

# 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)

#### <Contact information>

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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.

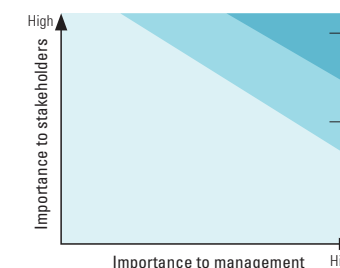
With regard to our growth strategy, we are pleased to report steady progress against our Medium-term Management Plan centered around the two themes of evolution and regeneration. And, in order to promote the acceleration of growth, we have detailed the significant increase in investments planned for 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.



#### Integrated Report (This booklet)

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

Volume of information



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.

## Group Business Philosophy

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## Our Six Core Values

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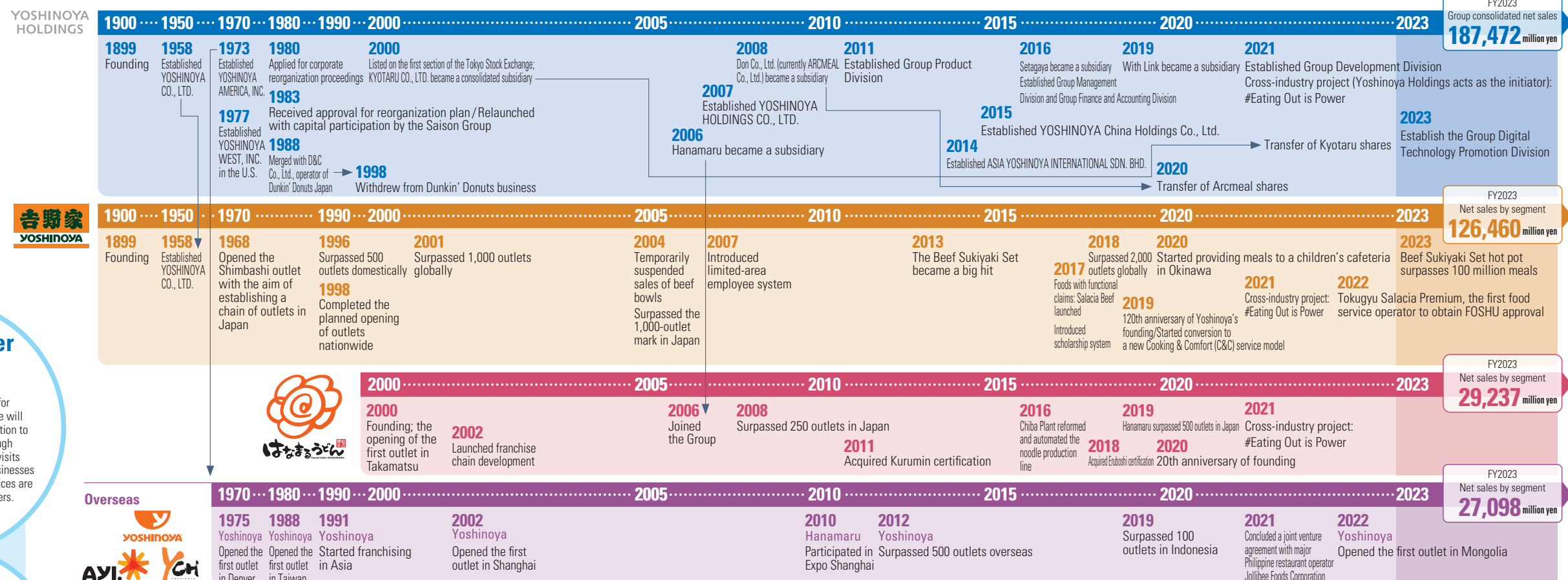
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## Our value creation story and business portfolio transformation



## 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.



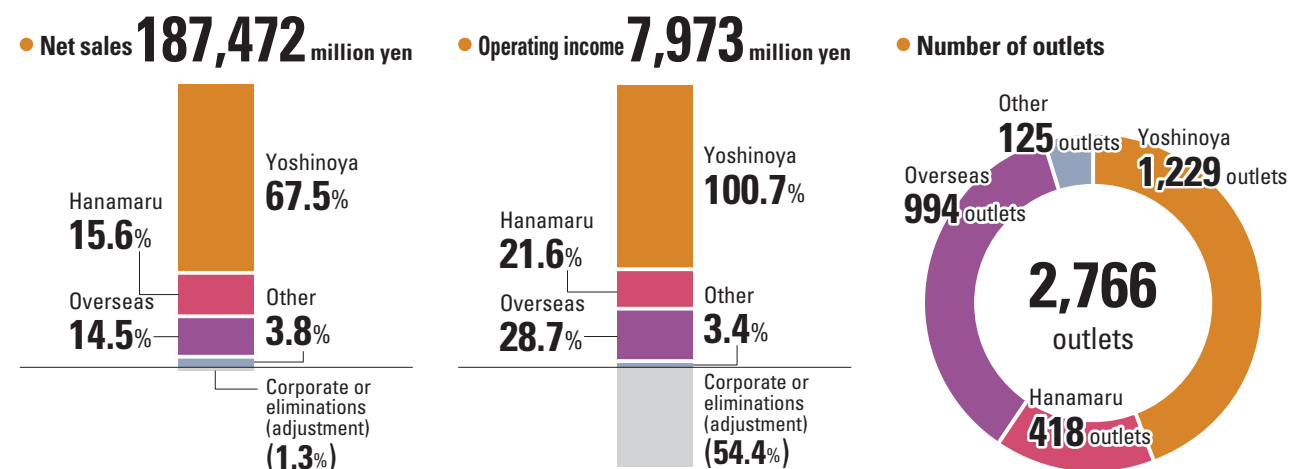


## Yoshinoya Holdings' Business

## 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

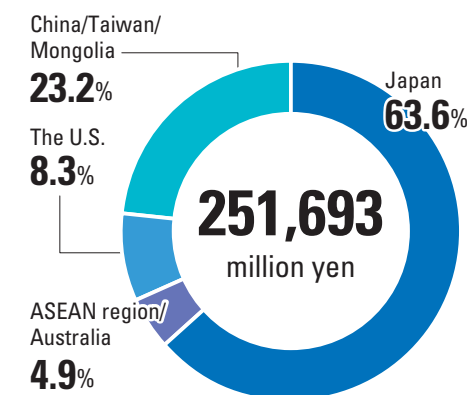


## Piloting the Group

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



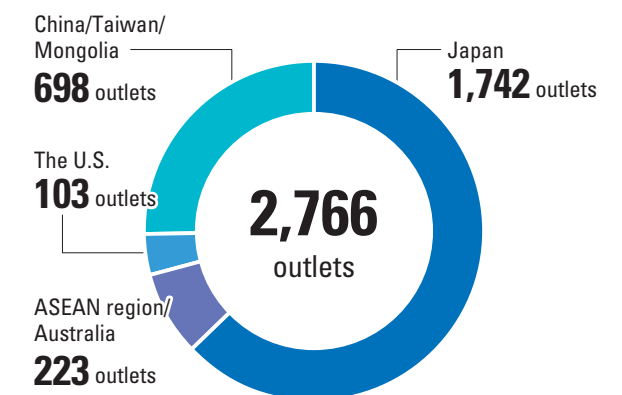
## Japan

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

CO<sub>2</sub> 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

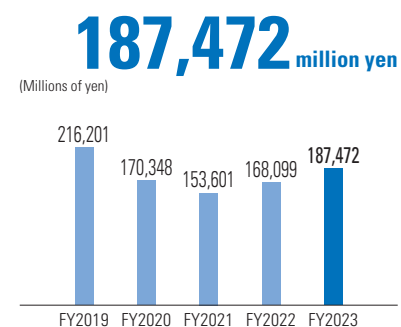




# Financial and Non-financial Highlights

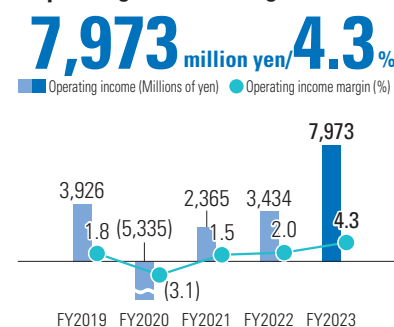
## Financial Highlights

### • Net sales



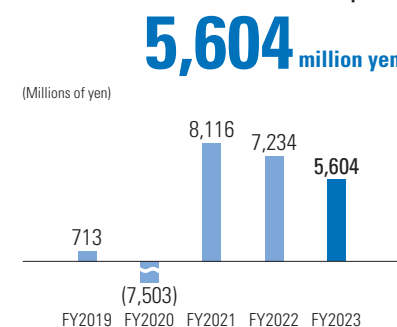
Net sales increased 11.5% on a consolidated group basis owing to an increased flow of people following the relaxation of regulations concerning infectious diseases and successful sales and seasonal product initiatives oriented toward increasing the number of customers.

### • Operating income / margin



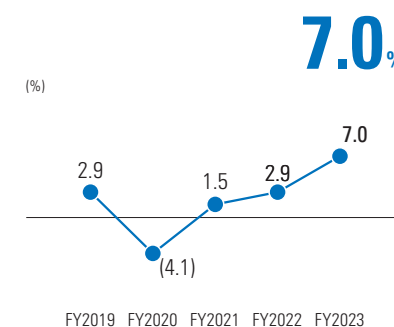
Operating income increased through proper management of increased variable costs due to higher sales with support provided by government measures to reduce the burden of utility costs.

### • Net income attributable to owners of the parent



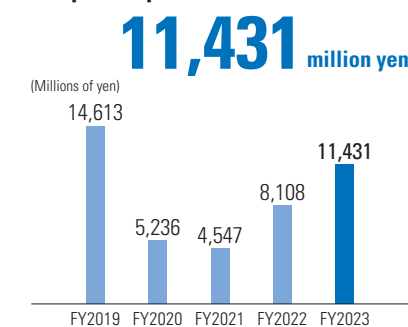
Net income attributable to owners of the parent decreased owing to the impact of the gain on sale of shares of subsidiaries and affiliates (1.7 billion yen) recorded in the previous fiscal year.

### • ROIC



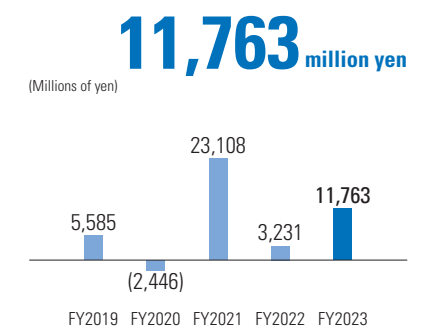
ROIC was 7.0% due to an improvement in the operating income margin. Although we have reached the 5.0% target stipulated in our Medium-term Management Plan, we will work to optimize investment efficiency for the sake of the Group's growth.

### • Capital expenditure



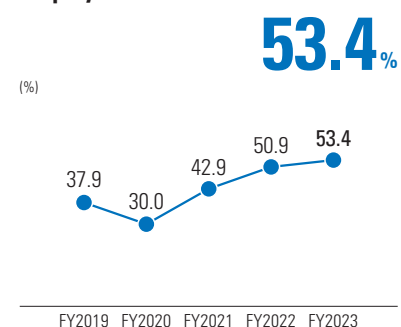
We are advancing renovation and conversion to a C&C model at Yoshinoya outlets in Japan. We are also proceeding with rebranding outlets overseas through aggressive investments in the U.S., China, the Philippines, and elsewhere.

### • Free cash flow



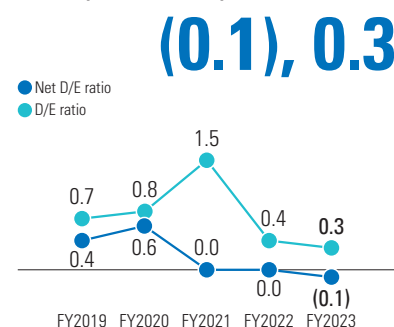
Operating cash flow rose due to the increase in operating income. Moreover, cash flows from investing activities increased, owing to the promotion of investment activities.

### • Equity ratio



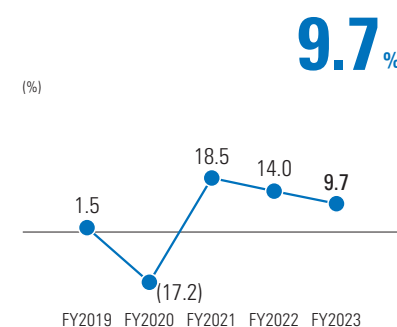
The repayment of loans payable has helped improve the company's financial soundness. The equity ratio reached 53.4%. We will strive to strengthen the resilience further.

### • Net D/E ratio and D/E ratio



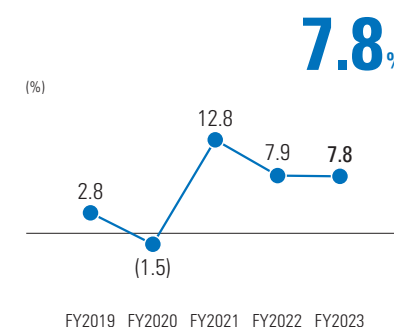
The debt-to-equity ratio was 0.3 and the net debt-to-equity ratio was -0.1 due to the repayment of loans payable and accumulation of net assets resulting from the improvement in operating income margin.

### • ROE



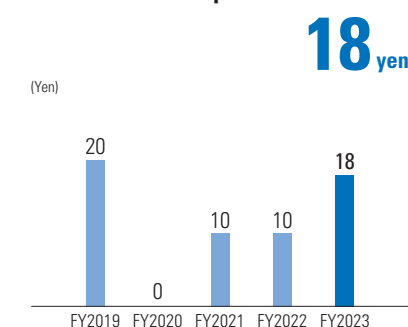
Although operating income increased due to sales growth and proper cost management, ROE was negatively impacted by the gain on sale of shares of subsidiaries and affiliates in the previous fiscal year.

### • ROA



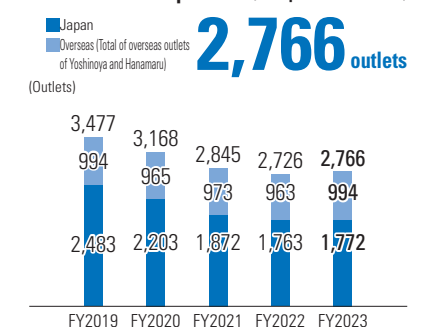
Enhanced profitability resulted in ROA of 7.8%.

### • 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.

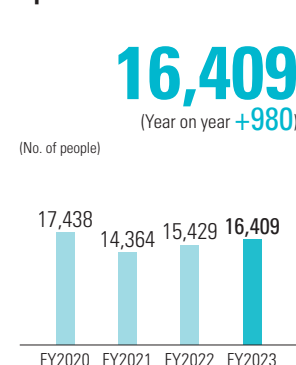
### • Number of Group outlets (in Japan and overseas)



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.

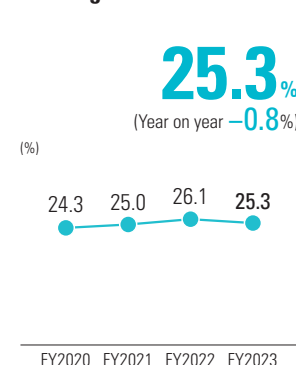
## Non-financial Highlights

### • Number of employees and part-time workers



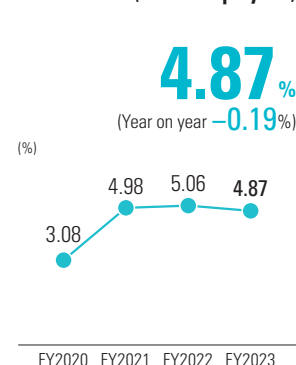
The number of employees and part-time workers increased by 980 compared with the previous fiscal year due to reinforced recruitment activities and the promotion of initiatives to reduce employee turnover. In September 2023, we established a new department to bolster the hiring of part-time workers, and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

### • Percentage of female managers



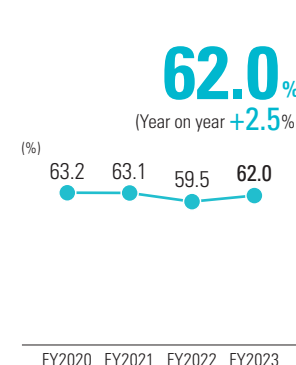
J-yoshinoya (Yoshinoya) and LWB Project (Hanamaru) are held regularly to foster an environment where female employees can feel secure and work with vigor. We will work aggressively toward the numerical target of 30% for female managers by the end of 2030.

### • Percentage of persons with disabilities (friend employees)



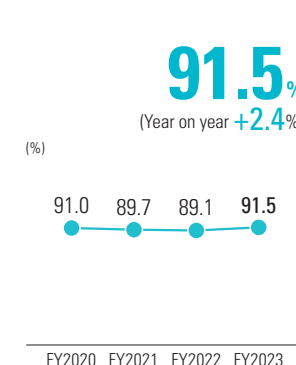
Amid the accelerating trend toward AI and mechanization, Yoshinoya Holdings considers people to be the source of value. The Group opens its doors to all people and provides opportunities for them to live as they wish, making the most of their individuality and diversity.

### • Percentage of paid leave taken



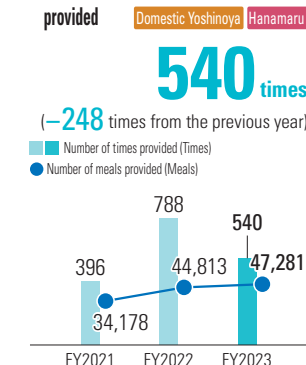
The percentage of paid leave taken by employees was 62.0%. The Group has introduced a leave system that encourages employees to lead more enriched lives away from the workplace, thereby promoting a good work-life balance. We set a target for FY2030 of 80%.

### • Regular health checkup attendance rate



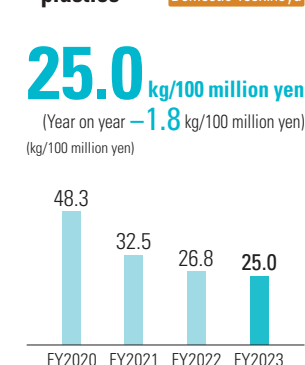
The health checkup attendance rate among employees and part-time workers of the Group's domestic operating companies has remained high at 91.5%. As part of wellness management to ensure the mental and physical well-being of our employees, we conducted training twice in FY2023 with the cooperation of 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



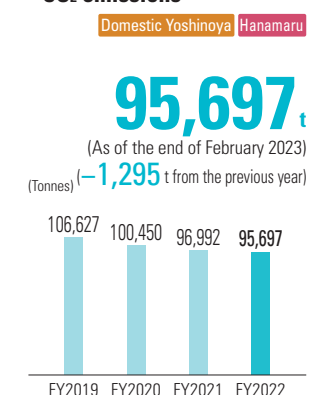
We believe that child poverty is a critical social issue that must be resolved. Yoshinoya and Hanamaru continue to provide meals to children's cafeterias in order to offer children hot meals and the chance to enjoy eating.

### • 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.

### • CO<sub>2</sub> 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.

## Message from the President

# Steady implementation of the Medium-term Management Plan: A group-wide drive for substantial growth

**Yasutaka Kawamura**

President  
YOSHINOYA HOLDINGS CO., LTD.



## Yoshinoya surpasses forecasts and Hanamaru returns to profitability Performance targets of the Medium-term Management Plan achieved one year ahead of schedule

Looking back at the business landscape in FY2023, the impact of the COVID-19 pandemic that devastated the restaurant industry for three years has largely faded, both domestically and internationally. However, a strong wave of inflation has hit the shores, requiring agile responses to evolving economic conditions throughout the year.

Notably, in the U.S. market, the rapid escalation of inflation in recent years has led to a noticeable increase in overall prices, accompanied by significant increases in minimum wages. Meanwhile, in the Chinese market, the economic slowdown triggered by the real estate downturn has dampened consumer confidence. On the recruitment side, the rise in youth unemployment provides an opportunity to attract talented people, but on the sales side, as in other regions, rising raw material and utility costs are putting pressure on profits.

Prices in the Japanese market have not risen as much as in the U.S., but the deflationary trend of the past 30 years has turned into inflation, which is expected to have a positive impact on economic growth. However, calling this “benign inflation” does not accurately reflect the current business environment of our restaurant industry, given the sluggish growth in consumer disposable income. On the cost side, utility and logistics costs are rising, and the depreciation of the yen is exacerbating the situation. In addition, the price of U.S.

beef, a key raw material for the Group, is expected to continue to increase due to supply constraints in the local market.

Against this backdrop, our primary business, Yoshinoya achieved higher-than-expected revenue and profit in FY2023 thanks to net sales growth in existing stores and solid performance in the direct sales business, while the Hanamaru business also achieved sales growth and a return to profitability. The impact of lowering the break-even point between FY2020 and FY2021 to manage the challenging COVID-19 environment was evident, enabling us to secure profitability by offsetting the increase in variable costs and the rising expenses associated with the expansion of the top line. Overseas, our U.S. operations continued to perform well, and China and the ASEAN region also posted higher sales and improved profits over the previous fiscal year.

As a consequence, with net sales of 187.4 billion yen (up 11.5% from the previous year) and operating income of 7.9 billion yen (up 132.1% from the previous year), we successfully achieved results that exceeded the forecast made at the beginning of the fiscal year, thus reaching the performance targets of the Medium-term Management Plan (FY2022–FY2024) of 180 billion yen in net sales and 7 billion yen in operating income a year ahead of schedule.

## A year that achieved increased sales and improved profits in each business segment

### Yoshinoya launches the expansion of takeout/delivery specialty stores

Yoshinoya business in FY2023 focused on the themes of “prioritizing customer counts” and “intensifying growth investment.” To attract new customers and increase the frequency of visits by existing customers, we continued the conversion to C&C (Cooking & Comfort) restaurants and “zig-zagged counter” restaurants through new store openings and renovations. In terms of product offering, we reviewed the recipe and operations for *karaage* chicken, a staple item on our year-round menu after Gyudon beef bowls, to ensure quick service and promote sales expansion.

Regarding our focus on “prioritizing customer counts,” we successfully captured the recovery of human traffic by enhancing the quality of our products and services and making concerted efforts to raise awareness among store managers and area

managers of key performance indicators (KPIs) such as the number of unique users and the repeat rate. In October 2023, we were compelled to revise the prices of our key products including Gyudon Namimori (regular-size beef bowl) due to escalating costs, but we were able to maintain positive growth without a decline in customer numbers.

As part of the “intensifying growth investment” initiative, we expanded the number of C&C stores to 412 by the end of FY2023, raising their share of the total store base to 33.5%. In addition to accelerating the speed of conversion by introducing low-investment models, we are holding quarterly “upgrade meetings” on store remodeling to incorporate suggestions from the field into the next remodeling orders. The conversion to C&C stores, which are



## Message from the President

designed to be more appealing to female customers, helped increase the percentage of female customers to 28%, approaching Yoshinoya's target of 30%. In addition, C&C restaurants offer convenient access to takeout in addition to dine-in options, which also contributed to the rise in the number of female customers. In response to the growing demand for takeout, we are expanding the introduction of takeout/delivery specialty stores from FY2023.

The direct sales business remained solid in FY2023, achieving net sales of approximately 11 billion yen, continuing the growth in sales of frozen beef bowl topping and retort pouch beef bowl tapping that began during the COVID-19 pandemic. Our future challenge in the next stages of growth will be to attract customers and promote the development of products offered by Group companies other than Yoshinoya.

Our paramount objective for the Hanamaru business has been to achieve operating profitability for the first time in four years. To expand the top line by capturing the flow of returning customers, we initiated company-wide efforts focused on developing human capital, refining product quality, and enriching the store environment. As a result, Hanamaru's operating income returned to profitability in FY2023, supporting the Group's overall profits. However, it may not be entirely accurate to characterize the recovery as robust, as a significant portion of it can be attributed to favorable market conditions. We need to clarify the strategic direction of the Hanamaru business for medium- and long-term growth, while accelerating efforts to improve profitability and implementing a rebranding initiative.

In the overseas business, performance in China and the ASEAN region improved significantly as markets recovered from the effects of the COVID-19 pandemic. However, in China, as noted above, consumer confidence deteriorated amid the real estate downturn, with the impact becoming evident in the second half of the period. In this context, our Group has adopted new measures, such as expanding store openings in the outskirts of Shanghai and consolidating local operating company (companies), which are proving successful. Our U.S. business maintained its robust performance throughout FY2023, driven by menu diversification, store remodels, and the introduction of kitchens that improve operational efficiency. However, we experienced delays in key initiatives, including the planned year-end opening of a commissary center (food processing plant) and the expansion of store openings into other states beyond California. This underscores the need for rapid execution of growth strategies in FY2024.

