human rights due diligence mechanisms Evaluating potential impacts, drafting improvement measures, and providing education relating to human rights risks Action on statutory disclosure
Procurement Subcommittee	Setting targets and drafting measures relating to sustainable procurement Explaining Izumi's procurement policy to our business partners Engaging with suppliers using the Global Compact Network Japan's CSR/Sustainable Procurement Self-Assessment Questionnaire
Group Companies Subcommittee	Sharing sustainability-related information among Group companies Checking each Group company's sustainability measures and progress on targets

List of Executives

Directors

	Yasuaki Yamanishi President and Representative Director	Tatsuya Mikamoto Deputy President and Director	Shigeki Machida Deputy President and Director	Hiroshi Kuromoto Director	Daisuke Yamanishi Director
Date of birth	July 31, 1946	November 7, 1958	April 23, 1967	March 25, 1960	September 25, 1979
Main career history	Dec. 1977 Joined the Company May 1981 Director of the Company May 1982 Managing Director of the Company Apr. 1984 Senior Managing Director of the Company May 1988 Representative Senior Managing Director of the Company May 1991 Deputy President and Representative Director of the Company Mar. 1993 President and Representative Director of the Company (current position)	Apr. 1981 Joined The Sumitomo Bank, Limited (currently Sumitomo Mitsui Banking Corporation) Apr. 2012 Director and Head of the Kyushu Corporate Finance Division of Sumitomo Mitsui Banking Corporation May 2013 Senior Managing Director and Administration Division Manager of the Company Mar. 2021 Director and Senior Managing Executive Officer and Administration Division Manager of the Company Mar. 2022 Deputy President and Director of the Company (current position)	Apr. 1991 Joined the Company Jun. 2013 Executive Officer and Department Manager of Kyushu zone of the Company Feb. 2014 Executive Officer and Clothing Business Department Manager of the Company May 2021 Director and Corporate Planning Department Manager of the Company Mar. 2022 Director and Senior Managing Executive Officer and Corporate Planning Department Manager of the Company Mar. 2023 Deputy President and Director of the Company (current position)	Apr. 1982 Joined the Company Aug. 2003 Department Manager of the Tenant Administration Department of the Company Jan. 2009 Executive Officer and Development Division Manager of the Company May 2020 Director and Development Division Manager of the Company (current position)	Aug. 2005 Joined the Company Sep. 2017 General Affairs Department Manager of the Company Mar. 2020 Executive Officer and Chuo Business Department Manager of the Company Mar. 2021 Executive Officer and Operating Process Reform Division Manager of the Company Mar. 2022 Senior Executive Officer and Administration Division Manager of the Company May 2023 Director and Corporate Planning Division Manager of the Company (current position)
Rate of Attendance at Board of Directors Meetings (FY2/2024)	15/15	15/15	14/15	15/15	11/11 *1
Rate of Attendance at Audit & Supervisory Board Meetings (FY2/2024)					
Number of Shares Held (thousands of shares)	2,054	12	14	7	741

*1 Daisuke Yamanishi, Masahiro Nishikawa, and Hideaki Hisanaga were appointed at the Annual General Meeting of Shareholders held on May 24, 2023, and the number of attended meetings at subsequent Board of Directors meetings after their appointment is stated.
*2 Hideaki Hisanaga was appointed at the Annual General Meeting of Shareholders held on May 24, 2023, and has attended all subsequent Audit & Supervisory Board meetings after his appointment.

Possessed Experience and Skills

Areas in which our directors and Audit & Supervisory Board members have (●) or are developing (○) expertise or experience

Name	Position	Business management Management strategy	Ability to respond to change	Retail experience	Product development Merchandising	Store opening strategy	Financial accounting Finance	Governance Risk management Legal affairs	Personnel & labor Capacity building	ESG Sustainability	IT Promoting digital transformation
Yasuaki Yamanishi	Representative Director	●	●	●		●		●	●	●	○
Tatsuya Mikamoto	Director	●	●			●	●	●	●	○	●
Shigeki Machida	Director	●	●	●	●	●	●	○		●	○
Hiroshi Kuromoto	Director		●	●		●				○	
Daisuke Yamanishi	Director	●	●	●		○	●	○	●	●	○
Masahiro Nishikawa	Outside Director	●	●				●	●		●	
Izumi Yano	Outside Director	●	●	●				●		●	
Naomi Aoyama	Outside Director	●		●					●	●	●
Hideaki Hisanaga	Audit & Supervisory Board Member (Full-time)	○	●	●	●			○		○	
Tomoko Horikawa	Outside Audit & Supervisory Board Member	●	●				●	●	●	●	
Hirotaka Okada	Outside Audit & Supervisory Board Member						●	●			

Audit & Supervisory Board Members

Masahiro Nishikawa Director (Outside Director / Independent Director)	Izumi Yano Director (Outside Director / Independent Director)	Naomi Aoyama Director (Outside Director / Independent Director)	Hideaki Hisanaga Audit & Supervisory Board Member (Full-time)	Tomoko Horikawa Audit & Supervisory Board Member (Outside Auditor / Independent Auditor)	Hirotaka Okada Audit & Supervisory Board Member (Outside Auditor / Independent Auditor)
December 9, 1948	Apr. 14, 1967	May 27, 1966	January 11, 1961	March 9, 1966	February 15, 1957
Apr. 1972 Joined NISHIKAWA RUBBER CO., LTD. Jun. 1979 Director of NISHIKAWA RUBBER CO., LTD. Mar. 1985 Senior Managing Director of NISHIKAWA RUBBER CO., LTD. Oct. 1986 Representative Director President & Chief Executive Officer of NISHIKAWA RUBBER CO., LTD. Jun. 2006 Outside Audit & Supervisory Board Member of Utsumiya Co., Ltd. (current position) Jun. 2017 Representative Director Chairman of NISHIKAWA RUBBER CO., LTD. (current position) May 2023 Outside Director of the Company (current position)	Apr. 1996 Lecturer of Faculty of Commercial Sciences of Hiroshima Shudo University Apr. 2015 Professor of the Faculty of Commercial Sciences of Hiroshima Shudo University (current position) Apr. 2020 Vice President of Hiroshima Shudo University Head of Center for the Co-Creation of Hiroshima's Future of Hiroshima Shudo University Director (current position) and Councilor of SHUDO GAKUEN Apr. 2022 President of Hiroshima Shudo University (current position) Jun. 2023 Director of The Hiroshima Shinkin Bank (current position) May 2024 Outside Director of the Company (current position)	Apr. 1989 Joined Toshiba Corporation Apr. 2000 Joined eLife Inc., General Manager of New Business Development Department Jun. 2004 Established Stylebis Inc., Representative Director (current position) May 2021 Outside Director of the Company (current position) Aug. 2022 Outside Director of ASKUL Corporation (current position) May 2023 Visiting Professor at iU Professional University of Information and Management for Innovation (current position)	Apr. 1984 Joined the Company Nov. 2010 General Manager of the Company's Takamatsu store Oct. 2012 Department Manager of Chuo and Sanin zones of the Company Sep. 2017 Kaizen Promotion Department Manager of the Company Jun. 2021 General Manager of Yumesaito of the Company Mar. 2023 Associate Director of Audit & Supervisory Board Member's Office of the Company May 2023 Audit & Supervisory Board Member of the Company (current position)	Oct. 1991 Certified public accountant, joined Century Audit Corporation Mar. 1999 Retired from Century Audit Corporation Joined Chugoku Mokuzai Co., Ltd., Audit & Supervisory Board Member (full-time) Apr. 2012 Managing Director, Division Manager of the Corporate Planning Division, and General Manager of President's Office Feb. 2015 President (current position) May 2020 Audit & Supervisory Board Member of the Company (current position) Oct. 2022 Chairman and Representative Director of the Board of Chugoku Mokuzai Co., Ltd. (current position)	Jul. 2009 District Director of Takehara Tax Office Jul. 2014 Chief Internal Inspector, Hiroshima Regional Taxation Bureau, Commissioner's Secretariat of the National Tax Agency Jul. 2016 Assistant Regional Commissioner, Large Enterprise and Criminal Investigation Department, Hiroshima Regional Taxation Bureau Jul. 2017 Retired from Large Enterprise and Criminal Investigation Department, Hiroshima Regional Taxation Bureau Aug. 2017 Established a tax accountant office (current position) May 2020 Audit & Supervisory Board Member of the Company (current position)
9/11 *1	—	15/15	11/11 *1	14/15	14/15
			12/12 *2	14/16	15/16
—	—	0	0	—	—

Executive Officers

Hideki Tahara Senior Managing Executive Officer and Administration Division Manager of the Company	Tadatoshi Yanai Executive Officer and Delica Division Manager of the Company
Takayuki Aoki Managing Executive Officer and Tenant Division Manager and Development Division Vice Manager of the Company	Manabu Tanabe Executive Officers and Sales Promotion Division Manager of the Company
Susumu Mizoguchi Senior Executive Officer and Group Management Division Manager of the Company	Kenji Miura Executive Officer and Tenant Division Vice Manager of the Company
Tomohiro Kawasaki Senior Executive Officer and Food Supermarket Division Manager of the Company	Kiminari Taira Executive Officer and Corporate Planning Department Manager of the Company
Mutsuo Abe Senior Executive Officer of the Company and President and Representative Director of Youme Mart Kitakyushu Co., Ltd.	Kozo Okubo Executive Officer and Investment Promotion Business Department Manager of the Company
Keishi Okamoto Executive Officer and Digital Transformation Division Manager of the Company	Taikou Miyatsugu Executive Officer and Personnel Department Manager of the Company
Shinsuke Numamoto Executive Officer and Marketing Division Manager of the Company	Yuichiro Kajihara Executive Officer and Youme Town Takamatsu General Manager of the Company
Masamichi Yamano Executive Officer and Food Division Manager of the Company	Shinsaku Hirose Executive Officer of the Company and President and Representative Director of Izumi Food Service Co., Ltd.
Atsushi Kobayashi Executive Officer and GMS Division Manager of the Company	Tomohiro Teramoto Executive Officer of the Company and President and Representative Director of Youme Mart Kumamoto Co., Ltd.
Takeshi Matsushige Executive Officer and Lifestyle Division Manager of the Company	

Message from Our Outside Directors

Utilizing my expertise in the study of distribution and experience as a university president to contribute to enhancing company governance
Izumi Yano Director [Outside and Independent Director]



I am a researcher in the field of distribution with a focus on agricultural, fishery, and food products, and the president of Hiroshima Shudo University. I became an outside director of Izumi in May 2024, and see it as my role to use the expertise I have developed in my career thus far to contribute to enhancing the Company's governance.

