Group Medium-term Management Plan FY2025–FY2029

The Group has selected “transformation” and “growth” as the themes of its Medium-term Management Plan started in FY2025, and we aim to continuously enhance corporate value.

Medium-term Management Plan Themes

Your Smile, Our Value

This phrase embodies our desire to please all stakeholders through the value we create, based on the belief that the smiles of all our stakeholders are the source of the value that we create. We are confident that the value we provide to our stakeholders is the driving force for propelling business results improvement and performance enhancement of the Company. We will return the results of these in various forms.

Medium-term Management Plan Roadmap

Transformation of existing businesses and growth of new business drivers

Formulation of Medium-term Management Plan

Establishment of a growth story

FY2025

Sowing seeds: Preparing growth businesses

Strengthen key domains for realizing strategy

Build strong foundation

FY2026-FY2027

Nurturing: Embodiment of growth businesses

Realization of Strengthen, Accelerate, Expand

Realization of three strategic pillars

FY2028-FY2029

Harvesting: Growth businesses expansion

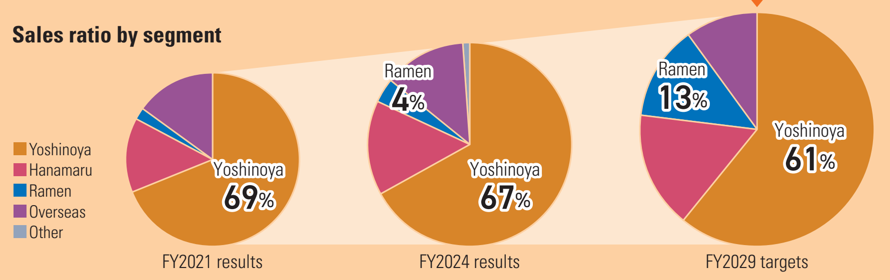
Portfolio expansion

Maximize group management

Expanding ramen market share through aggressive investment, including M&A

Social Value Creation | Economic Value Creation

Sales ratio by segment



Strengthen	Accelerate	Expand
Domestic business	**Ramen business**	**Overseas**
Business model evolution and creation of new added value	Toward the third business domain	Optimizing existing areas and entering new markets

- Inorganic investment
- Continuing investment in human capital
- Investment in IT and technology and strengthening of system infrastructure
- Strengthening of sustainability initiatives
- Centralized management of Group businesses and functional division organization

For more detailed information see Special Feature 1 on P.23 and Special Feature 2 on P.25.

Key management indicators

FY2025 (results) — Billions of yen

Net sales	225.6	Debt-to-equity ratio	0.25
Operating income	8.0	Ramen business net sales	11.6
ROIC	6.7%		

FY2027 (plan) — Billions of yen

Net sales	250.0	Debt-to-equity ratio	—
Operating income	10.0	Ramen business net sales	17.0
ROIC	—		

FY2029 (targets) — Billions of yen

Net sales	300.0	Debt-to-equity ratio	0.9 or less
Operating income	15.0	Ramen business net sales	40.0
ROIC	7.0%		

Group Medium-term Management Plan FY2025–FY2029

Special Feature 1

Progress Report on Key Domains for Realizing Strategy

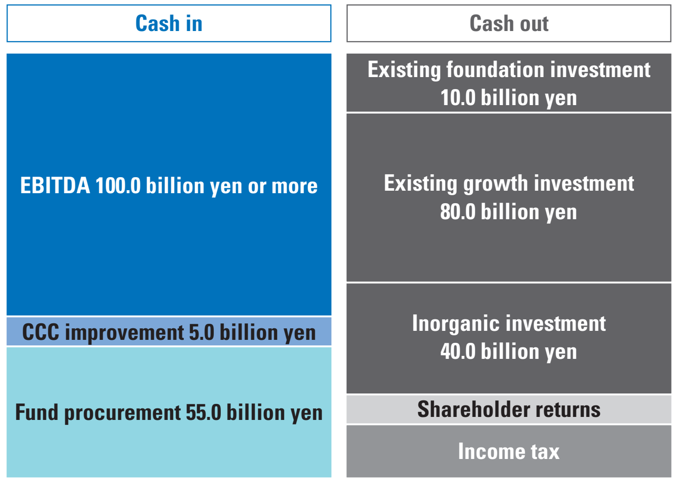
Over the five years of the Medium-term Management Plan, we will strengthen our domestic business, accelerate the ramen business, and expand our overseas business. We report on current status of the initiatives regarding the five key domains supporting our growth strategy.