Our ramen noodle business, which we have been cultivating, also showed improved business performance thanks to an influx of returning customers. In particular, Setagaya, which operates outlets at busy airports or railway station hubs, recovered from sluggish sales in the previous year and posted sales growth. With Link, which operates ramen noodle shops in suburban areas, also performed well. As a pioneering step, we plan to open our first outlet in Scotland this fiscal year. This will be the Group's first venture into the European market and is expected to pave the way for future business prospects.



## Significant increase in growth investments in the final year of the Medium-term Management Plan Aggressive store opening for the first time in 20 years to accelerate Yoshinoya's "evolution"

As mentioned above, in FY2023, we exceeded the sales and operating income targets for consolidated performance set in our Medium-term Management Plan one year ahead of schedule, thanks to the robust performance of each business segment. The operating income of 7.9 billion yen is the highest profit level in 20 years since FY2004 when our performance was significantly impacted by the BSE issue. However, as corporate management, we recognize that we cannot afford to be complacent. The performance targets of 180 billion yen in net sales and 7 billion yen in operating income set forth in the Medium-term Management Plan are the minimum levels required to return the funds entrusted to us by our shareholders through stable dividends, and we believe that the achievement itself is nothing to be proud of.

The COVID-19 pandemic forced us to suspend and postpone our long-term ten-year vision, NEW BEGINNINGS 2025 (NB2025), which began in FY2016 just as it was about to enter its expansion phase. As a result, the current Medium-term Management Plan was formulated as our promise to shareholders to achieve at least this much in the three years to FY2024. Under this plan, we are pursuing regeneration to restore the performance of the Hanamaru and ramen noodle business to pre-pandemic levels, while promoting the evolution of the Group through the expansion of overseas operations and the strengthening of the Yoshinoya business, including the conversion of store formats to C&C. Our regeneration efforts were behind schedule in FY2022, the first year of the plan, but we were almost back on track by the end of FY2023.

In FY2024, the final year of the plan, we will significantly increase our growth investments to further accelerate our evolution and take our business to new heights. Central to this strategy will be bold initiatives to open new stores within the Yoshinoya business segment. We aim to raise the number of Yoshinoya stores in Japan from 1,229 at the end of FY2023 to 1,323 by the end of FY2024. With the largest net increase in 20 years, the total number of Yoshinoya stores in Japan will exceed 1,300 for the first time. This expansion campaign is a milestone in that it is the first time during my tenure as President that I have personally overseen an aggressive initiative of this magnitude.

These new store openings include an increase in the number of takeout/delivery specialty stores, which began in FY2023 and have demonstrated steady performance. In addition to actively

capitalizing on the surge in takeout demand, a consumer behavior pattern that spread during the COVID-19 pandemic, we see significant potential in takeout-focused store formats given the challenges of securing prime real estate and staffing new store openings. We plan to increase the number of such stores to 117 in FY2024 (an increase of 80 stores from the previous year).

Ready to embark on a new endeavor, the YOSHINOYA business has set the theme for FY2024 as "Reignition—Challenge for All." Reignition symbolizes the act of reigniting momentum and moving forward by departing from the conventional trajectory of stability. The expansion of our store network requires the development of the people who will manage them, which means training new store managers, area managers, and sales managers. To ensure the success of this strategy, every employee is challenged to develop their skills and abilities to achieve growth beyond today. While accepting challenges does not guarantee success, it does guarantee growth. In this spirit, we have demonstrated our company-wide commitment to growth, as embodied in the phrase "Challenge for All."

It is fair to say that the success of our efforts in this one year will determine the trajectory of Yoshinoya's business toward a significant return to growth in the coming years. In addition, looking beyond Yoshinoya, FY2024 is critical to the growth and development of all of our business segments, to improve profitability and rebranding efforts within the Hanamaru business, to strengthen our overseas operations, and more. We are committed to fostering a shared awareness of this challenge for everyone in the Group.

The Medium-term Management Plan calls for 40 billion yen in growth investments over the next three years, with 10 billion yen earmarked for mergers and acquisitions (M&A). Our primary focus for M&A is, in principle, to promote the expansion of our ramen noodle business, and have recently completed the acquisition of shares in a manufacturing and development company that handles ramen products in Japan as well as abroad. We will continue to aggressively scrutinize and review potential projects.

For FY2024, we expect to continue to reach the final year targets of our Medium-term Management Plan with increased revenue and decreased profits, net sales of 203.0 billion yen (up 8.3% year on year), operating income of 7.0 billion yen (down 12.2% year on year), ordinary income of 7.4 billion yen (down 14.0% year on year),

Message from the President

and net income attributable to parent company shareholders of 4.1 billion yen (down 26.8% year on year). The main factor contributing to the decline in profits is the temporary increase in expenses associated with the expansion of Yoshinoya restaurants, as mentioned above. However, the deteriorating cost environment, including the escalating price of U.S. beef, is also expected to put

pressure on profits. However, regardless of the assumptions outlined in our budget, our firm stance as management is to pursue growth with higher profitability. We remain steadfast in our determination to increase profits and will continue to work diligently toward this goal.

Creating a new long-term vision toward 2040  
Embodying the future direction of our “For the People” management philosophy

Over the past two years, we have been working to create a new long-term vision to succeed NB2025 by launching the Forum 2040, which consists of members who were recruited and selected from Group companies in Japan and overseas. As a first step, in FY2022, the 56 members were organized into eight teams, with each team working on a specific topic to create scenarios for the year 2040, using the method of future forecasting, to envision the environment and society in which our Group will be located in the future. And then in FY2023, based on the new vision, they explored what we want to be in the future and compiled the recommendations for the Forum. The new vision will challenge our own intentions, asking us to answer what we want to achieve and how we will go about achieving it.

The reason we began to formulate a new long-term vision in the midst of the prolonged COVID-19 pandemic was that as NB2025 came to a standstill and it became very difficult to see what lay ahead, we felt the need to look beyond the immediate needs to the future and move forward together. As a result, the Forum 2040 activities provided an opportunity for the participating members to share their constructive thoughts through lively discussions. This

has had the effect of spreading expectations and hope throughout the company.

The responsibility for developing a new long-term vision has been entrusted to me, the top management, by the Forum 2040. Based on the recommendations compiled by Forum members, we are currently exploring the issue in greater depth toward concrete decision-making. I plan to outline the direction and issue more specific guidelines by the end of FY2024.

However, we find the process of formulating this year’s plan much more challenging than when we developed NB2025 in 2015. In developing the previous plan, which required us to “redefine the restaurant industry” as a prerequisite for the Group’s sustainable growth and development, we used keywords such as “from competition to co-creation” and “people, health, and technology.” We felt it was almost certain that society would move in the direction indicated by these keywords. This time, it is critical to consider how to embody the “For the People” management philosophy in a way that goes beyond the mere continuation of past practices, in the face of projections of a declining global population.

Setting materiality KPIs that enable monitoring to drive company-wide sustainability initiatives

In January 2024, we established the Sustainability Promotion Committee to strengthen our efforts to realize a sustainable society and defined KPIs that represent the targets of our initiatives for the five material issues (critical issues) identified in the previous two years. Each KPI was assigned a numerical target to be achieved by

FY2030, with a keen awareness of our contribution to the Sustainable Development Goals (SDGs) to be realized by 2030.

Each of the five material issues represents an important topic that underpins the Group’s relevance in society, but the focus on people is particularly important to us as a company guided by the



“For the People” management philosophy, and we recognize that we must take this issue more seriously than any other party. In terms of KPIs, we have set KPIs to improve employee engagement along with the percentage of female employees and managers, and the percentage of employees taking paid leave. In addition to implementing life-work balance initiatives and fostering an organizational culture that encourages positive change, I personally believe it is critical that employees actually feel that the company is growing.

In addition, as a food company, we believe it is our social responsibility to expand store community contribution activities through children’s cafeterias and other forms. The employees who have participated in these activities say that we should do more and that they want to do it, demonstrating a level of attention that is much higher than mine. “No poverty” is listed at the top of the SDGs, and I am personally committed to addressing this issue. In terms of materiality KPIs, our goal for FY2030 is to establish a network of initiatives across all prefectures. At the same time, we plan to increase the number of meals served throughout the Group and expand the total number of employees participating in these initiatives.

As part of our efforts to address environmental issues and climate change, we have set targets and KPIs for recycling waste

from our domestic factories, reducing the use of certain plastics, and sustaining the continued designation as eco-friendly restaurant. However, addressing environmental issues and reducing our environmental burden is a highly complex undertaking due to the interrelated nature of various factors within our operations and supply chain. In addition, environmental initiatives evolve over time, as responses that were effective a decade ago may not be effective today, and vice versa. What we need here is to examine whether the environmental initiative contributes to cost reduction and quality improvement. In other words, our basic position is that using economic value as the measure of our efforts should make our environmental activities sustainable.

In the future, we will drive sustainability initiatives across the company that lead to the enhancement of our corporate and social value by setting materiality KPIs that enable monitoring. Our business operations have reached a point where profitability, a long-standing concern for the Group, is showing signs of improvement and stabilization. We intend to take on the challenge of growing as a group. In this regard, FY2024 will be a pivotal year for the Group.

We look forward to the expectations of our stakeholders for the future leap forward our Group will realize, and we sincerely appreciate their continued long-term support.



Message from the CFO

Execute financial strategies that support the growth investment acceleration phase and contribute to corporate value

Norihiro Ozawa

Managing Director  
YOSHINOYA HOLDINGS CO., LTD.



Strengthening earning power toward sustainable profit growth

Properly manage increased variable costs associated with top-line growth

The Group’s medium-term financial strategy features four basic policies: sustainable profit growth, maintenance of financial soundness, improvement of invested capital efficiency, and continuation of shareholder return measures.

In FY2023, all business segments recorded sales increase and profit improvement, and we achieved the final year targets of our Medium-term Management Plan (FY2022–FY2024) of 180 billion yen in net sales and 7 billion yen in operating income, a year faster than originally anticipated. The Group’s operating income in excess of 7 billion yen is the highest in two decades.

Looking at key points of our performance, we achieved top-line growth attributable to an increase in customer numbers in all segments as a result of a recovery in foot traffic as the effects of the pandemic waned, and an increase in per-customer spend on the back of price revisions implemented in response to soaring costs. With regard to profit, the recovery of the Hanamaru and ramen noodle business was noteworthy. With a higher marginal profit ratio than other businesses, Hanamaru in particular achieved a marked improvement in profits in addition to increased sales, contributing significantly to the Group’s profit growth.

Having achieved regeneration, a policy of the Medium-term Management Plan, Hanamaru will promote a rebranding scheme with

new outlet openings so it can shift to the evolution phase from FY2024. Now let’s look at Yoshinoya’s results. In addition to transitioning to a new service model and expanding takeout/delivery specialty stores, we will refine our ability to attract customers, the foundation for achieving sustainable profitable growth.

Meanwhile, the continued high cost of raw materials and increases in labor and other costs pose challenges to profit growth. The soaring price of U.S. beef in particular has become a prime concern for the Yoshinoya business. Amidst this cost environment, we expect profit to decline in FY2024, attributable in part to a temporary rise in expenses as we will invest aggressively in growth through new outlet openings. Despite this, we do expect to maintain our target for operating income of 7 billion yen set forth in our Medium-term Management Plan.

While properly managing the variable cost increase associated with top-line growth, we will focus on measures to enhance efficiency—such as line expansion at outlets and food processing plants, and the application of technology—to ensure profitability. Initiatives by the finance department will also optimize the scheme to match the scale expansion, such as holding down commission fees through group contracts for cashless payments.

Maintain sound financial condition and boost capital efficiency

The finance department spearheads measures to improve the invested capital turnover ratio

In FY2023, in addition to enhanced profits, we made further progress in financial soundness by lowering interest-bearing debt as intended, raising

the equity ratio to 53.4% from 50.9% in FY2022. The debt-to-equity ratio declined to 0.30 from 0.44 in the previous year, well below the target of

0.6 stipulated in the Medium-term Management Plan. Therefore, we recognize that the Group is already well positioned to maintain financial soundness, and we believe that the future capital structure should focus on allocation to growth investments in a more leveraged manner.

Recent growth investments have been funded using EBITDA and cash on hand. The company generated 24.1 billion yen of EBITDA in FY2022 and FY2023 and executed 19.5 billion yen of investments over those two years. In FY2024, the company plans to utilize the margin in the debt-to-equity ratio to finance in-depth investments including the expansion of new outlet openings. In concrete terms, we expect to generate EBITDA of 14.2 billion yen and invest slightly more than that—16 billion yen—in capital.

Looking at capital efficiency, we are conscious that return on invested capital (ROIC) has to exceed the cost of capital as a requirement in expanding corporate value. An ROIC of 5.0% or more is one of the financial targets of our Medium-term Management Plan. We recorded ROIC of 2.9% in FY2022 and 7.0% in FY2023. It is expected to remain above 5.0% in FY2024.

In addition to improving profitability for each business, the finance department is taking the lead in shortening the cash conversion cycle and liquidating idle real estate assets toward boosting the investment capital turnover rate. In FY2023, we succeeded in shortening the cash conversion cycle by four days due to the early collection of notes and accounts receivable related to cashless payments and improved notes and accounts receivable management in the direct sales business. Moreover, the amount of idle real estate assets is currently half that prior to the pandemic, owing to liquidation. This has resulted in the benefits of a slimmed-down balance sheet and the generation of cash.

Furthermore, we have expanded the scope of group finance coverage—which we introduced to our domestic operating companies to improve fund procurement and management efficiency—to our overseas operating companies starting in FY2023. Managing surplus funds not only in yen but also in dollars to optimize capital efficiency and satisfy overseas needs has been very effective.

Key points in FY2024 financial strategy

Ensure effectiveness and certainty of offensive investments in growth

We initially declared a total target EBITDA of 35.0 billion yen over the three years of the Medium-term Management Plan, and we plan to channel 40.0 billion yen into growth investment. That 40.0-billion-yen figure consists of 30.0 billion for growth investment in existing businesses, such as the shift of Yoshinoya business to a new service model, and 10.0 billion yen for inorganic growth investments, such as M&As. However, performance is improving more rapidly than anticipated. In FY2024, we expect final EBITDA to total 38.3 billion yen for the three-year period, with 35.5 billion yen invested in the growth of existing businesses, as we actively invest in the expansion of takeout/delivery specialty stores at Yoshinoya, rebranding Hanamaru, and augmenting overseas businesses.

Meanwhile, turning to inorganic growth investments, we have recently finished acquiring shares in a maker and developer of ramen soup and noodles, and we are actively in pursuit of other M&A projects to grow our business portfolio.

FY2024 is a year in which we adopt an aggressive stance as we transition from defense to offense. To ensure that the company remains financially sound, Yoshinoya Holdings will be required to ensure growth investment effectiveness and certainty while exercising governance over the entire Group.

Continuation of shareholder return measures and awareness of stock price

Annual dividend back to pre-pandemic level of 20 yen per share

Where shareholder return measures are concerned, we were forced to suspend dividends in FY2020 when the pandemic hit. Since resuming dividend distribution in FY2021, we have been working to restore the annual dividend to the pre-pandemic level of 20 yen per share. In FY2023, based on increased profits, we will pay an interim dividend of 8 yen per share and a year-end dividend of 10 yen per share, for a total of 18 yen. And, finally, we intend to pay interim and year-end dividends of 10 yen per share each, for a total of 20 yen per share in FY2024.

As of the end of February 2024, Yoshinoya Holdings’ shares were trading at a P/B ratio of 3.41 and P/E ratio of 36.75. The share prices of

food service companies that have introduced numerous special benefit plans for shareholders generally do not necessarily depend solely on an earning power evaluation.

We will work to further augment our corporate value by enhancing profitability and guaranteeing growth potential. We will also manage our business in a manner that will allow us to gain the support of more shareholders and investors. Our finance department will play a part in devising effective financial and capital strategies toward realizing this goal and in sharing the development of our business with everyone.

Roundtable: President and Outside Directors



Nobuko Sowa  
Outside Director

Daisaku Fujikawa  
Outside Director

Yasutaka Kawamura  
President

Supporting the transition to the next growth stage from an outside perspective



Assessment of our corporate culture that values people

**Kawamura:** Ms. Sowa, you assumed the position of outside director a year ago, and I would like to ask you again—from an external perspective—your impression of our Group and its characteristics.

**Sowa:** During the past year, in addition to attending meetings of the Board and advisory committees, I participated in various internal meetings and inspected factories and other sites. In the course of my work, I felt strongly that this company has a deeply rooted corporate culture that values people. I personally have been a fan of Yoshinoya beef bowls since my days as a student, so I am impressed that the origin of the deliciousness of the dish is indeed people. That feeling is consistent with, and embodied in, the business philosophy, “For the People.”

With regard to diversity, numerical figures such as the proportion of female managers can still improve, but I believe that the entire Group is striving to foster a workplace where all people can play an active role regardless of gender, age, nationality, and disabilities.

**Kawamura:** Both of you are active in foreign-affiliated companies and have a great deal of experience in overseas business. As such, we expect that you will be able to offer us many useful suggestions and remarks that are necessary in expanding the Group’s business globally. Furthermore, since digital technology is one of our central themes, Ms. Sowa’s expertise in IT and DX is very encouraging.

Vitality of the Board of Directors and intent to grow further

**Kawamura:** Discussions at meetings such as those of the Board have been more active during the past year than ever. How do the two of you assess the Group’s management for FY2023?

**Sowa:** My appointment as an outside director came just as the company has established the Group Digital Technology Promotion Division and is steering toward a new digital strategy. While sorting out issues faced to date and identifying priorities, I look forward to working with you in helping to create digital tools that our customers and employees can utilize, and to contributing to the growth of the Group.

**Kawamura:** Mr. Fujikawa, you continued to serve as an outside director in FY2022, providing us with multifaceted advice underpinned by your vast knowledge in finance and other areas. In your second year in this capacity, did you experience any changes in the Group from the preceding fiscal year?

**Fujikawa:** In my second year as an outside director, I began to see connections between various pieces of information and the Group’s activities became visible. Numerically, recovery in foot traffic led to improvement in our business performance, but this is also true of the rest of the food service industry. I believe this was a year for us to determine what the post-pandemic landscape looks like for us and to consider our next steps. I got the impression that there was a shared, positive sense of urgency among all employees and that the atmosphere changed to one that is more energetic. I think we have also seen a sense of speed, a driver of growth.

**Sowa:** The company’s Board of Directors engages in a vigorous exchange of opinions on matters to be resolved and a host of other topics. In response to reports from divisions and operating companies, we, as outside directors, ask frank questions and receive detailed explanations

from the executive side. Even if we do not get an answer immediately, there is always a comprehensive follow-up. This is also true of the various meetings. I like that there is an opportunity for further in-depth discussion at a later date, or where there is no scenario, and the atmosphere is somewhat less formal.

In FY2023, we achieved excellent results in terms of performance, as evidenced by our achievement of the targets of the Medium-term Management Plan ahead of schedule. We can also say that we made significant progress in evolution and regeneration. But what we are saying to the Board is that we cannot afford to rest on our laurels. We are now in a situation where we have gained a foothold with the recovery in foot traffic serving as a tailwind. From this point, how will we achieve growth as a group? The way I see it, the success or failure of evolution and regeneration is at stake.

**Kawamura:** The entire management team and I myself, of course, share the common understanding that we are not satisfied with the current situation.

**Fujikawa:** It was a year of noteworthy turnaround—including the recovery of the Hanamaru business—and it goes without saying that our employees made a tremendous effort. It comes as no surprise, however, that the performance of the restaurant industry has improved as the pandemic has subsided.

I mentioned earlier regarding the changes in our Group that I have seen a sense of speed, which drives growth, but how we will adjust our business portfolio going forward has yet to be determined. Looking at competitors in our industry, they have already begun implementing changes to their business portfolios, such as accelerating their expansion

overseas. We also must not simply be satisfied with improved performance. It is imperative that we set the next goal and shift from a defensive stance to an offensive one.

**Sowa:** When we establish that next goal, we will ask the executive side to be transparent in explaining the purpose and rationale for why we are undertaking it and how we will make it happen. Furthermore, I believe that the role of the outside director is to offer an external perspective on how the Group as a whole should function and how to enhance synergies for growth.

**Fujikawa:** In my position as an agent of shareholders and outside director, I will continue to encourage growth investment and, through higher growth, look to satisfy shareholder expectations.

I already sense that morale is rising inside the company as people share the wish for the entire Group’s further growth. The meeting of the Group Strategy Council held in September 2023 was attended not only by members of the Board of Directors and executive side, but also by approximately 40 employees who will be the leaders of the next generation. The gathering provided the younger employees with an opportunity to discuss their own notions about the future of the company and engage in a frank exchange of opinions.

**Kawamura:** Previously, Group Strategy Council meetings had been held as so-called “executive camps.” In FY2023, though, the discussion was extremely active, including members of the forum spearheading the formulation of our next long-term vision. In a straightforward exchange, I was scolded by many employees.

**Fujikawa:** I think it is wonderful that employees can honestly say, “Hang in there, boss!”

Nomination and remuneration functions required of the Group for the future

**Fujikawa:** The Remuneration Advisory Committee, on which I serve as chair, works to ensure the transparency and soundness of executive remuneration by crafting a system that reflects the performance of our business, and reports to the Board of Directors. In FY2023, from the perspective of the move toward benchmarking and the balance between remuneration and personnel evaluation, the Committee deliberated the need to revisit the remuneration determination policy.

**Kawamura:** Before this committee was established, I was conducting performance evaluations of each Board member. Because, however, of the influence of the external environment and other factors that must be accounted for—as well as my own remuneration—I have asked the outside directors who attend the Commitment Council meetings and budget approval meetings to take the lead.

**Sowa:** We likely cannot achieve transparency and soundness without system maintenance. I intend to be involved in all discussions to make the remuneration system more appropriate going forward.

**Kawamura:** Meanwhile, I chair the Nomination Advisory Committee, which considers and reports on the appointment and dismissal of directors as well as succession plans. The Committee includes experts from outside the company who have been involved in training our younger leaders for some time. This is because we feel it is a challenge for outside directors to gain a detailed understanding of and appropriately assess the qualifications and eligibility of employees in-house who are candidates for the next management and executive slots.

**Fujikawa:** That is a valid view, and from an external standpoint what we need to do is to monitor the process for appropriateness. This includes the criteria used to select candidate personnel and the kinds of training and personnel reassignments used to create succession plans, and we need to ensure transparency and soundness throughout. Both Ms. Sowa and I have experienced the skillful use of personnel for promotion in the past. We can objectively check, for instance, for unbalanced promotions. I believe we can provide effective monitoring.

Another challenge with regard to the nomination function is securing personnel to succeed the president. This is crucial not only from a generational perspective but also in terms of emergency contingency planning and business continuity. It is important that successor personnel be present within the company at all times.

**Kawamura:** In recent years, the introduction of the quota and the fixed-term systems has created depth in the population of executive candidates and promoted the appointment of younger executives. The question of how to provide them with management experience, however, remains a difficult topic going forward.

**Sowa:** I hope that Mr. Kawamura’s leadership ethos of never resting on our laurels and looking forward to the next growth stage will be handed forward to future management and that we will continue to develop as an exciting corporate group.



