

YOSHINOYA HOLDINGS  
CORPORATE REPORT  
2020

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.



**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 stores based on the "Cooking & Comfort" concept. Pursuing a shift away from the conventional full-service stores with U-shaped counters, Yoshinoya is taking up the challenge of creating new 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.



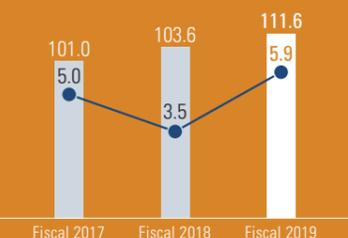
"Cooking & Comfort" store for which experiments and verification have been conducted since 2015. Store layout with greater flexibility introduced to enable customers to enjoy the dining experience in a leisurely manner in comfort

Composition of net sales



Net sales and segment profit

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





# 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 and Malaysia and is maintaining the pace of its growth over the long term.

In 2019, the number of Hanamaru stores reached 500 in Japan. 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.



Kake udon (signature broth)



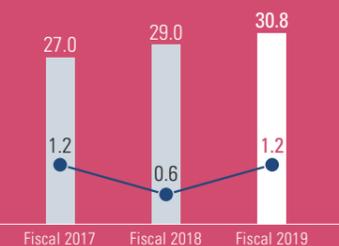
Udon salad

Composition of net sales



Net sales and segment profit

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



# 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 88 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 restaurant 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).

Composition of net sales



Net sales and segment profit

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





# Overseas



## Establishing a robust global system for further store openings

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.

With its first overseas store in Shanghai opened in 2011, Hanamaru now operates stores in China and Malaysia. 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 and open more stores.



First Yoshinoya store in Chongqing



The first Hanamaru Udon store opened in Shanghai in 2011.



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



# 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.





## Following the recovery we will emphasize cash flow in FY2020 to seize greater opportunities achieved in FY2019,

Yasutaka Kawamura  
President

### Achieved recovery of financial performance in FY2019 through Group-wide initiatives with a sense of urgency

The Yoshinoya Holdings Group is implementing "NEW BEGINNINGS 2025 (NB2025)," a long-term vision covering a 10-year period from fiscal 2016, transitioning to a business model geared to future growth. By implementing the previous medium-term management plan for the first stage from fiscal 2016 to fiscal 2018, which was positioned as the "experimental" phase, we were able to secure a firm foothold from which to advance to the next phase through a process of trial and error and verification of results, sowing the seeds of growth. However, having recorded a substantial loss in the final year, financial results fell short of the targets.

Reflecting on the results of the first stage, we focused on revamping our performance in the fiscal year ended February 29, 2020 (fiscal 2019), committing ourselves to eliminating the loss as a precondition for advancing to the second stage, which is the "expansion" phase. Everyone throughout the Group shared a sense of urgency and strove to expand sales and secure profit. As a result, our consolidated financial results for fiscal 2019 greatly surpassed the initial targets. Net sales increased and we resumed profitable operation. In particular, Yoshinoya, the Group's mainstay business, was the driving force of the overall improvement of financial performance as its measures to increase the frequency of customers' visits by strengthening marketing yielded numerous achievements and the conversion to the "Cooking & Comfort (C&C) store" concept to expand the customer base also had a positive impact.

### The three-year second stage has started for profit expansion

In light of the above development, the Group transitioned to the second stage (from fiscal 2020 to fiscal 2022) of the NEW BEGINNINGS 2025 on March 1, 2020, which is the "expansion" phase.

For the second stage, the watchword indicating the Group's management policy is "Keep Trying, Choose Games, Get Goals." Whereas we sought to vigorously take up challenges in the first stage, which was the "experimental" phase, with the watchword of "Try First, Think Next," our goal in the second stage is profit expansion. The phrase "Get Goals" expresses our policy of seeking achievements along the path to the goal. In addition, "Keep Trying," the first phrase, expresses our stance of proactively attempting what we were unable to experiment with in the first stage, in other words continuing to tackle new challenges. The following phrase, "Choose Games," expresses our careful selection of targets for our challenges and our strict monitoring of the results.

