

YOSHINOYA HOLDINGS CO., LTD.

YOSHINOYA HOLDINGS  
CORPORATE REPORT  
**2019**

**YOSHINOYA HOLDINGS**

<https://www.yoshinoya-holdings.com>



# Business Philosophy *FOR THE PEOPLE* For the People

## Our 6 Core Values

### Tasty, low-price, and quick

Tasty signifies high quality, low-price signifies relative value and efficiency, and quick signifies promptness and delivery. We will continue to adhere to these values and enhance these elements even further.

### Greater number of customers

The number of customers is a scale for measuring customer satisfaction. We will continue to strive to provide satisfaction to as many customers as possible through efforts to increase the frequency of use and establish new stores and businesses to ensure that our products and services are used by a greater number of customers.

### Originality

We will continue to focus on a distinguished presence with regard to products, services, store development, employees, corporate culture and other matters, and provide a level of satisfaction to our customers that only our group is able to provide.

### Integrity

We will cultivate a highly transparent, free, and candid corporate culture through exchanges of true feelings and thoughts based on principles. In addition, we will never permit acts that violate social ethics and compliance, and will continue to maintain integrity.

### Importance of human resources

We believe that human resources are the most important assets of any company. We will continue to strive to be a group of individuals who are appreciated by society through maintaining aspirations, continuing to learn, and improving our personalities and capabilities.

### Challenges and innovation

We will continue to be a group that is never satisfied with the status quo, is always attentive to market changes, boldly challenges new things, and is capable of producing innovations.

### The Group Charter of Corporate Behavior

In the spirit of the Group management policy “For the People,” the Group aims to become an irreplaceable corporation that contributes not just to people in the country and region but across the world through its business practices. We aim to become a corporation trusted by society, fulfilling responsibilities by ensuring that the actions of the Group employees comply with laws and regulations in the spirit of this policy. The CEO of each Group company strives to thoroughly familiarize employees with corporate ethics, and to lead efforts by example in achieving the Group management principles in the spirit of this policy. Furthermore, if a situation such as a breach of this policy were to occur, the managers of each Group company will announce the approach to solving the problem internally and externally, and work to determine the cause and prevent its recurrence. After disclosing accountability and information quickly and accurately to the public as well as clarifying authority and responsibility, the managers will take strict disciplinary action on their own.

Companies only exist to serve the needs of society and to contribute to the greater happiness of mankind. The Yoshinoya Holdings Group is an enterprise that spans national and regional borders, treating people from every nation as its customers. Our customers and employees share the same human spirit and come from every part of society. We serve people, we value people, and we want to be a valued part of people’s lives. We strive to provide our customers with products that deliver excellent value for the money. We endeavor to foster a spirit of enthusiasm and fulfillment in our employees. We aspire to operate in harmony with society and to protect the global environment. Our slogan “For the People” sums up these aspirations of the Yoshinoya Holdings Group. For the people...

# Focusing on securing profit throughout the Group so as to channel achievements in the “experimental” phase into the “expansion” phase



### Postponing transition to the second phase, focusing on revamping performance

We are implementing a long-term vision, “NEW BEGINNINGS 2025 (NB2025),” which aims to incorporate a new business model for the future. NB2025 divides the 10 years until 2025 into the three stages of “experimental,” “expansion,” and “harvesting,” and we intend to achieve our goals step by step by implementing a medium-term management plan for each stage.

In the first stage, the “experimental” phase corresponding to the past three years that concluded with the fiscal year ended February 28, 2019, we moved forward with a process of trial and error while verifying the results, in our quest for seeds for the creation of new value. Although our efforts enabled us to obtain numerous seeds, results fell below our projections by a substantial margin. Consequently, we have decided to postpone our transition from the “experimental” phase to the “expansion” phase by one year, and focus on revamping our performance in the fiscal year ending February 29, 2020.

### Recovery of profitability is the precondition for transitioning from the “experimental” phase to the “expansion” phase

We are resolved to recover profitability in the fiscal year ending February 29, 2020, which is the precondition for transitioning from the “experimental” phase to the “expansion” phase. Our consolidated performance targets are net sales of 208.0 billion yen, operating income of 1.0 billion yen, ordinary income of 1.5 billion yen, and net income attributable to owners of the parent of 0.1 billion yen.

Yoshinoya will convert 80 existing stores to a new format in a bid to increase the number of customers. Hanamaru will emphasize education and training to enhance productivity and efficiency of store operation so as to improve profitability. Arcmeal will implement prompt restructuring measures to restore the brand power. While maintaining its store opening plan and policy, Kyotaru will refine its employee education to achieve differentiation from competitors. Overseas, while strengthening performance monitoring of business development in China so as to optimize allocation of investment, we will apply the “Japanese kitchen” format, which has already proved successful in the United States, more widely in the U.S. In ASEAN, our aim is to make the Malaysian and Singaporean operations profitable by shifting to direct operations.