The study of distribution, my area of expertise, is a discipline examining both individual company strategies and profits from sales transactions as these pertain to distribution and big-picture views of the systems allowing us as a society to engage in sustainable and stable distribution of goods. Agricultural, fishery, and food products in particular are vital for our continued survival, and systems allowing their sustainable, stable, and safe provision are therefore essential. Distribution systems are heavily influenced by legal, policy, business, transaction-related, and other circumstances, as well as by the relationships between distribution companies and producers, manufacturers, trading companies, consumers, and other stakeholders. We must assess whether these systems are functioning effectively on the ground within distribution processes and in consumers' lives, and constantly conduct inspections of material results and new challenges. This process requires a big-picture perspective, multifaceted ways of thinking, and a stance that prioritizes actualization of outcomes on the ground. These are also approaches that I emphasize in university governance in my role as president, and I consider them crucial for Izumi and Izumi Group governance, too.

Society has undergone rapid transformation in recent years,

yet the longer an organization's history or the stronger its past track record, the greater its tendency to hesitate in the face of change. Both Izumi and the university of which I am president buck this trend, however, which makes being involved in the management of these organizations extremely fulfilling.

My university has just formulated its long-term vision and in the surrounding discussions, we prioritized remaining true to ourselves and an approach that does not shy away from change. Even as Izumi's Board of Directors takes the three strengths that the Company has cultivated up to the present—regional infrastructure, on-site capabilities, and the ability to respond to change—as a foundation, we also genuinely approach the actual circumstances on the ground and in the wider situation without limiting ourselves to the way things have been done before. We engage in truly lively discussion around what society expects of Izumi and aimed at achieving our vision for the future of the Company. I think that our high level of awareness around the subject of enhancing our governance will be a particular resource for further increasing the Company's social presence.

Going forward, I will both prioritize my objective viewpoint as an outside director and proactively create opportunities to learn about on-site conditions through our stores, while maintaining lines of communication with senior management and employees. Through these efforts, I will contribute to various initiatives that will lead to sustainable growth for the Company and devote my energies to improving the Izumi Group's corporate value.

Monitoring progress on our growth strategy and contributing to increasing employee engagement
Masahiro Nishikawa Director [Outside and Independent Director]



Since my appointment as an outside director in May 2023, I have participated in deliberations on various measures and, within this context, reflected on Izumi's company culture. At NISHIKAWA RUBBER CO., LTD., where I act as Chairman of the Board and Representative Director, we are making efforts to create a company culture that can be encapsulated in the phrase, "diligence in reliability, order in freedom." I feel that Izumi is establishing a similar corporate culture. For example, reading the minutes of a management meeting at which we have discussed key issues will reveal matters that were agreed by majority vote even when President Yamanishi was a dissenting voice. This gives me a real sense of the Company's sound management.

In February 2024, Izumi suffered a ransomware attack, and I can observe that work to build a stronger cybersecurity system is progressing, thanks to the combined efforts of President Yamanishi

and other employees all across the Company.

This year, Izumi took over operation of Seiyu Co., Ltd.'s Kyushu stores, which will allow us to solidify a dominant position in this regional market and benefit from an economy of scale in the Kyushu area. As the Company aims toward operating revenue of one trillion yen* in 2030, I plan to monitor this growth strategy as part of my role as outside director. As the saying goes, "a corporation is its people," and any strategy will go awry if we do not increase the dynamism and enthusiasm that employees bring to their work. Going forward, I therefore hope to be able to share various thoughts on what work engagement looks like at Izumi.

* Izumi has applied the Accounting Standard for Revenue Recognition and related guidelines to our accounts since the beginning of FY2022. This target is for revenue before the application of this accounting standard and related guidelines.

Boosting women's empowerment in the workplace and achieving governance systems allowing Izumi's strengths to shine
Naomi Aoyama Director [Outside and Independent Director]



I feel that Izumi's Board of Directors has ensured diversity in terms of its members' ages, areas of expertise, and places of origin. In our actual discussions, too, we are able to exchange opinions from our various perspectives that leave room for other viewpoints. Going forward, I hope we can engage in more forward-looking, concrete discussions to increase our corporate value.

Recent years have seen steadily growing societal demand for ESG and human capital management, and Izumi has been responding to this need. Against this backdrop, my own experiences of struggling to balance childcare, caregiving, and other responsibilities with my work mean that I am strongly motivated to promote women's professional empowerment. In order to support women's active participation in the workplace, men and women must work together to balance their private and working lives and we need to create working environments where each individual can fulfill their maximum potential. I hope to explore things I can do toward this end in my role as outside director. For example, I

specialize in utilizing generative AI, DX, and other tools in marketing, and I will share my thoughts on this area in the forum of the Board of Directors.

In order to achieve sustainable growth going forward, I believe that we must prioritize the sense of speed and close ties with local communities that are key parts of Izumi's identity and leverage our ability to take action quickly while maintaining a long-term perspective. As a member of the Board of Directors, I will work to utilize the Company's strengths and at the same time facilitate the creation of governance structures that meet the expectations of our shareholders and other stakeholders. I hope that I can continue to enjoy the generous support of all those I work with going forward.

Reason for Appointment

Masahiro Nishikawa	As Representative Director Chairman of NISHIKAWA RUBBER Co., Ltd., a Hiroshima-based company that manufactures and sells automotive parts and other products globally, he has extensive experience and a track record in corporate management. His wealth of knowledge and experience as a corporate manager in the manufacturing industry, which is different from the Company, would greatly contribute to the Company's quality control and productivity improvement. Therefore, the Company has determined that he is an appropriate person to supervise the execution of the Company's business, and has appointed him as an outside director.
Izumi Yano	In her role as president of Hiroshima Shudo University, Director Yano is involved in many aspects of university administration, and possesses extensive experience in organizational management and a wide-ranging network. While her direct involvement in corporate management is limited to her experience in the position of director at The Hiroshima Shinkin Bank, she can boast profound knowledge of food distribution (with a focus on agricultural and marine products) through her academic research and other supplemental activities, including the succession of committee positions she has held, in various regions, relating to the management of central wholesale markets (city or prefectural markets operating with the authorization of the Minister of Agriculture, Forestry and Fisheries). Her considerable expertise and experience in food safety, food waste recycling, and similar topics will make significant contributions to improving Izumi's quality control, the expansion of our food-focused business, and other areas. Based on all of these and other factors, the Company has judged that Director Yano is well-qualified to supervise the execution of our business, and has duly appointed her as an outside director.
Naomi Aoyama	She established Stylebis Inc. and engaged in the consulting business for e-commerce and other areas. Based on her wealth of experience and knowledge in marketing from a consumer perspective, she has provided opinions and proposals for the Medium-Term Management Plan especially on the promotion of digital investment strategies, diversity, and the SDGs, as well as ESG perspectives in business. Therefore, the Company has determined that she is an appropriate person to supervise the business execution of the Company, and has appointed her as an outside director.