The profit expansion at which we aim in the second stage is not just improvement of profitability through cost reduction. We intend to achieve profit expansion by enhancing our earnings power along with sales expansion by channeling management resources into growth fields.

Based on the seeds for growth that the Group gained in the first stage, the "experimental" phase, the Group intends to expand profit in the three years of the second stage and at the same time achieve the evolution required for the third stage, the "harvesting" phase.

### Become an enterprise capable of prevailing into the 2030s

In the second stage, we will promote diverse initiatives based on the achievements of the experiments so far. The largest achievement is Yoshinoya's C&C store concept. Other seeds for growth include a new business of subsidiary STARTING OVER CO., LTD., which is a spin-off from the new business format development department; the bar business, which Hanamaru positions as its second pillar; and franchising of the ramen business of With Link Co., Ltd. in Japan and overseas, which joined the Group in 2019, following Setagaya. We intend to develop these seeds for growth.

Value creation through the differentiation strategy emphasizing "People, Health, and Technology" will also enter a new phase as we progress to the second stage. Regarding the "health" theme, while steadily promoting R&D, we will work to vigorously implement the outcomes, linking with the marketing strategy. For the "technology" theme, we will promote sustainability initiatives, such as efforts to reduce food loss, in addition to enhanced customer convenience and reduced workload at stores, which we have been pursuing. As for the "people" who are the source of value creation, their significance will further increase as they take responsibility for offering services that cannot be provided by AI, robots, or other machines. How can we create jobs that deliver joy to customers? I recognize that this second stage will be a watershed for the Group, as we strive to become a desirable workplace where many people choose to work.

Through NEW BEGINNINGS 2025, the Group aims to become an enterprise capable of prevailing into the 2030s by further enhancing growth potential and profitability. I would like to request our stakeholders to keep their eyes on our initiatives.

# Our Journey toward Realization of Our Business Philosophy

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.

## Yoshinoya

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



- 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)
- 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.
- 2008** Arcmeal joins the Group
- 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
- 2019** Started conversion to a new service model "Cooking & Comfort"



- 2020** Sold all shares of Arc meal

## 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



Noodle production line of the Chiba plant

- 2019** The number of Hanamaru stores in Japan exceeded 500

## 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 Shin-Koiwa
- 2002** Completion of corporate reorganization proceedings
- 2005** Listing on JASDAQ
- 2011** Delisting
- 2016** Expansion of the rice-cooking line at the Funabashi plant