1 Inorganic investment

Under the current plan, the Group has allocated an investment budget of up to 40 billion yen over five years, mainly in M&As aimed at expanding the ramen business in Japan and overseas. We intend to raise funds through debt financing, such as borrowing from financial institutions and issuing corporate bonds, and use these as a source for our investments.

M&As are positioned as an important means for realizing the growth of the ramen business and for optimizing the capital structure. While we did not execute any M&A investments in FY2025, we will continuously consider opportunities that will enhance corporate value and will strive to realize our growth strategy.

Cash allocation



2 Continuing investment in human capital

For more detailed information see Special Feature 2: Promoting Human Capital Management on P.25

We invest in human capital on an ongoing basis in order to create a company where its employees and their families take pride in, pursuing a vision of a "Group where people want to continue working forever."

While promoting infrastructure improvement to reduce workloads and improve workplace environments, we are working to enhance human capital by integrating and unifying the human resources-related functions of Group companies into the Group Human Resources Division. In particular, we are focusing on strengthening the acquisition of human resources by establishing and advancing recruitment strategies as well as on enriching career development and human resources development under the reorganized Group education framework, and are making focused investments.

Through these initiatives, we will link management strategies with human resources strategies and human capital investments to enhance the clarity and practicality of human capital management, leading to the achievement of the Medium-term Management Plan.

3 Investment in IT and technology and strengthening of system infrastructure

For IT and digital technology, our policy is to implement growth investments that contribute to strengthening points of contact with customers, improving customer convenience, and labor-savings and improved efficiencies for store operations. In FY2025, we pulled forward and accelerated the deployment of tablets at Yoshinoya stores, adopting them at approximately 900 stores. In FY2026, we will continue to deploy the technology at remaining stores, aiming to complete the deployment at roughly 1,200 stores compatible with tablets. Also in FY2026, we will adopt digital signage and complete a full revamp of the Yoshinoya app.

For our system infrastructure, we are proceeding with renovation to the latest systems as part of efforts to strengthen the infrastructure that supports business growth, and are also undertaking several initiatives to improve operational efficiency, strengthen interdivisional collaboration, and ensure robust security. These large-scale renovation projects all take time, but we are strengthening promotion structures and are steadily working toward early completion. At the same time, we plan to build horizontal integration of the system to optimize the entire supply chain.


In-store tablets


Digital signage

4 Strengthening of sustainability initiatives

For more detailed information please refer to Material Issues on P.35.

Through the promotion of sustainability based on the five material issues, the Group aims to simultaneously realize the enhancement of social value and economic value. For ESG measures that contribute to sustainability, we are continuing to engage in such initiatives as resource and energy savings at stores and factories, and consideration for surrounding environment. As a responsibility of a company involved in food, we are also focusing on measures to address food loss. Additionally in FY2025, in line with the TCFD recommendations, we examined the impact of climate change issues on our business.

We received strong external recognition of these efforts and were awarded the Food Safety, Security and Environmental Contribution Award in 2025 and the Minister of Environment Award of the Japan Open Innovation Grand Prize in 2026. Also in 2026, we were selected for the first time as a constituent stock of the "FTSE JPX Blossom Japan Sector Relative Index," an ESG investment index. We will leverage our strong recognition for sustainability promotion in our business activities, establishing it as our Group's brand power and a strength that demonstrates our social credibility.