Value Creation Process

Group Business Philosophy

For the People

Our Six Core Values

1 Tasty, affordable, fast

2 Greater number of customers

3 Originality

4 Integrity

5 Importance of human resources

6 Challenges and innovation

Awareness of social issues surrounding the food service industry

Decrease in labor force due to population decline

Concerns about food safety and security

Lack of attention to health

Short-term perspective on procurement of food ingredients

Climate change

Principal capital of Yoshinoya Holdings

Financial capital

- Consolidated net sales 187,472 million yen
- Net assets 60,849 million yen

Human capital

- Number of employees 3,016
- Number of part-time workers 13,393
- Total 16,409 (Full-time and temporary employees)

Manufacturing capital

- Number of Group factories 7
- Amount of capital investment 11,431 million yen

Intellectual capital

- Over 50 years of expertise in chain store operations
- Number of co-created technologies 35
- Co-creation with health-related organizations 9
- Co-creation with SDGs-related organizations 5

Social capital

- 2,766 outlets in Japan and overseas with 300 million customers annually
- Inquiries to the customer service center 41,851

Business and financial strategies

Group Medium-term Management Plan FY2022–FY2024

Evolve and regenerate

In FY2024, we will make one of the largest investments ever to push evolution forward

P25-26/P33-40

Human resources strategy

Human capital management  
Developing human resources to pioneer the current and future Yoshinoya Group

Promoting grand design aiming for developing the human resources necessary for the Yoshinoya Group of tomorrow

P31-32

Sustainability Strategy

Efforts to address material issues



Bolstering the promotion system and setting KPIs for 2030

P27-28/P41-64

Output

Outcomes

Yoshinoya



Hanamaru



Overseas



Other



Social value : Targets for FY2030

Percentage of female employees 30.0%	Percentage of female managers 30.0%
Percentage of paid leave taken 80.0%	Improvement in employee engagement*1 2.5 points
Regular health checkup attendance rate 100%	Annual sales of Tokugyu and nursing-care beef products*2 100,000 meals
Provision of products that contribute to healthy eating habits —	Expanding community contribution activities by outlets (providing food at children's cafeterias, etc.) Construction of a network encompassing all prefectures
Supplier audits (building a supply chain with an awareness of the environment and human rights) 100%	The recycling rate of waste generated by domestic factories*3 57%
Reduction of specified plastics (50% compared with 2020) 24.15 kg/100 million yen	Continued designation as eco-friendly restaurant*4 Continued certification

\*1 Corporate environment is assessed by an external institution. The target score of 2.5 points indicates a psychological state of proactivity, in which half of the employees feel less burdened by the organization and their work.

\*2 Tokugyu is a food for specified health uses that is sold following an inspection by the government. Nursing-care beef products are for people with decreased chewing and swallowing ability.

\*3 The recycling rate of Yoshinoya Holdings Group's seven domestic factories.

\*4 In 2017, Yoshinoya acquired Eco Mark certification from the Japan Environment Association certifying environmentally friendly restaurants, earning designation as an eco-friendly restaurant.

Economic value : Targets for FY2024

Consolidated net sales 180.0 billion yen	Consolidated operating income 7.0 billion yen
Operating income margin 3.9%	ROIC 5.0%
D/E ratio 0.6	

An irreplaceable part of the lives of the world's inhabitants

Sustainable growth of Yoshinoya Holdings

Shaping the future of the food service industry

Contribution to SDGs

Corporate governance

Medium-term Management Plan

Group Medium-term Management Plan FY2022–FY2024

With the themes of evolution and regeneration, we aim for post-pandemic expansion for the Group.

Basic policy for the Medium-term Management Plan

- Promoting structural change during the COVID-19 pandemic and seeking to **evolve and regenerate** our business.
- Improving the efficiency of invested capital by evolving existing businesses and strengthening growth businesses.

Medium-term Plan FY2022 - FY2024 Themes

Evolve and regenerate

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

Progress during the second year and outlook for the final year

- **Net sales:** Rose 11.5% year on year as sales at existing outlets steadily recovered on the recovery of foot traffic, flexible pricing, and seasonal product measures.
- **Number of outlets:** Increased by 40 year on year, although we do not anticipate achieving the final year target due to a review of the outlet opening strategy, mainly due to the COVID-19 environment overseas.
- **Operating income:** Increased by 132.1% year on year owing to the effect of increased earnings and proper variable cost management.
- **ROIC and D/E ratio:** ROIC rose 4.1% year on year and D/E ratio declined to 0.3 thanks to improvements in operating income margin and capital turnover and lower interest-bearing debt.

		FY2022	FY2023	Evaluation and initiatives	FY2024 outlook	Medium-term Management Plan targets for FY2024
Net sales	(Billions of yen)	168.0	187.4	• Pursuing flexible pricing policies • Effect of converting to C&C outlets • Expanding openings of outlets specializing in takeout	203.0	180.0
Number of outlets	(Outlets)	2,726	2,766	• Closing unprofitable Hanamaru outlets • Reviewing the overseas outlet opening strategy	2,976	3,120
Operating income (margin)	(Billions of yen) (%)	3.4 2.0	7.9 4.3	• Higher gross profit through product strategy • Appropriate cost management	7.0 3.4	7.0 3.9
ROIC	(%)	2.9	7.0	• Improving operating income margin • Selling idle real estate • Improving the invested capital turnover ratio	5.5	5.0
Debt-to-equity ratio		0.4	0.3	• Accumulating net assets • Optimizing our capital structure	0.3	0.6

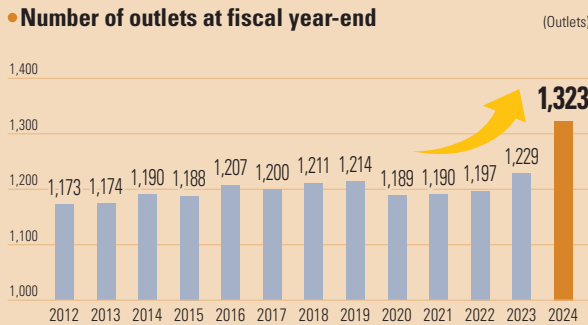
Management policy for FY2024

Quantitative expansion  
through aggressive  
outlet openings

Although we achieved our performance goals a year sooner than planned, we will make one of the largest investments in growth to date in FY2024 to take the business to new heights, based on one of the three pillars of our Medium-term Management Plan, “Heighten: Evolve existing businesses.” We will promote the aggressive opening and remodeling of new Yoshinoya and other outlets with unprecedented speed.

Yoshinoya

First time in 15 years to open 100 new outlets and perform 100 C&C renovations



1 Expand takeout/delivery specialty stores

Following a two-year verification test period, the company will expand the area for opening takeout/delivery specialty stores, which are advantageous in that the required investment is low and they attract more female customers.

2 Promoting conversion to C&C outlets

We will promote the renovation of existing outlets to the C&C model to improve profitability. We plan to have over 500 outlets under the new service model by the end of FY2024.

3 Promotion of Group brand outlet openings

Beginning in FY2024, we will enter into a group partner agreement under which Yoshinoya will manage the Group’s various brands as franchises.

Hanamaru

Net increase in the number of outlets since FY2019

**FY2023**  
418 outlets

**FY2024**  
428 outlets

1 Establishment of training center

In preparation for expanding outlet openings, we have established a new training center to secure and cultivate talented human resources.

2 Verification testing for new concept outlet, Beyond Hanamaru

We opened a new concept outlet at the end of April 2024 with keywords including functional noodles, variety, salad bar, vibrant color, and health and beauty in mind.

Overseas

Quantitative expansion in the U.S., China, and the ASEAN region

- In the U.S., we plan to open four new outlets and renovate 21 outlets.
- We will promote area expansion, product strategy, and conversion of outlets to the new model in Shanghai and Singapore.

Ramen

Expanding operations overseas centered on Bariuma

We will promote overseas development with a focus on With Link’s Bariuma brand. In FY2024, as the Group’s first foray into Europe, we plan to open an outlet in Edinburgh, Scotland.



Special Feature  
1

# Setting Materiality KPIs

We have established “For the People” as our business philosophy. We aim to fulfill the needs of society and contribute to people’s happiness. In 2022, we identified material issues to contribute to the realization of sustainable corporate growth and a sustainable society. In 2023, to further accelerate initiatives, we reinforced our sustainability promotion system and worked to establish KPIs for 2030, the time target of the SDGs.

Materiality	Our course of action to address issues (basic policy)	Yoshinoya Holdings Group's key initiatives	KPI settings	FY2030 targets	FY2023 results	FY2022 results	Contribution to SDGs
Realizing diversity and inclusion to enable people to grow and thrive	● Practice diversity and inclusion ● Promote a good work-life balance ● Develop human resources and support career development	● Respect and promote diversified work styles ● Improve work environment ● Review personnel evaluation systems	Percentage of female employees	30.0%	22.0%	20.5%	
			Percentage of women in management positions	30.0%	10.3%	9.6%	
			Percentage of paid leave taken	80.0%	62.0%	59.3%	
			Improvement of employee engagement <sup>*1</sup>	2.5 points	3.0 points	3.0 points	
Providing the joy of food and health to more customers, enabling them to have fulfilling lifestyles	● Contribute to customers' health ● Contribute to the health of employees who provide food ● Respond to aging society ● Application of new technologies and new ingredients	● Sell foods for specified health uses ● Expand sales of foods for nursing care receivers and develop products	Ratio of employees receiving medical checkups	100%	91%	89%	
			Annual sales of Tokugyu and Care Beef products <sup>*2</sup>	100,000 packages	70,000 packages	80,000 packages	
			Provision of products that contribute to healthy dietary habits	—	—	—	
Contributing to the development of local communities by developing our global business	● Enhance the Group's function as a “food” infrastructure ● Interaction with local communities	● Provide meal support for children's cafeterias ● Develop and provide emergency food using Yoshinoya canned meals technology ● Support disaster-stricken areas using Orange Dream trucks	Expansion of “local community contribution activities by outlets” (Provision of food at children's cafeterias, etc.)	Build a network throughout prefectures	27/47 prefectures (47,281 packages)	23/47 prefectures (44,813 packages)	
Building a sustainable supply chain through co-creation with suppliers	● Ensure food safety ● Ensure supply chain integrity	● Establish a system for auditing suppliers' plants ● Purchase materials with environmental impact taken into account	Auditing of suppliers (Build a supply chain with consideration given to the environment and human rights)	100%	86%	81%	
Responding to climate change through environment-friendly business activities	● Reduce food material loss at outlets and in production processes at plants and reuse food materials ● Reduce environmental impact of packaging materials	● Reduce loss at outlets and plants and promote reuse ● Reuse industrial waste (waste oil, waste materials) ● Reuse equipment and instruments	Recycling of waste discharged from plants in Japan <sup>*3</sup>	57%	53%	52%	
			Reduction of specified plastics (50% compared to 2020 level)	24.15 kg/100 million yen	25.00 kg/100 million yen	32.50 kg/100 million yen	
			Remain certified as an ECOMARK CERTIFIED RESTAURANT <sup>*4</sup>	Continue to be certified	Certified in 2017	Certified in 2017	

<sup>\*1</sup> At the request of the company, an external institution measures the openness of the company. The target 2.5 points indicates that half of the employees are in a state of mind in which they have a low level of stress in the organization and at work and are involved in their work proactively.  
<sup>\*2</sup> Tokugyu was screened by the nation and is sold as a food for specified health uses (FOSHU). Care Beef is a nursing care food for people with reduced chewing and swallowing function.  
<sup>\*3</sup> This is the recycling rate at the Yoshinoya Holdings Group's seven plants in Japan.  
<sup>\*4</sup> In 2017, Yoshinoya was granted Eco Mark certification, which is given to an environmentally friendly restaurant, from Japan Environment Association and was certified as an “eco-restaurant.”

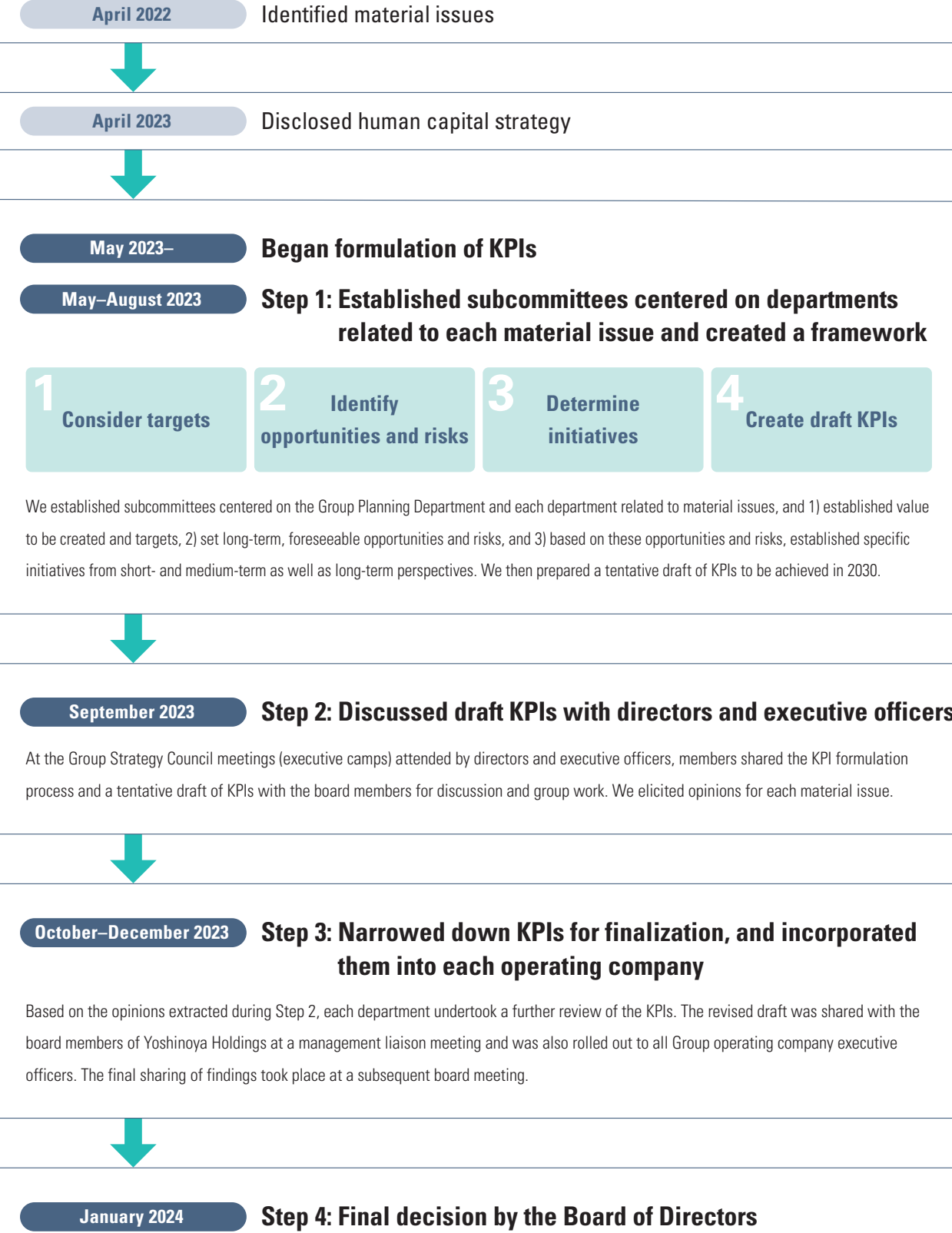
## Material issue promotion structure

### ● Establishment of the Sustainability Promotion Committee

As the Yoshinoya Holdings Group operates on a global scale, addressing ESG issues is a high-priority management theme. To this end, in March 2024, we established the Sustainability Promotion Committee for the company-wide study and promotion of sustainability initiatives.

The Committee is chaired by the Representative Director and President and comprises directors, executive officers, and department heads in charge. We regularly report to the Board of Directors on sustainability promotion status and KPI progress for the entire Group through the formulation of company-wide sustainability-related policies and targets and the monitoring of progress on material issues.

## Process of setting materiality KPIs



# Yoshinoya Group Activities for the Future

We are promoting various activities for the future. They include developing new business formats to satisfy emerging dining needs, expanding takeout service, reducing in-store operational burden through format conversion, using digital technology to improve customer convenience and enhance their store experience, and conducting online interviews to optimize the process of hiring part-time workers and realize the best match between outlets and applicants. By making a difference through bold innovation, the Group will continue to envision and realize the future.

Number of takeout/delivery  
specialty stores

FY2023 cumulative total

37

Number of outlets with  
takeout tablets

FY2023 cumulative total

313

Number of part-time job  
applications

FY2023

90,615

Number of meals served at  
Karubi no Toriko

FY2023

205,438

## Value provided to customers

### ● Developed Karubi no Toriko, as a fast-casual restaurant model

To meet diversifying customer needs, Yoshinoya developed Karubi no Toriko as a fast-casual restaurant model and added it to its existing fast-food business format, Yoshinoya. It launched operations in Sate, Saitama Prefecture on February 23, 2023. It has been a decade since Yoshinoya undertook a new business format. We applied the knowledge acquired through Yoshinoya and our unique foundation to the fullest in developing and operating Karubi no Toriko.



### ● Takeout/delivery specialty stores with pre-payment and ordering via tablet to reduce waiting times



With takeout demand remaining constant even after the relaxation of infectious disease-related regulations, we plan to expand the number of takeout/delivery specialty stores. Since seats are not required and the cost of opening a new store is half that of a standard outlet, we will use this as the axis for new outlet openings and aim for quantitative growth by opening new outlets in uncharted areas.

## Value provided to employees and job seekers

### ● Introduction of online interviews to boost part-time employment efficiency

In traditional part-time hiring, information on applicants is transmitted to the head office through a job information website. It is then passed to each outlet, where the store manager schedules an appointment with the applicant and conducts an in-person interview at the outlet. The biggest issue in this process is contacting applicants and scheduling appointments. In many cases, the time that the applicant is available for contact does not coincide with that of the manager. Even when contact is finally established, it can be difficult to schedule the interview. The process through to the interview itself often does not proceed smoothly. In addition to serving as an obstacle to smooth store operations, it constitutes a major opportunity loss for the company as a whole. Looking at the restaurant industry overall, from data indicating that there has been an exodus of workers to other industries in recent years, we believe that the whole industry has the same issue.

Given these circumstances, we began to develop and put into practice a system in which interviewers perform interviews online on behalf of store managers. In concrete terms, the process still begins at a job interview website, but a URL for the application only is incorporated in the site, and once the applicant registers as a friend on the LINE app, they are immediately directed to a screen where they can input their preferred online interview schedule and related information. Based on the dates input on the app, the schedule is finalized, and the interviewer leads the online interview.

### ● C&C outlet deployment also reduces operational burden



Since 2016, we have been deploying Cooking & Comfort (C&C) outlets that offer a service style focused on providing freshly prepared products in a comfortable dining space. At a C&C outlet, the customer first places their order at the register. Then, after having completed payment, the customer picks up the food themselves and brings it to their seat. The C&C outlet features an open, spacious seating area allowing customers to relax and enjoy their meals. Moreover, the change in layout from the conventional outlet has resulted in improved employee flow and fewer steps being required. As employees do not have to walk as many steps, it takes only a little extra effort to offer products only available when dining out.

## Toward a better future

### Forum 2040 is charting the Group's future prospects

In 2022, we began selecting members through an internal recruitment process to forecast 2040 from a variety of perspectives. Based on this forecast, we asked our employees in their 30s and 40s in 2023—those who will be responsible for the next phase of management—to deliberate on strategies concerning how to compete for 2030 and to make presentations to the Group's board members and executive officers. Guided by the efforts of the past two years, we plan to devise our new long-term vision this fiscal year and announce it in the spring of 2025.





# Human Resources Strategy

The aim of the Group Human Resources Strategy Department is to optimize the performance of people and the organization and to foster the team of personnel necessary for the future of Yoshinoya Holdings. Since the Nomination Advisory Committee, Remuneration Advisory Committee, and Human Resources Council were established in FY2021, we have steadily put into practice function-specific measures based on our human resource strategy roadmap and generated results that contribute to the achievement of KPIs in quantitative human capital data. Going forward, along with the Group Management Division, we will create a grand design for our employees' career development.

## Human resources strategy roadmap

Four functions and main purposes	Through 2021	2022	2023		2024	From 2025
			Measures	Results		
<b>Human resource development</b> • External orientation • Leadership • Improving skills	• Cross-industry exchange • Industry-academia collaboration • Study abroad	• Holding forum meetings • Business school	• Cross-industry exchange • Industry-academia collaboration • Yoshinoya private school	Began organizing job requirements for store and area managers to be unified within the Group • Dispatched nine cross-industry exchange workers • Dispatched 18 workers for industry-academia collaboration • Conducted Yoshinoya private school three times	• Secondments • Reassigning candidates for next-generation management teams	• Reassigning candidates for next-generation management teams
<b>Organizational development</b> • Understanding yourself and others • Team building • Organizational analysis	• Real-team training • Box seminars • Interview programs	• Improving outlet staff retention • Interview programs • Organizational assessment	• Improving outlet staff retention • Interview programs • Philosophy training	Conducted coaching skill training for managers to facilitate communication and boost retention • Improved outlet staff retention in three areas and one head office area • Conducted interview program (including area managers): 210 workers • Conducted the philosophy training three times	• Organizational assessment • Age-specific training	• Family training for each department
<b>System development</b> • Work style reform • Diversity and inclusion	• Fixed-term system • Evaluation systems • Quota system	• Regulations governing executive remuneration • G6/G7 wage regulations	• AMSV training for new employees • Education and training systems (standard and selective)	Planned and developed the new manager training for all promoted employees and conducted a pre-implementation training • Pre-implementation training: 25 participants	• Consider the quota system for 2025 and onwards • Fixed-term system (development by each department)	• Extension of retirement age • Retirement age system by positions
<b>Assigning the right person to the right job</b> • Managing human resources information • Information sharing	• Launch of the Human Resources Council • Human resources profiling • Introducing Kaonavi talent management system	• Departmental hearings • Visualizing strategic talent	• Human resources profiling • Strengthening Kaonavi operation • Scrutinizing the talent pool	Implemented profiling of approx. 200 people, compiled data on approx. 300 people including previous participants	• Reconfirming job size measurements	• Organizing requirements by department

## Interview with General Manager, Group Human Resources Strategy Department

### Education investment measures to cultivate leaders in the field

Kazuhiro Mizojiri

YOSHINOYA HOLDINGS CO., LTD.  
General Manager,  
Group Human Resources Strategy Department

The Group Human Resources Strategy Department is promoting efforts to identify and cultivate the next generation of management and executives who will be responsible for the future of the Group, with two departmental policies for upper-level employees of Yoshinoya Holdings and domestic operating companies.

One of the policies is to produce front runners. These personnel are future management candidates, including some management-level personnel, mainly the general managers of Yoshinoya Holdings and executive officers and general managers at operating companies. The requirements for and types of front runners are shared through the Nomination Advisory Committee, and we provide development opportunities through job rotation and external training for exceptional personnel at and above the managerial level.

The second of the two policies is to encourage managerial-level staff who form the population for front runners to boost the quality of their work. The managerial-level staff which is comprised mainly of area managers and supervisors will have their first opportunity to manage subordinates on a full-time basis and learn business principles and tenets. To deepen this experience and accelerate the learning cycle, we will implement measures to raise awareness of what is required of the Group's core personnel and to raise the level of knowledge.

While standardized training programs for the store manager-level staff, who are candidates for the population, are currently provided at each operating company, we plan to include them in the target for educational investments by the Group Human Resources Strategy Department to improve the quality of candidate personnel practices.



## Human resources strategy overview

We seek to build strong human resources by actively investing in talent development and career building that focuses on helping individual employees demonstrate their full capabilities and promoting long-term growth.

We have introduced and implemented employee leave systems to enrich our employees' private lives as well as communication measures to improve employee interaction and relationships. We also pursue wellness management after having positioned the mental and physical health of our employees as one of our key management pillars.