### Identify the direction of “harvesting” and develop a system for the next stage

We will devote our efforts in the current fiscal year to performing maintenance on the Group’s management to ensure sustained growth and profitability. We will then expand on our achievements made in the first stage, identify the direction in which to focus our “harvesting,” and steadily proceed with the development of our system.

We would like to extend our most sincere appreciation for your attention to the changes in the Group as we move forward, and your continued support.

**Yasutaka Kawamura**  
President



## Yoshinoya



### Iconic Beef Bowl Chain Brand with 120 Years of History

Founded in 1899, Yoshinoya is a pioneer of fast food in Japan. Yoshinoya, a chain of beef bowl restaurants with a notable brand power, is loved by all generations.

Yoshinoya's unique value is embodied in its tasty dishes achieved through the quest for the very best ingredients and flavor, including the sauce based on a secret recipe handed down from generation to generation. In the course of 120 years, Yoshinoya has established a business model that emphasizes consistent quality at all stores nationwide and the offering dishes at low cost with thorough safety control and great hospitality. Yoshinoya is active not only as the guardian of the

traditional beef bowl but also in developing healthy menus employing foods with Functional Claims labeling, ahead of industry peers.

Yoshinoya recently started introducing cash & carry stores. Pursuing a shift away from the conventional full-service stores with U-shaped counters, Yoshinoya is taking up the challenge of creating value by offering "comfort" in addition to "tasty, affordable and fast" goods and services.



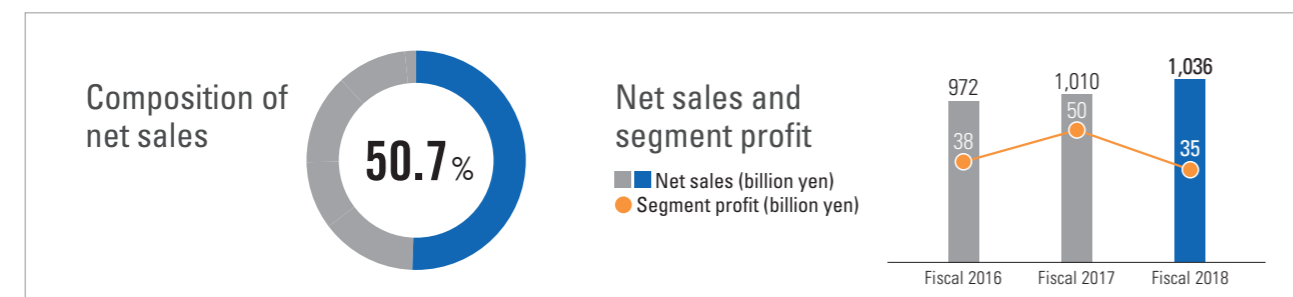
First Yoshinoya store opened in Tsukiji in 1926



Conventional U-shaped counter. The service counter integrated with a table for fast serving.



Cash & carry store for which experiments and verification have been conducted since 2015. Store layout with greater flexibility introduced to enable customers to enjoy the dining experience in a leisurely manner in comfort



## Hanamaru



### Delivering "delicious surprises" of authentic Sanuki-style udon nationwide

Sanuki-style udon originates in Kagawa Prefecture. Hanamaru transformed this attractive local specialty renowned by its springy and firm texture and rich flavor of iriko-dashi stock made from dried young sardines into a casual dining experience that customers throughout Japan can enjoy in a "self-service" format, the same style as in Sanuki, the home of Sanuki-style udon.

Since its foundation in 2000, Hanamaru has expanded as a restaurant chain offering delicious authentic Sanuki-style udon nationwide, gaining popularity among women and families too. With the number of stores in Japan exceeding 500, Hanamaru

opened stores in China, Malaysia, and Indonesia and is maintaining the pace of its growth over the long term.

Since 2013 Hanamaru has adopted Hanamaru's dietary fiber noodles containing as much dietary fiber as a whole lettuce for all the udon dishes offered by the chain. Hanamaru is conducting research into food and nutrition to develop products that contribute to customer health.

Delivering "delicious surprises" to everyone is the concept Hanamaru cherishes. This is the practical expression of Hanamaru's aspiration since its foundation, namely, to deliver happy and joyful surprises to its customers.



