

INTEGRATED REPORT 2024

For the People



Our Philosophy

Group Business Philosophy

For the People

1 Tasty, affordable, fast

Tasty means high quality, affordable signifies relative value and efficiency, and fast refers to promptness and delivery time. We will continue to adhere to these values and enhance these elements even further.

2 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 visits and to establish new outlets and businesses to ensure that our products and services are used by a greater number of customers.

3 Challenges and innovation

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

Our Six Core Values

4 Originality

We will maintain our focus on being a distinguished presence with regard to products, services, outlet development, employees, corporate culture, and other aspects, and provide customers with a level of satisfaction that only we can provide.

5 Importance of human resources

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.

6 Integrity

We will cultivate a highly transparent, free, and open corporate culture through straightforward discussions based on principles. In addition, we will never permit acts that violate social ethics and compliance and will continue to maintain integrity.

Medium-term Management Plan FY2022–FY2024

Promoting structural change during the COVID-19 pandemic and seeking to evolve and regenerate our business.

Medium-term Management Plan FY2022–FY2024 Themes

Evolution and Regeneration

Basic policy : Improve invested capital efficiency



Heighten

Evolve existing businesses



Extend

Strengthen growth businesses



Increase

Seek M&A opportunities

Deepen group management

Human resource development, capacity building, and diversity

Sustainability initiatives

Yoshinoya Holdings human capital management

Our Group business is centered around our “For the People” philosophy. The “people” we are referring to here include all stakeholders who help the Group provide value and expand the reach of the pleasure, enjoyment, and happiness we can offer. This includes our customers, business partners, shareholders and investors, local communities, and employees.

Our employees are the font of our value provision capabilities. As such, we respect the diversity of our workforce and personal characteristics of every individual, and we encourage active participation and growth by creating workplaces that nurture enthusiasm. We strive to maximize the level of customer satisfaction through quality products and services, contribute to society through our business, and ensure our own sustainable growth. This philosophy forms the basis of our human capital management.

No matter how advanced technology becomes, there will always be a certain warmth and comfort that only people can provide.

We welcome our customers with a sincere smile and see them off with a cheerful goodbye. The customer-centric skill and consideration we show make our customers happy. They always reply with a joyful thank you for the meal. We believe that working in the restaurant industry should be viewed as a labor of love that makes people happy and joyful through human interaction.

The further we progress this idea, the more people will appreciate and seek out the value we offer, not only in terms of our food but also the restaurant space and eating atmosphere we create. Our people are key when it comes to increasing the value of that space. The Yoshinoya Group will pursue human capital management to continue providing value that makes customers want to come to our restaurants because of our staff.

Contents and Editorial Policy



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Editorial Policy

The Yoshinoya Holdings Group issues Integrated Reports that communicate its medium- to long-term growth strategy by providing both financial information, such as the status of its business performance and assets, and non-financial information concerning the Group’s efforts on sustainability and its corporate social responsibility. This report has been prepared for our shareholders, investors, and other stakeholders as its target readers and edited with an awareness of accurate, detailed, and comprehensible corporate communication, to convey who we are and our vision and core values, as well as our value creation process and business strategy based thereon.

In this year’s report, we review our Medium-term Management Plan—which has completed its second year—and, based on the progress we have made in our business and financial strategies, we have clearly identified the challenges that face us in the third and final year of the plan. The report also includes contents such as “Snapshot,” which captures our initiatives during the fiscal year using visual elements, “Materiality Highlights,” and three special features highlighting our growth strategies, providing a bird’s-eye view of the Group’s overall value creation.

The International Integrated Reporting Framework of the International Integrated Reporting Council (IIRC) and ISO 26000 (Guidance on Social Responsibility) were used as references in editing the report for better comparability of information.

<Scope of coverage>

The business overview provided in this report focuses mainly on information that has a relatively high impact on YOSHINOYA HOLDINGS CO., LTD. and some of its consolidated subsidiaries. With respect to environmental, social, and governance (ESG) factors, information on the Group’s core activities is presented.

<Period covered>

This report includes information on corporate activities during FY2023 (March 1, 2023, through February 29, 2024). However, a part of its contents includes information on the past and for March 1, 2024, and beyond.