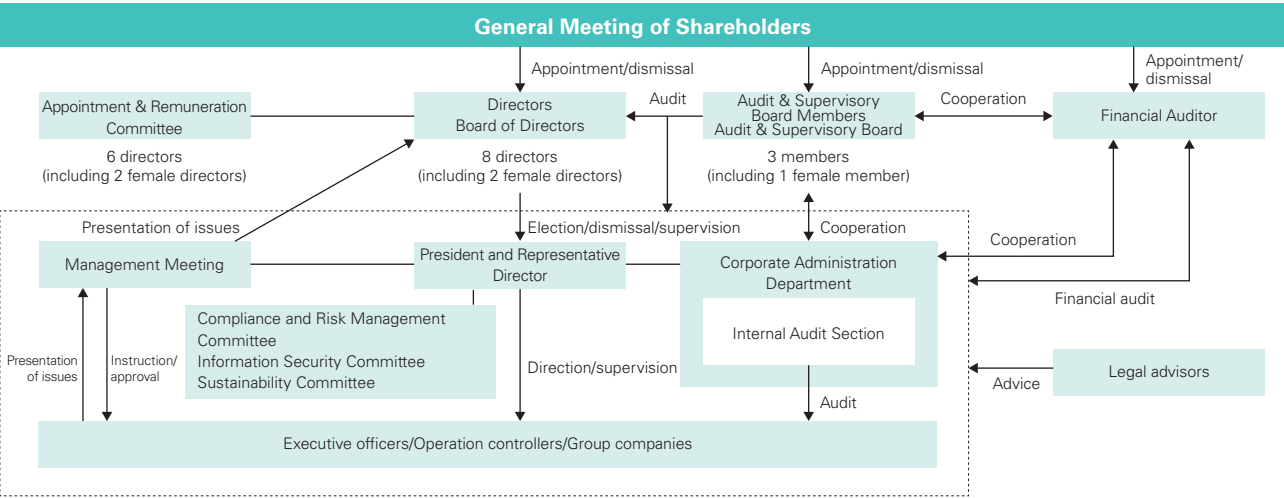
Corporate Governance

Our basic approach

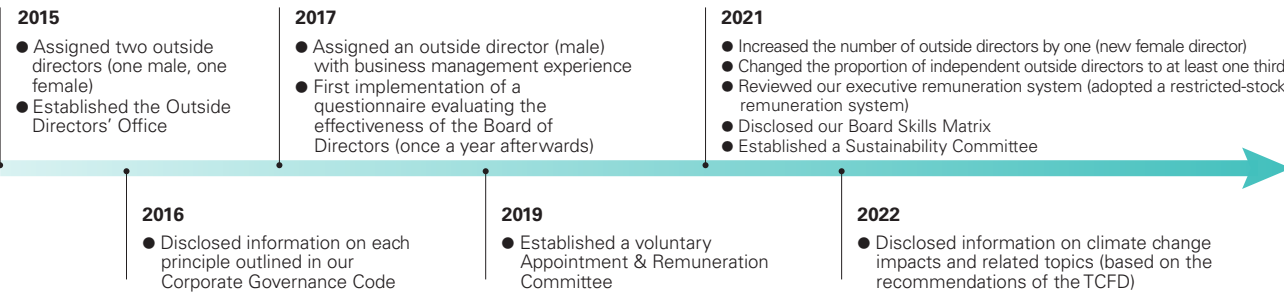
We aim to maximize our corporate value by achieving customer satisfaction while fulfilling our social responsibilities in line with high ethical standards, allowing us to meet the expectations of our customers, employees, business partners, local communities, and other stakeholders. In order to improve corporate value over the medium to long term, we have prioritized

improving the transparency, fairness, and productivity of our corporate activities, and are continuously promoting compliance-oriented management aimed at reforming our managerial framework, establishing various systems, and enhancing our internal control system, as well as working to fully actualize corporate governance that is trusted by our stakeholders.

Corporate governance structure (As of July 1, 2024)



Our transition to a strengthened governance system



Board of Directors

The Company's Board of Directors is composed of eight directors, including three independent outside directors (two of whom are women). We have set the term of office to two years, and are striving to achieve transparent business execution and clarified management responsibilities. The Board of Directors generally meets once a month to fully deliberate and supervise the execution of director duties. In addition to what is stipulated in laws and regulations and our Articles of Incorporation, decisions are made on important matters related to our business in accordance with the rules of the Board of Directors. Board of Directors meetings were held on 15 dates in FY2023, with meetings amounting to an average of 1 hour and 58 minutes.

Key subjects for resolution brought before the Board of Directors in FY2023

	Items raised	Key agenda items
Resolutions	61	Approving business reporting, financial statements, securities reports, corporate governance reports, and other documents; approving internal control plans; determining director remuneration; deciding store openings and closures; revising or repealing key company regulations; disclosure of information relating to our management conscious of cost of capital and stock price, etc.
Reports	36	Monthly performance and other sustainability-related issues, issues relating to information security, progress on properties connected to store openings or investment for revitalization, results of questionnaires evaluating the effectiveness of the Board of Directors, etc.
Discussions	5	Guiding policies for operation of the Board of Directors and operation of the Appointment/Remuneration Committee, action on issues arising in 2024 (logistics, building construction), share policies, etc.

Stance towards the overall balance, diversity, and scale of the Board of Directors

One representative director is selected from among the eight directors, and 19 executive officers are appointed under the representative director and entrusted with business execution. This creates a structure in which Board members' knowledge, experience, capabilities, and other capacities, from a variety of backgrounds, can be leveraged in management, enabling the Board to conclude prompt and appropriate decision-making and equipping it to fulfill a supervisory and advisory function, from an independent perspective, with regard to the execution of business.

Of our three independent outside directors, two have managerial experience gained at other companies. In addition, we have established a voluntary Appointment & Remuneration Committee as an advisory body to the Board of Directors, with all three independent outside directors serving on the committee to ensure objectivity and transparency.

Analysis and evaluation of effectiveness of the Board of Directors

In order to analyze and evaluate the overall effectiveness of our Board of Directors, the Izumi Group surveys all directors and Audit & Supervisory Board members by means of a questionnaire. Based on the results of this questionnaire, the Board of Directors discusses the Board's composition, matters discussed therein, its management, response to any issues raised, and any other relevant matters.

FY2023 process for evaluating effectiveness

Event date	Contents
July 2023	Questionnaire evaluating the effectiveness of the Board of Directors was given to a total of 11 directors and Audit & Supervisory Board members Key factors in evaluation ● Composition of the Board of Directors ● Operation of the Board of Directors ● Deliberations of the Board of Directors ● Response to the issues in previous years' surveys
September 2023	Report on the results of the questionnaire and sharing of issues with the Board of Directors
September to October 2023	Discussions on issues at meeting of the Board of Directors

Next steps following evaluation

The evaluation process identified various key issues for deliberation. These include clarifying our Long-Term Vision, making a clear statement on our vision for Izumi's future, leadership on our growth strategy, considerations around our capital strategy, successor training plans, encouraging delegation, reviewing the term of office to be served by directors, reviewing the proportion of directors' remuneration provided in the form of stock compensation, considering the format of the Appointment/Remuneration Committee, and creating a proactive Board of Directors in order to increase our corporate value. Please see the approaches detailed below as an example of our action on these issues.

Action around clarification of our Long-Term Vision

As part of our work to formulate our Long-Term Vision, we have proposed a project that will combine top-down input with bottom-up contributions from a task force of junior employees, and confirmed the direction that we will move in regarding a new format for our SM business within our growth strategy.

Appointment and dismissal of executives

Appointment and dismissal of executives is decided at Izumi following deliberations and reporting by the Appointment & Remuneration Committee and the deliberation of the Board of Directors.

Assignment of senior management roles (including CEO) and appointment of candidates for the position of internal director are guided by the keywords of "innovation, taking on challenges, and speed," and made on the basis of extensive working experience and knowledge, as well as excellent leadership. We aim to appoint those who possess high ethical standards, an awareness of compliance, and the capacity to perform their duties in order to maximize the Company's corporate value. For the position of CEO, we are working to train a successor with diverse management perspectives and specialist knowledge, in order to appoint a successor with the right qualities to lead our Company.

Candidates for the position of outside director are nominated on the basis of a high level of knowledge and extensive experience in different areas of expertise, as well as their capacity to actively put forward proposals and participate in free and open discussion from a neutral and objective perspective, including commenting on risks such as those related to the new store investments essential for the Company's growth strategy.

Candidates for the position of Audit & Supervisory Board member are nominated on the basis of their specialized knowledge and experience and capacity to conduct fair audits from a neutral and objective perspective, with decisions subject to approval from the Audit & Supervisory Board.

Nominations of candidates for the positions of independent outside director and independent outside Audit & Supervisory Board member are decided with reference to the criteria prescribed by the Tokyo Stock Exchange concerning the appointment of independent executives.

Dismissal of senior management (including the CEO) is decided after consideration by the Board of Directors following deliberation and reporting by the Appointment & Remuneration Committee, in cases including but not limited to those in which the individuals concerned are no longer able to fulfill the above-mentioned essential conditions for senior management or are objectively judged to have significantly damaged the Company's corporate value by failing to comply with regulations or similar.

Director remuneration

The limit for director remuneration is set at 500 million yen (including 30 million yen for outside directors, not including salaries for employees who also serve as directors) by resolution of the General Meeting of Shareholders (revised on May 25, 2018). The amount of remuneration, etc. for the Company's directors and the method for calculating the amount was resolved at the Board of Directors meeting held in February 2021. Based on the decision policy, the amount of remuneration is deliberated by the Appointment & Remuneration Committee, taking into consideration annual evaluations according to the content of the duties of each director. The Company's 60th Annual General Meeting of Shareholders, held on May 2021, approved and resolved the adoption of a remuneration system allowing the granting of restricted stock to directors (excluding outside directors) as non-financial compensation (stock compensation), within the limit for directors' remuneration. The Meeting also approved and resolved the termination of the executive retirement benefits system and a final retirement benefits payment accompanying this termination. As a guide, the ratio for basic remuneration: performance-linked remuneration: non-monetary remuneration is 60:25:15 (if KPIs are 100% fulfilled).

Details and calculation method for remuneration

Basic remuneration	The Company's basic remuneration for directors comprises a monthly fixed remuneration, set in consideration of a comprehensive range of factors, including position, working responsibilities, and the Company's financial situation.
Performance-based remuneration	Performance-based remuneration is a cash remuneration that reflects key performance indicators (KPIs) in the aim of increasing awareness of each fiscal year's performance improvements. It comprises a sum calculated on the basis of individual evaluation and the degree to which target figures for ordinary profit and other metrics in each fiscal year are met, awarded each year as an end-of-year bonus during a fixed period following the end of the fiscal year in question. Target KPIs and their figures are set in the planning stage, in conformity with the Company's Medium-Term Management Plan, and are reviewed if necessary to adapt to changes in circumstances with consideration of the reporting of the Appointment & Remuneration Committee.
Non-financial compensation	Non-financial compensation provides an incentive to work toward sustainable improvement of corporate value. It also aims to promote a greater sense of sharing value with shareholders, and comprises stock compensation awarded each year during a fixed period and using restricted stock with a transfer restriction period operative until the date upon which the director ceases to hold his or her position, as determined by the Company's directors and other members of the Board of Directors. The number of shares allotted to an individual director is determined by multiplying a standard level of stock compensation (calculated by multiplying the sum of the individual director's fixed remuneration by a coefficient determined by his or her position) by a coefficient (0.90 to 1.10) expressing the degree to which the Company's performance targets were met, which the sum is divided by the share value at the time of allocation. The total value of non-financial compensation by a restricted share-based remuneration plan will be set within the aforementioned limit for directors' remuneration and an annual limit of 100 million yen, while the maximum number of the Company's common shares that may be issued or transferred to the director is set at 50,000 shares per annum.