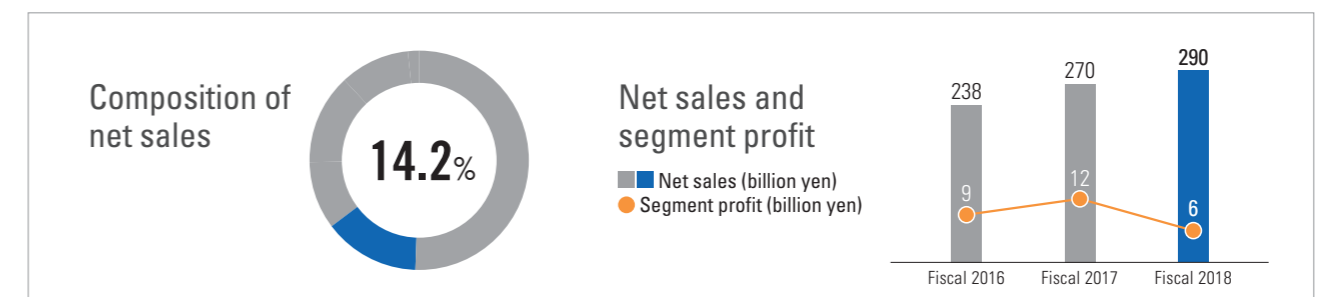
First store opened in 2001 in Takamatsu City, Kagawa Prefecture, the home of Sanuki-style udon.



Udon salad



Adopted "Hanamaru's dietary fiber noodles" containing dietary fiber





Arcmeal



Operator of three meat specialty restaurant chains

Arcmeal operates restaurant chains specialized in meat dishes: “Steak-no-Don” and “Volks” steakhouses with a history of over 40 years and “Don-tei” Japanese restaurants serving shabushabu and sukiyaki.

The concept of “Steak-no-Don” is a family steak restaurant where customers with children can relax and enjoy themselves. With its menu characterized by ample servings and originality, “Steak-no-Don” restaurants are rooted in the community and have numerous fans.

What makes “Volks” so attractive is the hotel-style classy atmosphere. Sophisticated service and superior culinary

techniques available at specialty restaurants create a pleasurable dining experience. The salad bar, which “Volks” was the first in Japan to introduce, and the bread bar offering freshly baked bread in house are also popular.

“Don-tei” is a chain of shabushabu and sukiyaki restaurants with Japanese décor. Suitable for diverse occasions—everything from dining with colleagues or business connections to parties and family gatherings, as well as smaller, more intimate dining experiences involving a few people—“Don-tei” offers customers a wonderful time spent together with friends, family and acquaintances.



Steak-no-Don



Volks



Don-tei



Kyotaru



Take-out or eat-in fresh sushi for casual dining

Kyotaru operates the take-out business for Kamigata sushi, which is pressed sushi originating in the Kansai region, and the eat-in business for Edomae sushi mainly offered at conveyor belt sushi shops. Since its foundation in 1932 as a traditional Japanese restaurant in Kyoto, Kyotaru has expanded its business, handing down the traditional techniques of Japanese cuisine from generation to generation for over 80 years.

In the take-out business centering on the “Kyotaru” brand, various shops—tenants in department stores, supermarket stores, shopping malls, station buildings, shopping arcades, etc.—are operated in a style attuned to the characteristics of

each location. Rooted in the community, Kyotaru’s take-out shops offer seasonal fresh ingredients at reasonable prices and are popular among a wide range of customers.

In the eat-in business centering on the “Kaisen Misakiko” brand, urban-style conveyor belt sushi shops located adjacent to train stations have an open welcoming atmosphere that appeals to women dining alone. Eat-in sushi shops are also found at commercial complexes and there are sushi shops suitable for families too. Customers can casually enjoy fresh fish prepared by sushi chefs on site.



Founded in 1932 as a Japanese restaurant. Traditional techniques of Japanese cuisine are handed down from generation to generation.



Kamigata sushi means beautifully presented boxed sushi and rolled sushi made in the Kansai region since the Heian period (8-12th century).



Edomae sushi means Edo style sushi, which is a combination of prepared fish and cooked rice seasoned with vinegar, shaped by hand, developed in the Kanto region during the Edo period (17-19th century).





## Overseas

### Establishing a robust global system to achieve 1,000 stores overseas

The history of the Yoshinoya Group's overseas business development started in 1975 when the Group opened Yoshinoya stores in the U.S. Subsequently, Yoshinoya opened stores in Taiwan, mainland China and elsewhere in Asia, with the number of stores overseas increasing steadily. Since the turn of the century, Yoshinoya has gained widespread recognition in countries and regions where Yoshinoya stores have been opened.

At present, Yoshinoya operates about 900 stores in the U.S., mainland China, Taiwan, and countries in ASEAN, including Singapore, the Philippines, Indonesia, Thailand, Cambodia, and

Malaysia.