<Publication date>

May 2024 (Next issue: scheduled for May 2025)

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On the publication of the Integrated Report 2024

The purpose of this report is to comprehensively and clearly convey the Yoshinoya Holdings Group’s value creation story to our stakeholders. It presents the current status and future direction of the Group’s initiatives toward sustainable growth from both financial and non-financial perspectives.

From the perspective of providing information on our efforts toward ESG management and the SDGs, in this year’s report, as in the previous publication, we report co-creation of value with stakeholders based on our Basic Sustainability Policy and material issues. In addition, as we set the KPIs and targets for each material issue in January 2024, we have included a special feature in this issue to outline the details.

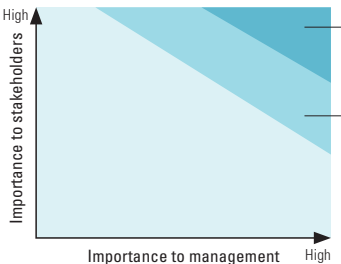
With regard to our growth strategy, we are pleased to report steady progress against our Medium-term Management Plan centered around the two themes of evolution and regeneration. And, in order to promote the acceleration of growth, we have detailed the significant increase in investments planned for FY2024 in the message from the President and the message from the CFO to gain understanding and acceptance of the plan on the part of our stakeholders.

As indicated in the Editorial Policy (page 4), this report was prepared through cooperation across the entire Group, with reference to the International Integrated Reporting Framework of the International Integrated Reporting Council (IIRC) and ISO 26000 (Guidance on Social Responsibility). We hereby state that the report has been prepared in good faith with transparency and that its contents are appropriate and just.

Norihiro Ozawa, Managing Director, YOSHINOYA HOLDINGS CO., LTD.

<Disclaimer>

The performance forecasts, future outlook, strategies, goals, and other statements contained in this report, excluding those relating to past or present facts, are forward-looking statements about the future. They are based on plans, expectations, and judgments in accordance with the information currently available to the company and certain assumptions judged to be reasonable. Please be advised, therefore, that actual results may differ from the disclosed forecasts and other statements due to various uncertainties and variable factors such as economic conditions.



	Financial Information	Non-financial Information
Websites	IR website https://www.yoshinoya-holdings.com/english/ir/	Sustainability website https://www.yoshinoya-holdings.com/english/csr/
Reports	Annual Securities Report (Japanese only)	Corporate Governance Report



For further detailed information:
<https://www.yoshinoya-holdings.com/english/>

This booklet provides information on selected core activities of the Group. For more detailed and comprehensive information, please visit our website.



Core Values and Value Creation Story

Evolving and Ever-expanding Values

Our six core values rooted in our Group business philosophy and vision have supported our business development.

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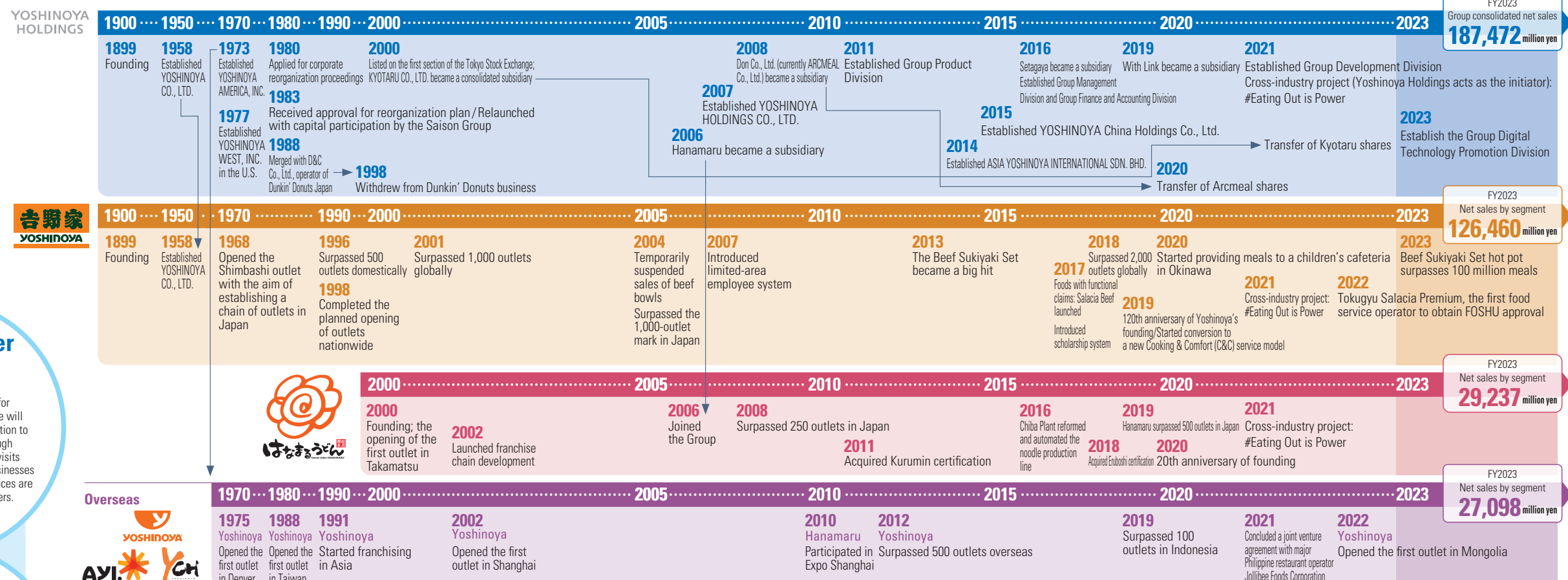
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Our value creation story and business portfolio transformation