## Our Six Core Values



## FY2023 quantitative human capital data

		FY2022		FY2023	
Practice diversity and inclusion	Percentage of female employees	Group (consolidated) <sup>*1</sup>	29.6%	30.3%	
		Japan operations <sup>*2</sup>	20.5%	22.0%	
	Percentage of female managers	Group (consolidated) <sup>*1</sup>	26.1%	25.3%	
		Japan operations <sup>*2</sup>	9.6%	10.3%	
	Percentage of childcare leave taken <sup>*2</sup>	Male	33.3%	Female	100.0%
		Male	52.0%	Female	100.0%
	Number of employees using shortened working hour system upon returning to work after maternity leave <sup>*2</sup>		2		2
	Percentage of employees with disabilities (friend employees) <sup>*3</sup>		5.06%	*Statutory employment rate: 2.30%	4.87% *Statutory employment rate: 2.30%
	Number of employees aged 65 years or over covered by social insurance <sup>*2</sup>		292		330
			85.1%		88.1%
Promote a good work-life balance	Average wage gap between men and women <sup>*2</sup> (ratio of women's wages to men's wages) and average years of service <sup>*2</sup>	Department heads	Male 25.0 years Female 21.9 years	Male 24.0 years Female 22.2 years	
		Management positions (area managers, etc.)	94.3%	97.8%	
		Male	20.2 years Female 15.9 years	Male 18.0 years Female 13.6 years	
		Non-management positions (store managers, etc.)	92.9%	91.8%	
		Male	12.9 years Female 8.2 years	Male 12.8 years Female 6.6 years	
	Percentage of paid leave taken <sup>*2</sup>	Employees	59.3%	62.0%	
		Part-time workers	76.5%	69.4%	
	Number of scholarship recipients (total) <sup>*4</sup>		23		27
	Regular health checkup attendance rate (including part-time workers) <sup>*2</sup>		89.1%		91.5%
	Ratio of employees undergoing stress checks <sup>*5</sup>		58.5%		72.5%
Develop human resources and support career development	Percentage of employees recording high-stress levels in stress checks <sup>*5</sup>		20.2%		22.6%
	Employee turnover rate (within three years of joining the company) <sup>*2</sup>		43.6%		34.4%
	Number of employees (including part-time workers) <sup>*1</sup>	Total	15,429	Total	16,409
		Male	7,637 Female 7,792	Male 8,020 Female 8,389	
		Employees	53	Employees	59
	Number of foreign employees <sup>*2</sup>	Part-time workers	1,666	Part-time workers	1,963
	Number of nationalities <sup>*2</sup>		31 countries worldwide		32 countries worldwide
	Percentage of employees with part-time work experience <sup>*2</sup>		79.9%		75.6%
	Percentage of employees in important positions (officers and department heads) with part-time work experience <sup>*2</sup>		45.6%		41.8%
	Percentage of managers aged 35 and under <sup>*2</sup>		4.0%		3.2%
	Number of hours of education or training per employee <sup>*2</sup>		28.7 hours/year		30.3 hours/year
	Educational investment per employee <sup>*2</sup>		51,697 yen/year		57,058 yen/year
	Number of training sessions conducted <sup>*2</sup>	Training for officers and department heads	20 sessions		20 sessions
		Selective training and external training	30 sessions		44 sessions
		Training for store managers	144 sessions		167 sessions

\*1 Consolidated results for the Group (including overseas businesses)

\*2 Results across three companies: Yoshinoya Holdings, Yoshinoya, and Hanamaru

\*3 Results across four companies: Yoshinoya Holdings, Yoshinoya, Hanamaru, and Sankosha Laundry Center

\*4 Results for Yoshinoya

\*5 Results across two companies: Yoshinoya Holdings and Yoshinoya

Please also refer to p.49 for more information on our human resources initiatives. ➡

Strategy by Business: Yoshinoya



# Yoshinoya

## Reignition of the growth trajectory by accelerating outlet openings to take the business to new heights

We will overcome hurdles by having everyone take on the challenge and drive the evolution of the Group as a whole.

**Yasutaka Kawamura**  
President  
YOSHINOYA CO., LTD.

### Social issues and needs

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.

**Business strengths**

- Unparalleled recognition as a food service brand
- Economies of scale through multiple-store procurement and other measures
- Direct understanding of customer trends through outlets

**Business weaknesses**

- Cost fluctuations due to the soaring prices of raw materials and utility costs and difficulty passing on costs to selling prices
- Highly labor-intensive outlet operations
- Difficulty in securing human resources due to a declining workforce

**Growth opportunities**

- Expand customer base by changing outlet model
- Capture demand by developing sales channels
- Stimulate demand through collaboration projects and other external partnerships
- Enhance brand image through services that meet needs, such as healthy menus and environment-oriented operation

**Risks**

- A decline in demand for eating out due to the transition to the post-pandemic era
- Deterioration in profitability and investment efficiency due to cost-related factors
- A decline in quality and service levels caused by labor shortages

### Policies and priority measures in the Medium-term Management Plan (FY2022–FY2024)

Under the current Medium-term Management Plan, which is based on the themes of evolution and regeneration, Yoshinoya focuses on initiatives centered on evolution. These include the conversion of outlet format, the expansion of openings of takeout/delivery specialty stores, and the strengthening of *karaage* products. And, as the Group's core business, we are responsible for boosting the top-line performance and securing profits for the entire Group, thereby supporting growth investment.

Compared with FY2021, the number of Yoshinoya outlets at the end of the fiscal year increased by 39 during the two-year period to 1,229. Of these, the number of new service model outlets more than doubled from 203 to 412 due to format conversion (renovation and new openings) to C&C outlets and outlets with zig-zagged counters.

Based on the favorable performance that drove the achievement of management plan targets one year ahead of schedule and the steady progress we have made in business development aimed at evolution, we plan to accelerate growth investment in FY2024, opening 100 new outlets to increase the total at the end of the fiscal year to 1,323. We will execute format conversion through renovation and new outlet openings on the scale of 100 outlets, bringing the number of new service model outlets to more than 500 at the end of the fiscal year. We will raise capital investment in FY2024 from 7.4 billion yen in FY2023 to 10.6 billion yen.

Over the year, we will make solid progress in our initiatives toward further evolution and continue to improve invested capital efficiency going forward.

### Review of FY2023

## Top-line expansion and enhanced profits amidst recovering foot traffic

In FY2023, when we launched the themes of focusing on customer numbers and accelerating growth investment, we capitalized on the recovery in foot traffic through product and campaign measures oriented toward expanding in-store food and beverage sales and renovations to C&C outlets and outlets with zig-zagged counters. This resulted in a 4.7% year-on-year increase in the number of customers at existing outlets. To cope with rising costs, we implemented price revisions for major products such as Gyudon Namimori (regular-size beef bowl) in October 2023. Since then, however, there has not been a year-on-year decline in the number of customers at existing outlets, and we believe that this price revision, along with improved product and service value, has been well received by customers. With regard to product measures, we aimed to boost sales of *karaage* and cultivate it into the second pillar of our product lineup after the beef bowl.

In fiscal 2023, the direct sales business, which handles products such as frozen beef bowl topping, also performed well as sales increased.

As a result, Yoshinoya's business performance improved in terms of profit and top-line growth. We recorded net sales of 126.4 billion yen (up 11.2% compared to FY2022) and operating income of 8.0 billion yen (up 29.2% compared to FY2022). The lowering of the break-even point, which we pursued as a structural change to overcome the spread of COVID-19, has resulted in enhanced profits.

Store development, which we stepped up in line with the theme of accelerating growth investment, resulted in the opening of 60 new outlets and the closing of 28, leaving the total at 1,229 (up 32 compared to FY2022) as of the end of the fiscal year. Of these, 31 are newly opened takeout/delivery specialty stores. Meanwhile, the number of C&C outlets increased to 412 at the end of the fiscal year (up 115 compared to FY2022)—comprising 33.5% of the total number of outlets—as a result of renovations and new outlet openings.

### Future direction and issues

## First aggressive new outlet opening campaign in two decades pushes the total number of outlets past 1,300 stores in Japan for the first time ever

In FY2024, under the slogan "Reignition—Challenge for All," we will aggressively open new outlets at a level not seen in 20 years to expand the scale of our business and take it to new heights. The number of Yoshinoya outlets at the end of the fiscal year is expected to reach 1,323—a net increase of 94 outlets—pushing the total number of outlets in Japan beyond 1,300 for the first time.

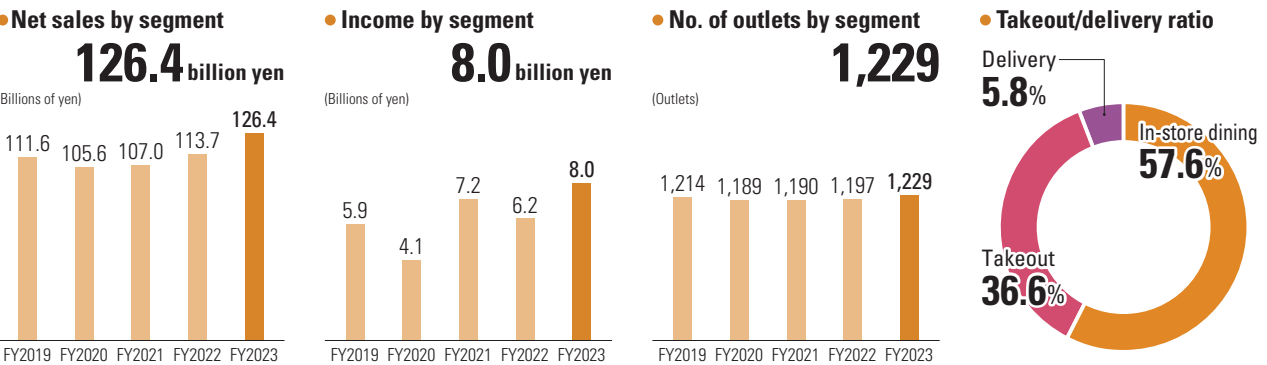
Among these, we plan to accelerate the opening of takeout/delivery specialty stores, which we launched in FY2023, expanding the number of such outlets to 117. Moreover, for takeout/delivery specialty stores, Yoshinoya intends to recruit new franchisees for the first time in 30 years with the aim of securing prime properties.

At the same time, we intend to undertake large-scale renovations of 100 outlets and expand the number of new service model outlets to 532

by the end of FY2024. Our aim is to evolve from the standard model that we have been converting to a next-generation model that further refines the value of individual space.

In addition to these initiatives, we plan to increase existing store sales by 4.9% year on year in FY2024, keeping us on track to continue revenue growth. Meanwhile, we expect that increased growth investment will result in a temporary drop in operating income.

Although we brought the quantitative targets of the Medium-term Management Plan to fruition one year ahead of schedule, all employees will take on the formidable task of achieving greater growth than ever as we conclude the final year of the plan.





Strategy by Business: Hanamaru



# Hanamaru

Establish new value through a brand strategy that extends beyond “Hanamaru” and return to a growth track

Underpinned by improved profitability, we will achieve steady growth by increasing the number of customers.

**Yoshihiro Maeda**  
President  
Hanamaru, Inc.

Social issues and needs

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.

**Business strengths**

- Quality maintenance and low-cost structure through factory production of noodles
- Brand value supported by a broad range of customers, including women
- Affordable price range built around Kake udon (signature broth)

**Business weaknesses**

- The magnitude of the impact of the external environment on store opening strategies
- Profit pressure imposed by raw material prices and other cost-related factors
- Difficulty in securing human resources

**Growth opportunities**

- Capture demand by developing store models and sales channels
- Room for expansion of market share in the overall udon market
- Create synergies through collaboration with Group companies

**Risks**

- A decline in demand for eating out due to the transition to the post-pandemic era
- Deterioration in profitability and investment efficiency due to cost-related factors
- A decline in quality and service levels caused by labor shortages

Policies and priority measures in the Medium-term Management Plan (FY2022–FY2024)

Hanamaru, which was significantly impacted by the pandemic, has positioned its current Medium-term Management Plan as a three-year regeneration period to get back on a growth trajectory over the next few years. We are endeavoring to recover customer numbers and sales while reorganizing unprofitable outlets. In FY2023, the plan’s second year, the success of a host of measures including large-scale sales promotions as we entered the post-COVID era resulted in increased sales at existing outlets. The closure of unprofitable outlets and price revisions also contributed to improved profitability. This contributed to the company returning to profitability—an ongoing issue—and to the overall increase in profits for the Group.

With this progress, Hanamaru considers itself to have transitioned out of its regeneration phase. In FY2024, the plan’s final year, we will augment the opening of new outlets as a foothold as we return to a growth trajectory. Furthermore, we will bolster outlet renovation to raise the value of the in-store experience and launch a strategy for rebranding that will establish the value of our offerings as an alternative to low prices. These efforts will lead to the expansion of customer numbers, and by further manifesting the effect of profit improvement heightened over the past two years, we will secure a sound financial position.

We will boost capital investment in FY2024 from 900 million yen in FY2023 to 1.9 billion yen to facilitate our return to growth.

Review of FY2023

Secure financial soundness by achieving the crucial objective of returning to profitability

Hanamaru, which for the third straight fiscal year was forced to post an operating loss attributable to the prolonged pandemic, worked on refining its human resources, products, and stores with the aim of increasing sales at existing outlets while pressing forward with the reorganization of unprofitable outlets with a view to returning to profitability. As a result, in FY2023, we were able to secure net sales of 29.2 billion yen (up 15.4% from FY2022) and operating income of 1.7 billion yen.

During the past year, the frontline mindset changed for the better in response to the recovery of foot traffic. Refinement efforts to renovate and intensively clean outlets, expand takeout and delivery services, augment education at the new training center, and improve the quality of udon and tempura generated positive results. Outlet renovation, in particular, has broadened the customer base by introducing booth seating for easy family access and installing dedicated takeout registers. It has also effectively improved the outlet environment by reducing the workload in the kitchen.

Meanwhile, we implemented price revisions in March 2023 and January 2024 to cope with soaring raw material and labor costs. While the resulting increase in the spend per customer has lifted sales, it has also negatively affected the number of customers. Net sales at existing outlets and the number of customers were at 110% and 90%, respectively, compared with pre-pandemic FY2019.

It is becoming increasingly difficult to use low prices to attract customers. Our challenge for the future is to enhance the value offered in place of lower prices and to increase customer numbers. Once Hanamaru has completed its reorganization of unprofitable outlets and made progress in boosting profitability through price revisions, it can expect more reliable earnings growth by increasing customer numbers than by expanding outlet openings.

Future direction and issues

Rebranding strategy to enhance the value provided and increase customer numbers

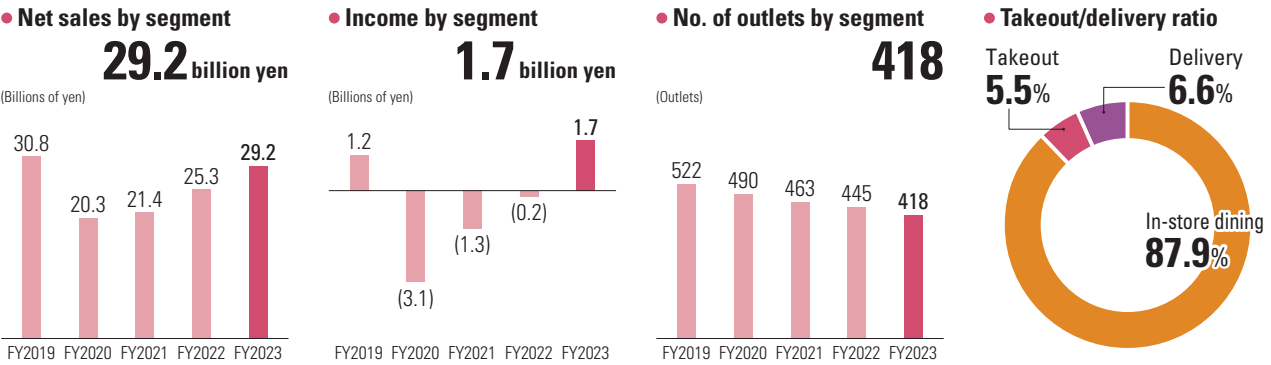
For FY2024, we have adopted the slogan, “Be better than I was yesterday.” We plan to open 20 new outlets to boost customer numbers and increase the frequency of visits to outlets, with the aim of enhancing sales and profits.

And in response to the challenge of increasing the number of customers, we will launch a rebranding strategy, “Beyond Hanamaru.” The primary target demographic will be female customers in their 20s to 40s, and the company will establish a value proposition that surpasses price by promoting the image of affordable and accessible healthy food that it has cultivated over time. In April 2024, we renovated and opened our first rebranded outlet with a fresh interior design based on a new concept. It features a salad bar and a selection of side dishes that are not fried so as to resonate with customers who are conscious of health and beauty.

At existing outlets, we will not only maintain our existing quality, service, and cleanliness (QSC) model, but also strive to improve quality, hospitality, and atmosphere (QHA) with the goal of enhancing the value of the in-store experience.

In parallel with this business development, we will redouble our internal efforts to foster a comfortable work environment, centered on the Life Work Balance (LWB) Project. The aims will be to bolster employee engagement and put into practice human capital management that contributes to corporate value. We will also continue our activities toward resolving environmental and social issues, including endeavors to reduce food waste and the provision of support for children’s cafeterias.

As we commemorate our 24th year in operation, please watch this space as Hanamaru aims for further evolution as a company providing Japanese-style fast food.



Strategy by Business: Overseas



Overseas

Leverage global brand value to achieve medium- to long-term growth

We will optimize the operational structure, reform the store model, and raise efficiency and productivity.

**Tetsuya Naruse** (Left)  
Director, YOSHINOYA HOLDINGS CO., LTD.  
General Manager, Asia Headquarters  
CEO, ASIA YOSHINOYA INTERNATIONAL SDN. BHD.  
Chairman, YOSHINOYA China Holdings Co., Ltd.  
Chairman, Taiwan Yoshinoya Co., Ltd.

**Jon Gilliam** (Right)  
CEO, YOSHINOYA AMERICA, INC.

Social issues and needs

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.

**Business strengths**

- Established brand and expertise in Japan
- Development of local markets through collaboration with regional partners
- Group synergies in global expansion

**Business weaknesses**

- Increased risk management burden due to business expansion
- Insufficient speed in opening new outlets in a competitive environment
- A trend toward longer investment recovery periods

**Growth opportunities**

- Increase in demand for eating out in regions experiencing a demographic dividend
- Market expansion through delivery service and other new channels
- Growing respect for Japan's food culture

**Risks**

- Impact of geopolitical factors and national regulations on business
- Suspension of operations and decrease in the number of customers due to the resurgence of COVID-19
- Deterioration in profitability driven by higher raw material and labor costs

Policies and priority measures in the Medium-term Management Plan (FY2022–FY2024)

Regarding the Medium-term Management Plan themes of evolution and regeneration, our U.S. operation—where performance remained strong even during the pandemic—will be responsible for the evolution side, while China and the ASEAN region, which were severely impacted by COVID-19, are working on regeneration efforts in numerous areas. During the past two years, the number of outlets in the U.S. remained at 100 at the end of the fiscal year. Meanwhile, the number of outlets in China and the ASEAN region at the end of the fiscal year increased by 31 to 894 in FY2023, after having dropped from 871 in FY2021 (prior to the implementation of the plan) to 863 in FY2022.

In China, where a recovery in performance is underway, we augmented store openings mainly in Shanghai, Qingdao, Beijing,

Liaoning, and Hong Kong. In the ASEAN region, we aggressively opened outlets in Indonesia. As a result, the scale of overall overseas operations has expanded to nearly 1,000 outlets.

In FY2024, we plan to open 125 new outlets and close 60 outlets, which will bring the total number of outlets in our overseas operations to 1,059 at the fiscal year's end. We are opening new outlets primarily in China and Indonesia, but we also plan to open four new outlets in the U.S. and renovate 21 outlets. We will increase capital investment from 2.2 billion yen in FY2023 to 2.8 billion yen to speed up quantitative expansion as the Medium-term Management Plan draws near completion.

Review of FY2023

China and the ASEAN region

Severe conditions remain due to the effects of the real estate recession and rising costs

In China, although the market environment recovered on the country's zero-COVID policy shift, the market was impacted from the second half of the fiscal year by a decrease in consumer confidence amidst the real estate recession. In this context, with regard to directly managed areas, we aggressively opened new outlets, expanding the number of outlets in Shanghai from 12 at the end of the previous fiscal year to 21. At the same time, we integrated the operating companies in Fujian, Wuhan, and Jiangxi and consolidated their functions with the aim of returning them to profitability.

In the ASEAN region, Singapore, where there are 12 directly managed outlets, performed well. In terms of franchise development, sales rose

primarily in Indonesia, where the number of outlets grew from 136 at the end of the previous fiscal year to 151. In the Philippines, however, where we are pursuing a joint venture with a major local restaurant operator, performance did not meet expectations.

The situation common to the entire Asian region is that demand for delivery during the pandemic has slowed. And, while rising labor costs and soaring costs are putting pressure on profits, the current environment is not conducive to the implementation of price revisions, making a redesign of the obsolete store model and improving efficiency and productivity imperative.

U.S. Business

Secured record sales and EBITDA despite continued high inflation

Consumers in the U.S. have been sensitive to price hikes amidst high inflation in that market over the past year. Amidst these conditions, Yoshinoya America focused on measures such as using an app to promote outlet visits. Moreover, the introduction of Japanese-style *karaage* fried

chicken, renovations to kitchens to heighten operational efficiency, and renovations to outlets also generated positive results.

As a result, in FY2023, we were able to surpass the previous year's sales and EBITDA figures, reaching new records in the process.

Future direction and issues

China and the ASEAN region

Expand C&C outlet conversion to China and the ASEAN region to promote growth

In China, we will focus on opening directly managed outlets based on the low-investment model with which we experienced success in Shanghai to address the issue of a prolonged investment recovery period. In FY2024, we plan to open our first outlet in Zhejiang Province and set up a manufacturing plant in Suzhou to reinforce the supply of food ingredients to the surrounding area. Meanwhile, looking at business development with franchisees, we will establish a joint venture company in Guangdong Province to expand outlet openings. By introducing the know-how of Cooking & Comfort (C&C) outlets—with which we have had success in Japan—we plan to extend kitchen support and efficiency across the breadth of our China operations to make possible the same menu development as in Japan.

In China, we will also endeavor to grow our frozen beef bowl topping business. Through a joint venture with a local company, we will set up a

manufacturing plant in Tianjin. Under the Group's brand development and quality control, we will begin with sales via outlets.

In the ASEAN region, as in China, the key to the future will be the revamping of the store model and C&C conversion to boost efficiency and productivity. In FY2024, we will promote conversion at directly managed outlets in Singapore and leverage this as a C&C model showcase to encourage its introduction in Indonesia and other franchise areas.

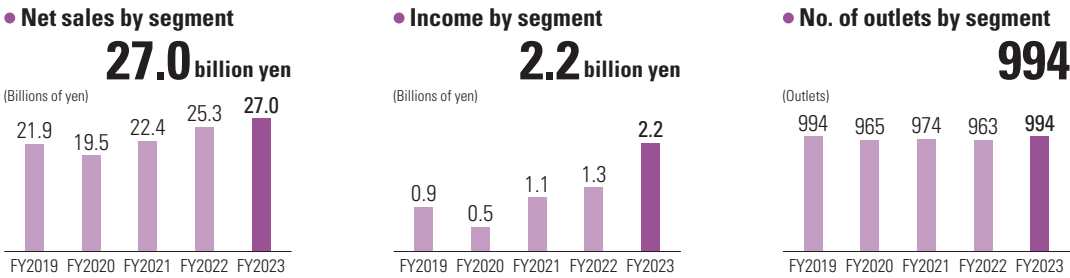
With regard to developing and utilizing global human resources, we have launched a career initiative in which we assign employees recruited from Japan to China, Taiwan, Singapore, and the Philippines. We will continue focusing on this initiative with a view to the growth and expansion of our Asian business over the medium to long term.

U.S. Business

Implement price revisions and AI technology in response to rising labor costs

In FY2024, the concern exists that increasing labor costs will exert pressure on profits. In parallel with price revisions, we plan to address this issue by introducing an AI ordering system to reduce workload and

human hours. Moreover, we will continue our brand strategy under the themes of "Win with Our Food," "Modernize the Experience," and "Make It Easy" to further boost our growth potential.





Strategy by Business: Other



Other

Accelerate franchise development in Japan and abroad, transform into the next growth pillar

The ramen noodle business operated by Setagaya and With Link in Japan and overseas and the new business group operated by StartingOver will become the next pillar of Group growth.

Policies and priority measures in the Medium-term Management Plan (FY2022–FY2024)

The ramen noodle business, which plays a central role among our other businesses, will be positioned as the next growth pillar for the Group, and we are currently making advance investments toward this objective. We will attempt to expand franchise development in Japan and internationally as a collective of medium-sized businesses with multiple brands. As a group, we will aim to make this the world's top ramen chain.

Under the current Medium-term Management Plan, while being on the lookout for M&A opportunities to acquire new brands, we will continue to refine our business model and boost profitability and efficiency.

Review of FY2023 and Future Outlook

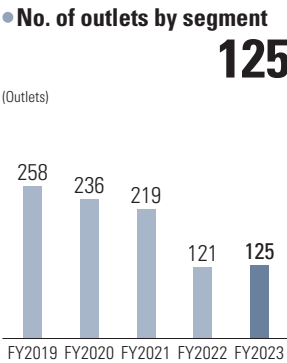
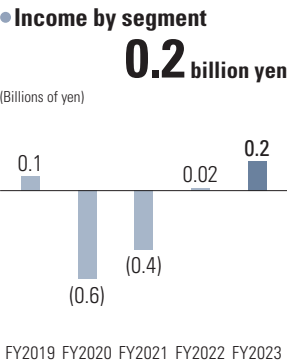
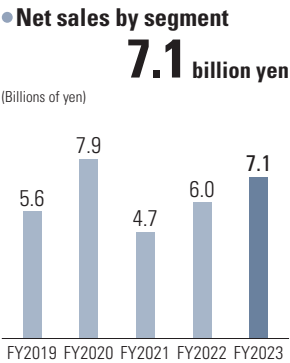
Sales rose at all operating companies  
Toward further strengthening of brand power

In FY2023, With Link continued its robust performance from the previous fiscal year, recording increased sales and profits. Meanwhile, a recovery in performance at Setagaya and StartingOver led to an increase in operating income and an improvement in operating income and loss.