FTSE JPX Blossom Japan Sector Relative Index

Selected for the first time as a constituent stock of the "FTSE JPX Blossom Japan Sector Relative Index"

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Enhancing information disclosure based on the TCFD recommendations

5 Centralized management of Group businesses and functional division organization

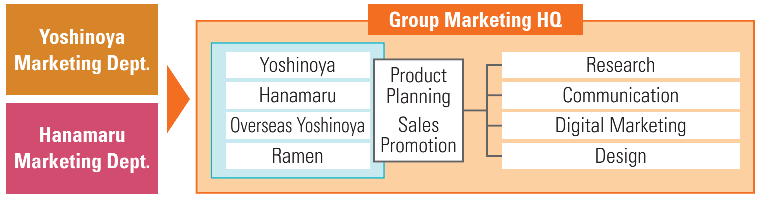
In order to centralize the decision making of top management and promptly share decisions with the entire organization, while at the same time working to optimize the allocation of management resources, we will undertake organizational restructuring at the operating company level and the Group as a whole.

As a first step, we established the Group Marketing Headquarters in FY2025, consolidating functions that had previously been dispersed across operating companies into Yoshinoya Holdings. In implementing Group collaboration through unified management, we opened the first store outside Japan for the Kirameki no Tori brand, which is operated by ramen business company Kiramekino Mirai Co., Ltd., in Shanghai, China in November 2025. This is a collaboration between Yoshinoya China Holdings Co., Ltd., which oversees and manages the China business, and Takara Sangyo Co., Ltd., which produces and sells ramen ingredients, demonstrating the Group's comprehensive capabilities for overseas expansion.

As for organizational restructuring at the operating company level, we integrated six Yoshinoya domestic companies into a single entity, with the new Yoshinoya Co., Ltd., under which head office functions and operating companies have been unified, being launched from FY2026. In June, we further reorganized the post-merger organization into three business divisions. By doing so, we will increase the management efficiency of the Yoshinoya business and strengthen profitability.

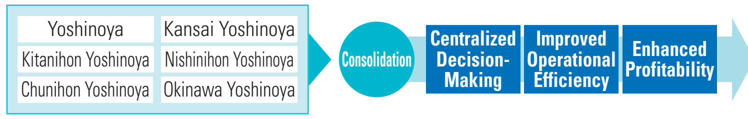
Enhancing the Group's marketing strategy and accelerating business growth

Unified Yoshinoya and Hanamaru marketing functions under Group Marketing Headquarters

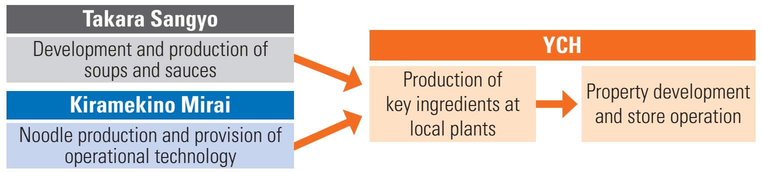


Centralizing decision-making and establishing a swift and robust execution framework