Examples of value creation through business

Yoshinoya 2023

Reduce preparation time through recipe and operational alterations

A new pillar product, karaage fried chicken is growing rapidly

Karaage fried chicken is Yoshinoya's second pillar product after the beef bowl. It features flavor customers will never tire of thanks to a special sauce and unique cooking method, as well as large, thick meat. In FY2023, after making recipe and operational alterations to reduce preparation time, we increased sales by introducing a new product, Yangnyeom Karaage Bowl/Set, as well as a 10%-off campaign, in an aggressive effort to boost sales. We anticipate further growth for this product as one that will be favored by customers for both lunch boxes and the dinner table.



Hanamaru 2023

High-value, regular subscription-based service

Release of the popular annual Tempura Commuter Pass for a limited time only

Hanamaru has once again launched its popular Tempura Commuter Pass in limited quantities in FY2023. The popular Tempura Commuter Pass, a subscription-type service offered every spring, is purchased at the store for 400 yen per coupon. The coupon can be presented during the 37-day validity period and the bearer receives one free tempura dish of their choice with every order of udon (this also applies to sets, curry rice, small rice bowls, and udon bentos), with no limit to the number of coupons a customer can use. Customers can also use this service for takeout orders.



Overseas 2016

Toward becoming a marketing hub in the ASEAN region

Singapore, the first directly managed area in the ASEAN region

Singapore serves as the marketing hub. In this, the region's first directly managed area, verification testing is being conducted, including the 100% conversion to cashless payment using kiosks. We also changed the product name from Beef Bowl to Gyudon and are developing Japan-inspired products, such as Tori Paitan Ramen and 16-grain rice.