Since the opening in Shanghai of the first overseas store in 2011, the number of Hanamaru Udon stores operated in China, Malaysia, and Indonesia has grown to over 40. Having established regional headquarters, the business model is being adjusted to introduce a menu, a service style, and a store format attuned to each country and region while promoting localization of management.

Based on accumulated knowhow on store opening, the Group will establish a more robust global structure with the aim of having 1,000 stores overseas.

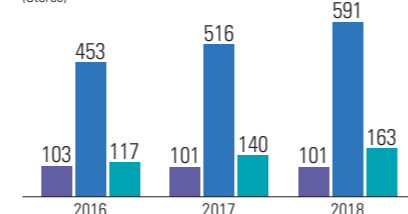


First Yoshinoya store in Chongqing



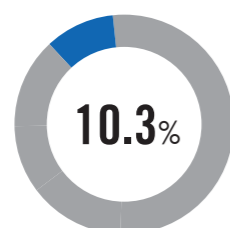
The first Hanamaru Udon store opened in Shanghai in 2011.

Number of Yoshinoya Group stores overseas  
(Stores)



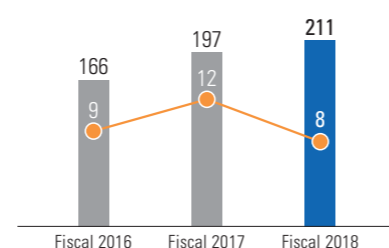
\*1 Number of Yoshinoya stores  
\*2 Total of Yoshinoya and Hanamaru stores (excluding Taiwan)  
\*3 Total of Yoshinoya and Hanamaru stores

Composition of net sales



Net sales and segment profit

■ Net sales (billion yen)  
● Segment profit (billion yen)



## Others



Setagaya

### Ramen noodles beloved by people around the world as a popular dish

Since the opening of "Setagaya" specialized in ramen in seafood-based soy sauce broth in Tokyo in 2000, Setagaya has expanded to include five brands of different types of tasty ramen noodles. Setagaya joined the Yoshinoya Group in 2016 with the aim of further business expansion.

Aspiring to promote ramen as a dish that is beloved by people around the world, Setagaya is pursuing the ultimate bowl of ramen while cherishing relationships with customers and the commitment of ramen chefs.



The Setagaya New York store was selected as a Best of New York in the restaurant section by the New York Magazine in 2008 and was the forerunner of the global ramen boom.



With Link Co., Ltd

### Spreading Japanese culture to the world through Japanese national food

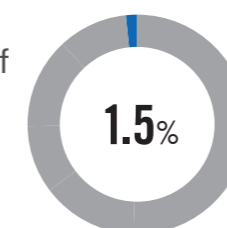
With Link Co., Ltd. operates 87 ramen restaurants worldwide.

After opening the first overseas store in Singapore in 2013, the company has entered the markets of Malaysia, Indonesia, Hong Kong, Macau, the Philippines, Australia, Taiwan, and China in the last 6 years.

We aim to expand our business development with a partner that can appreciate and agree with our management philosophy, utilizing the unique services we have cultivated up until now and genuine Japanese-style ramen using creamy pork bone soup.

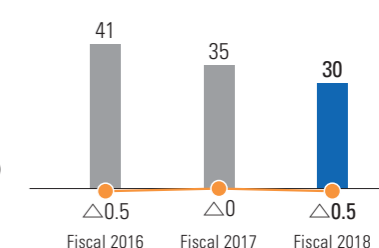


Composition of net sales



Net sales and segment profit

■ Net sales (billion yen)  
● Segment profit (billion yen)



## Our Journey toward Realization of Our Business Philosophy

### Yoshinoya

- 1899 "Yoshinoya" founded in Nihonbashi
- 1926 Yoshinoya moves to Tsukiji to coincide with the relocation of the fish market from Nihonbashi to Tsukiji



1926

- 1958 Establishment of YOSHINOYA CO., LTD. (currently Yoshinoya Holdings)
- 1968 Shop opening in Shinbashi, aiming to become a domestic chain
- 1980 YOSHINOYA CO., LTD. files for corporate reorganization, and begins corporate reorganization proceedings
- 1987 Completion of corporate reorganization proceedings
- 1990 Approval of stock for over-the-counter trading
- 1991 Launch of "Tokumori" beef bowl (Extra-large beef bowl)