With Link has been successful in improving its ability to attract customers through measures such as outlet renovations. This led to increased sales at domestic outlets, as well as outlets overseas, particularly in Indonesia. Measures to enhance the value of the Setagaya brand under the slogan “Strengthen Our Defense” were effective, and the new brand, Special Miso Ramen Wada Shoten got off to a good start.

StartingOver worked to increase customer numbers while proceeding with a partial format conversion and linked price revisions to increased earnings. Despite this, the company failed to reach its target and did not return to profitability in terms of operating income and loss.

In FY2024, With Link will accelerate the opening of new outlets in Japan and abroad with the goal being further profit growth. Setagaya will aim to maintain the trend of increased sales and profit based on the theme of coexistence of quality and profit. Meanwhile, StartingOver will continue research into business formats while looking to achieve growth through the opening of more Cha-o outlets.



Transition to an aggressive stance, refine business model to become the world's top ramen noodle chain

We will demonstrate mobility within the Group to contribute as an advance team to new growth areas.

With Link

Daisuke Akizuki  
With Link Co. Ltd.  
Representative Director and President

Review of FY2023

Continued robust growth and noteworthy increase in sales at overseas chains

With Link, which directly manages and franchises its ramen noodle business with the Bariuma brand as its centerpiece, turned its performance around in FY2022—when the pandemic began to subside—and continued strong growth in FY2023. The company opened three new outlets and closed three in Japan, and opened three and closed five overseas. This resulted in a net decrease of two outlets from the end of the previous fiscal year to 70, with 42 in Japan and 28 overseas, as of the end of FY2023. However, the success of existing outlets in attracting more customers and enhanced profitability led to increased sales and profits, although they fell short of pre-pandemic levels.

Domestic chain store sales grew 11.3% year on year. One measure that was particularly effective was the renovation of outlets to augment their ability to attract customers. The renovation of all 12 of our directly managed outlets in Japan over the past three years was highly effective. We conveyed this information to franchise owners to encourage them to

invest in the company, and we also expanded renovations at franchise outlets.

As a new initiative, in November 2023, we opened the first Korean Ramen Bariuma outlet in Kure City, Hiroshima Prefecture. We hope to establish a format as a new business model that delivers an unprecedented ramen dining experience and develop it into a driver to expand franchise development.

Overseas franchisees operating in Southeast Asia—primarily in Indonesia—achieved a significant 29.6% year-on-year growth in chain store sales, accomplishing the goal of higher sales and profits for overseas franchise owners it established for FY2023. The implementation of interviews with franchise owners amid the recovery of foot traffic and consumption in each region, close collaboration and information sharing in management, and a strong relationship of trust in order to grow the business, were the keys to our successful results.

Future direction and issues

Accelerate opening of franchise outlets toward becoming the world's top ramen chain

To achieve the Group's ambition of becoming the world's top ramen chain, we must continue the refinement of our business model to expand our franchise network by opening outlets overseas from Southeast Asia to Europe, and onward to North and South America and the Islamic world.

In FY2024, we aim to achieve 70% year-on-year growth in operating income, restoring the profit level that temporarily declined due to the pandemic and fulfilling the contribution expected of our company within the Group. The acceleration of outlet openings to realize this profit growth is a major theme for the year. We expect to have a total of 92 outlets by the end of FY2024, a net increase of 22.

Domestically, we will augment the number of personnel in the development departments to promote franchisees and appeal the excellent performance of our business model. Looking abroad, the company plans to adopt an aggressive stance by opening its first store in Edinburgh, Scotland, as the inaugural step in its European expansion, while also focusing on growing its low-priced brand Buchiton in Southeast Asia.

Sustainability Management

Our approach to sustainability

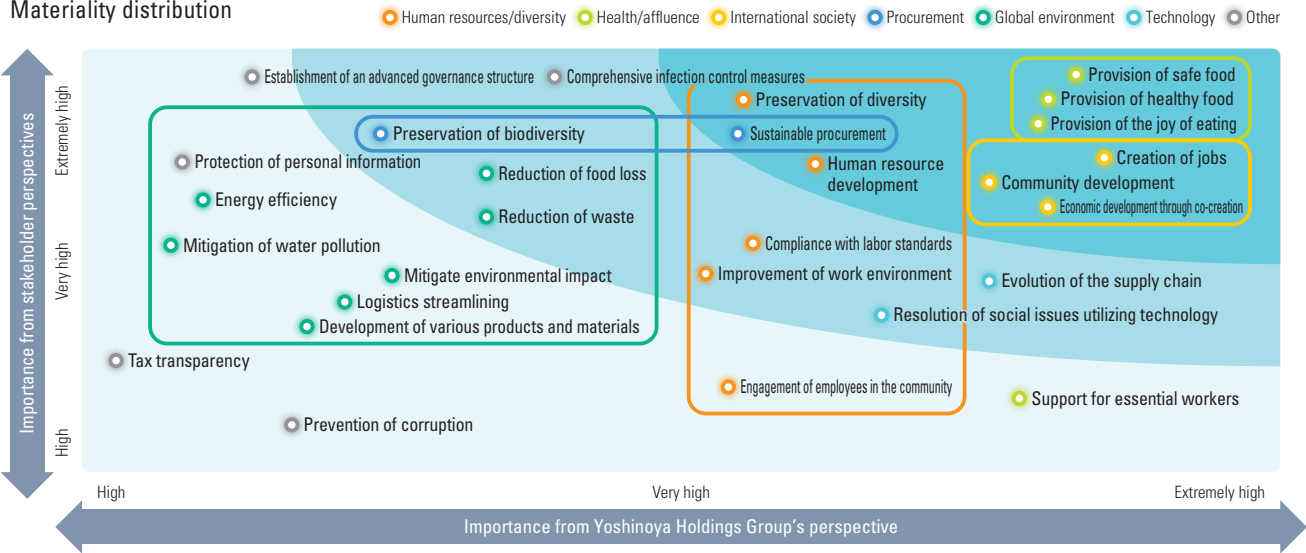
The business philosophy of the Yoshinoya Holdings Group, “For the People,” holds that companies exist to serve the needs of society and to contribute to the greater happiness of mankind. To ensure that we put this into practice, we emphasize environmental (E), social (S), and governance (G) perspectives throughout our business activities.

Various issues have emerged in recent years concerning the environment and society. Addressing these issues has become an important management theme for the Group, particularly given that our operations extend around the world. By promoting ESG management, the Group strives to address environmental and social issues, working with our stakeholders to realize a sustainable society.

Under our long-term vision NEW BEGINNINGS 2025, the Group is committed to creating new markets and delivering value that will redefine the restaurant industry. Redefining the restaurant industry means replacing our existing business model. We must create a new model that we can operate over the long term to drive robust and sustainable growth. The continuity of our business depends on this shift.

Our long-term vision positions this redefining of the restaurant industry as its basic policy. It includes many themes that also relate to the achievement of the Sustainable Development Goals (SDGs). We will focus the efforts of the entire Group on executing this vision.

Materiality distribution



Materiality KPIs for 2030

The Group's material issues serve to clarify the social responsibilities that we should fulfill through our business activities and indicate our desired direction. We are working to share and disseminate this information internally. In January 2024, we established materiality KPIs, which serve as quantitative indicators for monitoring efforts based on each materiality, and established concrete target figures for 2030. Through these KPIs, the Group will contribute to the achievement of the SDGs by managing and promoting the progress of sustainability management.

Materiality	Our course of action to address issues (basic policy)	Yoshinoya Holdings Group's key initiatives	KPI settings	FY2030 targets	FY2023 results	FY2022 results	Contribution to SDGs
Realizing diversity and inclusion to enable people to grow and thrive	<ul style="list-style-type: none"><li>Practice diversity and inclusion</li><li>Promote a good work-life balance</li><li>Develop human resources and support career development</li></ul>	<ul style="list-style-type: none"><li>Respect and promote diversified work styles</li><li>Improve work environment</li><li>Review personnel evaluation systems</li></ul>	<ul style="list-style-type: none"><li>Percentage of female employees</li><li>Percentage of women in management positions</li><li>Percentage of paid leave taken</li><li>Improvement of employee engagement<sup>1)</sup></li></ul>	<ul style="list-style-type: none"><li>30.0%</li><li>30.0%</li><li>80.0%</li><li>2.5 points</li></ul>	<ul style="list-style-type: none"><li>22.0%</li><li>10.3%</li><li>62.0%</li><li>3.0 points</li></ul>	<ul style="list-style-type: none"><li>20.5%</li><li>9.6%</li><li>59.3%</li><li>3.0 points</li></ul>	<ul style="list-style-type: none"><li>5 EQUAL OPPORTUNITIES</li><li>8 WORK-LIFE BALANCE</li><li>10 EMPLOYEE ENGAGEMENT</li></ul>
Providing the joy of food and health to more customers, enabling them to have fulfilling lifestyles	<ul style="list-style-type: none"><li>Contribute to customers' health</li><li>Contribute to the health of employees who provide food</li><li>Respond to aging society</li><li>Application of new technologies and new ingredients</li></ul>	<ul style="list-style-type: none"><li>Sell foods for specified health uses</li><li>Expand sales of foods for nursing care receivers and develop products</li></ul>	<ul style="list-style-type: none"><li>Ratio of employees receiving medical checkups</li><li>Annual sales of Tokugyu and Care Beef products<sup>2)</sup></li><li>Provision of products that contribute to healthy dietary habits</li></ul>	<ul style="list-style-type: none"><li>100%</li><li>100,000 packages</li><li>—</li></ul>	<ul style="list-style-type: none"><li>91%</li><li>70,000 packages</li><li>—</li></ul>	<ul style="list-style-type: none"><li>89%</li><li>80,000 packages</li><li>—</li></ul>	<ul style="list-style-type: none"><li>1 HEALTHY LIFESTYLES</li><li>2 FOOD SAFETY</li><li>3 NUTRITION</li></ul>
Contributing to the development of local communities by developing our global business	<ul style="list-style-type: none"><li>Enhance the Group's function as a "food" infrastructure</li><li>Interaction with local communities</li></ul>	<ul style="list-style-type: none"><li>Provide meal support for children's cafeterias</li><li>Develop and provide emergency food using Yoshinoya canned meals technology</li><li>Support disaster-stricken areas using Orange Dream trucks</li></ul>	<ul style="list-style-type: none"><li>Expansion of "local community contribution activities by outlets" (Provision of food at children's cafeterias, etc.)</li></ul>	<ul style="list-style-type: none"><li>Build a network throughout prefectures</li></ul>	<ul style="list-style-type: none"><li>27/47 prefectures (47,281 packages)</li></ul>	<ul style="list-style-type: none"><li>23/47 prefectures (44,813 packages)</li></ul>	<ul style="list-style-type: none"><li>2 FOOD SAFETY</li><li>8 COMMUNITARIANISM</li><li>17 SUSTAINABLE CONSUMPTION</li></ul>
Building a sustainable supply chain through co-creation with suppliers	<ul style="list-style-type: none"><li>Ensure food safety</li><li>Ensure supply chain integrity</li></ul>	<ul style="list-style-type: none"><li>Establish a system for auditing suppliers' plants</li><li>Purchase materials with environmental impact taken into account</li></ul>	<ul style="list-style-type: none"><li>Auditing of suppliers (Build a supply chain with consideration given to the environment and human rights)</li></ul>	<ul style="list-style-type: none"><li>100%</li></ul>	<ul style="list-style-type: none"><li>86%</li></ul>	<ul style="list-style-type: none"><li>81%</li></ul>	<ul style="list-style-type: none"><li>12 ECONOMIC GROWTH</li><li>15 RESPONSIBLE PRODUCTION AND CONSUMPTION</li></ul>
Responding to climate change through environment-friendly business activities	<ul style="list-style-type: none"><li>Reduce food material loss at outlets and in production processes at plants and reuse food materials</li><li>Reduce environmental impact of packaging materials</li></ul>	<ul style="list-style-type: none"><li>Reduce loss at outlets and plants and promote reuse</li><li>Reuse industrial waste (waste oil, waste materials)</li><li>Reuse equipment and instruments</li></ul>	<ul style="list-style-type: none"><li>Recycling of waste discharged from plants in Japan<sup>3)</sup></li><li>Reduction of specified plastics (50% compared to 2020 level)</li><li>Remain certified as an ECOMARK CERTIFIED RESTAURANT</li></ul>	<ul style="list-style-type: none"><li>57%</li><li>24.15 kg/100 million yen</li><li>Continue to be certified</li></ul>	<ul style="list-style-type: none"><li>53%</li><li>25.00 kg/100 million yen</li><li>Certified in 2017</li></ul>	<ul style="list-style-type: none"><li>52%</li><li>32.50 kg/100 million yen</li><li>Certified in 2017</li></ul>	<ul style="list-style-type: none"><li>7 CLIMATE ACTION</li><li>13 LIFE ON LAND</li><li>17 SUSTAINABLE CONSUMPTION</li></ul>

<sup>1)</sup> At the request of the company, an external institution measures the openness of the company. The target 2.5 points indicates that half of the employees are in a state of mind in which they have a low level of stress in the organization and at work and are involved in their work proactively.

<sup>2)</sup> Tokugyu was screened by the nation and is sold as a food for specified health uses (FOSHU). Care Beef is a nursing care food for people with reduced chewing and swallowing function.

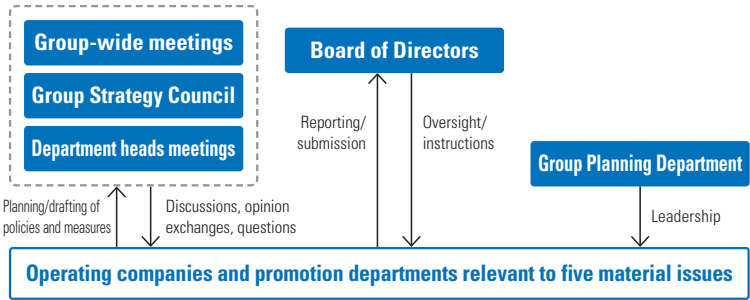
<sup>3)</sup> This is the recycling rate at the Yoshinoya Holdings Group's seven plants in Japan.

<sup>4)</sup> In 2017, Yoshinoya was granted Eco Mark certification, which is given to an environmentally friendly restaurant, from Japan Environment Association and was certified as an "eco-restaurant."

Sustainability promotion system

A system led by the Group Planning Department is in place for group-wide promotion of sustainability. Through this system, promotion departments relevant to our five material issues plan and draft policies and measures, which are then discussed with all executive members and department heads of the Group at group-wide meetings, Group Strategy Council meetings, and department heads meetings. The results are reported and submitted to the Board of Directors. Discussions and exchanges of opinions were held on our Basic Sustainability Policy and five material issues in FY2021 and on human capital management in FY2022 at meetings attended by not only the board members but also all the executives and department heads of the Group. By having executives and department heads participate in discussions, we ensure that the entire organization, rather than only the promotion

departments, takes charge of efforts toward sustainability. This sustainability promotion system is woven into our organizational culture and business processes, helping us realize the corporate mission of fulfilling our social responsibility. We will maintain a positive and continuous commitment to a sustainable business to make society better.



Process of identifying material issues

Based on Yoshinoya Holdings' approach to sustainability, we aim to further enhance our corporate value in light of recent changes in the social environment and demands from society. We have therefore clarified the relationship between our business activities and social issues from an ESG perspective, and have identified material issues that contribute to the achievement of continued corporate growth and a sustainable society.

- STEP 1

Create a list of 128 items of important issues that society expects companies to address, with reference to international ESG guidelines such as GRI and requirements of FTSE, an ESG assessment organization.
- STEP 2

Narrow the list of 128 down to 50 items by evaluating them in terms of long-term perspective, objectivity, the significance that our involvement would have, and relevance to our business.
- STEP 3

Comprehensively evaluate and prioritize the extracted items based on the two axes of "importance from Yoshinoya Holdings Group's perspective" and "importance from stakeholder perspectives."
- STEP 4

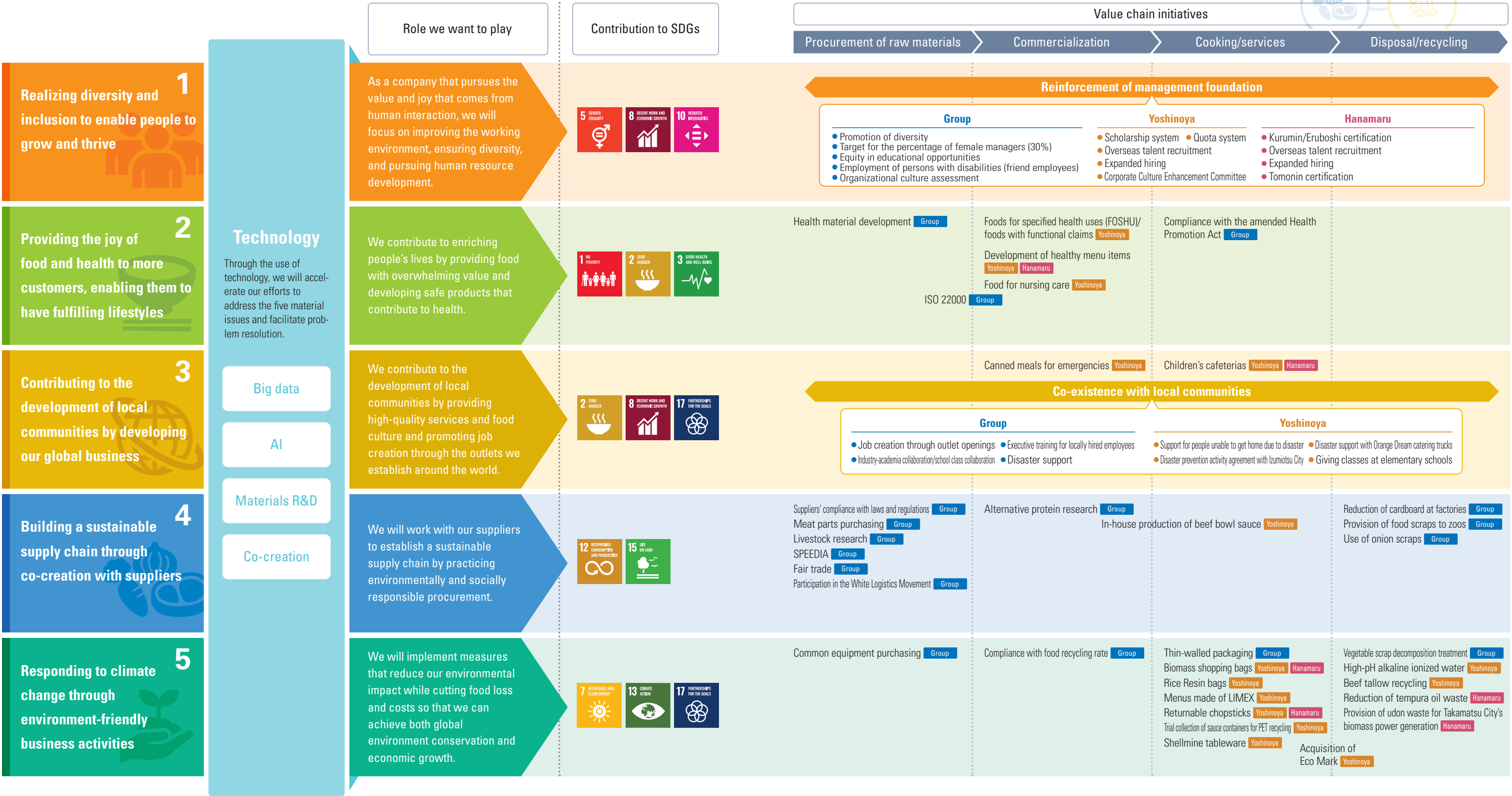
Material issues are finalized by the Board of Directors following discussion of the prioritized items at the Group Strategy Council meeting and by the Management Committee.



Five Material Issues

To Build a Future in Collaboration with Ever More People

In our new value-creation activities, the Group will contribute to society as indicated by the five material issues and build a future in collaboration with the many people involved in our value chain.



## Materiality Highlights 2023

## Realizing diversity and inclusion to enable people to grow and thrive

## To be a corporate group that grows together with its people by leveraging their diversity



## Why

## Co-creation with employees

As a Group that provides value through people as the core of our business, we place great importance on human resources as our corporate assets. As we believe that a work environment where employees can work with vitality and enthusiasm is the foundation for sustainable business growth, we respect the individuality and diversity of each employee.

We will deepen co-creation in the workplace to make employees proud to be a part of the Group and allow them to share in our development as a company while gaining a sense of accomplishment in their work and fulfillment in their lives.

## How

## Engagement as the basis for co-creation

In practicing diversity, equity, and inclusion, we will continue to reform our organizational culture and promote the development of systems to secure fairness and equality in the workplace and to allow diversity in work styles.

As a restaurant business operator, the Group needs to enhance the working environment and heighten employee engagement to ensure that we do not compromise employees' life-work balance in maintaining outlet operations. The relationship of trust that emerges with the company serves as the foundation for co-creation.



## Going forward

## Fostering an environment that changes the restaurant industry's life-work balance

**Rumi Yamanaka**

Hanamaru Business, Hanamaru, Inc.  
General Manager, Business Promotion Dept.  
LWB Project Leader

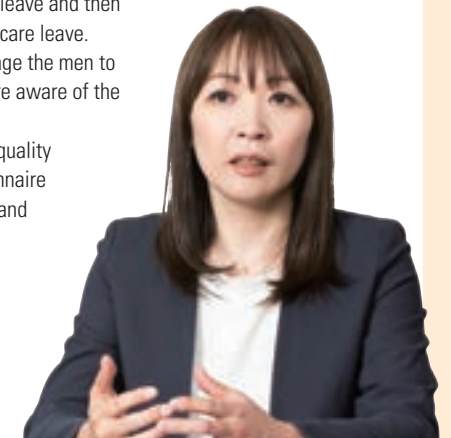
The Life Work Balance (LWB) Project, for which I serve as the leader, is an initiative divided into three teams: Care x Care, 87papa & 87mama, and HAPPY, based on the philosophy of sharing happiness with employees and their families. The pandemic forced the suspension of the project, but it resumed in FY2023.

The Care x Care team provides support for employees dealing with caregiving and mental health issues and works to prevent the loss of personnel. It attempts to increase recognition of the existence of the regional comprehensive support centers and promote awareness and use of systems such as nursing care leave and vacation, life support paid leave, and benefits. It also conducts nursing care seminars for employees at the area manager level and above. Furthermore, we have established a consultation desk with the aim of creating a system in which people can feel free to talk about things that concern them.

The 87papa & 87mama team aims to reduce the number of female employees who have taken childcare leave and then quit after having returned to work to zero, and to ensure 100% of male employees avail themselves of childcare leave. Since it is crucial that the company knows when male employees' partners are pregnant in order to encourage the men to take maternity leave, in FY2023 we focused on gathering this information and making sure all employees are aware of the system.

The HAPPY team has established the objective of enhancing leisure time and is working to increase the quality and volume of days off, a task considered to be challenging in the traditional restaurant industry. A questionnaire was distributed at store managers' meetings, and the facts ascertained were shared with sales managers, and we are working to respond systematically.

In FY2024, as we transition from the resumption of activities to full-fledged operation, we will augment each team's efforts by increasing the number of project members under the slogan, "Go Go LWB." The HAPPY team will promote the increased use of days off, with the sales manager also becoming a team member. We will also focus our efforts on holding a variety of events to provide forums where caregivers and partners of male employees taking maternity leave to interact.



## Providing the joy of food and health to more customers, enabling them to have fulfilling lifestyles

## Delivering well-being to the world by thinking about and providing food



## Why

## Co-creation with customers

The Group, which continues to deliver satisfaction to customers with its original products and services, aims to provide value including support for healthy eating habits as one type of value it provides. We regard the achievement of health through product and service development as co-creating with our customers.

As a provider of everyday meals, it will be increasingly important for us in this aging society to consider how food can deliver true richness to people's lives and to work with our customers to help the idea to take shape.