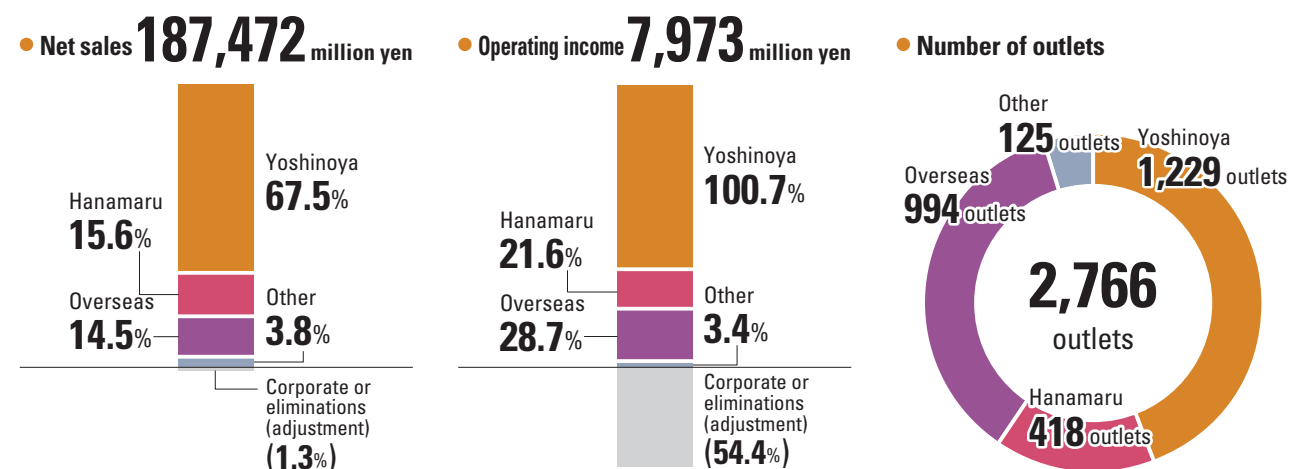


Yoshinoya Holdings' Business

Delivering the Value of Deliciousness from Japan to the World

Through market strategies that satisfy the needs of each country and region, the Group's outlets are visited by 300 million customers annually. Our pursuit of taste and service will continue to expand beyond national borders.

Business structure



Yoshinoya



Achievement of universal values sought by society

As a food service brand that delivers everyday food enjoyed by many people to customers across Japan with the same delicious taste, Yoshinoya is constantly striving to maintain and improve the quality of its beef bowl flavor and service. As change becomes increasingly rapid, we believe that providing the same abundance of food at an affordable price is the value that society expects us to deliver.

Hanamaru



Meeting the needs of people seeking joy and happiness through food

As lifestyles continue to diversify, the presence of food service chains that provide delicious food in a way that is close to people's daily lives enriches our lifestyles and brings vitality to society. As a business that offers the unchanging appeal of Sanuki-style udon noodles at an affordable price, Hanamaru will meet the needs of people who seek joy and happiness through food by opening outlets throughout Japan where they can easily visit at any time.

Overseas



Providing support for global food culture development

A rich food culture brings the common value of great flavor and enjoyment to people everywhere. The challenge for the food service industry is to offer value in all countries and regions and maintain it amidst constant social change. The Group will support the global development of food culture by delivering the quality of taste and service that we have cultivated in Japan to people around the world.

Other

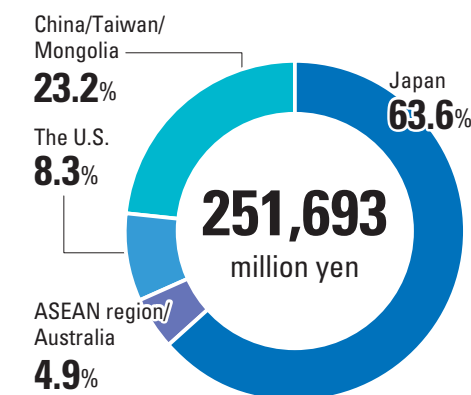


Piloting the Group

Regarding the ramen noodle business, which is positioned to become the next pillar of growth for the Group, we are overcoming the impact of COVID-19 and responding to changes in the business environment by strengthening takeout and delivery services, while also pursuing rebranding and verifying roadside outlet models in order to improve profitability. We also participate actively in franchise shows overseas and plan to open an outlet in Edinburgh, Scotland in FY2024.

Global expansion

● Global net sales



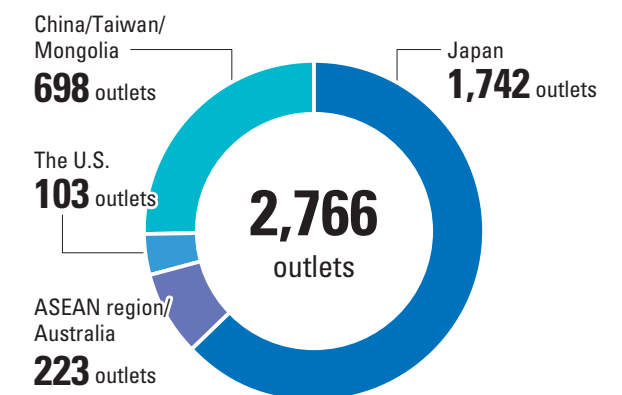
Japan

The Group is expanding outlets, primarily Yoshinoya, which has been in business for 125 years delivering its renowned beef bowls, and Hanamaru, a Sanuki-style udon restaurant. To attract new customers, Yoshinoya is undertaking a renovation to a C&C model. For global expansion, we are developing ramen brands such as Setagaya and Bariuma.