Amount of Remuneration, etc. for each Officer Category (FY2023)

Officer Category	Total remuneration, etc. (million yen)	Total remuneration, etc. by type (million yen)			Number of eligible officers
		Basic remuneration	Performance-based remuneration, etc.	Non-financial Basic remuneration compensation, etc.	
Directors (excluding outside officers)	334	236	54	44	6
Audit & Supervisory Board Members (excluding outside officers)	13	13	—	—	2
Outside Officers	26	26	—	—	6

Cross-shareholdings

As a general rule, it is the Company's policy not to hold cross-shareholdings, and we will continue to gradually reduce those we currently hold.

The Board of Directors will consider, as necessary and from the perspective of our medium-term management plan, whether it is advisable to retain any shares held, and disclose the results of this review. Exercising the voting rights attached to shares held is carried out on the basis of judgments as to whether the proposals in question will contribute to sustainable growth and medium- to long-term improvements in corporate value for the Company concerned, and whether they could damage shareholder value.

Dialogue with shareholders and investors

The Company aims to achieve sustainable growth and increase corporate value over the medium to long term through constructive dialogue with shareholders. This dialogue is supervised by the President and Representative Director, with the basic principle of having senior management participate in meetings within a reasonable scope, taking into account the wishes of shareholders and the main matters of interest. For example, opinions and concerns raised by shareholders are reported at Division Manager Meetings and fed back to management. In addition, the Company complies with laws, regulations, and related rules, manages insider information appropriately, and strives to understand the shareholder structure as necessary. The Corporate Planning Department is in charge of IR, cooperating with the General Affairs Department and other related departments, and disseminating information to individual shareholders and institutional investors.

In FY2023, the Company held a briefing session for analysts and institutional investors summarizing our financial results and management policies after the semi-annual and annual announcements of our financial results. In addition, communication is actively promoted by exchanging opinions through individual meetings, participating in conferences held regularly by securities companies, site visits, and more.

Major IR and SR Activity Results in FY2023

Item	Frequency in FY2023
Annual General Meeting of Shareholders	1
Financial Results Briefing (Large meetings)	4
Small meetings	9
Individual meetings, etc.	112(total)
Overseas investor conferences	4
Overseas roadshows	6
Site visits	3

Compliance and risk management systems

The Compliance and Risk Management Committee is administered by the Corporate Administration Department, which is independent from other divisions, and meets once a month. Compliance and Risk Management Committee members selected from each division of the Company and each of our Group companies attend these meetings to report on and discuss the Group's overall compliance training and risk monitoring activities. The results of these discussions are reported to our directors and Audit & Supervisory Board members.

In addition, to ensure full compliance with the law in our business activities and raise awareness around this issue, the Company has set up an internal reporting system, the "Izumi Hotline." The Company is also committed to preventative measures against the various risks that may be faced by the Company and our Group companies. To handle such risks as may arise in our business activities, we have set up a company-wide

communication structure with the primary aims of securing the safety of our customers and minimizing damages and other losses. This structure puts in place a system allowing an Emergency Response Headquarters to be established immediately in the event of an earthquake or other emergency. These Headquarters are led by by our Deputy President and Director, and our general sales supervisor.

Business, etc. risks

The major risks that the President and Representative Director recognizes as potentially having a significant impact on the Group's financial position, operating results, and cash flows are as follows.

Forward-looking statements and major responses are based on the Group's judgments as of August 31, 2024, and business, etc. risks are not limited to the table below.

Item	Major Risks	Major Response
Information Security	● Diversifying and sophisticated computer viruses, cyber attacks, management errors by employees and contractors	● We have established an Information Security Committee aiming to achieve preventative measures against risks such as loss, destruction, falsification, or leaking of information. We have appointed individuals responsible for information security and an administrator in each division, and are building and operating a system able to guarantee effective information security measures ● Worked to strengthen our cyber security system by implementing the measures required to prevent a reoccurrence with all due speed, including establishing the position of chief information security officer (CISO), establishing a defense-in-depth security framework, and enhancing our monitoring system
Food Safety	● Food accidents such as food poisoning or foreign matter contamination or food labeling errors	● Strengthen the organization in charge of quality control and product labeling ● Thorough hygiene management and food labeling in accordance with HACCP ● Regular microbial testing of in-store prepared food
Natural Disasters	● Impacts on our business activities as a result of breakdowns in societal infrastructure ● Loss of community and societal trust and damage to our brand if we do not enact the aforementioned disaster-response measures	● Introduced a safety monitoring system to immediately check in on the personal safety of our employees and their families in the event of a disaster ● Formation of a disaster-response headquarters in the event of a disaster
Personnel and Labor	● Changes in personnel and labor-related laws and regulations and systems, labor supply and demand due to the progress of the low birthrate and aging population, and other changes in the business environment	● Created working environments and human resource training giving employees the option to choose flexible ways of working tailored to their individual circumstances and allowing all employees to thrive based on their drive and abilities, without reference to their gender, age, educational background, or related factors
Business Continuity	● In the event of a large-scale natural disaster that exceeds expectations, damage to buildings and equipment of business hubs such as stores, interruption of various infrastructures, suspension of information systems, disruption of supply chains and absence of decision makers, etc.	● Formulated basic policies in the event of a large-scale disaster in the regions where our business hubs are located ● Formulated business continuity plans (BCPs) and established business continuity management (BCM) systems at each business hub
Market Fluctuations	● Influence of weather, economic conditions, personal consumption trends, competition with other retail companies, etc. ● Losses due to lower profits from existing stores and new stores in the future, or store closures due to these fluctuations ● Impact of higher-than-expected fluctuations in interest rates, foreign exchange rates, stock prices, etc.	● Capital investment through the procurement of interest-bearing liabilities
Regulatory and Institutional Trends	● Impact of official regulations, loss of liability for damages, etc., and loss of customer confidence resulting from a situation such as the sale of problematic products due to an unforeseen reason ● Due to revisions to the Act on the Measures by Large-Scale Retail Stores for Preservation of Living Environment, City Planning Act, and Building Standards Act, as well as changes in regulations established by prefectures, etc., difficulty in opening new stores or renovating existing ones, and a decreased number of potential store openings in the future	● Compliance with various legal regulations such as the Antimonopoly Act, consumer protection-related acts, environmental and recycling-related acts, and the Personal Information Protection Act

Report on Ransomware

Summary of the incident

On February 15, 2024, the Izumi Group was attacked by ransomware that encrypted a portion of our servers, among other damages. Our first priority was preventing the ransomware from spreading, so we immediately isolated the entire Group’s networks. We established a task force to respond to the attack on the morning it occurred, which took advice from external experts, began surveying the extent of the impact and other factors, commenced recovery protocols, and consulted with the police on the same afternoon.

As we handed over investigations to an external expert body, we received a report that our communications equipment that receives external communications (our VPN routers) had been targeted, the attacker had infiltrated the Group’s servers directly, and a portion of our data had been rendered unusable.

Task	Impacts
Store operation	- Disrupted store ordering system (impact on range of products available in-store), unable to circulate flyers - Restricted functionality of our app, Youme App (in-app coupons, etc.) - Youme Online (our e-commerce website) and Youme Delivery (our online supermarket) temporarily shut down
Accounting	Disrupted invoicing of and payments to business partners
Financial results	Delayed announcement of financial results

Personal information

As of the end of August 2024, we have no clear evidence that personal information held by the Izumi Group has been leaked; however, we cannot completely rule out the possibility that this information has been accessed. The situation was therefore reported to our Personal Information Protection Committee, and notices were then sent by post or through the Youme App to all individuals to whom notification is mandated by law. No credit card data was leaked in this attack. This data is processed on a separate system to the one subject to the attack.

Future action

The Izumi Group as a whole will strengthen its resilience against today’s continually evolving cyber attacks at both a systems level and a training level.

Challenges	Measures to prevent future attacks
Building a system for data collection and threat analysis	Establish a dedicated team to collect and analyze security information
Visualization and management of IT assets	Introduce IT asset management tools for network devices, servers, computer terminals, etc.
Routine security inspections and vulnerability assessments	Have routine security inspections and vulnerability assessments carried out by an external specialist security vendor
Formulation and updating of a security strategy and accompanying policies	- Formulate security policies and regularly review them - Appoint a chief information security officer (CISO) in order to strengthen our cyber security systems
Security training for employees	Deliver regular security training programs for everyone from new recruits to those in managerial positions

Impact on our business

Our business was impacted by the ransomware infection in March and April 2024, but has shown a gradual upward trend since our systems recovered in May. From H2 onward, figures relative to the previous year’s performance will return to the levels seen prior to the attack, and we will achieve our growth potential.