## How

## Forming a structure to deliver health value

While the Product Development Department assumes a leadership role in the development of menus, foods for specified health uses, and foods for nursing care that meet customers' health needs, the Materials Development Department heads up research into ingredients and functional materials necessary in creating such value, and for confirming their effectiveness in promoting health and securing evidence.

Another essential element in co-creating with our customers is the health of our employees. We work to maintain and promote health, which underpins the products and services that enhance well-being.



## Going forward

## Toward the creation of products that support healthy eating habits

**Nobuko Kajiwara**

YOSHINOYA HOLDINGS CO., LTD.  
Group Product Division  
Senior Researcher, Materials Development Department

In recent years, the Materials Development Department has conducted surveys and research on breakfast as an initiative leading to the provision of products that contribute to healthy eating habits, one of the material issue KPIs. In FY2023, based on the findings from a survey conducted in the previous year, we co-hosted a seminar on the correlation between breakfast habits and well-being at the Annual Meeting of the Japanese Society of Anti-Aging Medicine in June. The survey, which focused on the activation of brain function through the morning meal, drew attention at the seminar because it showed that people who more frequently had breakfast rated themselves higher in terms of life satisfaction and happiness.

We are continuing to move toward presenting and publishing our research on breakfast at conferences, while working collaboratively in-house to apply our findings to business development. One such campaign is to offer customers who choose Yoshinoya outlets for their morning meal a same-day discount on lunch or dinner. Yoshinoya promotes its breakfast menu, which enables the intake of at least 20 grams of protein, as a nutritionally balanced offering.

In August 2023, the Beef and Steamed Vegetables Combo Bowl served at Yoshinoya's C&C outlets acquired Smart Meal® certification after having collaborated with Kagawa Nutrition University in renewing the product. The Healthy Meal and Food Environment Consortium has established two criteria, "proper" and "firm," for food that contributes to the promotion of good health and conducts screening. The Beef and Steamed Vegetables Combo Bowl earned the designation, "firm." The Beef and Steamed Vegetables Combo Bowl, created under the nutritional supervision of Kagawa Nutrition University, features great taste with plenty of vegetables and low salt content. It has been well received as a proven healthy menu item, and sales have increased threefold against the previous year.

We will further promote collaboration with functional material manufacturers and joint research with educational institutes and leverage these efforts in boosting the health value our products offer.





## Materiality Highlights 2023

### Contributing to the development of local communities by developing our global business

#### Activities for sharing the value provided by food services with local communities

##### Why

#### Co-creation with local communities

The Group aims to be a trusted presence for people in Japan and overseas by fulfilling its function as part of the food infrastructure. We will work to resolve a host of social issues including economic disparity and inequality, while strengthening our ties with local communities and supporting their development.

##### How

#### Expanding the circle of local community co-creation from outlets

We will construct a network to expand community contribution activities based on our nationwide network of outlets, which serve as the base of our operations and our points of contact with local communities. We will also broaden the scope of our initiatives. This includes supporting children's cafeterias, providing assistance to disaster-stricken areas, and offering educational support to school children.



##### Going forward

#### Giving back to local communities through on-site ramen restaurant

The ramen stores operated by With Link actively accept requests from local schools for work experience programs for kids. The head office also provides a wide range of support for educational activities, including cooperating in staging lectures on food.

In FY2023, which marked the 20th anniversary of the launch of Tonkotsu Shoyu Ramen Bariuma, we held an on-site ramen restaurant event in Hiroshima—where the restaurant was founded—as a means of showing our gratitude to the local community. This program consists of managers and supervisors from directly managed outlets traveling to mother and child life support facilities, child welfare facilities, and welfare facilities for people with disabilities to provide ramen at no charge. Our aim is to deliver tasty food and an extraordinary experience to people who may not be able to visit one of our outlets. During a four-month period beginning in October 2023, we visited seven facilities in Hiroshima City, Higashi-Hiroshima City, and Hatsukaichi City, and provided a total of approximately 400 servings of ramen. For one facility that was not equipped for cooking, we donated 48 boxes of ramen noodles. The patrons of each facility very much enjoyed the food, and it gave the store managers involved in providing the service a chance to reaffirm the value that food services bring to people.

Beginning in FY2024, With Link will reinforce its partnerships with local educational institutions to increase opportunities to provide children with educational support. The company will also roll out other forms of regional co-creation, such as developing products in collaboration with local businesses.

### Building a sustainable supply chain through co-creation with suppliers

#### Strengthen bonds of trust and maintain long-term, stable business relationships

##### Why

#### Co-creation with suppliers

To protect the supply chain that connects the production of agricultural products to meal provision, and to address the environmental and social issues that arise in maintaining the chain, the Group is working to build strong relationships of trust with its suppliers and, through the food business, to achieve co-existence and co-prosperity.

##### How

#### Creating a favorable relationship in which both parties can develop

We will maintain sound relationships that enable both suppliers and the Group to earn reasonable profits, and communicate closely to improve the quality and safety of food. We will implement a system for auditing environmental and human rights issues to ensure the integrity of our supply chain.



##### Going forward

#### Coping with an insufficient supply of eggs due to bird flu

At the Group Product Division, the Product Department handles all procurement functions for food ingredients for Yoshinoya, Hanamaru, and other businesses in Japan. The supply-demand balance for many ingredients often fluctuates due to numerous factors such as the effects of weather on growing conditions, heightened geopolitical tension, and changes in the economic situation. Given this, ensuring a stable supply of safe ingredients in terms of both quantity and quality is a key issue for the Group's business, which operates many outlets across the country.

In recent years, an insufficient supply of eggs due to the outbreak of bird flu has become a problem. In FY2022, the year in which the damage caused by the disease was most significant, we confirmed the impact by exchanging information with producers in each region and responded by taking preemptive measures to ensure product safety, while promoting changes to standards. Then, in FY2023, we made every effort to secure eggs for spring sales of our popular Oyakodon (chicken and egg bowl). Amid unprecedented circumstances in the retail industry, however, including the normalization of the egg shortage, we were ultimately forced to stop selling the product and apologize to our suppliers who had worked hard on behalf of the Group.

To foster a good relationship with our suppliers, we must understand and share each other's requests and issues, and cooperate in resolving them. This will lead to us being able to conduct business stably in the long term. We will continue to bolster those relationships and build a robust supply chain.

### Responding to climate change through environment-friendly business activities

#### Protecting the Earth as an asset of tomorrow to be passed on to the next generation

##### Why

#### Co-creation with the global environment

For the Group, which provides nature's bounty in the form of food and shares its abundance with everyone, we believe that preserving the global environment intact and handing it down to future generations is essential to the survival of our business and a vital responsibility.

##### How

#### Mitigating the environmental burden of food production sites

We will strive to reduce the amount of food waste generated at outlets and on food production lines in factories, and reuse and upcycle residues and other food waste. Furthermore, we are promoting the introduction of energy-saving equipment and the use of renewable energy to reduce CO<sub>2</sub> emissions.



##### Going forward

#### Solar power operation and effective use of food waste

We have installed a solar power generation system—in operation since September 2023—on the rooftop at our Tokyo factory to reduce CO<sub>2</sub> emissions and energy costs. An ordinance issued by Saitama Prefecture, where the factory is located, mandates a 13% reduction in CO<sub>2</sub> emissions from the base emission level every year from FY2022 to FY2024. Meanwhile, frozen beef bowl topping has been added to the production lineup, and electricity rates continue to rise as power usage increases. This sparked the decision to install solar power.

Consuming all the electricity generated at the factory will result in a 7,804,000 yen reduction in the annual electricity bill, and we anticipate a reduction in CO<sub>2</sub> emissions of 195 tons per year (or 5.3% of the factory's total). In addition to this, the power generation panels block direct sunlight, which serves to lower the temperature in the attic and reduces the load on the air conditioning system. The factory is currently operating as planned, generating sufficient electricity to cover 6.4% of its total annual consumption.

The factory is also working to upcycle the food waste generated there. In February 2024, we started drying and powdering onion scraps in a superheated steam dryer and selling them to external food manufacturers as a secondary ingredient for use in bread and curry. Going forward, we plan to conduct research on the application of this equipment to cabbage, the use of brown skin from onions, and the utilization of fine beef (pieces of meat outside of product specifications) generated from frozen beef bowl topping lines.

Material Issues

Realizing diversity and inclusion to enable people to grow and thrive

As a company that pursues the value and joy that comes from human interaction, we will focus on improving the working environment, ensuring diversity, and pursuing human resource development.



Social issues and needs

In Japan, the adoption of automation and labor-saving technologies is spreading to the food service industry as the declining birthrate and aging population have led to labor shortages. However, the source of a good meal is a value that only people can provide. Respecting the diversity of people and providing them with opportunities to play important roles is not only a corporate social responsibility, but also a condition for the Group to adapt our value offerings to meet the diversifying needs of its customers.

Opportunities

- Attracting the best talent globally through respect for diversity
- Increasing the value of human resources while reaping the benefits of automation and labor-saving innovations
- Heightening employee motivation and competitiveness in recruiting by investing in employee training




Risks

- Difficulty in securing human resources due to the decrease in the working population
- Stagnation in the business creation and product development due to a delay in responding to diversifying customer needs
- Achievement of diversity required for maintaining employee engagement and retention

Short- and medium-term measures

- Increase the percentage of female employees
- Increase the proportion of executive candidates under 35 years of age by sending them to business schools to educate them as management candidates, and by promoting industry-academia collaborative activities aimed at training mid-level leaders
- Establish connections with high schools and strengthen relationships with schools from which employees have been hired
- Reduce the share of employees with health issues found during annual checkups to under 80%
- Reduce the total number of hours worked through increased productivity
- Intergroup exchange among personnel
- Expand welfare benefits
- Various training programs to enhance human resource capacity: G4/G5 internal selection training, "real-team training" for organizational development, interactive training to improve outlet staff retention (improve relationships between area managers, store managers, and outlet staff), an interview program to hone supervisor skills (acquire and practice coaching skills)

Materiality KPIs through 2030

Material issues	Direction for resolving issues (basic policy)	Yoshinoya Holdings Group's main initiatives	Establishing KPIs	FY2030 targets	FY2023 results	FY2022 results	Contribution to SDGs
Realizing diversity and inclusion to enable people to grow and thrive	● Practice diversity and inclusion ● Promote a good work-life balance ● Develop human resources and support career development	● Respect for and promotion of diverse work styles ● Improve the workplace environment ● Review personnel evaluation system	Percentage of female employees	30.0%	22.0%	20.5%	  
			Percentage of female managers	30.0%	10.3%	9.6%	
			Percentage of paid leave taken	80.0%	62.0%	59.3%	
			Improvement in employee engagement*	2.5 points	3.0 points	3.0 points	

\*Corporate environment is assessed by an external institution. The target score of 2.5 points indicates a psychological state of proactivity, in which half of the employees feel less burdened by the organization and their work.

Interview

Aiming for a workplace and organization that allows everyone to play an active role

Nozomi Oikawa

YOSHINOYA HOLDINGS CO., LTD.  
General Manager, Human Resources  
Department, Group Management Division

With regard to diversity and inclusion (D&I), we have promoted initiatives to date with the objective of increasing the percentages of female employees and female managers to allow everyone to play an active role. We will continue to work toward realizing those goals as material issue KPIs. It is necessary, however, not only to increase our headcount by promoting employment and career advancement, but also to cultivate the human resources who will lead the Group tomorrow. Providing follow-up and support for these efforts is now an issue we must deal with.

With this in mind, we have focused in recent years on retaining hired and promoted personnel, and have provided communication and consultation opportunities with leaders referred to as "conductors" and "buddies" at each of Yoshinoya's operating companies. We encourage employees to maintain and continue their careers and work to connect them to the future, including offering an assignment as a remote interviewer that allows working from home. Furthermore, to realize a workplace that ensures fairness and equality for a more diverse workforce, we have established DE&I promotion as a policy to reform our organizational culture, adding the concept of equity to diversity and inclusion. Beginning in FY2024, Yoshinoya's J-yoshinoya activities, the objective of which is to foster a workplace environment where everyone is able to work comfortably, and Hanamaru's Life Work Balance (LWB) Project will collaborate to promote the initiative across the Group.



Part-time employment creates a gathering place for people

For the Group, which often appoints full-time employees from among staff members at outlets, hiring part-timers is extremely important to secure the labor force required for sales as well as to form the human resource population. In September 2023, the Group Management Division established a part-time worker recruitment strategy to oversee and streamline part-time worker recruitment for each operating company. It has also launched a recruitment branding initiative to facilitate more effective recruitment and acquisition.

In terms of concrete measures, we are transitioning to a recruiting approach that utilizes effective media and channels for each target demographic to heighten recruiting efficiency. We also centrally implement online interviews in our part-time worker recruitment strategy to improve matching between applicants and outlets. Online interviews also serve as a place to work for employees prior to and following maternity leave and for employees who have suffered an injury or illness. Furthermore, it is a chance for store managers to monitor the interview process and gain expertise in this area.

Practicing wellness management to protect health and lives

From FY2024, the timing of specific health checkups and health guidance, which used to differ by operating company, will be standardized. A system will be established for the centralized management of health care-related data for approximately 25,000 Group employees. Ascertaining the health status of each individual employee and utilizing this information in managing human resources will allow us to promote the cultivation of a workplace environment in which employees can work energetically. Furthermore, we have begun utilizing an online health

center where employees can share their mental and physical health problems and concerns with external counselors.

As a new initiative, we conducted two employee training sessions in 2023 with the cooperation of a team of nurses to equip participants with knowledge and skills in cardiopulmonary resuscitation (CPR) and primary life-saving procedures using an automated external defibrillator (AED). We will continue to expand our life-saving activities.

Initiatives to raise awareness of management participation and financial literacy

As a measure to contribute to Group employees' asset building and future planning, we subsidize the holding of our company's shares through the employee stock ownership plan. In FY2023, the company introduced a special incentive scheme and granted further incentives to increase the number of employees joining the stock ownership plan. This has resulted in the Group employee shareholding ratio dramatically increasing, from approximately 12% to approximately 85%.

As an initiative to raise awareness of participation in management, we will continue to hold briefings on stock ownership and explanations of the corporate pension plan explanations, among other outreach efforts, to promote the company's development and actively work to engage employees.



Material Issues

Providing the joy of food and health to more customers, enabling them to have fulfilling lifestyles

We contribute to enriching people’s lives by providing food with overwhelming value and developing safe products that contribute to health.



Social issues and needs

Widening economic disparities have contributed to the child poverty rate in Japan remaining high, and dietary habits are deteriorating, with problems such as malnutrition and solitary eating. An abundant supply of healthy food is the most important social value that the Group should offer, and our mission as a provider of everyday food is to deliver this value to everyone. We will continue our efforts to protect people’s health, overcoming soaring raw material prices and other aspects of a very challenging environment surrounding food.

Opportunities

- Functioning as a social safety net against child poverty
- Responding to growing health demands associated with changes in the social environment
- Providing the rich life that warm daily meals bring

Risks

- Soaring raw material prices driven by climate change and competition for resources
- Changes in consumer behavior owing to the pandemic and population aging
- Decrease in the number of food service customers caused by widening economic disparities

Short- and medium-term measures

- Clearly identify customer health needs and develop products based on those needs
- Clarify and communicate information on the health benefits of eating breakfast
- Establish a production base for in-house developed lettuce
- Maintain and refine the lineup of foods with functional claims
- Develop high-value-added products using food scraps from factories
- Explore alternative protein ingredients

Materiality KPIs through 2030

Material issues	Direction for resolving issues (basic policy)	Yoshinoya Holdings Group's main initiatives	Establishing KPIs	FY2030 targets	FY2023 results	FY2022 results	Contribution to SDGs
Providing the joy of food and health to more customers, enabling them to have fulfilling lifestyles	• Contribute to customers' health • Contribute to the health of employees who serve the food • Cope with an aging society • Apply new technologies and materials	• Sales of foods for specified health uses • Expand sales and develop foods for nursing care	Regular health checkup attendance rate	100%	91%	89%	1, 2, 3
			Annual sales of Tokugyu and nursing-care beef products*	100,000 meals	70,000 meals	80,000 meals	1, 2, 3
			Provision of products that contribute to healthy eating habits	—	—	—	3

\*Tokugyu is a food for specified health uses that is sold following an inspection by the government. Nursing-care beef products are for people with decreased chewing and swallowing ability.

Contributing to the development of local communities by developing our global business

We contribute to the development of local communities by providing high-quality services and food culture and promoting job creation through the outlets we establish around the world.



Social issues and needs

The geographic expansion of a company’s business activities must be accompanied by an expansion of the scope of its responsibility to society. As a global business leader, the Group will contribute to the resolution of social issues such as global economic disparity, inequality, and disparities in children’s education, which are themes of the SDGs. We must also satisfy the needs not only in Japan but also in other countries that seek attractive food services originating from Japan, and ensure a sustainable future for generations to come.

Opportunities

- Expanding employment and revitalizing local economies through outlet openings
- Capitalizing on overseas demand for high-quality, safe Japanese food
- Evolving into a community-based company by providing education and disaster relief support through food, and developing emergency food and nursing care food

Risks

- Damage to the brand and customer churn due to loss of regional credibility
- Stagnant growth caused by sluggish global expansion

Short- and medium-term measures

- Provide meal support for children’s cafeterias
- Develop locally-oriented products and outlets
- Increase overseas areas where we have opened outlets and expand employment through new outlet openings
- Support disaster-stricken areas using Yoshinoya’s Orange Dream trucks
- Develop and provide emergency food using Yoshinoya canned meals
- Develop and sell foods for nursing care receivers and the elderly

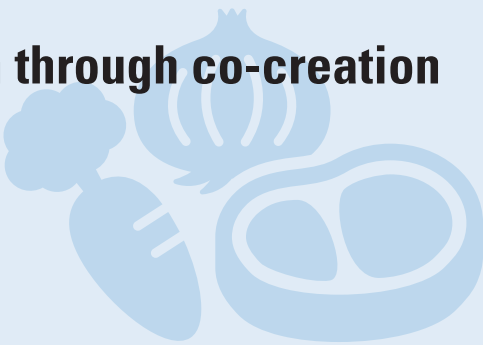
Materiality KPIs through 2030

Material issues	Direction for resolving issues (basic policy)	Yoshinoya Holdings Group's main initiatives	Establishing KPIs	FY2030 targets	FY2023 results	FY2022 results	Contribution to SDGs
Contributing to the development of local communities by developing our global business	• Reinforcing the function as the food infrastructure • Connecting with local communities	• Provide meal support for children's cafeterias • Develop and provide emergency food using Yoshinoya canned meal technology • Support disaster-stricken areas using Yoshinoya's Orange Dream trucks	Expansion of local community contribution activities by outlets (provision of food, such as to children's cafeterias)	Construction of a network encompassing all prefectures	27 of 47 prefectures (47,281 meals)	23 of 47 prefectures (44,813 meals)	2, 3, 8, 17

Material Issues

Building a sustainable supply chain through co-creation with suppliers

We will work with our suppliers to establish a sustainable supply chain by practicing environmentally and socially responsible procurement.



Social issues and needs

The food supply chain, which starts with agricultural production, has been greatly affected in recent years by climate change, conflicts between countries, infectious diseases, and other factors, raising the question of how to ensure a stable supply. Moreover, the entire supply chain must share a commitment to reducing environmental impact and addressing social issues such as illegal labor and violations of human rights. Together with its suppliers, the Group addresses these requirements and supports the stable supply of food.

Opportunities

- Fostering trust in our co-creation partners by addressing environmental and social issues
- Corporate value created by a sustainable supply chain
- Capturing customer needs by developing products with low environmental impact

Risks

- Disruption of stable procurement due to soaring food prices and tight supply
- Damage to the brand and customer churn caused by human rights violations and other issues
- Adverse effects of extreme weather and disasters on supply chain processes
- Labor shortage in the logistics industry

Short- and medium-term measures

- Propose and achieve cost reduction
  - Hedge country risk related to overseas raw material supply system
  - Propose and introduce packaging materials that enhance outlet operational efficiency
- Address environmental issues through utilization of recycled resources and reduction of food waste
  - Address animal welfare
  - Act to prevent human rights violations in the supply chain

Materiality KPIs through 2030

Material issues	Direction for resolving issues (basic policy)	Yoshinoya Holdings Group's main initiatives	Establishing KPIs	FY2030 targets	FY2023 results	FY2022 results	Contribution to SDGs
Building a sustainable supply chain through co-creation with suppliers	<ul style="list-style-type: none"><li>Ensuring food safety</li><li>Ensuring soundness of the supply chain</li></ul>	<ul style="list-style-type: none"><li>Establishing an auditing system for supplier factories</li><li>Considering environmental impact when purchasing materials</li></ul>	Supplier audits (building a supply chain with an awareness of the environment and human rights)	100%	86%	81%	 

Responding to climate change through environment-friendly business activities

We will implement measures that reduce our environmental impact while cutting food loss and costs so that we can achieve both global environment conservation and economic growth.



Social issues and needs

The increase in greenhouse gases emitted into the atmosphere is now contributing to climate change and a rise in the frequency of extreme weather events on our planet. Crop production has also been affected and there is growing concern about the stable supply of food. Under these circumstances, the global society has become more aware of environmental conservation and food loss, leading to changes in behavior. As a corporate group engaged in the food business, we will respond to the demands of society to address climate change and implement countermeasures while also working to support economic growth.

Opportunities

- Differentiating ourselves and enhancing our brand image through environmental measures
- Complying with environmental regulations to facilitate smooth business development




Risks

- Adverse impact on the supply chain through more frequent and severe weather events
- Legal restrictions on business activities due to delays in environmental regulation compliance
- Damage to the brand image caused by insufficient environmental awareness
- Increase in procurement and energy costs resulting from resource depletion

Short- and medium-term measures

- Optimize energy use and energy conservation
  - Reduce food loss and carry out recycling in factories and outlets
  - Mitigate environmental impact
  - Reduce waste, including cardboard boxes for deliveries to outlets
- Incorporate environmental consideration in new outlet openings and renovations, such as by acquiring Eco Mark certification
  - Establish conditions and management system for TCFD disclosure

Materiality KPIs through 2030

Material issues	Direction for resolving issues (basic policy)	Yoshinoya Holdings Group's main initiatives	Establishing KPIs	FY2030 targets	FY2023 results	FY2022 results	Contribution to SDGs
Responding to climate change through environment-friendly business activities	<ul style="list-style-type: none"><li>Reduction of loss and reuse of ingredients at outlets and factory manufacturing processes</li><li>Reduction of environmental impact of packaging materials</li></ul>	<ul style="list-style-type: none"><li>Reduction of loss and reuse at outlets and factories</li><li>Reuse of industrial waste (waste oil and wood)</li><li>Reuse of equipment</li></ul>	<p>Recycling and reuse of waste from domestic factories<sup>*1</sup></p> <p>Reduction of specified plastics (50% compared with 2020)</p> <p>Continued designation as eco-friendly restaurant<sup>*2</sup></p>	57%	53%	52%	   
				24.15 kg /100 million yen	25.00 kg /100 million yen	32.50 kg /100 million yen	 
				Continued designation	Acquired designation in 2017	Acquired designation in 2017	

<sup>\*1</sup> The recycling rate of Yoshinoya Holdings Group's seven domestic factories.  
<sup>\*2</sup> In 2017, Yoshinoya acquired Eco Mark certification from the Japan Environment Association certifying environmentally friendly restaurants, earning designation as an eco-friendly restaurant.



Corporate Governance—Management Members (as of February 29, 2024)

Conditions for appointment of directors and corporate auditors

Due to the wide variety of human resource requirements that the Company seeks to satisfy in order to promote flexible, rapid business development, the Company has not set a particular policy for the appointment of director and corporate auditor candidates. To achieve the objectives of the business plan, we select candidates based on their career and experience. If we determine, however, that certain criteria are needed for future business development, we will give them consideration as we deem appropriate.

Conditions for appointment of outside directors and outside corporate auditors










By appointing two of the five directors and two of the four corporate auditors from outside the Company, we incorporate external knowledge independent of management. Outside directors have many years of experience in a wide range of financial instruments in international financial institutions. They also boast extensive experience working with a diverse range of personnel and have for many years been involved in the development and construction of IT systems, and have corporate experience in advancing DX. The Company appoints independent outside directors with a wealth of experience in a vast array of areas, including the promotion of women’s activities and diversity. Outside auditors provide accurate advice based on their expertise and insight as CPAs or lawyers and are appointed to monitor management.

Skills and experience of our directors and corporate auditors

The Board of Directors of the Company, which governs and supervises the Group as a holding company, consists of members with diverse perspectives, profound experience, and advanced skills that facilitate the development of sound, highly transparent corporate governance and internal controls, enabling the Board to govern the Group appropriately. The Company believes that the Board of Directors as a whole is equipped with the necessary skills.