America

The Company's first expansion into the U.S. was in 1975 when it opened its first outlet in Denver. We operate outlets mainly on the West Coast. We have renovated our dual-line kitchens from our traditional store model, and are winning the support of new customers.

● Number of outlets globally



ASEAN region/Australia

We consider Indonesia, which has the largest number of outlets in the ASEAN region, as one of the areas where we expect growth. With Link also operates its ramen restaurant business and is promoting the expansion of franchise outlets.

China/Taiwan/Mongolia

Broad-based development of directly operated outlets and franchise outlets is pursued under the management of YOSHINOYA China Holdings Co., Ltd. and Taiwan Yoshinoya Co., Ltd. Focusing on training local personnel, we have integrated ourselves into local communities with menus tailored to each region while maintaining our commitment to Japanese-quality taste and service.

Scan the QR code for details of global outlet development →



A year of accelerating efforts toward growth

The resolution of the COVID-19 pandemic served as a tailwind, stimulating a variety of activities in FY2023.

We will report on the challenges each group company faces as they accelerate their efforts with an eye to what's ahead.

Yoshinoya

C&C and zig-zagged counter stores are expanding!

115 new/remodeled outlets

Strengthen the opening of takeout/delivery specialty stores

More than **30** new outlets



Commemorating the 30th anniversary of the launch of frozen beef bowl toppings

Cumulative sales surpass **300** million meals



Commemorating the 10th anniversary of the launch of the Beef Sukiyaki Set

Cumulative sales surpass **100** million meals !!!!!



Hanamaru

Promotional campaigns contribute to recovery in performance!

Net sales: **29,237** million yen (year on year +15.4%)

Operating income: **1,724** million yen (year on year +1,992 million yen)

Campaign examples

Cold Tantan Fair
The most popular summer dish,
Cold Tantan udon, available only in
summer



Kake udon sale: 100 yen off
A week of savings,
such as Kake udon (small) for 190 yen

Overseas

China's zero-COVID policy shift sparks recovery in business performance

Annual sales at existing outlets (directly operated): **116.8** % of the previous fiscal year

Number of outlets: **994** (year on year +31)



Yoshinoya Holdings

As part of our commitment to human capital, we stage contests for employees to compete in terms of service and operational quality

Yoshinoya

Team Service Contest

C&C Team Service Contest

Enhance operational capabilities toward achieving Yoshinoya's medium-term business policy, "Become No. 1 in food services," and establish Yoshinoya service to impress and satisfy customers.

Yoshinoya Beef Bowl Preparation Skills Grand Championship

Focusing on the beef bowl preparation skill to be handed down at Yoshinoya, the competition helps individuals hone their skills and achieve tasty and faster food at their outlets.

Kitchen Master Championship

Focus on cooking and operation according to the current menu structure, with the aim of acquiring more efficient operation techniques to heighten customer satisfaction.

Hanamaru

Operation Contest

Operation Contest: Competing to see who has the best operational technique. In addition to "udon boiler" and "face-to-face (product creation)" judging, "tempura" judging was added in FY2023, making the criteria more stringent.

Overseas

Yoshinoya China Skills Competition

Through the skills competitions, we provide a stage for competition and exchange among operating companies, and create an atmosphere of learning and progressing together.

Yoshinoya
Team Service
Contest



Hanamaru
Operation
Contest



Yoshinoya
China Skills
Competition



Tokyo factory promotes initiatives to mitigate environmental impact

Installed solar power generation equipment

CO₂ emissions: Reduction of **195** t per year (estimate)

Introduced the superheated steam dryer

"JOSEN" to upcycle unneeded onion scraps



Incentive plan designed to heighten awareness of management participation and motivation

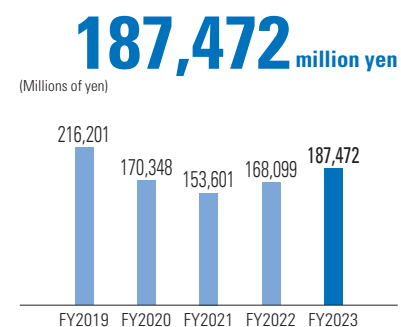
Introduced a special incentive scheme
through the Group employee stock ownership plan