Restructuring: Unified six Yoshinoya entities into one



Group synergies with rolling out Kyoto-based Kirameki no Tori in China



Special Feature 2

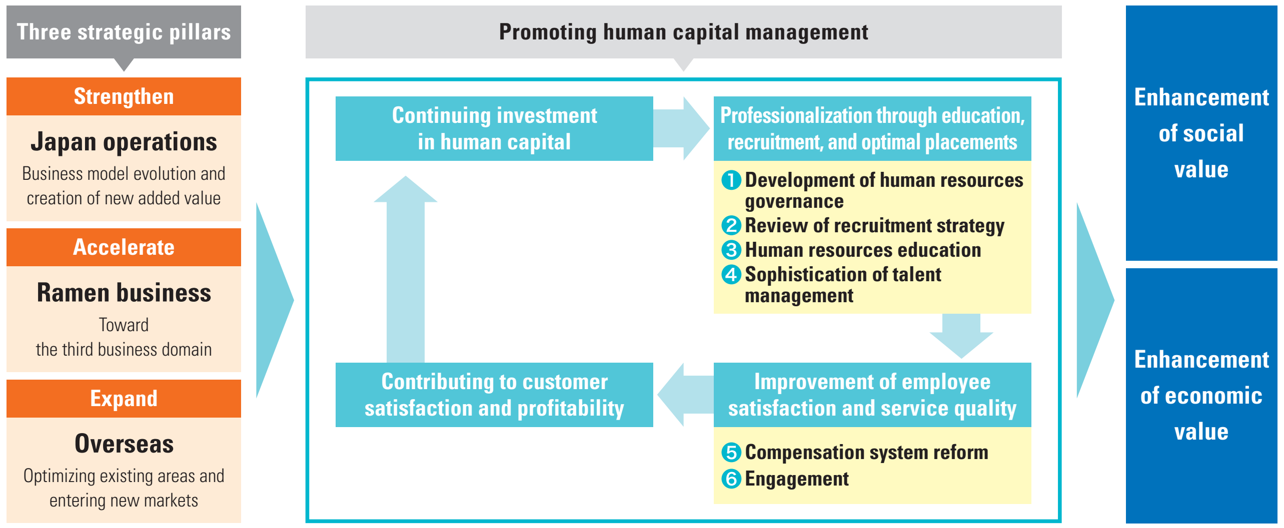
Promoting Human Capital Management

In order to achieve the Medium-term Management Plan, the Group Human Resources Division assumes the role of creating a framework that maximizes the performance of personnel and the organization. In this Special Feature, we explain the promotional framework and key measures for the human capital strategy, and the philosophy behind them.

Management structure for human capital management

Since the establishment of the Group Human Resources Division in Yoshinoya Holdings in 2024, the Group has consolidated and unified the human resources-related functions of Group companies involved in human capital management. For Yoshinoya Holdings, the core of the Group, as well as Yoshinoya Co., Ltd. and Hanamaru Co., Ltd., the Group Human Resources Division currently undertakes human resources management in an integrated manner. In the future, we plan to expand its scope to the entire Group, including operating companies in the overseas and ramen businesses.

The Group Human Resources Division comprises three specialized departments, namely the Human Resources Promotion Department, the Recruitment Strategy Department, and the Human Resources Strategy Department, as well as a department in charge of education and training.



Key measures

1 Development of human resources governance

In order to shift from individual-company optimization to group-wide optimization, we will develop comprehensive governance in human resources, which will drive management rationalization and the generation of Group synergies.

2 Review of recruitment strategy

We will again set high recruitment standards, after having lowered them when securing human resources proved challenging amid the pandemic, with the aim of improving retention rates while enhancing the quality of human resources. Going forward, we plan to strengthen recruitment of new graduates.

3 Human resources education

We will redefine job grades and work to create a framework to spur motivation for self-driven growth. As a result, by bringing into play fair and sound competition principles, we will produce the next generation of leaders.

4 Sophistication of talent management

Human resources information is stored in a database and centrally managed on the system. We will actively utilize this to evaluate and develop human resources, in an effort to promote optimal placement and appointment of employees within the Group.

5 Compensation system reform

We are reviewing salary levels determined by our job grading system to implement base salary increases and raise starting salaries. We intend to gradually apply the same standards throughout the Group.

6 Engagement

Regardless of the implementation of engagement surveys, we will continue to reform our systems and evaluation frameworks to foster motivation rooted in empathy for the purpose and shared joy of working.

Message from Heads of Divisions

Achieve sustainable growth through human capital management linked to management strategy

Yoshio Nakaki

Executive Officer,
Head of Group Human Resources Division,
YOSHINOYA HOLDINGS CO., LTD.

Linking management and human resources strategies

Since August 2025, I have been in a position supervising the Group Human Resources Division, and I have been leading the establishment of a human capital management framework linked to management strategy, as well as various measures for its implementation. My mission is to link management strategy with human resources strategy and human capital investments, and to deliver results. This is the main focus of our recently revised guidelines for visualization of human capital, and is an issue that the Group cannot avoid in order to achieve sustainable growth. In the past, the Group's management strategy was not broken down to human resources measures, and the human resources strategy was not designed as an initiative for achieving management targets.