We have created the following skills matrix with ♦ marking the particular skills and experience of each director and corporate auditor based on their individual knowledge, experience, and capabilities. This list is not an exclusive representation of each person’s knowledge, experience, and capabilities.

Skill	Definition
Corporate management/management strategies	Experience at a listed company (or companies) or a company (or companies) equivalent to a listed company, or knowledge, experience, and capabilities related to corporate management and management strategies
Sales/marketing	Sales experience and marketing knowledge, experience, and capabilities
M&A/finance/accounting	Knowledge, experience, and capabilities in financial strategy, capital markets, accounting and finance in financial institutions, financial accounting or investment departments, professional positions
Global expansion	Knowledge, experience, and capabilities in international transactions and overseas business at international companies.
Diversity/personnel development	Knowledge, experience, and capabilities relating to the promotion of the Group’s diversity and human resources development
Legal affairs/compliance	Specialist knowledge and experience as a lawyer, etc., or specialized knowledge relating to corporate legal affairs, laws and regulations, etc.
IT and DX	Expertise related to information technology (IT) and digital transformation (DX)

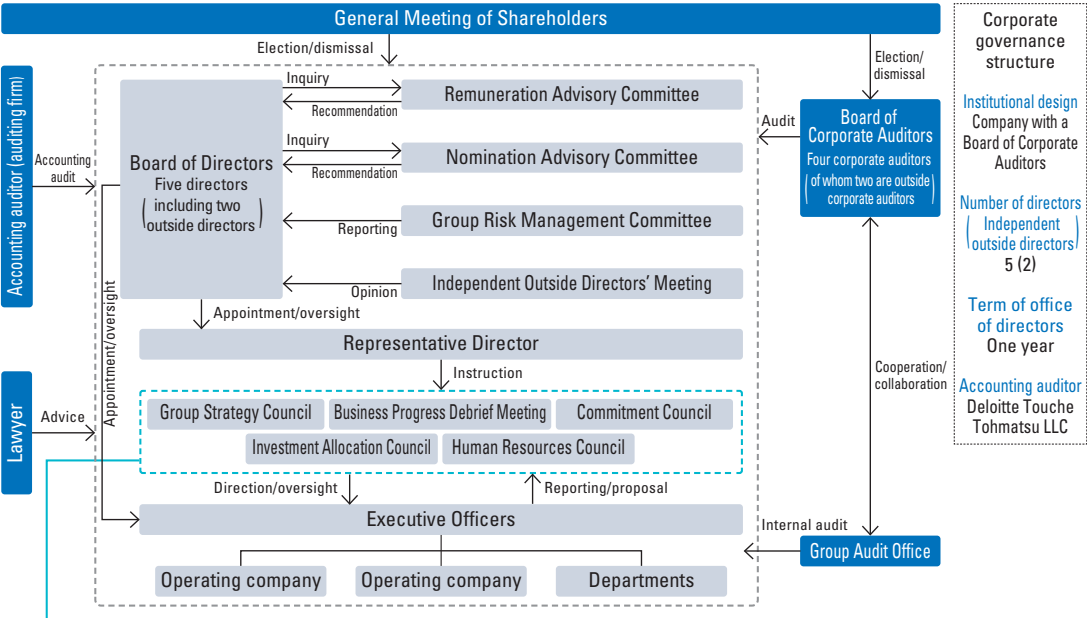
Name	Position	Classification		Career highlights	Start date	Attendance		Skills and experience						
		Internal	Outside			Board of Directors	Board of Corporate Auditors	Corporate management/management strategies	Sales/marketing	M&A/finance/accounting	Global expansion	Diversity/personnel development	Legal affairs/compliance	IT and DX
 <b>Yasutaka Kawamura</b>	President	♦		Yasutaka Kawamura joined the Company in 1993. He assumed his current position in 2012 after having served as Representative Director and President of Hanamaru, Inc. He serves concurrently as Representative Director and President of YOSHINOYA CO., LTD.	September 2012	17/17 (100%)		♦	♦			♦		
 <b>Norihiro Ozawa</b>	Managing Director	♦		Norihiro Ozawa has extensive experience working in the U.S., including in the food service industry. He joined the Company in 2019 after serving as Chief Executive Officer of Seiyo Food-Compass Group Inc. (currently Compass Group Japan Inc.). He assumed his current position in 2020.	May 2020	17/17 (100%)		♦		♦	♦			
 <b>Tetsuya Naruse</b>	Director	♦		Tetsuya Naruse joined the Company in 1988. He assumed his current position in 2014 after having served as Representative Director and President of Hanamaru, Inc. Following a posting in Malaysia, he has been in charge of overseas business since 2020, overseeing subsidiaries in Asia.	May 2014	17/17 (100%)			♦		♦	♦		
 <b>Daisaku Fujikawa</b>	Outside Director		♦	Joined the Industrial Bank of Japan, Limited in 1984. After working at UBS Securities Japan Co., Ltd., he moved to Citigroup Global Markets Japan Inc. in 2006. He was appointed Vice President of Citigroup Global Markets Japan Inc. in February 2019. He was appointed as an Outside Director of the Company in 2022.	May 2022	17/17 (100%)		♦		♦				
 <b>Nobuko Sowa</b>	Outside Director		♦	Nobuko Sowa joined IBM Japan, Ltd. in 1985. After serving as General Manager of IBM Japan Services Company, Ltd., she was appointed Senior Delivery Executive, IBM Consulting of IBM Japan, Ltd. in 2022. She has served as a visiting professor at Osaka University since 2017. She was appointed as an Outside Director of the Company in 2023.	May 2023	14/14 (100%)						♦		♦
 <b>Akihiro Yasui</b>	Corporate Auditor	♦		Akihiro Yasui joined the Company in 1985. After serving as Representative Director and President of Peterpan Comoco Co., Ltd. and Chairman of YOSHINOYA China Holdings Co., Ltd., he assumed his current position in 2021.	May 2021	17/17 (100%)	14/14 (100%)		♦		♦			
 <b>Kaoru Tomiya</b>	Corporate Auditor	♦		Kaoru Tomiya joined the Company in 1993. After serving as Executive Officer and General Manager of the Group Legal Affairs Department and Representative Director and President of With Link Co. Ltd., he was appointed to his current position in 2022.	May 2022	17/17 (100%)	14/14 (100%)		♦				♦	
 <b>Osamu Ohashi</b>	Outside Corporate Auditor		♦	Osamu Ohashi established Ohashi Certified Public Accountants in 1999. He has served as Representative Partner of ReEx Accounting Firm, a tax accounting firm, since 2004. He was appointed as an Outside Corporate Auditor of the Company in 2011.	May 2011	17/17 (100%)	14/14 (100%)			♦				
 <b>Hitoshi Yokokura</b>	Outside Corporate Auditor		♦	Hitoshi Yokokura established Yokokura CPA Office in 2002. He was named Partner, Waseda Legal Commons, LPC in 2014. He was appointed as an Outside Corporate Auditor of the Company in 2023.	May 2023	14/14 (100%)	11/11 (100%)			♦			♦	

Corporate Governance - Approach and Structure

Basic approach to corporate governance

We have adopted “For the People” as our business philosophy and declared that all our business activities are conducted for the benefit of people. This is rooted in our recognition that a company is a public institution that exists to satisfy the needs of society and to contribute to people’s happiness. “We will think for the benefit of people, give top priority to people, and be a company that is needed by people.” We believe that enhancing management efficiency, soundness, and transparency is a key management issue. Achieving this will enable us to put our six core values into practice—“tasty, affordable, and fast,” “greater number of customers,” “originality,” “integrity,” “importance of human resources” and “challenges and innovation”—and continuously improve the corporate value of the Group, as well as to earn the trust of society as a company that recognizes the importance of compliance with laws and regulations and corporate ethics. To this end, we will strive to maintain and develop positive relationships with our various stakeholders, including shareholders, customers, employees, suppliers, and local communities, while increasing management transparency through timely and proactive information disclosure to shareholders and investors. This will be accomplished through financial results briefings, IR activities in Japan and overseas, information disclosure on our website, and other means.

Corporate governance structure <February 29, 2024>



Remuneration Advisory Committee

The role of the Remuneration Advisory Committee is to deliberate on the determination of remuneration and related matters for directors and executive officers, as well as on the details specific to each individual, and report to the Board of Directors. Specific responsibilities include activities to ensure objectivity in the deliberation of individual details of remuneration for directors and executive officers by viewing them from a neutral perspective based on key management indicators. The Committee also confirms the suitability of each executive officer's rating and the appropriateness of their workload for their respective areas of work.

Nomination Advisory Committee

The Committee's role is to share the human resource requirements and candidates for management positions and to report to the Board on the anticipated appointment of candidates for directors and executive officers the Committee selects.

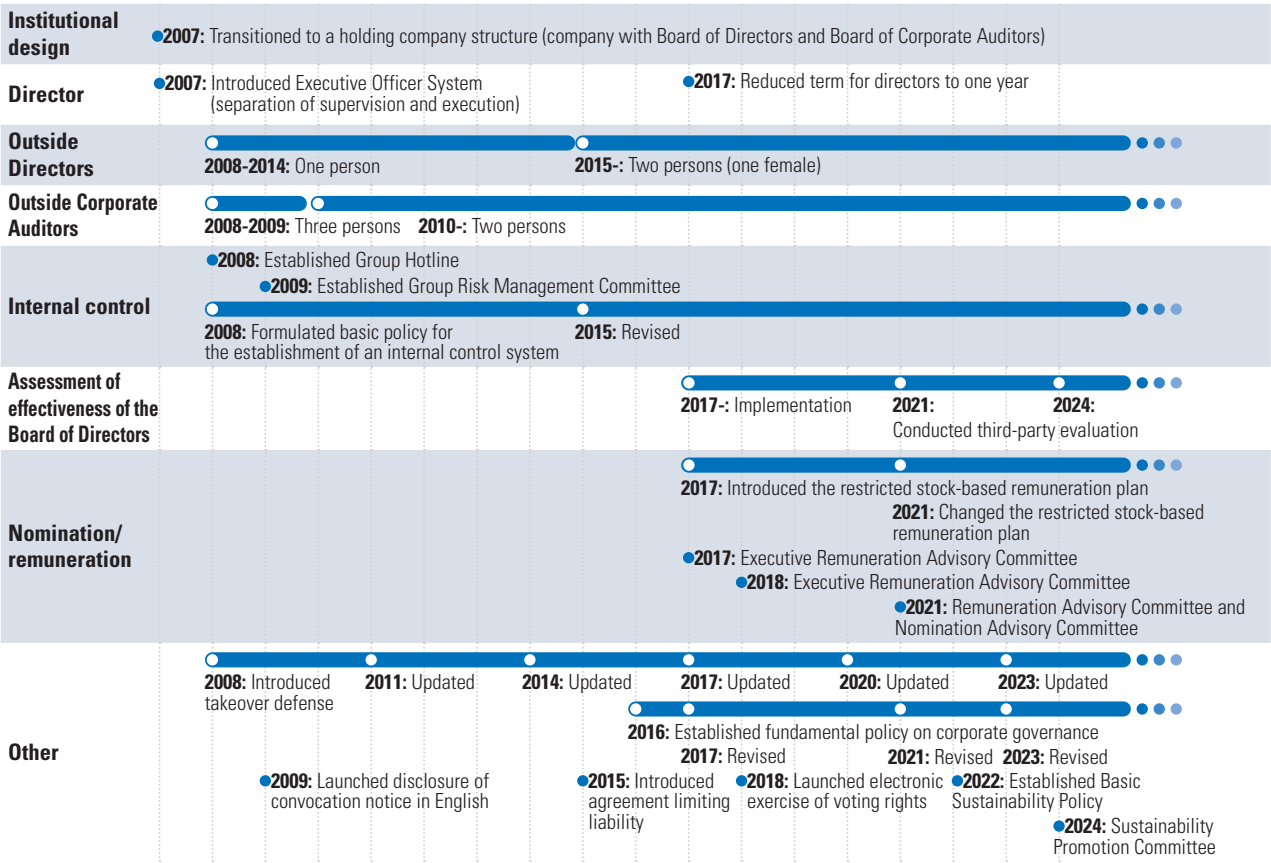
Commitment Council

Reports on the annual status of business, presents the management plan for the next fiscal year to the directors and executive officers, and commits to the president the numerical targets to be achieved by the subsidiaries or the general managers of each department and division.

Operation of the Board of Directors and committees

	FY2023 activities/major agenda items
<b>1 Board of Directors</b> Chairperson: Yasutaka Kawamura <b>Number of members and composition:</b> 5 (internal directors: 3, outside directors: 2) <b>Key roles:</b> Actively discusses and exchanges opinions at monthly meetings on regular items for resolution, and by such means as convening committees and projects as needed <b>No. of meetings/average attendance rate:</b> 17 times/100% (directors: 100%, corporate auditors 100%)	In FY2023, 17 meetings were held and the attendance rate of directors was 100%. Regarding the establishment of material issue KPIs, the Board held discussions in light of the importance of ESG management linked to management strategies from the perspective of the feasibility of management strategies based on the Group's Basic Sustainability Policy. Moreover, after repeated discussions, the Board decided on the formulation of medium- and long-term management policies for group financing, allocation of investments, and optimizing the business portfolio. The Board worked to make speedy, prudent management decisions on the issues of the day.
<b>2 Remuneration Advisory Committee</b> Chairperson: Daisaku Fujikawa <b>Number of members and composition:</b> 3 (Representative Director and President: 1, outside directors: 2) <b>Key roles:</b> Offers advice to strengthen the independence, objectivity, and accountability of the Board of Directors' functions with respect to directors' remuneration and related matters <b>No. of meetings/average attendance rate:</b> 4 times/100%	In FY2023, the Committee met four times, with 100% attendance by Committee members. From the viewpoint of objectivity and transparency where executive compensation is concerned, the Committee discussed and reviewed the evaluation criteria and remuneration table for executive officers with the aim of achieving a balanced compensation level in accordance with each officer's area of business, social conditions, and market trends.
<b>3 Nomination Advisory Committee</b> Chairperson: Yasutaka Kawamura <b>Number of members and composition:</b> 5 (Representative Director and President: 1, outside directors: 2, outside corporate auditors: 2) <b>Key roles:</b> Strengthen the independence, objectivity, and accountability of the Board of Directors' functions related to the nomination of the Representative Director and directors <b>No. of meetings/average attendance rate:</b> 1 time/100%	In FY2023, the Committee met once, with 100% attendance by Committee members. The committee primarily discussed expanding the scope for selecting the next generation of management executives and shared revisions and additions to the desired profile of next-generation candidates. It further discussed the provision of growth opportunities through personnel reassignment of the candidates.
<b>4 Independent Outside Directors' Meeting</b> Chairperson: Daisaku Fujikawa <b>Number of members and composition:</b> 4 (outside directors: 2, outside corporate auditors: 2) <b>Key roles:</b> Conducts free discussions on matters related to the Company's business and corporate governance, with independent outside directors and outside corporate auditors engaging in the necessary exchange of information and opinions and sharing of their awareness. <b>No. of meetings/average attendance rate:</b> 4 times/100%	In FY2023, the Committee met four times, with 100% attendance by Committee members. The Committee's discussions and opinion exchanges focused mainly on the Corporate Governance Code including the operation of the Board of Directors, as well as future growth strategy taking into account changes in the market environment, basic shareholder return policy, and human resource development policy. In response to points discussed at the Board of Directors meeting, the Committee further deliberated the issues to be reaffirmed and items to be proposed to the executive side.

Efforts to date to strengthen governance



Background and characteristics of governance structure

Our Board of Directors is composed of individuals with expertise and considerable experience in the Group's industry. This includes general management, sales, financial accounting, marketing, and other specialties, giving maximum consideration to the perspective of diversity and ensuring that the Board suits the unique business characteristics of the Company. The Board of Corporate Auditors consists of people with knowledge of finance, accounting, and legal matters, including those with management experience, certified public accountants, and attorneys.

In addition, we have introduced an executive officer system, which separates management and execution, thereby accelerating decision-making at each of the Group's operating companies. Important matters are intensively discussed and examined by our directors and executive officers at Group Strategy Council meetings, Business Progress Debrief Meetings, Commitment Council meetings, and on other occasions.

The institutional design of each Group company is based on the premise of not having a Board of Directors, and flexible decision-making is carried out by the director or the executive officer in charge.



Corporate Governance—Functional Effectiveness

Assessment of effectiveness of the Board of Directors

We perform self-assessments and analyses of the effectiveness of the Board of Directors with the aim of improving the functioning of the Board and, ultimately, enhancing corporate value. Since 2017, we have analyzed and evaluated the Board of Directors once a year at the end of the business period. Moreover, approximately once every three years, we conduct a survey with the advice of an external organization.

Going forward, we will improve the quality of the various deliberations at the Board of Directors’ meetings to strengthen corporate governance and to consistently enhance corporate value.

1. Evaluation method and process

- Method of implementation:** Self-evaluation based on questionnaires created by an external organization (responses include scoring and free comment)
- Time of implementation:** Fiscal year-end
- Period covered:** Board of Directors’ meetings for each fiscal year
- The subject of evaluation:** Directors (including outside directors), corporate auditors (including outside corporate auditors)
- Question items:**
- (1) The nature, composition, and operation of the Board of Directors and its discussions
  - (2) Board of Directors’ monitoring function
  - (3) Performance of directors
  - (4) Support structure for directors and corporate auditors
  - (5) Dialogue with shareholders and other stakeholders, etc.

2. Responding to issues relating to Board effectiveness in the previous period

The previous year’s survey suggested the need to conduct activities to achieve a deeper understanding of sustainability and other issues at the Company more than ever before. It further suggested that dialogue with shareholders (institutional investors) be shared regularly.

Based on these evaluation results, both the Board of Directors and the Group Strategy Council discussed the Company’s sustainability issues. Subsequently, in January 2024, the Board resolved to set materiality KPIs and establish a Sustainability Promotion Committee (launched on March 1, 2024), to be chaired by the Representative Director. The sharing of dialogue with institutional investors was reported to the Board on a regular basis.

Remuneration, etc. of directors and corporate auditors

Remuneration, etc. for directors and corporate auditors consists of and is paid in the form of fixed, performance-linked, and stock-based remuneration, based on the following points to ensure a sound system design conducive to sustainable growth.

- ① **The system must promote sustainable, medium- and long-term improvements in corporate value.**
- ② **The system must reflect short-term performance and strongly motivate achievement.**
- ③ **The system and amount of money paid must be sufficient to attract and retain talented personnel.**
- ④ **The system must be transparent, fair, and reasonable to stakeholders, and it must be established through appropriate processes to ensure this.**

The level of remuneration for directors and corporate auditors, as well as fixed, performance-linked, and stock-based remuneration, will be determined with reference to the level of remuneration for directors and corporate auditors at listed companies of similar size as the company in terms of market capitalization and sales and profit levels of the previous fiscal year, etc., while considering the various fundamentals of the company’s business and management environment. The basic timing for revision of fixed, performance-linked, and stock-based remuneration is May, but remuneration is not necessarily revised every year.

Generally, the composition of executive officers’ remuneration is as follows.

Composition	Fixed remuneration	Performance-linked remuneration	Stock-based remuneration
Senior directors	60-70%	15-20%	15-20%
Director	80%	10%	10%

The Company’s stock-based remuneration plan provides for the issuance of stock as remuneration to directors, excluding outside directors, with transfer restricted until retirement from their positions. Our objective with the introduction of this system is to encourage our directors to further share value with our shareholders, reinforce their medium- to long-term commitment, and increase their intention to contribute to enhancing corporate value. For eligible directors, all monetary claims paid by the Company in accordance with this system will be transferred as property contributed in kind, and common shares of company stock will be issued or disposed of. The total amount of monetary claims to be paid to directors will be no more than 30 million yen per year (excluding the portion of employee salary for directors who serve concurrently as employees), and the timing and allocation of the payment will be determined by the Board of Directors.

Individual remuneration for directors is determined by the Remuneration Advisory Committee —consisting mainly of outside directors—based on the individual director’s position, responsibilities, and performance during the applicable fiscal year. The Committee then submits its recommendations to the Board of Directors, which makes decisions on them.

Individual remuneration for corporate auditors is determined through discussions among the corporate auditors.

Succession plan concept

To perpetuate the Group’s brand—with a history of 125 years—management must have a deep understanding of the Company’s philosophy and put it into practice. We believe that developing next-generation management is the most significant responsibility of the current management team. As such, in March 2021, we established the Nomination Advisory Committee, chaired by the Representative Director and President with outside directors and outside corporate auditors as members.

With the objective of shaping governance in accordance with our company’s unique value creation story toward sustainable future growth, we endeavor to clearly define requirements for management personnel, ensure transparency in the selection process, and share information on

candidates and their skills and development issues through the Committee’s operation.

This has strengthened the function of the Board of Directors in nominating the representative director and directors, while ensuring their independence, objectivity, and accountability.

With regard to the development of candidates for next-generation management brought to our attention by the Nomination Advisory Committee, we will provide growth opportunities through personnel reassignment, training, etc., and systematically promote their development. Moreover, we are revising our personnel and evaluation systems to expand the pool of talented young management candidates.

Internal control system

We are striving to strengthen and enhance the internal control system throughout the Group from the perspective of ensuring management transparency and efficiency, legal and regulatory compliance in our corporate activities, and appropriate risk management.

As a system to ensure that the execution of duties by directors and employees of the Group is in compliance with applicable laws, regulations, and the Articles of Incorporation, our business philosophy and action guidelines are shared and practiced at each Group company. Furthermore, internal training is conducted to ensure compliance with laws, regulations, and the Articles of Incorporation and to ensure thorough adherence to corporate ethics. Concerning financial reporting, we have established internal accounting rules to properly prepare financial reports in accordance with laws and regulations and evaluate and improve their implementation and operation status in line with annual plans.

The Group Risk Management Committee is responsible for evaluating the status of compliance and risk management in the Group and reports to the Board of Directors.

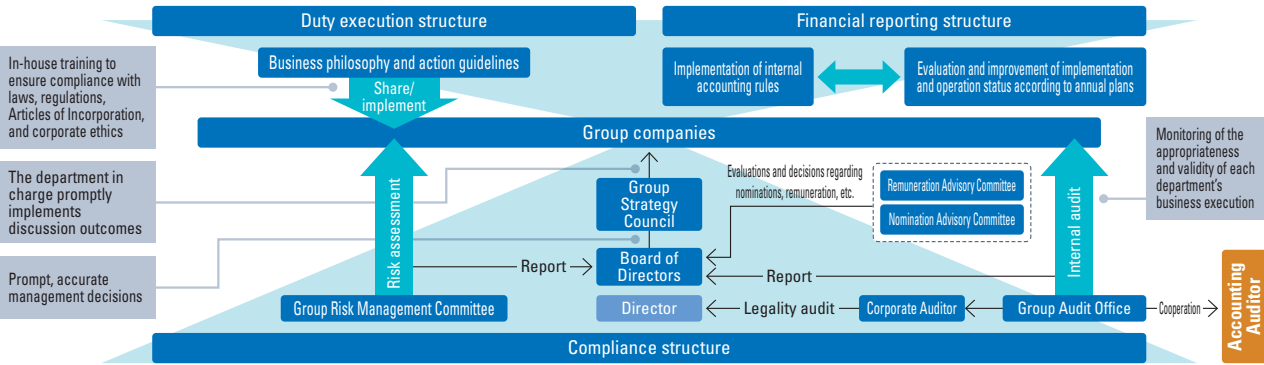
In addition to monthly meetings, the Board of Directors meets as necessary, and meetings including those of the Group Strategy Council are also held with the purpose of supplementing prompt and accurate management decisions. The departments in charge then promptly implement the decisions resulting from discussions at these meetings. The Group Audit Office then conducts internal audits of the Company or

each Group company in accordance with the audit plan approved by the representative director. The results of audits conducted by the Group Audit Office are reported to the president, the executive director in charge of the relevant division, and the corporate auditors at the Audit Report Meeting. Moreover, our directors and executive officers concurrently serve as directors and corporate auditors of each Group company. Through this and other means, they keep abreast of the decision-making and business operations of the subsidiaries, thereby ensuring appropriate supervision.

Corporate auditors audit the legality of operational execution by directors in accordance with the audit plan formulated by the Board of Corporate Auditors. In addition, corporate auditors attend meetings of the Board of Directors and other important meetings to receive reports on important matters. In conducting audits, corporate auditors exchange opinions and cooperate with the Group Audit Office and the accounting auditor.