1968

- 1996 Establishment of 500th store
- 2000 Listing on the First Section of the Tokyo Stock Exchange
- 2004 Prohibition of beef imports from the U.S.; cancellation of beef bowl sales
- 2006 Ban on beef imports lifted; subsequent return of beef bowl sales
- 2007 **Establishment of YOSHINOYA HOLDINGS CO., LTD.**
- 2011 Establishment of the Group Product Division
- 2013 Sale of beef sukiyaki set
- 2015 Sale of barley rice set with grated yam and beef
- 2016 Establishment of the Group Administration Division  
Establishment of the Group Finance and Accounting Division
- 2017 Release of "Salacia beef," the first food with Functional Claims labeling by a restaurant chain
- 2018 The number of Yoshinoya stores worldwide reaches 2,000



2018

Yoshinoya "Corowa Koshien Store"

## Strength 1

### Group synergy

The Yoshinoya Holdings Group is dedicated to offering value embodied in "tasty dishes" via diverse business formats and brands centering on our origin, the beef bowl. Operation of diverse restaurant businesses creates Group synergy encompassing everything from procurement of raw materials and store opening plans to product development and marketing.

### Hanamaru

- 2000 Opening of first Hanamaru in Takamatsu
- 2004 Operation of largest domestic plant in Shizuoka
- 2006 **Hanamaru joins the Group**
- 2013 Introduction of Hanamaru's dietary fiber noodles into all shops
- 2016 Reform and automation of the noodle production line of the Chiba plant



2016

Noodle production line of the Chiba plant

### Arcmeal

- 1970 Opening of first Volks
- 1976 Opening of first Steak-no-Don
- 1990 Opening of first shabu-shabu Don-tei
- 2008 **Arcmeal joins the Group**



1970

First Volks

120 years since the foundation of Yoshinoya. Shown here is Yoshinoya's history of progress over time and with increasing geographical reach through initiatives offering value for the realization of the Group's business philosophy. With an eye to the future of the restaurant industry, the Yoshinoya Holdings Group will further evolve and continue to advance.

## Strength 2

### Tasty Japanese dishes always readily available and convenient

The Yoshinoya Holdings Group takes pride in offering tasty dishes rooted in traditional Japanese cuisine to many customers at attractive prices. We will continue to offer tasty Japanese dishes that are always readily available and convenient far into the future.

### Kyotaru

- 1932 Started as a Japanese cuisine restaurant in Kyoto
- 1951 Invention of "chakinzushi," sushi wrapped in thin omelette
- 1970 Participation in Osaka Expo '70
- 1984 Listing on the First Section of the Tokyo Stock Exchange
- 1997 KYOTARU CO., LTD. files for corporate reorganization proceedings  
Opening of conveyor belt sushi shop "Kaisen Misakiko" in Meguro
- 2000 **Kyotaru joins the Group**
- 2001 Opening of standing sushi shop "Sushi Misakimaru" in Koiwa
- 2002 Completion of corporate reorganization proceedings
- 2005 Listing on JASDAQ
- 2011 Delisting
- 2016 Expansion of the rice-cooking line at the Funabashi plant



1951



2016

## Strength 3

### Localization

For a restaurant operator originating in Japan to offer tasty dishes to customers around the world, localization through country- and region-specific marketing is essential so as to respond to the differences in society, culture, and customs. We aim to offer great food loved by people worldwide.

### Overseas

#### Yoshinoya

- 1975 Opening of first Yoshinoya in Denver
- 1979 Opening of first Yoshinoya in Los Angeles
- 1988 Opening of first Yoshinoya in Taiwan
- 1991 Start of development of the Yoshinoya franchise in Asia (Opening of first Yoshinoya in Hong Kong)
- 2002 Opening of first Yoshinoya in Shanghai
- 2004 Opening of first Yoshinoya in Shenzhen
- 2008 Opening of first Yoshinoya in Fujian
- 2010 Participation in Expo Shanghai 2010
- 2014 Opening of first Yoshinoya in Qingdao; opening of first Yoshinoya in Wuhan
- 2015 Opening of first Yoshinoya in Malaysia
- 2017 Subsidiary in Malaysia acquires JAKIM Halal certification  
Opening of first Yoshinoya in Qinghai; opening of first Yoshinoya in Sichuan
- 2018 Opening of first Yoshinoya in Chongqing, Jiangxi, and Henan

#### Hanamaru

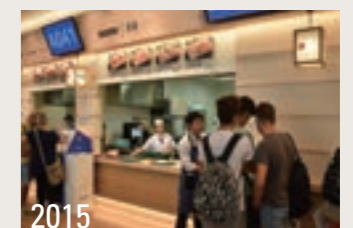
- 2010 Participation in Expo Shanghai 2010
- 2014 Opening of first Hanamaru Udon in Wuhan
- 2015 Opening of first Hanamaru Udon in Malaysia
- 2018 Opening of first Hanamaru Udon in Shenzhen; opening of first Hanamaru Udon in Indonesia

#### Arcmeal

- 2011 Opening of first Volks in Taiwan
- 2015 Opening of first Don-tei in Taiwan

#### Kyotaru

- 2015 Exhibition at the Expo 2015 Milan



2015

# Flavors and services from Japan spreading around the world

Our stores are being opened all over the world, from Japan to America, East Asia, and South-East Asia, and we are continuing to grow in scale. We strive to deliver the taste of Japan and its services to more and more people through promoting market strategies that meet local needs.