As a human resources strategy that supports the achievement of the Medium-term Management Plan, the Group Human Resources Division will maintain the quality of human resources by strengthening recruitment and improving retention rates. While raising the bar for recruitment, which had been lowered in recent years, we will implement improvements in working conditions, such as lifting the starting salary and raising the base salary, in an effort to prevent the loss of talented personnel.

Furthermore, in order to develop human resources for key positions, we will clarify required competencies and review job size assessments and the profile database as part of establishing a human resources management framework.

Human capital management following the transition to the new management structure

Since the launch of the new management structure, the Group has been working to develop a framework within the Group through organizational restructuring toward the realization of "transformation" and "growth" as set out in the Medium-term Management Plan. In FY2025, the marketing functions and IT strategy promotion functions of operating companies were integrated into Yoshinoya Holdings to advance integrated management of the Group's businesses and functional divisions. In FY2026, the Yoshinoya business has been integrated into one company and transitioned to a business division structure.

In line with these moves, the Group Human Resources Division is working to build a human resources management system under the Group Human Resources Governance Policy, which is aimed at promoting management rationalization and accelerating the creation of Group synergies. As a first step, in FY2026, we are integrating and operating the systems, focusing on ensuring effective governance of Yoshinoya, which has transitioned to a business division structure. In FY2027, we will expand these initiatives to Hanamaru, and from FY2028 onward, we will gradually expand them to the entire Group.

Through action plans that embody these initiatives, the Group Human Resources Division will contribute to generating results from the business strategies based on the Medium-term Management Plan while enhancing the clarity and practicality of human capital management.

"HOW TO" that supports the future human resources strategy

Unless the human resources strategy is linked to the management strategy, human resources will become merely a cost, returns to human resources cannot be delivered, and management strategy fails to produce results, creating a vicious cycle. In order to achieve sustainable growth, we need a "HOW TO" that links the two strategies, and if they are linked, I believe we cannot make a wrong management decision.

The Group's business model is to engage in business, with value created by people no matter what. Therefore, I would like to create a "HOW TO" part that remains as a framework, even after I'm gone, to support future human resources strategy.

Strategy by business

Yoshinoya

Review of FY2025

While profit decreased due to the impact of soaring prices of rice and other raw materials, net sales grew 9.7% year-on-year. Same-store sales were up 7.3% year-on-year (number of customers down 0.3%; average spend per customer up 7.6%). We revised prices in April, and as part of our product strategy, sold Beef Tongue and Mugi Toro Gozen in June, Gyutama Stamina Mazesoba in July, and Thick-cut Braised Pork Set Meal in August and January. Notably, same-store sales over June through August and in January were up more than 10% compared with the previous year as we were able to gain the support of customers. In addition, the number of outlets under the new service model that can be used more comfortably by female customers and families reached 590 outlets. Also, those that have introduced tablets, which help improve customer convenience, reached 897 outlets. In FY2025, there were times when our product measures proved successful, but issues remain with using these results to continuously pull in customers. In the future, we will strengthen initiatives to achieve more stable customer attraction.

Sold Gyutama Stamina Mazesoba

Sold Thick-cut Braised Pork Set Meal

FY2026 Strategy

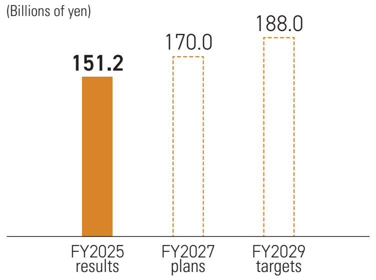
The Group Marketing Headquarters, newly established in FY2025, is now in full-scale operation and is working for sustainable growth driven by an increase in customers, leveraging the unique value of the Yoshinoya brand. In order to secure stable customer traffic, we will refocus on our core offering, gyudon beef bowls, and by introducing toppings and side menus that enhance customer satisfaction in combination with gyudon beef bowls, we aim to spur repeat visits by our existing customers. In combination with this, we will also enhance our lineup of the year-round seasonal menu. For our new branding strategy, we are using the catchphrase of "thanks for the boost" to attract more customers, using famous stars in TV commercials and the like. We plan to increase outlets applying new service model by 87. Additionally, we will install tablets in all outlets where they can be installed and introduce digital signage mainly in office areas to optimize the market launch cycle. As a result of these measures, we plan to increase sales and profit.