Financial and Non-financial Highlights

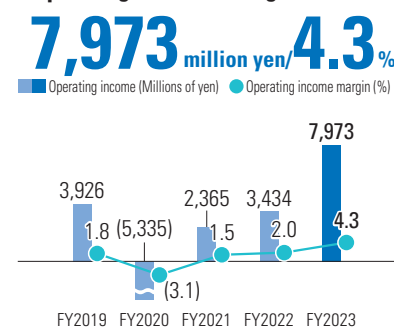
Financial Highlights

• Net sales



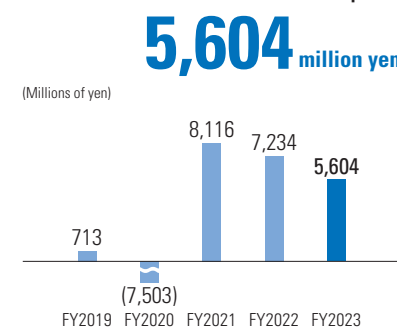
Net sales increased 11.5% on a consolidated group basis owing to an increased flow of people following the relaxation of regulations concerning infectious diseases and successful sales and seasonal product initiatives oriented toward increasing the number of customers.

• Operating income / margin



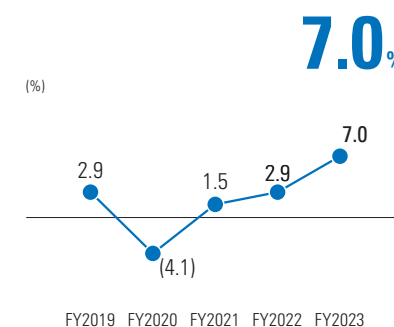
Operating income increased through proper management of increased variable costs due to higher sales with support provided by government measures to reduce the burden of utility costs.

• Net income attributable to owners of the parent



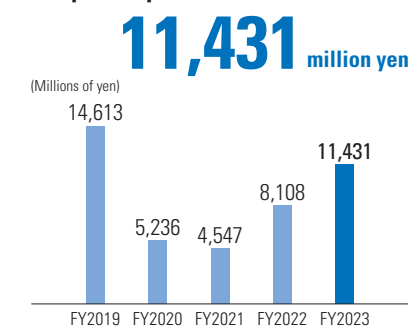
Net income attributable to owners of the parent decreased owing to the impact of the gain on sale of shares of subsidiaries and affiliates (1.7 billion yen) recorded in the previous fiscal year.

• ROIC



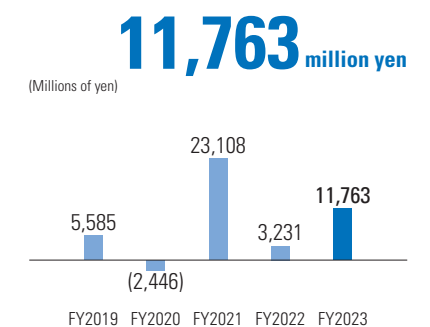
ROIC was 7.0% due to an improvement in the operating income margin. Although we have reached the 5.0% target stipulated in our Medium-term Management Plan, we will work to optimize investment efficiency for the sake of the Group's growth.

• Capital expenditure



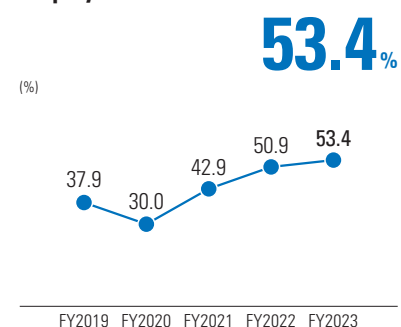
We are advancing renovation and conversion to a C&C model at Yoshinoya outlets in Japan. We are also proceeding with rebranding outlets overseas through aggressive investments in the U.S., China, the Philippines, and elsewhere.

• Free cash flow



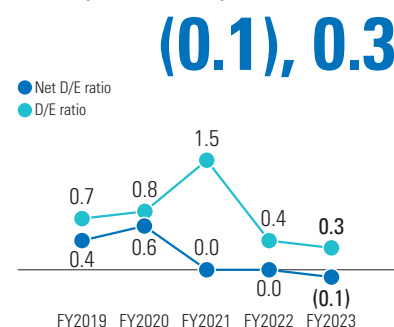
Operating cash flow rose due to the increase in operating income. Moreover, cash flows from investing activities increased, owing to the promotion of investment activities.