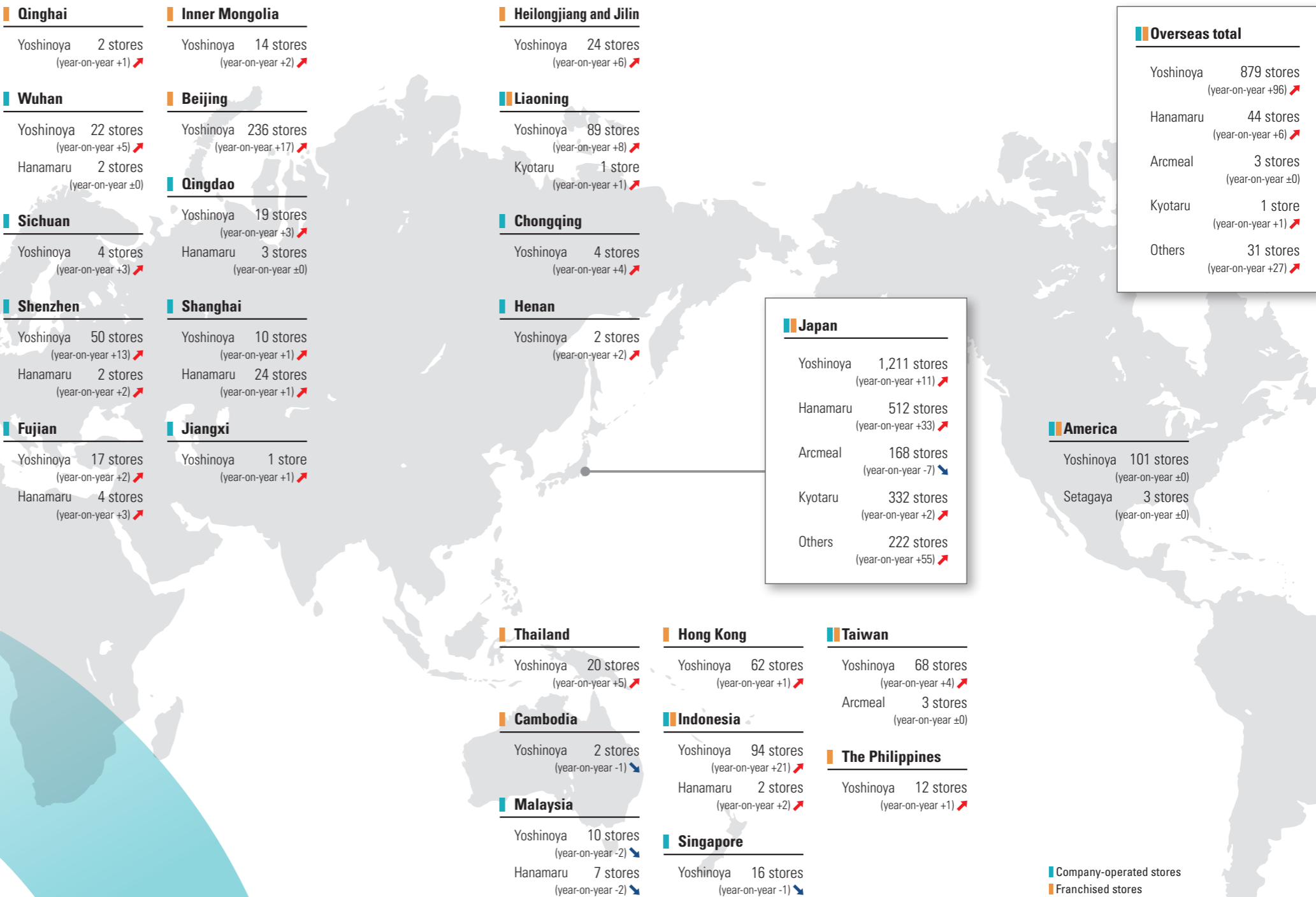


Number of stores in Japan and overseas, by brand

Yoshinoya	2,090 stores (year-on-year +107) ↗	Company-operated stores 1,432 stores Franchised stores 658 stores
Hanamaru	556 stores (year-on-year +39) ↗	Company-operated stores 456 stores Franchised stores 100 stores
Arcmeal	171 stores (year-on-year -7) ↘	Company-operated stores 168 stores Franchised stores 3 stores
Kyotaru	333 stores (year-on-year +3) ↗	Company-operated stores 333 stores Franchised stores 0 stores
Others	253 stores (year-on-year +82) ↗	Company-operated stores 78 stores Franchised stores 175 stores