Introduction of digital signage in office areas
Realized the optimization of the market launch cycle

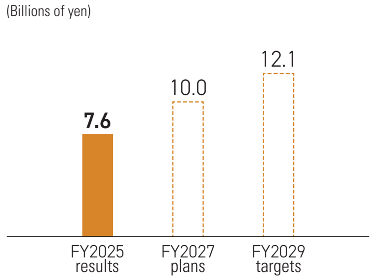
Focus on gyudon beef bowls, our core offering
Introducing value-adding products that complement gyudon beef bowls

Results and targets by segment

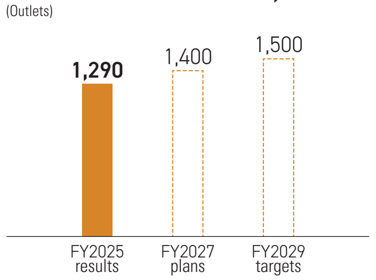
Net sales by segment
151.2 billion yen



Income by segment
7.6 billion yen



No. of outlets by segment
1,290



Hanamaru

Review of FY2025

Despite the harsh business environment due to rising raw material prices and an increase in the minimum wage, net sales were up by 6.9% year-on-year and operating income hit a record high for the third consecutive year. Thanks in part to price revisions implemented in January 2025, same-store sales were up 5.6% year on year (number of customers down 1.3%; average spend per customer up 7.0%). On the product measure front, sales of pork shabu udon, which launched in late June, proved a hit and helped boost sales over summer, while chilled tantan udon noodles in summer and rich tantan udon noodles in winter were also well received, as in previous years. As a new initiative under the "Come on over! Sanuki Project," which was launched to preserve the traditions of Sanuki udon culture in our birthplace of Kagawa Prefecture and to spur innovation, we started offering udon noodles made using Kagawa Prefecture's Sanuki no Yume wheat in some regions, mainly in the Kagawa prefecture. As a stepping stone toward expansion in metropolitan areas, we opened compact store model Zuzuzu in October.


Increase spend per customer through seasonal offerings

Come on over! Sanuki Project: Tradition and Innovation

FY2026 strategy

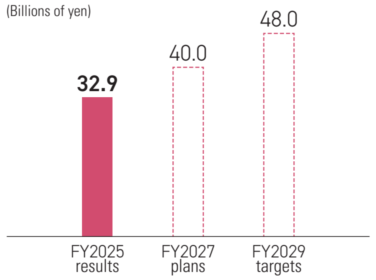
Leveraging our brand characteristics that enable us to open outlets in small spaces, we plan to further evolve this and open compact model outlets, and expand in metropolitan areas as we seek to transition to a stage of further growth. Backed by the expertise accumulated through udon noodles, we will take up the challenge of entering the new noodle business of kishimen noodles. As part of efforts to improve customer experiences, we will launch highly satisfying menus, such as katsudon sets and oyako-don sets, offering freshly made deliciousness. We will also strengthen motivation to visit stores by selling tantan noodles all year around, which are a popular seasonal menu offering. As a result of these measures and the boost to average spend per customer as a result of the price revisions implemented in February 2026, we plan to increase sales and profit.