Net sales compared to previous year for existing stores (%)

	December 2023	January 2024	February 2024	March 2024	April 2024	May 2024	June 2024	July 2024	August 2024
Directly managed	99.7	100.4	99.5	93.9	89.9	97.0	102.9	96.4	104.1
Total	99.3	101.9	101.7	97.7	94.0	98.3	105.7	98.0	105.5

Our vision for 2050



In our aim to be a sustainable company that contributes to both local communities and our planet, we have established our “you me MIRAI (future) Action” plan, which sets out the vision we hope to achieve by 2050. As part of this process, we have established numerical targets and an action plan, and are working toward these at a Group-wide level.

you me MIRAI Action

Vision	Specific initiatives	FY2023 results	2030 targets	2050 vision
Decarbonized Society	Reduction of CO ₂ emissions	Reduce CO ₂ emissions associated with store operations by 21.9% (relative to FY2013)	Reduce CO ₂ emissions associated with store operations by 50% (relative to FY2013)	Net zero emissions from store operations
			Reduce not only our own emissions (Scopes 1 and 2) but also Scope 3 emissions, for reductions throughout our supply chains	
Recycling Oriented Society	Action on plastics	Plastic bag usage reduction rate of 69.2% (relative to FY2018)	Plastic bag usage reduction rate of 80% (relative to FY2018) Switch to biomass and similar materials for grocery bags	Reduce use of plastic bags to zero
	Measures for cutting food loss and food waste recycling	Cut food loss by 66.1% (relative to FY2018)	Cut food loss by 50% (relative to FY2018)	Cut food loss by 80% (relative to FY2018)
			Recycle 43.1% of food waste	Recycle 70% of food waste
A Society in Harmony with Nature	Protection of biodiversity	Begin exploring possible guidelines and formulation of a code of conduct concerning biodiversity	Expand provision of sustainable products and promote ethical consumption	

Contributing to a decarbonized society

Information disclosure based on TCFD recommendations

Izumi endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in June 2022. In order to fulfil our climate change-related responsibilities to our stakeholders, we are engaging in sustainable management practices by acting on the recommendations of the TCFD and carrying out analysis of climate change risks and opportunities.

Governance

Sustainability management allows us to create new value for society through our business activities and pursue shared sustainability for wider society, local communities, and our Company. In order to promote this management approach, we have established a Sustainability Committee, which acts as an advisory body to the Board of Directors. Its CO₂ Reduction and Energy Conservation Subcommittee plans, drafts, and makes recommendations for our climate-change related strategy and initiatives, and reports back to the Sustainability Committee. Details of discussions held within the Committee are presented and reported to the Board of Directors

Strategy

In FY2022, we identified major climate change risks and opportunities for Izumi and carried out scenario analysis designed to help us plan a business strategy that will reduce risks and expand opportunities. We considered impacts likely to be felt in 2030 in two scenarios, a 4°C scenario and a 1.5°C scenario (as well as a 2°C scenario in some cases), and defined the measures we will take in response to high-impact risks and opportunities.

We also evaluated the specific financial impacts these may engender. In our assessment of financial impacts on our business according to our analysis of a 1.5°C scenario, we performed trial calculations of the anticipated impacts of different categories of risk on our revenues. In the category of physical risks, we calculated the losses we might expect from flood or storm surge damages, interruption of business, and other adverse events (1.636 billion yen). In the category of transition risks, we estimated costs associated with adopting carbon taxation and emissions trading (2.27 billion yen).

We will respond to risks by identifying measures to further strengthen our ability to avoid or mitigate them, while opportunities will be proactively incorporated into our business.

Risk Management

We conduct scenario analysis in order to understand the various risks and opportunities that will result from climate change and continually evaluate the suitability of our strategy. Our Sustainability Committee also deliberates on and manages risk in order to enhance our competitive edge.

Risks are identified through a process of consideration by the Sustainability Committee, after which they report to the Board of Directors. Risk severity is evaluated through scenario analysis, which involves qualitative and quantitative impact evaluation for a full understanding and assessment of the degree of financial impact that climate change is likely to have.

Climate change-related matters, including risk management, are deliberated on and coordinated around by the Sustainability Committee, under the supervision and instruction of the Board of Directors. The Committee also collaborates with relevant Izumi departments and Group companies, leading the identification of risks and opportunities and working to gain a full understanding of the situation.

Indicators and Targets

Izumi has identified the combined goal of achieving a decarbonized society and efficiently using resources as one of our materialities (see page 29). On the road to this goal, we set reducing CO₂ emissions associated with store operations by 30% (relative to FY2013) by 2030 and reducing CO₂ emissions associated with store operations to zero by 2050 as KPIs in our 2021 Medium-Term Management Plan. In May 2022, we revised the first of these targets from a 30% reduction in CO₂ emissions associated with store operations (relative to FY2013 and by 2030) to the more ambitious goal of a 50% reduction.



For further details on our action on climate change, please see our sustainability website (in Japanese).
<https://izumi.co.jp/sustainability/environment/>

Expanded utilization of renewable energy

We began generating solar power in 2015 and began installation of solar panels on store roofs in 2021 through a power purchase agreement (PPA) model. As of February 2024, solar panels have been installed at 23 stores, reducing CO₂ emissions by 2,889.87 tons. Youme Town Iizuka (Iizuka, Fukuoka Prefecture), Youme Mart

Saijo (Higashihiroshima, Hiroshima Prefecture), Youme Terrace Gion (Hiroshima, Hiroshima Prefecture), and Youme Mart Shin-omura (Omura, Nagasaki Prefecture) all run on 100% renewable energy. We also signed an agreement with Chugoku Electric Power Co., Inc. in July 2024 to meet 100% of the total electricity needs of five of our stores in the Chugoku Region with renewable energy.

In addition, our Group companies are moving forward with their own initiatives, with Youme Mart Kitakyushu Co., Ltd. following the above PPA model, for example. Currently, solar panels have been installed at two of its stores, with the plan of increasing this number to 13 by 2030.

Advancing energy conservation

In the aim of furthering energy conservation, we are working to switch to LED lighting and upgrade chiller and temperature control equipment.

We are proceeding with the switch to LED lighting on our stores' sales floors, and have completed this switch for our directly-managed sales floors. We are currently progressively switching to LED lighting for backrooms, parking lots, and specialty stores, and aim to complete this transition by FY2026.

Upgrades to our chiller equipment include covering chiller display cases at night with covers that prevent cold air loss, thereby saving energy. We have also introduced inverter systems in all stores, centralizing control of chiller equipment. These systems reduce energy consumption while automatically maintaining optimal temperatures within the units 24 hours a day.

We are upgrading temperature control equipment through an ongoing switch from conventional air conditioning units powered by heavy oil to electric air conditioning equipment when refurbishing stores or carrying out other works. We have so far completed this switch (as of February 2024) in 21 of 30 applicable stores. By installing electric air conditioning equipment, we are reducing associated emissions of the greenhouse gas CO₂ by approximately half, contributing to curbing global warming.

In addition, we have been using E-nudge® systems since FY2021. These systems feature an AI that provides advice on optimal energy-saving behaviors, such as reminders to make sure to turn off the air conditioner when leaving your workroom, allowing employees to deliberately engage with these behaviors in the course of their work and leading to reduced energy consumption.

Acting on the shift toward a recycling-oriented society

Effective use of food resources and reducing food loss

Vegetable peelings, waste oil, and other food waste from our stores is sorted in accordance with governmental rules and consigned to specialist operators for recycling. For example, we make effective use of food resources in Higashi-hiroshima by having food waste from our four stores in this city turned into organic fertilizer by the local Futaba Sankyo Corporation.

In the aim of reducing food loss, we run the Mogumogu Challenge in 99 of our stores (as of February 2024). With this initiative, products close to their best-before or use-by date are labelled with a Moguni sticker and customers who purchase these items can collect the stickers for entry into prize draws or trade them in to donate 1 yen per sticker to volunteer-run cafeterias providing free or low-cost meals to children. In FY2023, 751,853 Moguni stickers were collected. We are also contributing to reducing household food loss through initiatives like food drives, held at 70 stores (as of February 2024), in which we accept customer donations of their households' unused food items and deliver these to those who need them. We have delivered food products donated by customers to 28 organizations.

Action on plastics

In 1997, the Izumi Group started a campaign encouraging shoppers to bring their own bags, which many customers have taken up. We currently have a target of reducing use of plastic bags by 80% by FY2030 (relative to FY2018), and successfully hit a usage reduction of 69.2% in FY2023. We are also making efforts to reduce use of petroleum resources by switching to plastic bags made from 25% bioplastic (plant-derived polyethylene) at all our stores. This is expected to reduce annual CO₂ emissions by 292.3 tons.

We replaced plastic cutlery with wooden and paper alternatives in March 2022, saving 22.48 tons of CO₂ emissions in FY2023. In October 2022, we also began a bottle-to-bottle "horizontal recycling" scheme, collecting used PET bottles and recycling them into new ones. We are working with Suntory Beverage & Food Limited to set up collection units at our stores, and the units already in place at 30 stores (as of February 2024) have already collected 8,610,705 PET bottles.

Sustainable procurement

Formulation of our procurement policy

We have formulated a procurement policy as part of our aim to be a company that fills our employees with pride and joy as we continue contributing to communities and our customers' lives. Establishing this policy will help Izumi and everyone involved in our business—from our executives and employees to our business partners—fulfil the social responsibilities associated with our product manufacturing processes.

In FY2023, we formulated a sustainable product procurement roadmap and related KPIs. We have set 2030 targets of 8.9% of Food Division products, 15.0% of Delica Division products, and 8.8% of Lifestyle Division products being categorized as sustainable.