• Equity ratio



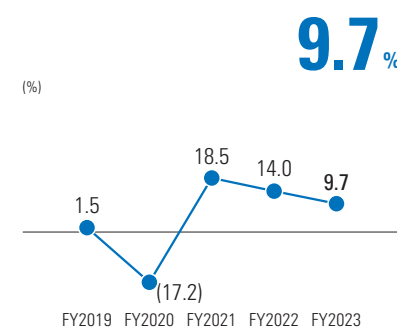
The repayment of loans payable has helped improve the company's financial soundness. The equity ratio reached 53.4%. We will strive to strengthen the resilience further.

• Net D/E ratio and D/E ratio



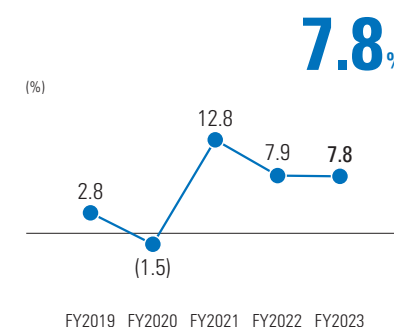
The debt-to-equity ratio was 0.3 and the net debt-to-equity ratio was -0.1 due to the repayment of loans payable and accumulation of net assets resulting from the improvement in operating income margin.

• ROE



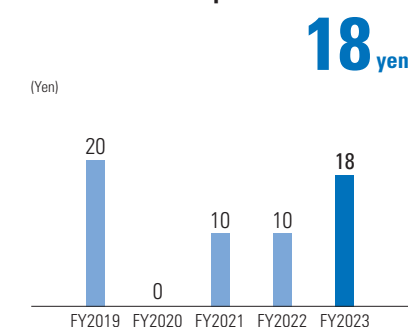
Although operating income increased due to sales growth and proper cost management, ROE was negatively impacted by the gain on sale of shares of subsidiaries and affiliates in the previous fiscal year.

• ROA



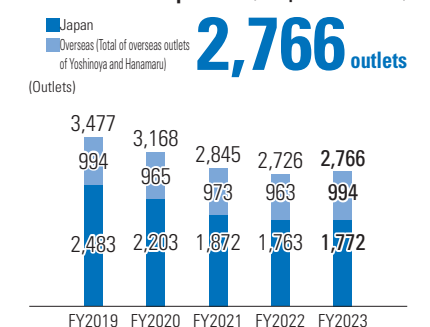
Enhanced profitability resulted in ROA of 7.8%.

• Annual dividend per share



The future outlook continues to be uncertain due to factors such as the surge in raw materials, labor, and logistics costs. We will strive to increase operating income through growth investments.

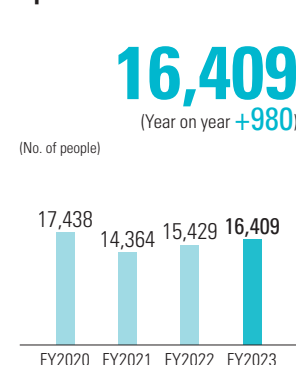
• Number of Group outlets (in Japan and overseas)



We implemented an approach toward recovering sales of existing outlets both in Japan and overseas. The number of outlets totaled 1,772 in the domestic segment (including other businesses) and 994 in the overseas segment, resulting in a group total of 2,766 outlets.

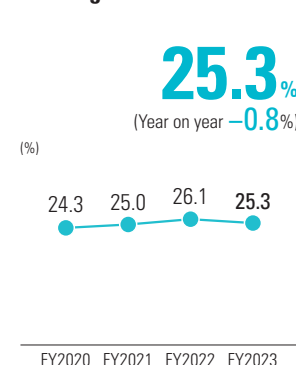
Non-financial Highlights

• Number of employees and part-time workers



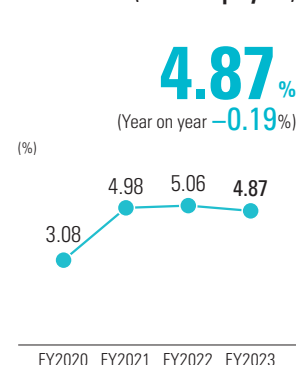
The number of employees and part-time workers increased by 980 compared with the previous fiscal year due to reinforced recruitment activities and the promotion of initiatives to reduce employee turnover. In September 2023, we established a new department to bolster the hiring of part-time workers, and are striving to shorten the time between interviews and hiring.