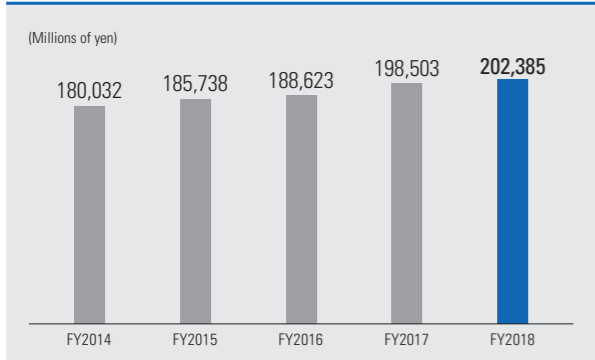
All brand total	
Company-operated stores	2,467 stores
Franchised stores	936 stores
Total 3,403 stores (year-on-year +224) ↗	

(As of the end of February 2019)



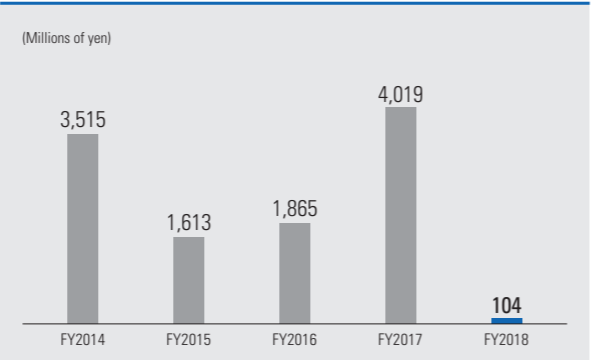
Consolidated Financial Data

Net sales 202,385 million yen



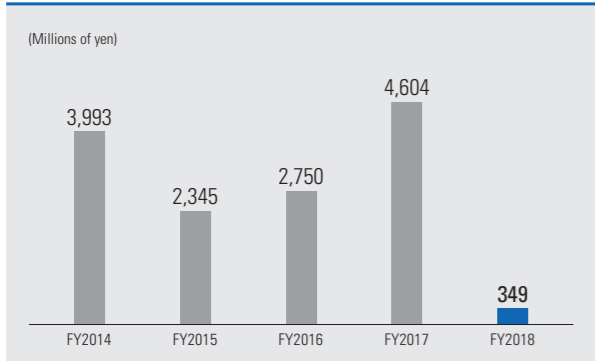
In Japan, net sales of major segments increased with the exception of Arcmeal. Strong sales in the U.S. and Taiwan contributed to an increase in net sales of the overseas segment. Consolidated net sales exceeded 200.0 billion yen for the first time, an increase of 2.0% year-on-year.

Operating income 104 million yen



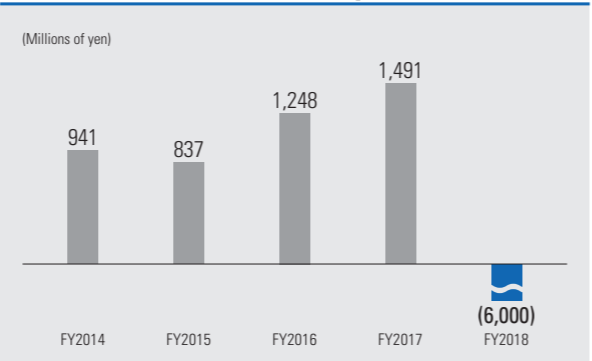
While net sales of major segments in Japan and overseas net sales fell short of the targets, operating income decreased greatly owing to increases in costs, including raw materials prices as well as personnel expenses and logistics costs.

Ordinary income 349 million yen



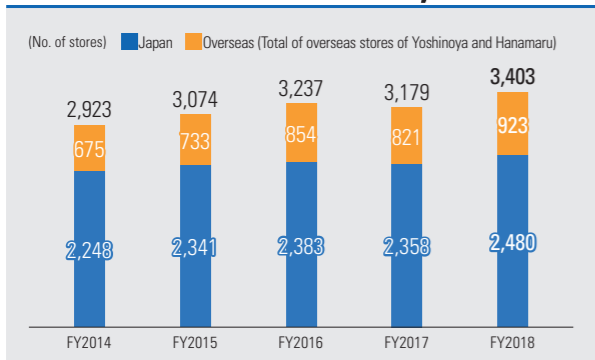
Ordinary income decreased greatly, mainly because of a decrease in operating income as well as a decrease in share of profit of entities accounted for using equity method.