## 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
- 2019** Opening of the first store in Anhui

### 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

### Kyotaru

- 2015** Exhibition at the Expo 2015 Milan



- 2018** Opening of the first conveyor belt sushi shop in Liaoning

## 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.

## 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.

## Strength 3

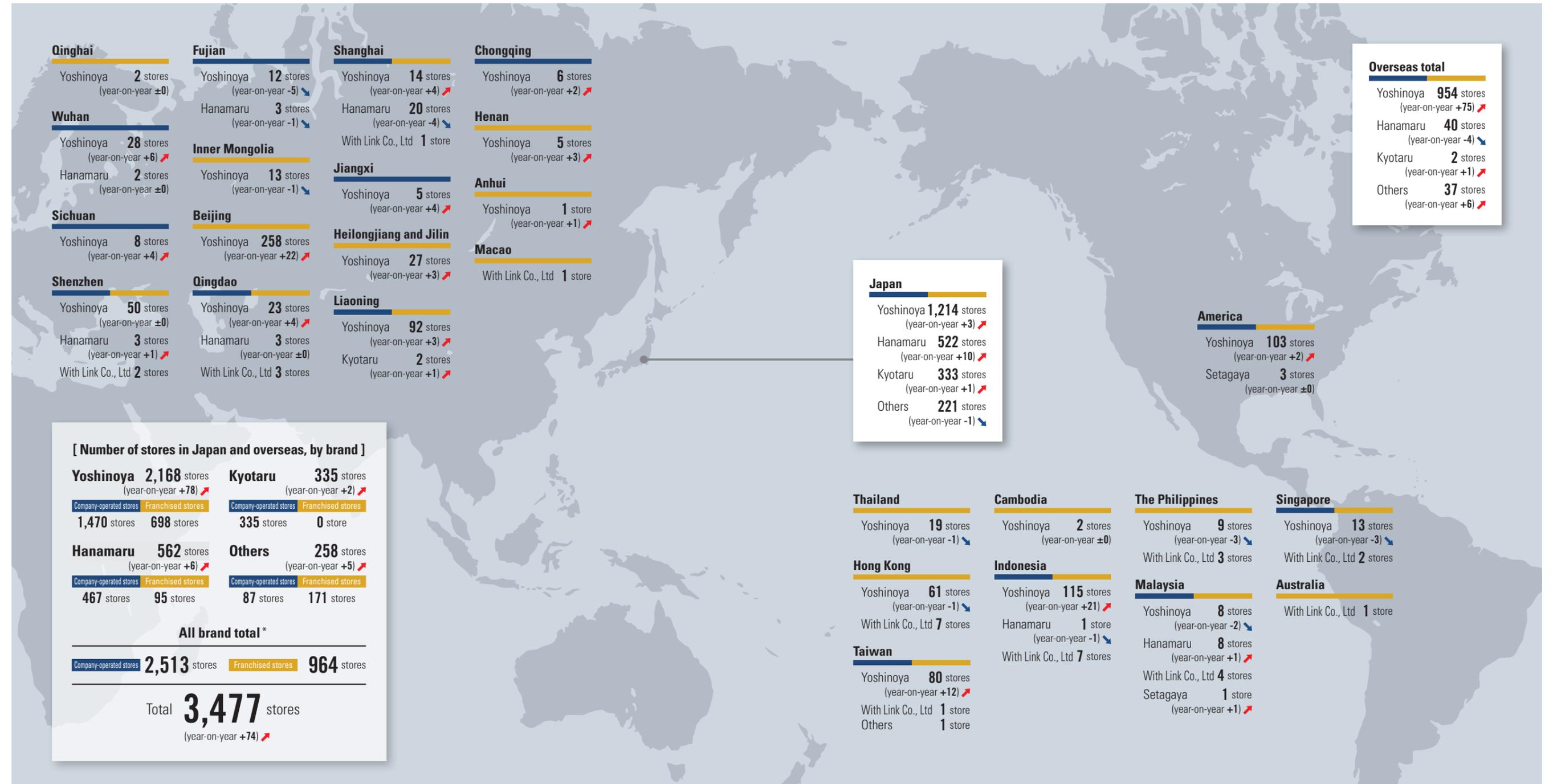
### “ Localization ”

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.

# 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.

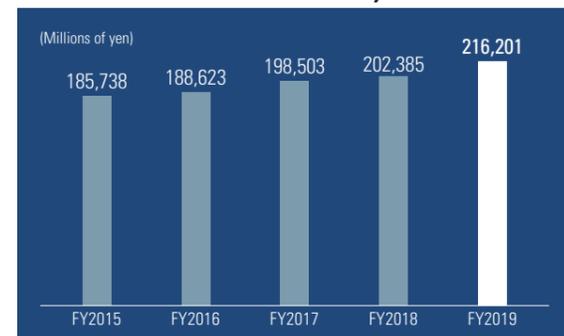
■ Company-operated stores  
■ Franchised stores



\* As of the end of February 2020. As all of shares in Arcmeal Co., Ltd. were transferred at the end of February 2020, the number of Arcmeal stores is included for "All brand total", but excluded from "Number of stores in Japan and overseas, by brand", "Japan", and "Overseas total".