• Percentage of female managers



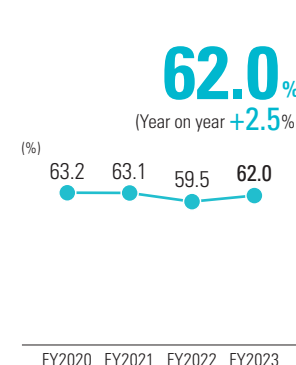
J-yoshinoya (Yoshinoya) and LWB Project (Hanamaru) are held regularly to foster an environment where female employees can feel secure and work with vigor. We will work aggressively toward the numerical target of 30% for female managers by the end of 2030.

• Percentage of persons with disabilities (friend employees)



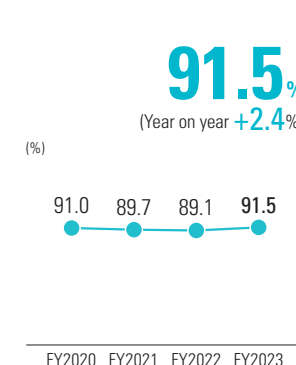
Amid the accelerating trend toward AI and mechanization, Yoshinoya Holdings considers people to be the source of value. The Group opens its doors to all people and provides opportunities for them to live as they wish, making the most of their individuality and diversity.

• Percentage of paid leave taken



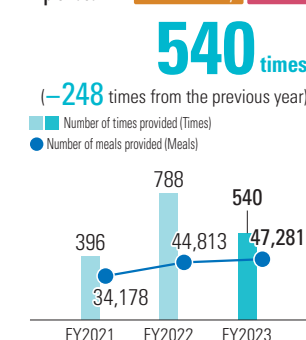
The percentage of paid leave taken by employees was 62.0%. The Group has introduced a leave system that encourages employees to lead more enriched lives away from the workplace, thereby promoting a good work-life balance. We set a target for FY2030 of 80%.

• Regular health checkup attendance rate



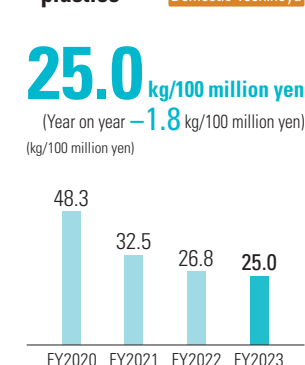
The health checkup attendance rate among employees and part-time workers of the Group's domestic operating companies has remained high at 91.5%. As part of wellness management to ensure the mental and physical well-being of our employees, we conducted training twice in FY2023 with the cooperation of a team of nurses to furnish participating employees with knowledge and skills in cardiopulmonary resuscitation (CPR) and primary life support using an automated external defibrillator (AED).

• Number of times of meals provided to children's cafeterias and number of meals provided



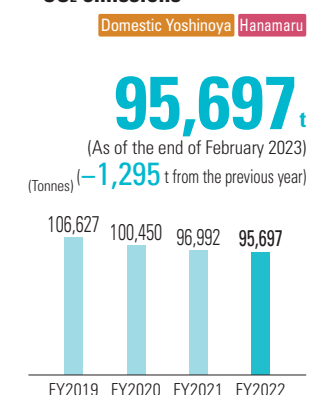
We believe that child poverty is a critical social issue that must be resolved. Yoshinoya and Hanamaru continue to provide meals to children's cafeterias in order to offer children hot meals and the chance to enjoy eating.

• Consumption of specified plastics



Yoshinoya will work on achieving a target of reducing the use of specified petroleum-based plastic products by half (in weight per unit sales) by the end of FY2030.

• CO₂ emissions



We implement measures in line with each country's targets for reducing environmental impact. In our domestic operations (including Yoshinoya, Hanamaru, and factories), we strive to reduce energy consumption based on the guidelines set by the government.