Procurement policy

1. Provision of safe, secure products
2. Compliance with laws and regulations
3. Respect for human rights
4. Improving working conditions
5. Fair trading
6. Data protection
7. Environmental protection
8. Contribution to local communities
9. Building and operation of systems geared toward practical use

Encouraging CSR procurement

Izumi and our business partners share the goal of encouraging CSR procurement for a more sustainable society. In the aim of furthering this goal, we surveyed business partners attending the Izumi Conference, using the Global Compact Network Japan's CSR/Sustainable Procurement Self-Assessment Questionnaire, in October 2023.





We aim to come together with our customers and local communities to build a sustainable society.

Hiroyuki Asami, Sustainability Planning Department Manager, Marketing Division

In the aim of building a sustainable society, Izumi has set out its "you me MIRAI (future) Action" plan. In addition to our own initiatives as part of this plan, we are also working with our customers and local communities—through events held in-store and activities aimed at conserving resources—to reduce environmental impacts, and are making steady progress toward our 2030 targets. Going forward, we will continue to work together with local community members to make a range of efforts in the aim of achieving a decarbonized society and efficient utilization of resources.

Our Human Resources Strategy



Basic approach of our human resources strategy

Identifying six key challenges relating to human capital

I was appointed Manager of Izumi’s Administration Division in May of this year. In my previous position with a financial institution, I worked within its framework to help a diverse range of corporations solve their management-related challenges. This experience has allowed me to develop expertise that I hope to bring to bear in my new role in management.

In recent years, there has been a fresh focus in business management on the importance of human capital. Meanwhile, in March 2023, it became mandatory for listed companies to disclose information on a variety of subjects, including human resources development, diversity, employee engagement, and compliance. Izumi has fulfilled this requirement through disclosures in our securities reports. At the same time, we identified six key challenges concerning human capital, setting KPIs and launching concrete initiatives relating to each issue (see page 45).

Of these six challenges, I consider recruitment and retention of human resources to be a particularly urgent issue. With workforces continuing to shrink in non-metropolitan areas, Izumi faces extremely challenging conditions when it comes to

recruitment of human resources. In order to secure as many talented human resources as possible, we are committed to creating employee-friendly working environments for all of our staff. Initiatives toward this aim include launching year-round hiring of mid-career workers and hiring for specific specialist positions (rather than the common Japanese practice of roles being assigned post-hiring), enhancing our performance review and ongoing support systems for junior employees, paying housing subsidies and scholarships, providing financial assistance for employees to visit their hometowns, and establishing a category of employees who are exempt from job transfers requiring relocation.

Providing plentiful opportunities for growth is another important factor in making Izumi an attractive choice on the job market. Examples of our efforts in this area include incorporating lectures from external instructors and training with overseas retailers and distributors into the curriculum of Izumi University, the program we run for the development of our next generation of management executives. I hope to expand these kinds of opportunities for exchange with bodies and processes external to the Company to junior employees, thereby creating structures allowing us to support their individual growth and learning as a company.

Promoting DE&I

Creating a corporate culture that embraces diverse values

Another of my priorities for enhancing our human capital is the promotion of diversity, equity, and inclusion (DE&I). This is founded on my belief that the creation of a working environment where diverse human resources can thrive is a necessary precondition for companies aiming to achieve sustainable growth in our rapidly changing times.

As a company with a high proportion of female employees, we have a policy of ongoing commitment to promoting women’s advancement in the workplace. At the same time, we are facing what I consider to be an impending crisis in the recent trend among younger employees, both male and female, of expressing active disinterest in management positions and avoiding promotion. I believe that changing the image of the “management position,” based as it currently is on conventional values, must be a factor in breaking this impasse.

This problem also has connections with the acceptance and implementation of diverse ways of working. In the current talent market, what job seekers want from employment is remarkably diverse, including individuals looking for experience in a wide variety of job types in a short period of time as they aim to further their future careers, and those prioritizing their own time and deliberately not pursuing full-time employment. To secure the human resources we need within this context, we must develop systems and programs that respond to these diverse requirements, such as shortened working hours, working from home, and work experience opportunities.

Going further, I believe that we must completely overhaul our future approaches, within business management, to the concepts of jobs and labor. The arrival of generative AI and other factors mean that ways of working are likely to change for many tasks and job types going forward. I hope to encourage a corporate culture in which human resources who are diverse in a wide range of ways—including not only gender, but also age, nationality, and career stage—can thrive, and where this diversity will lead to innovation.

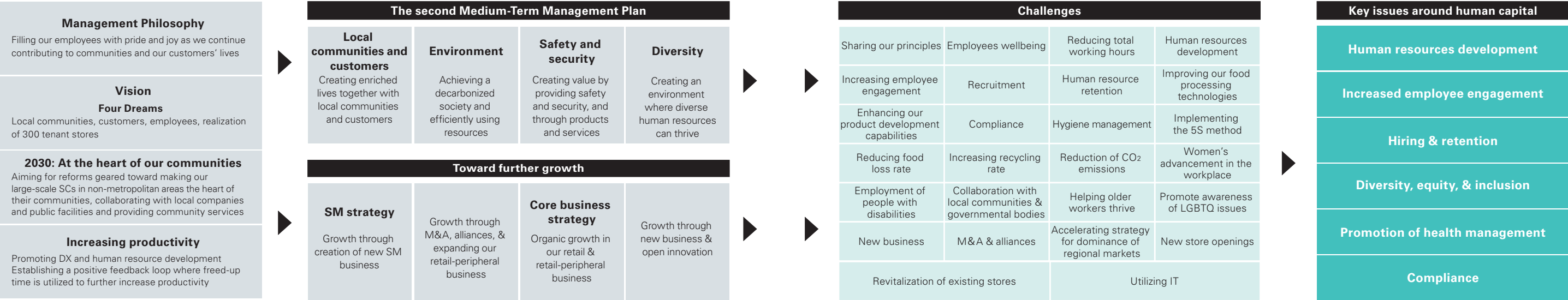
Toward establishing human capital management

Prioritizing links between our management and human resources strategies

I think close ties between our management strategy and human resources strategy are a key point in the implementation of our human capital management practices. Conventional business management has seen human resources departments deal with recruitment and development of personnel and corporate planning departments handle formulation of growth strategies, with each specialized department devising strategies and plans independently. However, if a company truly aims to achieve its future vision, it must fully and carefully consider all aspects, up to and including specific questions like how many human resources are required for its strategies, with which skills, and in which locations, and how it will train or recruit more employees if it does not at first achieve the necessary staff numbers. Achieving this is likely to require the creation of a system along the lines of a human resources database, encompassing individual employees’ abilities, qualifications, potential, career visions, and other information.

I consider the categories of information we must now disclose in our securities reports to be the essential conditions we must meet in order to further our human capital management; to use a gymnastics metaphor, the “compulsories.” Beyond these are the “optionals,” which are likely to vary from one business to the next, depending on their medium- to long-term goals. It is this very variation that makes it essential to consider our human resources strategy together with our management strategy. With retailers operating in an environment undergoing significant changes, I plan to work together with the rest of the management team to pursue Izumi’s unique management and human resources strategies, which will allow the Company to hold its own against fierce competition, achieve sustainable growth, and successfully increase our corporate value.

Linking our management and human resources strategies



Human capital

Our basic stance

The Izumi Group takes pride and joy in participating in the vitalization of local communities and the improvement of customers' quality of life as a member of the community, and aims to cultivate employees who can contribute to the community. Based on the idea that the value of people is everything in physical stores, we also aim to develop human resources who can respond to the drastic changes in customer needs and the social environment. Izumi cherishes its DNA of innovation, challenge, and speed, which has been passed down since its foundation, and we are working to develop independent human resources who are always curious and challenge themselves to take their work one step further. Furthermore, amid diversifying work objectives, desired work styles, and values for careers, we aim to create an environment in which employees with diverse backgrounds can choose flexible work styles according to their individual ideas and circumstances, and can thrive in their own way according to their motivation and abilities, regardless of gender, age, or educational background.

Governance

As one of the advisory bodies of the Board of Directors, the Sustainability Committee is responsible for making plans, proposals, and recommendations including human capital management and human capital, as well as the presentation of issues & reporting to the Board of Directors. We have also established a Human Rights and DE&I Subcommittee within the Sustainability Committee, putting in place a system to discuss and implement risk management related to human capital management and perform tasks assigned by the committee. Led by the Administration Division Manager, who is the executive in charge of the human capital strategy, the subcommittee aims to realize the concept of human capital management, which links our business strategy with our human resource strategy.

The Sustainability Committee meets four times per year, while the Human Rights and DE&I Subcommittee meets eight times per year.

Sustainability Committee Organizational Chart



Human resources development

Efforts and stance on solving issues

- Conduct selective training with the aim of developing next-generation leaders and employees with a wide range of knowledge
- Implement rank-specific training to acquire and improve practical skills
- Support self-development in order to develop independent human resources who learn on their own

Risks

- Lost opportunities for growth
- Increased compliance risk

Promoting employee growth through rank-specific training and selective training

Efforts to develop human capital are essential to realizing the Company's management philosophy and vision. To that end, we conduct rank-specific training, as well as selective training for the purpose of developing management human resources.

In rank-specific training, we are promoting the acquisition of fresh food handling licenses in order to further enhance our strength in fresh and prepared foods. In selective training, future management candidates are selected from amongst our department and section managers and trained through programs including external training.