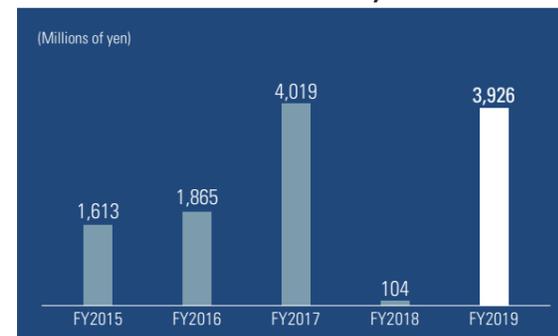
Consolidated Financial Data

Net sales **216,201** million yen



Consolidated net sales increased 6.8% year on year thanks to upbeat same-store sales of Yoshinoya, the Group's mainstay business, as a result of sequential merchandise rollouts and effective execution of vigorous campaigns and higher net sales of Hanamaru, Kyotaru, and overseas segments.

Operating income **3,926** million yen



Despite the persisting challenging environment characterized by soaring foodstuff prices and labor costs, operating income increased because the impact of higher revenues exceeded the cost increases.

Ordinary income **3,369** million yen



Ordinary income increased greatly mainly because of higher operating income and also because non-operating income exceeded non-operating expenses.

Net income (loss) attributable to owners of the parent **713** million yen



Net income attributable to owners of the parent increased because of higher ordinary income despite recording of an impairment loss due to closing of stores and other factors.

Number of Group stores (in Japan and overseas) **3,477** stores



The net decrease in the number of stores of major segments was 2, the net increase in the number of stores of the overseas segment was 71, and the net increase in the number of stores of the other segment was 5. In total, the net increase in the number of stores was 74.

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 | 4,851 (on a consolidated basis)  |

Number of Employees

|                    |   |
|--------------------|---|
| <b>Yoshinoya</b>   | 10,356 [ Male: 5,318, Female: 5,038 ]   |
| <b>Hanamaru</b>    | 2,447 [ Male: 1,006, Female: 1,441 ]    |
| <b>Kyotaru</b>     | 2,897 [ Male: 1,216, Female: 1,681 ]    |
| <b>Overseas</b>    | 3,564 [ Male: 1,681, Female: 1,883 ]    |
| <b>Other</b>       | 664 [ Male: 414, Female: 250 ]          |
| <b>Corporate</b>   | 621 [ Male: 359, Female: 262 ]          |
| <b>Group total</b> | 22,692 [ Male: 10,869, Female: 11,823 ] |

\* Including part-time workers

Directors and Corporate Auditors

|                   |                   |
|-------------------|-------------------|
| President         | Yasutaka Kawamura |
| Managing Director | Toshiyuki Matsuo  |
| Director          | Tetsuya Naruse    |
| Director          | Eizou Uchikura*   |
| Director          | Nobuko Akaishi*   |
| 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.                         |
| 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:                         | 311,183     |

Major Shareholders (10 largest shareholders)

| Shareholder name                                       | Number of shares owned (shares) | Number of shares owned (%) |
|--|---------------------------------|----------------------------|
| Japan Trustee Services Bank, Ltd.                      | 5,859,400                       | 9.0                        |
| The Master Trust Bank of Japan, Ltd.                   | 3,009,500                       | 4.6                        |
| J.P. Morgan Securities                                 | 893,895                         | 1.4                        |
| Kisshokai  | 886,500                         | 1.4                        |
| STATE STREET BANK WEST CLIENT - TREATY 505234          | 796,200                         | 1.2                        |
| Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.     | 630,700                         | 1.0                        |
| Trust & Custody Services Bank, Ltd.                    | 624,500                         | 1.0                        |
| BNYM SA/NV FOR BNYM FOR BNYM GCM CLIENT ACCTS M ILM FE | 619,074                         | 1.0                        |
| UEDA YAGI TANSHI Co., LTD.                             | 590,600                         | 0.9                        |
| TAIJU LIFE INSURANCE COMPANY LIMITED.                  | 550,000                         | 0.8                        |

\* The Company holds 515,074 shares of treasury stock but is excluded from the above list of major shareholders.

Composition of Shareholders by Type