Net income (loss) attributable to owners of the parent (6,000 million yen)



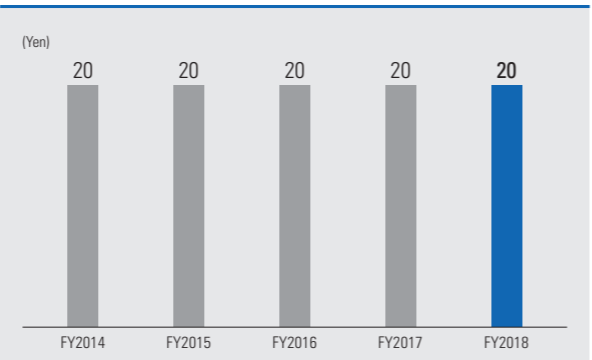
Net loss attributable to owners of the parent was recorded as a result of recording of an impairment loss amounting to 5,107 million yen due to closing of stores and other factors in addition to a decrease in ordinary income.

Number of Group stores (in Japan and overseas) 3,403 stores



The net increase in the number of stores of major segments in Japan was 40, the net increase in the number of stores of the other segment was 82 thanks to share purchases, and the net increase in the number of stores overseas was 102. In total, the net increase in the number of stores was 224.

Annual dividend per share 20 yen



In accordance with the shareholder return policy that is based on the principle of steady and consistent shareholder return, the Company paid annual dividends of 20 yen per share consisting of an interim dividend and a year-end dividend of 10 yen per share each.

Company Profile

Company Name	YOSHINOYA HOLDINGS CO., LTD.
Established	December 27, 1958
Paid-in Capital	10,265 million yen
Head Office	18F Daiwa Rivergate, 36-2 Nihonbashihakozakicho, Chuo-ku, Tokyo, 103-0015, Japan
President	Yasutaka Kawamura
Stock Listing	Tokyo Stock Exchange First Section
Securities Code	9861
Number of Employees	4,392 (on a consolidated basis)

Number of Employees

Yoshinoya	10,002	[ Male: 5,167, Female: 4,835 ]
Hanamaru	2,342	[ Male: 961, Female: 1,381 ]
Arcmeal	2,206	[ Male: 973, Female: 1,233 ]
Kyotaru	2,909	[ Male: 1,241, Female: 1,668 ]
Overseas	3,455	[ Male: 1,607, Female: 1,848 ]
Other	390	[ Male: 250, Female: 140 ]
Corporate	621	[ Male: 359, Female: 262 ]
Group total	21,925	[ Male: 10,558, Female: 11,367 ]

\*Including part-time workers

Directors and Corporate Auditors

President	Yasutaka Kawamura
Managing Director	Toshiyuki Matsuo
Director	Tetsuya Naruse
Director	Eizou Uchikura*
Director	Machiko Miyai*
Corporate Auditor	Yoji Kanaya
Corporate Auditor	Ryusuke Tanaka
Corporate Auditor	Kensuke Masuoka*
Corporate Auditor	Osamu Ohashi*

\* Outside Directors/Outside Corporate Auditors

Major Consolidated Subsidiaries

YOSHINOYA CO., LTD.
Hanamaru, Inc.
Arcmeal Co., Ltd.
KYOTARU CO., LTD.
YOSHINOYA AMERICA, INC.
YOSHINOYA China Holdings Co., Ltd.
ASIA YOSHINOYA INTERNATIONAL SDN. BHD.

Stock Overview

Total number of shares authorized to be issued:	160,000,000
Total number of shares issued and outstanding:	65,129,558
Number of shareholders:	339,890

Major Shareholders (10 largest shareholders)

Shareholder name	Number of shares owned (100 shares)	Number of shares owned (%)
Japan Trustee Services Bank, Ltd.	60,674	9.32
The Master Trust Bank of Japan, Ltd.	29,728	4.56
Kisshokai	8,544	1.31
Trust & Custody Services Bank, Ltd.	7,138	1.10
Mitsui Life Insurance Company Limited	5,500	0.84
J.P. MORGAN BANK LUXEMBOURG S.A. 1300000	4,482	0.69
Hannan Corporation	3,268	0.50
Suntory Liquors Limited	2,957	0.45
Kewpie Corporation	2,700	0.41
SSBTC CLIENT OMNIBUS ACCOUNT	2,556	0.39

\* The Company holds 552,288 shares of treasury stock but is excluded from the above list of major shareholders.

Composition of Shareholders by Type