Moreover, the Company has the Remuneration Advisory Committee and the Nomination Advisory Committee as voluntarily established advisory bodies to the Board of Directors. The supervisory function has been strengthened by further clarifying and objectifying the evaluation and decision-making process regarding the nomination, remuneration, and other matters concerning directors, leading to further improvement of the internal control system as well.

Internal control system of Yoshinoya Holdings



Compliance

Basic approach to compliance

As seen in the spirit of the Group’s business philosophy “For the People” and as a company that can contribute to people around the world through business activities, we have positioned compliance as a top priority. We will also comply with corporate ethics and practice risk management based on the spirit of the Group Charter of Corporate Behavior. The management of each Group company will take the initiative in implementing the above and ensure that all employees possess a full awareness of the Charter to ensure that they strictly comply with corporate ethics. In the event of a violation of the Group Charter of Corporate Behavior, the management of each Group company will investigate the cause and strive to prevent recurrence, promptly and accurately disclose information to fulfill our accountability, and take strict disciplinary action against violators including ourselves if applicable.

Yoshinoya Holdings  
Group Charter of  
Corporate Behavior  
<https://www.yoshinoya-holdings.com/english/csr/compliance/>



Risk Management

Basic approach to risk management

The risk management system is overseen by the Group Risk Management Committee, which formulates policies and issues instructions to be followed regarding important risks that may affect the entire Group. The Committee is chaired by the Representative Director and President of the Company. The system is designed to ensure that each department manager of the Company identifies, classifies, evaluates, and effectively manages our potential risks. In subsidiaries and other entities, this is carried out by the corresponding risk management organization or the person responsible. Each department manager, subsidiaries, and other entities report quarterly on the status of risk management and events that occurred to the Group Risk Management Committee, which then reports to the Board of Directors. If a significant risk materializes, it is promptly reported to the chairperson of the Committee, who in turn convenes a meeting of the Group Risk Management Committee and gives instructions to the secretariat. Information management in a “Level 2 (warning)” or higher situation—which requires an emergency response—will be carefully reviewed in coordination with regulatory authorities, related organizations, and each department as necessary, and appropriate measures to be taken.

Promotion system and structure

A meeting of the Risk Management Office personnel is conducted on a monthly basis, consisting mainly of persons in charge of compliance in each Group company. Tasks performed at the meeting include exchanging information on risk management, compliance activities, and the operation of the whistleblowing system. These tasks help identify important issues that should be given priority and examine basic policies and concrete measures for dealing with these issues. On-site improvements are sought by feeding back such information to the relevant division of each company, thereby

promoting the compliance system within the Group in an integrated manner. In addition to a point of contact for whistleblowing established at each company, we have the Group Hotline in place, serving as a common point of contact for all Group employees. Yoshinoya Holdings’ self-cleansing function within its organization is boosted by operating such points of contact in an appropriate manner while making the objectives and method of using the internal reporting system understood and widely known among employees through the Group Compliance Guide, posters, internal newsletters, and other means.

Compliance education

We promote on-site knowledge education and actual activities by distributing our Group Compliance Guide to all employees at Group outlets and at headquarters, including directors and corporate auditors, as a tool for compliance education. By doing so, we are striving to spread compliance across the entire workplace. The Group Compliance Guide is revised every three years in response to the enactment, amendment, or repeal of laws, regulations, and other rules as well as changes in social conditions and the environment, and is distributed to employees. Moreover, we regularly conduct compliance training targeting different employee groups, such as officers, managers, and new Group employees, to raise awareness of compliance among all employees. For outlet staff members, we are working to deepen their understanding of the importance

of compliance through compliance videos, internal newsletters, and notices. We are also focused on raising awareness of compliance practices in their daily operations with regard to such issues as food safety and security, human rights, harassment, and the use of social media platforms, all of which have also been of great social concern. In particular, we recognize that food safety and security is the most important issue in light of the characteristics of the Group’s business, and are working to ensure that all Group employees thoroughly comply with standards, manuals, and guides to deliver appropriate products and services. Furthermore, the topic of compliance is included in the coverage of our internal qualification examination as a means of confirming that employees have acquired compliance-related knowledge.

Internal reporting system

A Group Hotline has been established within the Company as a contact point for internal reporting. In the event of a whistleblower report, the Group’s Legal Affairs Office either instructs the relevant department of each company to investigate and respond to the report, or investigates and responds to the report itself. The office then reports back to the whistleblower on how the matter has been dealt with, and confirms whether corrective action has been taken. The contents of these reports are reported to the Board of Directors on a quarterly basis through the

Group Risk Management Committee as part of updates on the status of system operation. Moreover, each Group company has its own whistleblower hotline. To ensure that whistleblowers and those who cooperate in investigations are not disadvantaged, the Company and each Group company have established whistleblower regulations in accordance with Japan’s Whistleblower Protection Act and manage them appropriately.

Risk management system and structure

The risk management system is overseen by the Group Risk Management Committee, which formulates policies and issues instructions to be followed regarding important risks that may affect the entire Group. The Committee is chaired by the Representative Director and President of the Company. The system is designed to ensure that each department manager of the Company identifies, classifies, evaluates, and effectively manages our potential risks. In subsidiaries and other entities, this is carried out by the corresponding risk management organization or the person responsible. Each department manager, subsidiaries, and other entities report quarterly on the status of risk management and events that occurred to

the Group Risk Management Committee, which then reports to the Board of Directors. If a significant risk materializes, it is promptly reported to the chairperson of the Committee, who in turn convenes a meeting of the Group Risk Management Committee and gives instructions to the secretariat. Information management in a “Level 2 (warning)” or higher situation—which requires an emergency response—will be carefully reviewed in coordination with regulatory authorities, related organizations, and each department as necessary, and appropriate measures to be taken.

Risk identification and response criteria

We have identified a total of 24 risks: 12 external environment risks and 12 operational risks that may affect the performance, financial condition, stock price, and other aspects of the Company, its subsidiaries, and other entities. Five of these risks—reputational risk; natural disaster risk; legal, regulatory, and business practice risk, which are categorized as external environment risks, food safety risk, and accident risk, which are categorized as operational risks—are positioned as particularly important matters that require urgent risk communication and information gathering.

If and when these risks materialize, we will take prompt and appropriate action as instructed by the Group Risk Management Committee. The response criteria are classified into three levels: Level 1 (caution), which calls for a standard response; Level 2 (warning), which requires an emergency response; and Level 3 (critical), which mandates a company-wide response. However, these criteria are not absolute, and we will always respond with the principle of stakeholder protection as the number one priority.

Level 1	Caution	<b>Standard response</b> <ul style="list-style-type: none"><li>● Losses relatively minor and limited in scope</li></ul>
Level 2	Warning	<b>Emergency response</b> <ul style="list-style-type: none"><li>● Single occurrence with significant impact</li><li>● Expanded scope of loss due to multiple occurrences</li><li>● Potential media coverage</li></ul>
Level 3	Critical	<b>Company-wide response</b> <ul style="list-style-type: none"><li>● Particular need for risk communication</li><li>● Significant social impact</li></ul>


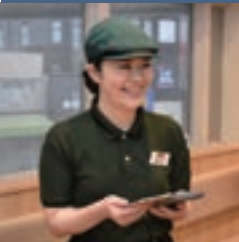



External environment risk		Operational risk	
Raw material procurement	Natural disasters	Decision-making information	Accidents
Capital procurement	Brand	Food safety	Disputes
Market	Laws, regulations, business practices	Financial reporting	Suppliers
Competitors	Environment	Impairment	Compliance
Customers	Country	Information system	Personnel
Reputation	Climate change	Products/services	Shareholders

Urgent and critical risks



Stakeholder Engagement

We have established a set of promises to share the value attained through co-creation and to grow together with all stakeholders involved in the Group’s corporate activities.

	Promise	Primary methods of engagement	Actual results for FY2023
<div>Customers</div> 	We will continue provision of originality-rich products and services to satisfy as many customers as possible.	<ul style="list-style-type: none"><li>● Communication at outlets</li><li>● Customer service center</li><li>● Customer survey</li><li>● Website, social media</li></ul>	<p>Under the policy of customer acquisition, we aggressively promoted initiatives to heighten customer satisfaction and broaden its customer base.</p> <p><b>Yoshinoya</b></p> <ul style="list-style-type: none"><li>● 115 C&amp;C model outlet openings and renovation conversions implemented</li><li>● Expansion of takeout/delivery specialty stores</li><li>● Bolstered sales of <i>karaage</i> fried chicken, positioned as the second pillar of the company's business</li><li>● Sales of seasonal menu items such as Oyakodon and Beef Sukiyaki Set meals</li><li>● Acquired Smart Meal® certification for Beef and Steamed Vegetables Combo Bowl</li></ul> <p><b>Hanamaru</b></p> <ul style="list-style-type: none"><li>● Implemented campaign measures that leverage Hanamaru's strengths</li><li>● Sales of seasonal menu items such as Cold Tantan udon and Beef Sukiyaki Bukkake</li></ul>
<div>Employees</div> 	Respect employee individuality and independence, impartially create opportunities, and share a sense of achievement in work and a sense of fulfillment in life. By continuously improving the work environment and elevating the social status of the Company, we will become a company in which employees and their families can be proud of.	<ul style="list-style-type: none"><li>● J-yoshinoya (Yoshinoya) and Life Work Balance (LWB) Project (Hanamaru) activities</li><li>● Employee training</li><li>● Corporate Culture Improvement Committee activities</li><li>● Organizational culture assessment</li><li>● Forum 2040, the long-term vision formulation project through open recruiting</li><li>● Hold store managers' meetings (employee assemblies) twice a year</li><li>● Hold roundtable discussions between the President and store managers</li><li>● Internal newsletter</li><li>● Conduct regular health checks</li><li>● Internal reporting system and whistleblower hotlines</li></ul>	<p>We implemented initiatives to promote diversity and inclusion and to contribute to recruitment efficiency and retention.</p> <p><b>Practice diversity and inclusion</b></p> <ul style="list-style-type: none"><li>● Strengthened J-yoshinoya (Yoshinoya) and LWB Project (Hanamaru) initiatives</li><li>● J-yoshinoya: 8 times</li><li>● LWB Project: 9 times</li><li>● Percentage of female employees: 22.0%</li><li>● Percentage of female managers: 10.3%</li></ul> <p><b>Develop human resources and support career development</b></p> <ul style="list-style-type: none"><li>● Established a part-time recruitment strategy</li><li>● Internal contests over service and operational quality: 6 times</li></ul> <p><b>Promote a good work-life balance</b></p> <ul style="list-style-type: none"><li>● Introduced a special incentive scheme for employee stock ownership plan</li><li>● Stock ownership plan participation ratio: 13% to 85%</li></ul>
<div>Suppliers</div> 	Maintain good relationships with suppliers and continue to offer opportunities to acquire appropriate profits.	<ul style="list-style-type: none"><li>● Supplier audits</li><li>● Discussion on the status of response to human resources and labor issues when selecting business partners</li><li>● Communication with producers</li><li>● Participation in the White Logistics Movement</li></ul>	<p>We worked to ensure stable procurement by bolstering our supply chain risk management and communication with suppliers.</p> <ul style="list-style-type: none"><li>● Supplier audit participation ratio: 86%</li><li>● Sufficient supply of eggs during the shortage caused by bird flu</li></ul>
<div>Shareholders</div> 	Strive to grow our business through sound corporate governance with capital efficiency and proactive information disclosure in mind and appropriately return profits to shareholders.	<ul style="list-style-type: none"><li>● Financial results briefing</li><li>● Meetings with analysts and investors</li><li>● Shareholders' Meeting</li><li>● Corporate website</li><li>● Shareholder survey</li><li>● Shareholder benefit program</li></ul>	<p>We undertook IR activities that contribute to improving engagement with shareholders and formulated a sustainability promotion structure.</p> <p><b>Reinforce IR activities</b></p> <ul style="list-style-type: none"><li>● Implement shareholder survey</li></ul> <p><b>Increase in annual dividend per share</b></p> <ul style="list-style-type: none"><li>● 10 yen → 18 yen</li></ul> <p><b>Sustainability promotion</b></p> <ul style="list-style-type: none"><li>● Established the Sustainability Promotion Committee</li><li>● Established materiality KPIs</li></ul>
<div>Society</div> 	Fulfill our social responsibility as a corporate citizen by practicing sustainable business activities for protection of the global environment and resources and by giving back to the local community and participating in social welfare activities.	<ul style="list-style-type: none"><li>● Environment-friendly business operations</li><li>● Social contribution activities</li><li>● Disaster support</li></ul>	<p>In addition to our outlets, we worked to reduce environmental impact at our factories and undertook activities to contribute to local communities at our outlets nationwide.</p> <ul style="list-style-type: none"><li>● Installed solar power generation equipment and a superheated steam dryer at the Tokyo factory</li><li>● Implemented support for children's cafeterias: Yoshinoya 412 times (46,081 meals), Hanamaru 128 times (1,200 meals)</li><li>● Conducted on-site ramen restaurant events at welfare facilities as part of a campaign to commemorate the 20th anniversary of With Link's ramen noodle business</li></ul>

Examples of initiatives

Engagement with investors

One of our basic corporate governance policies is to engage in active dialogue with investors.

Dialogue with institutional investors is led by members of the IR staff of the Group Planning Department and is conducted through financial results briefings and approximately 100 individual meetings per year. From FY2022 onward, we have disseminated information to a broad range of investors via real-time online distribution of the General Meeting of Shareholders and financial results briefings.

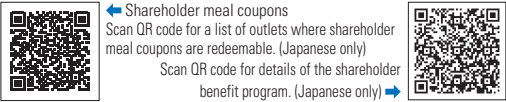
In individual meetings, we engaged in a vigorous exchange of views with institutional investors on the progress of the Medium-term Management Plan and management strategies for the post-pandemic era. The details of these meetings are documented and regularly reported to the Board of Directors to share with management. We will continue to engage with investors to incorporate market feedback into our management, which should contribute to achieving sustainable growth.

Shareholder benefit program

We have a shareholder benefit program in place with the purpose of encouraging our shareholders to use the Group's products, to deepen their understanding of our business, and to further support us as fans of the Group. Under this program, shareholder meal coupons are issued to eligible shareholders at the end of February and August every year according to how many shares they own, allowing them to enjoy meals at the Group's outlets in Japan. (You can see a list of outlets where these coupons are redeemable on our corporate website.)



In addition, shareholders who hold 200 or more shares can also exchange their shareholder meal coupons for a set of assorted Group products instead of using the coupons at an outlet by applying before the exchange deadline.



Financial Data for the Last 11 Years

Fiscal year (Millions of yen)	FY2013	FY2014	FY2015	FY2016
Net sales	173,418	180,032	185,738	188,623
Operating income	2,179	3,515	1,613	1,865
Ordinary income	3,270	3,993	2,345	2,750
Net income (loss) attributable to owners of the parent	698	941	837	1,248
Depreciation and amortization	5,399	5,088	5,433	5,915
Capital expenditure	6,028	8,453	12,879	11,373
Cash flows from operating activities	7,570	11,833	433	10,104
Cash flows from investing activities	(4,258)	(9,201)	(12,365)	(6,526)
Cash flows from financing activities	481	5,595	3,843	1,085
Cash and cash equivalents at end of year	17,964	26,858	18,498	22,941

End of fiscal year (Millions of yen)				
Total assets	95,524	108,658	111,292	114,947
Net assets	43,412	58,938	57,733	57,209

Other data				
Net assets per share (yen)*	831.78	921.01	891.04	879.46
Basic earnings (loss) per share (yen)*	13.59	16.24	13.10	19.35
Dividend per share (yen)*	20	20	20	20
Equity ratio (%)	44.8	53.7	51.7	49.4
Return on equity (ROE) (%)	1.6	1.9	1.4	2.2

\* On September 1, 2013, the Company conducted a 100-for-1 stock split of its common stock. Accordingly, net assets per share, basic earnings (loss) per share, and dividend per share are calculated on the assumption that the stock split was conducted at the beginning of FY2013.

FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
198,503	202,385	216,201	170,348	153,601	168,099	187,472
4,019	104	3,926	(5,335)	2,365	3,434	7,973
4,604	349	3,369	(1,964)	15,642	8,741	8,606
1,491	(6,000)	713	(7,503)	8,116	7,234	5,604
6,286	6,700	7,715	7,191	6,292	6,138	6,262
10,749	12,091	14,613	5,236	4,547	8,108	11,431
9,374	2,830	14,038	2,722	23,442	7,245	20,071
(8,379)	(9,034)	(8,453)	(5,168)	(333)	(4,014)	(8,307)
(4,200)	2,461	288	17,810	(26,042)	(14,196)	(8,957)
19,573	15,660	21,500	36,796	34,211	23,396	26,275

115,613	112,685	126,167	131,921	112,214	108,230	112,936
57,807	50,025	48,385	40,142	48,741	55,603	60,849

887.13	765.73	739.76	612.5	743.85	852.07	932.99
23.11	(92.94)	11.04	(116.09)	125.54	111.86	86.63
20	20	20	—	10	10	18
49.5	43.9	37.9	30.0	42.9	50.9	53.4
2.6	(11.2)	1.5	(17.2)	18.5	14.0	9.7

Analysis and explanation of operating results

Sales and profit

Net sales in the domestic business were up significantly year on year due to increased foot traffic following the relaxation of regulations related to COVID-19. In addition, each business developed sales measures and seasonal products to increase the number of customers, resulting in robust sales at existing outlets. Net sales in the overseas business rose year on year on the back of a recovery in sales at existing outlets in China and the ASEAN region. In China, existing-store sales recovered on increased foot traffic resulting from a shift in the government's zero-COVID policy. Furthermore, both the domestic and overseas businesses actively proceeded to open and renovate outlets.

With regard to costs, the Group appropriately managed variable costs driven upward by higher sales, supported partly by government measures to reduce the utility cost burden. Meanwhile, the future outlook continues

to be uncertain remains uncertain with ongoing hikes in labor and raw material costs. The Group will continue to work on reducing food waste and managing costs appropriately.

Total assets, liabilities, and net assets

Total assets at the end of the current fiscal year increased by 4,706 million yen compared with the end of the previous fiscal year to 112,936 million yen. This was mainly attributable to a 3,111 million yen increase in cash and deposits, a 3,508 million yen increase in buildings and structures (net), and a 1,070 million yen decrease in notes and accounts receivable—trade.

Liabilities decreased by 540 million yen compared with the end of the previous fiscal year to 52,086 million yen. This was mainly attributable to a 4,171 million yen decrease in long-term loans payable, which offset a

1,550 million yen increase in income taxes payable, a 765 million yen increase in notes and accounts payable—trade, and a 1,069 million yen increase in lease obligations, noncurrent.

Net assets increased by 5,246 million yen compared with the end of the previous fiscal year to 60,849 million yen, and the equity ratio increased by 2.5% compared with the end of the previous fiscal year to 53.4%.

Cash flows

Cash and cash equivalents at the end of the fiscal year under review decreased by 2,878 million yen compared with the end of the previous fiscal year to 26,275 million yen, after taking into account the effect of exchange rate change.

Net cash provided by operating activities was 20,071 million yen (compared with 7,245 million yen provided in the previous fiscal year).

The main factors included 8,260 million yen in income before income taxes, 6,262 million yen in depreciation and amortization, 936 million yen in impairment loss, and a 721 million yen increase in trade payables.

Net cash used in investing activities was 8,307 million yen (compared with 4,014 million yen used in the previous fiscal year). The main factors included 9,371 million yen in purchase of property, plant and equipment, offset by 441 million yen in proceeds from collection of guarantee deposits.

Net cash used in financing activities was 8,957 million yen (compared with 14,196 million yen used in the previous fiscal year). The main factors included 8,967 million yen in repayment of long-term loans payable.



Company Profile/Stock Information (as of February 29, 2024)

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 Exchange	Tokyo Stock Exchange Prime Market
Securities Code	9861
Number of Employees	16,409 (on a consolidated basis)

Major Consolidated Subsidiaries

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

Directors and Corporate Auditors

President	Yasutaka Kawamura	Corporate Auditor	Akihiro Yasui
Managing Director	Norihiro Ozawa	Corporate Auditor	Kaoru Tomiya
Director	Tetsuya Naruse	Corporate Auditor	Osamu Ohashi*
Director	Daisaku Fujikawa*	Corporate Auditor	Hitoshi Yokokura*
Director	Nobuko Sowa*	* Outside Directors/Outside Corporate Auditors	

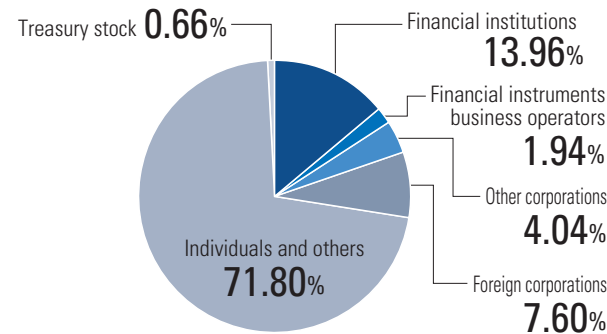
Number of employees

Yoshinoya	9,905	[ Male: 5,035, Female: 4,870 ]
Hanamaru	2,541	[ Male: 964, Female: 1,577 ]
Overseas	2,684	[ Male: 1,259, Female: 1,425 ]
Other	671	[ Male: 409, Female: 262 ]
Corporate	608	[ Male: 353, Female: 255 ]
Group total	16,409	[ Male: 8,020, Female: 8,389 ] * including part-time workers

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:	295,641

Composition of Shareholders by Type

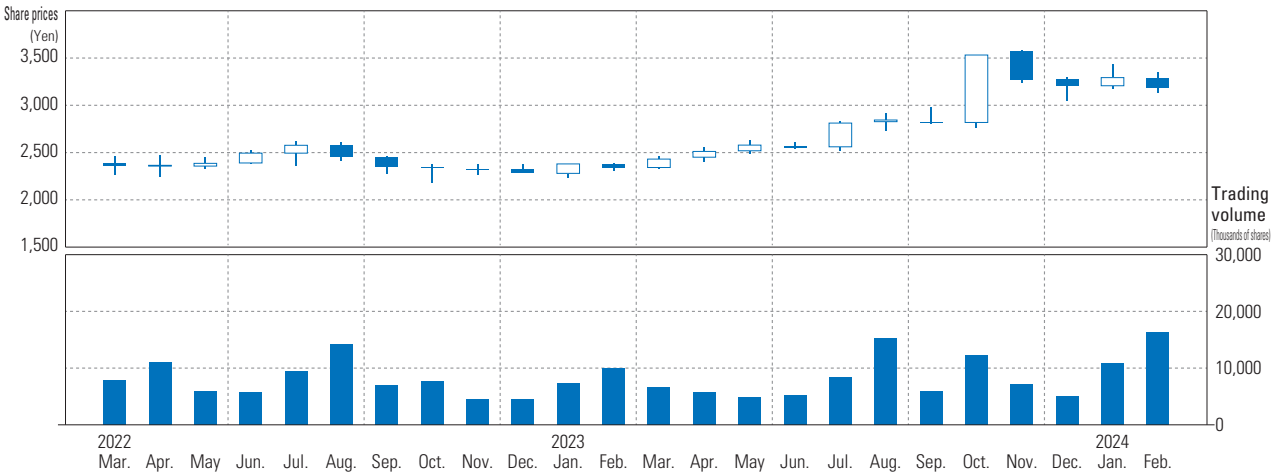


Major Shareholders (10 largest shareholders)

Shareholders name	Number of shares owned	Proportion of shares owned (%)
The MasterTrust Bank of Japan, Ltd.	6,736,800	10.41
Custody Bank of Japan, Ltd.	1,568,300	2.42
STATE STREET BANK WEST CLIENT — TREATY 505234	910,700	1.41
Kisshokai	828,500	1.28
JPMorgan Securities Japan Co., Ltd.	594,071	0.92
Taiju Life Insurance Co., Ltd.	557,200	0.86
SSBTC CLIENT OMNIBUS ACCOUNT	538,351	0.83
JP MORGAN CHASE BANK 385794	481,571	0.74
STATE STREET BANK AND TRUST COMPANY 505103	377,851	0.58
HANEWFOODS INC.	326,800	0.51

\* The company holds 430,025 shares of treasury stock but is excluded from the above list of major shareholders.

Trends in Share Prices and Trading Volume



# YOSHINOYA HOLDINGS

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