New employee training

Promotion of fresh food handling license acquisition

The Company is working to strengthen our development of food handlers in preparation to bolster our SM business. We are particularly focused on increasing the skills of our fresh food technicians. We have established skill qualification standards for the handling of fresh seafood, including the manufacture of cooked and raw seafood, as well as for the manufacture of cut fruit, fresh meat, and prepared foods. Further, employees who meet these standards are issued a beginner, intermediate, or advanced license in accordance with their level of achievement, and are also paid a license allowance. We are constantly working to improve our food processing technology, differentiate ourselves from competitors, and provide safe, high-quality products to our customers.

Izumi University develops management human resources

Izumi University is the Company's selective program for training future management executives. We have established three courses for section managers and store managers, department managers and general managers, and executive officers, respectively. Those selected for the two-year program will hone their leadership skills, hypothetical thinking skills, ways of thinking about management strategy, and other abilities.

The Izumi University program consists not only of internal group-based training, but also of cross-training, which leads to stimulation from multiple directions. Further, starting in FY2024, we started a new Graduate College for those who have completed the two-year program. We have moved from a phase of increasing the number of management candidates to a phase of further increasing their skill and ability level.

Human capital ROI

The Company utilizes human capital ROI as a management indicator of how strongly investments in human capital are linked to the increase in the value of the Company. We calculate human capital ROI as [profit / labor costs - 1] (profit is operating profit + labor costs). This indicator is evaluated annually and is used to review our human capital investment strategy.

Indicators and Targets

Indicators	FY2022	FY2023	FY2025 target	FY2030 target
Cumulative total of Izumi University attendees	49	78	100	100
Fresh food handling license acquisition rate	48%	48%	60%	70%
Human capital ROI	57.5%	47.9%	63.0%	68.0%

Increased employee engagement

Efforts and stance on solving issues

- Emphasize two-way communication and promote dialog
- Reduction of total actual working hours
- Leverage engagement surveys to solve challenges and learn from the results

Risks

- Decreased productivity due to lack of motivation to contribute
- Increased attrition rate

Promoting workstyle reform

The Company has been promoting affirmative action for gender equality since 1995, supporting the balancing of work with childcare and caregiving responsibilities. Besides providing company-run childcare facilities at Youme Town Hikarinomori and Youme Town Hatsuokaichi, we have established a childcare leave system that exceeds the legal requirements. The number of male employees taking childcare leave, etc. in conjunction with couples' childcare leave*, our unique type of leave for the purpose of childcare, increased, with the rate of male employees taking these leaves reaching 100.8% in the current fiscal year.

In addition, in order to rectify long working hours, we are utilizing AI technology in operations such as ordering operations and sales forecasting, and incorporating personnel evaluations that emphasize labor productivity per hour.

* Couples' childcare leave: When a spouse gives birth, it is recommended that the employee take three consecutive days of leave within eight weeks of the child's birth.

Conducting engagement surveys

We believe that the satisfaction that employees feel in contributing to the community and the lives of customers, as well as the

personal growth they achieve through their work, will lead to a better future for our employees and our Group. We are monitoring the progress of the four items that we consider particularly important for realizing our vision, using the scores in FY2022 as our measuring stick. We conduct regular interviews with departments and other organizations where engagement is declining, and have made engagement a factor in managers' evaluations. In the future, we are considering expanding the scope of the survey to include partner employees, allowing us to visualize the organizational conditions in greater detail.

Indicators and Targets

Indicators	FY2022 (base year)	FY2023	FY2025 target	FY2030 target
Philosophy and Strategy (Empathy with our Mission and Vision)	62 point (±0)	62 point (±0)	67 point (+5)	70 point (+8)
Self-growth (Sense of accomplishment, opportunities for growth)	62 point (±0)	62 point (±0)	67 point (+5)	70 point (+8)
Health (workload, stress responses)	59 point (±0)	60 point (+1)	65 point (+6)	70 point (+11)
Approval (Approval of results and statements, acceptance of evaluations)	63 point (±0)	64 point (+1)	65 point (+2)	70 point (+7)

Hiring & retention

Efforts and stance on solving issues ● Diversify hiring methods to secure human resources, which is becoming increasingly difficult year by year ● Work to establish a firm foothold with a focus on young employees up to the fourth year of joining the company	Risks ● Lack of required skills ● Lack of manpower
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Diversifying hiring methods to secure human capital

We will secure human capital with knowledge and expertise in various fields by implementing year-round mid-career recruitment, job-based recruitment for specialized positions, and other hiring methods. In addition to hiring new graduates for career-track positions, we also strive to secure excellent human capital in each area where our stores are located by hiring from that area, including posting some openings exclusively for people from that area.

Preventing attrition of young employees

From the viewpoint of securing human resources, we are working to prevent turnover among young people. We believe it is necessary to promote a sense of “work-in-life” and create a secure work environment. To that end, we provide a hometown

and homecoming travel subsidy, rent subsidies, and support for student loan repayment. The rate of attrition within the first three years of employment is a management indicator that we check and evaluate on an annual basis.

Indicators and Targets

Indicators	FY2022	FY2023	FY2025 target	FY2030 target
Number of mid-career hires	35	39	70	80
Hometown and homecoming travel subsidy usage rate	26%	27%	80%	80%
Attrition rate (within three years of joining the Company)	20.5%	25.2%	20.0%	20.0%

* Provided to full-time employees up to age 25 whose round-trip travel expenses to the home of their parents, etc. exceed 10,000 yen. Percentage of eligible employees who used the subsidy.

Promotion of health management

Efforts and stance on solving issues ● Based on the belief that the health of employees leads to the health of the community, implement initiatives to maintain and improve the health of employees and to prevent pre-symptomatic diseases	Risks ● Decreased manpower due to employee illness or injury ● Increased workplace accidents
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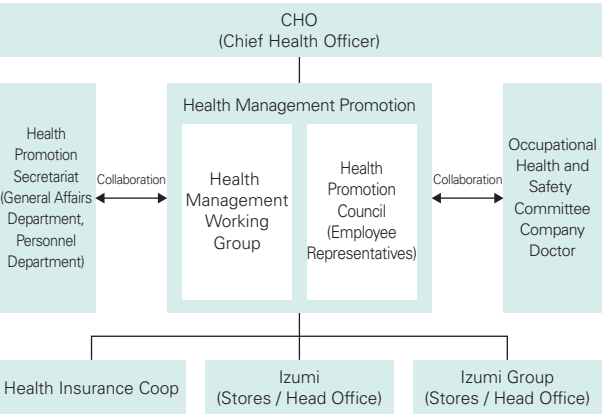
Contributing to improving the health of employees and local communities

The Group is working to promote health by putting into practice our business philosophy of “filling our employees with pride and joy as we continue contributing to communities and our customers’ lives.” By supporting the health of our employees and their families, we aim to create a rewarding workplace.

Indicators and Targets

Indicators	FY2022	FY2023	FY2025 target	FY2030 target
Follow-up checkup rate for employees exceeding company standards on the annual health checkup	86.0%	96.8%	90.0%	90.0%
Specific health guidance implementation rate	85%	87%	90%	90%
Total actual working hours (Unit: hours)	2,137	2,115	1,934	1,900
Monthly meeting rate of the Labor-Management Council	91.4%	93.2%	95.0%	95.0%

Health Management Promotion System



Compliance

Efforts and Stance on Solving Issues ● Increased awareness of legal compliance ● Establishing hotlines employees feel safe to call	Risks ● Loss of social trust ● Deterioration of workplace environment due to decreased morale
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Compliance efforts

The Company has established an internal reporting hotline for employees and business partners to use, as well as a separate hotline exclusively for women. By appropriately responding to reports, the hotlines aim to be places where people with concerns about compliance feel comfortable contacting. In addition, we held compliance training sessions for full-time employees, particularly department managers, to raise awareness of legal compliance.

Indicators and Targets

Indicators	FY2022	FY2023	FY2025 target	FY2030 target
Number of compliance training attendees (total)	2,297	4,293	6,000	9,000
Number of internal reports received	167	138	180	200

DE&I (Diversity, Equity, & Inclusion)

Efforts and stance on solving issues ● To promote women’s advancement, we will work to improve the environment and foster awareness within the Company ● Provide a place where diverse human resources, such as the disabled and the elderly, can thrive ● Create an environment that responds to the increase in the number of working caregivers in an aging society with a declining birthrate	Risks ● Loss of opportunity for innovation ● Skewed judgment due to lack of diversity
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Achieving diversity

We aim to implement reforms with the goal of becoming “the heart of our communities.” As such, we believe that the source of our competitiveness lies in the ability of our employees, with their diverse values, to express their individuality and expertise. An environment in which each employee can demonstrate their abilities to the fullest will lead to innovation and the creation of corporate value. For this reason, we have made DE&I initiatives one of our key challenges. The LGBTQ training scheduled for FY2023 was postponed due to the ransomware attack, and will instead be conducted in FY2024.

Promotion of women’s advancement

Izumi’s goal for eliminating the gender gap is “a state in which women participate in all decision-making processes in our company and organizations as a matter of course.” We set a target for the ratio of women in managerial positions as an indicator of the achievement of this goal. This indicator is evaluated on an annual basis. Further, to encourage eligible male employees to take childcare leave, we dispatch employees from the Head Office to cover during their leave. The Sales Department,

Sales Promotion Division, and the Personnel Section coordinate the schedules of these dispatched employees, and the entire company strives to create an environment that facilitates the use of leave.

Indicators and Targets

Indicators	FY2022	FY2023	FY2025 target	FY2030 target
Percentage of mid-career hires amongst management positions	15.8%	17.7%	18.0%	20.0%
Employment rate of people with disabilities	2.16%	2.74%	2.50%	2.70%
Number of LGBTQ training attendees	0	0	6,000	9,000
Ratio of women in managerial positions	9.7%	11.0%	14.0%	20.0%
Number of revisions of gender role attitudes*	46%	—	60%	60%
Rate of men taking childcare leave, etc.	101.6%	90.4%	100.0%	100.0%

* The percentage of employees who responded “somewhat disagree” or “disagree” to the statement “husbands should work outside the home, and wives should take care of the home”. The survey was not conducted in FY2023 due to system failure caused by the ransomware attack.

Human rights

Respect for human rights

In order to strengthen our efforts to respect human rights, the Izumi Group has established a Human Rights and DE&I Subcommittee, headed by the Administration Division Manager, as an organization belonging to the Sustainability Committee. The subcommittee has built and operates a human rights due diligence mechanism based on the Izumi Group Human Rights Policy. It is continuously working to deepen understanding of human rights throughout the Group, assure compliance with the Human Rights Policy. It is also responsible for presentation of issues and reporting to the Board of Directors and the

Sustainability Committee.

As a result of the human rights risk assessment, we have identified three themes as items that are directly related to the Group and have a potential risk: response to foreign workers across the Group, prevention of harassment in the workplace, and elimination of child labor and forced labor in the supply chain. Moving forward, we will regularly conduct impact assessments on these themes, and if human rights are impacted negatively in some way, we will work to prevent and mitigate this, evaluate the effectiveness of those efforts, and promote continuous improvement based on the results.

Business Information

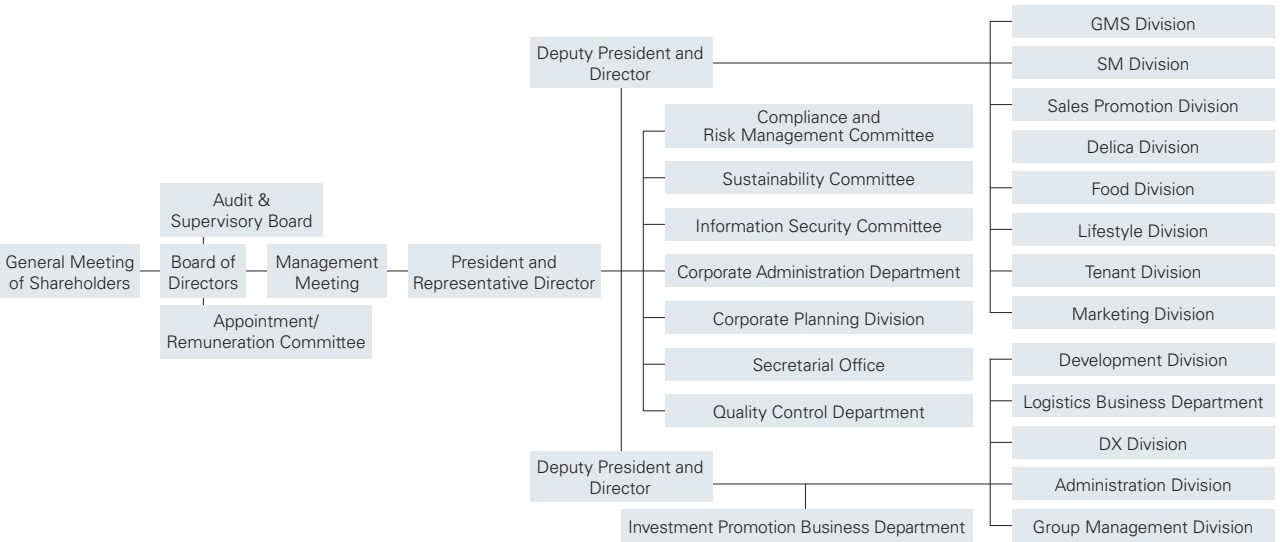
Company Information

(As of August 31, 2024)

Date of establishment October 27, 1961	Number of malls and stores 263 stores (GMS/SC: 61, NSC: 5, SM: 191, Other: 6)
Head office 3-3-1 Futabanosato, Higashi-ku, Hiroshima, Japan	Chugoku area : 91 stores (GMS/SC: 35, NSC: 2, SM: 52*, Other: 2)
Paid-in capital 19,613 million yen	Kyushu area : 158 stores (GMS/SC: 20, NSC: 3, SM: 133, Other: 2)
Number of employees (Consolidated) Full-time : 5,058 Part-time : 12,016 (full-time equivalent)	Shikoku area : 10 stores (GMS/SC: 4, SM: 6) Other areas : 4 stores (GMS/SC: 2, Other: 2) * Includes the store opening at Youme Town Hatsukaichi by Yours Co., Ltd.

Organizational Chart

(As of August 31, 2024)



Izumi Group

Retail Business	Izumi Co., Ltd. Sells and imports clothing, food, and household goods through shopping centers, general merchandising stores (GMS), supermarkets, and other formats	Dailymart Co., Ltd. Operates "Dailymart" supermarkets in Tokushima Prefecture
	Youme Mart Kumamoto Co., Ltd. Operates "Youme Mart" supermarkets in the Kumamoto area, and "SUNNY" supermarkets mainly in Fukuoka	Watch Business Company Co., Ltd. Sale, repair, wholesale, and product development of watches
	Youme Mart Kitakyushu Co., Ltd. Operates "Youme Mart" supermarkets mainly in Kitakyushu	SUNLIFE Co., Ltd. Operates food supermarkets in Oita Prefecture
	Yours Co., Ltd. Operates "Yours" supermarkets and high-quality ingredient "Avance" supermarket mainly in Hiroshima Prefecture	Two other companies Two entities accounted for using the equity method
Retail Peripheral Business	Youme Card Co., Ltd. Credit card business, electronic money business, non-life insurance agency business, business related to life insurance solicitation, money lending business, travel business	Izumi Techno Co., Ltd. Facility management, construction, security, and cleaning services
	Izumi Food Service Co., Ltd. Operation of restaurants including Okonomi Ichibanchi, Tako Ichiban, Aburi Ichiban, Hamburg Restaurant (Ishigamaya), Mister Donut, Baskin-Robbins, Osaka Ohsho, Italian restaurants, Japanese restaurants, Menya Ichiban	Youme Delica Co., Ltd. Manufacture of prepared foods
Other Businesses	Yamanishi Co., Ltd. Planning and sale of ladies' wear, nightwear, and innerwear	Three other companies One entity accounted for using the equity method

Stock Information

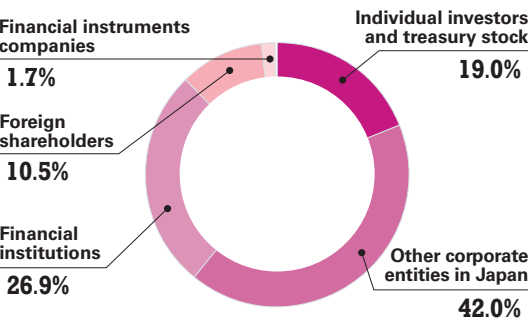
Current Stock Status

(As of February 29, 2024)

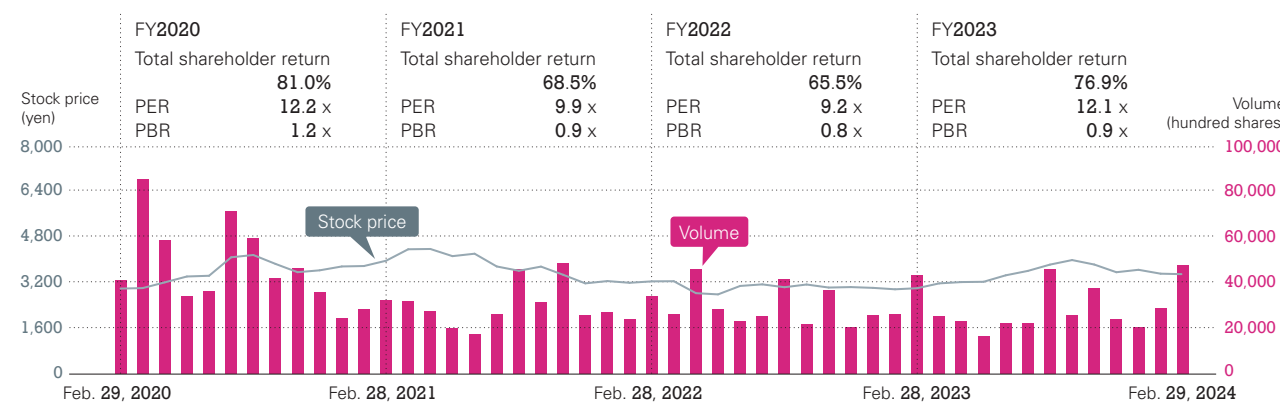
Total number of shares issued by the Company	195,243,000
Total number of outstanding shares	71,665,200
Number of shareholders	13,686

Distribution of Shares by Type of Shareholder

(As of February 29, 2024)



Stock Price and Trading Volume



Inclusion in Indices & Third-Party Evaluations

Added to the MSCI Japan Empowering Women (WIN) Select Index	Added to the Morningstar Japan ex-REIT Gender Diversity Tilt Index (GenDi J)	Added to the S&P/JPX Carbon Efficient Index
2024 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)	MORNINGSTAR GenDi J Japan ex-REIT Gender Diversity Tilt Index TOP CONSTITUENT 2024	S&P/JPX Carbon Efficient Index
Scored a B on the CDP climate change questionnaire	Certification as a "DX-Certified Operator" by the Ministry of Economy, Trade and Industry	Received "Kurumin" certification
CDP DISCLOSURE INSIGHT ACTION	Digital Transformation Certification	Received "Eruboshi" certification