Expand Zuzuzu outlet openings in metropolitan areas
Compact store model designed for a 20-tsubo space (approx. 66 m²)

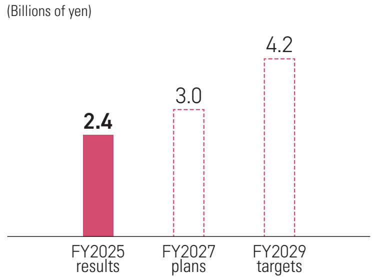
Popular items becoming regular menu items

Results and targets by segment

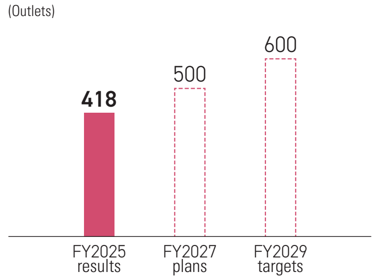
Net sales by segment
32.9 billion yen



Income by segment
2.4 billion yen



No. of outlets by segment
418



Overseas

Review of FY2025

Segment net sales up 5.2% year-on-year and operating income was up 61.2% year-on-year, marking a significant rebound. Performance was driven by same-store sales, up 4.6% year-on-year (US: up 2.6%, China: up 9.7%, Singapore: up 6.5%). In the U.S., the operating environment had been harsh following an increase in the minimum wage at fast-food restaurants in FY2024. However, we achieved a V-shaped recovery thanks to our sales promotion strategy of actively making use of apps proving a success. In China, sales increased sharply thanks to the benefits from app-driven sales promotions and the use of new delivery platforms. In Singapore, the acquisition of Halal certification attracted more customers, while the operation of a central kitchen helped achieve quality improvements.

U.S. members-only sales promotion

Chinese membership system (app promotions)

FY2026 strategy

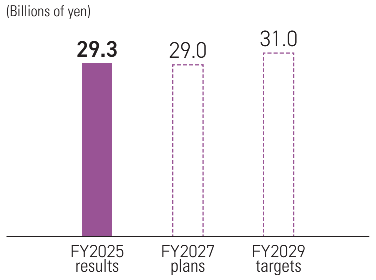
In FY2025, we built a foundation for sustainable growth through the rebound in same-store sales in key areas and the strengthening of supply chains. In FY2026, we will push ahead with increasing store openings to achieve further growth in profitability. In existing focus markets such as China and Indonesia, we will flexibly open outlets in collaboration with partner companies, and aim to aim for continuous dominant expansion. For regions where we are yet to have presence, we will select locations based on market characteristics and transportation routes, and work to elevate brand awareness and build a stable store network. In the U.S., we began full-fledged operation of a commissary (food processing plant) in FY2026, and aim to improve customer satisfaction and reduce costs by stabilizing quality.

Continue opening outlets in cooperation with local partners

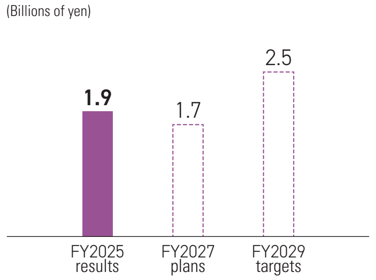

Commenced commissary operations in the U.S., leading to stable quality and cost reductions

Results and targets by segment

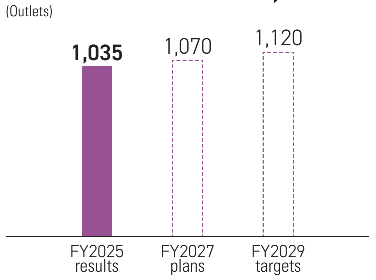
Net sales by segment 29.3 billion yen



Income by segment 1.9 billion yen



No. of outlets by segment 1,035



Ramen

Review of FY2025

Segment net sales were up 48.0% year-on-year and operating income was up 21.8% year-on-year, marking significant growth. Contributing to this was the increase resulting from reflecting results for Kiramekino Mirai and two overseas sites for Takara Sangyo, which joined the group via M&As in FY2024. As for store openings outside Japan, in addition to our existing brand Bariuma, Kirameki no Tori opened two outlets in Shanghai with their first overseas store opening, building a foundation for growth. In addition, we delivered new value by leveraging synergies among the Group companies. This included the first outlet of Kanazawa Noukou Chuka Soba Shinsen opened in the Chugoku region by With Link, which has expertise in franchising, and sales of Bariuma's Tonkotsu Shoyu Gyunabe Set at Yoshinoya stores.


Opened the first overseas Kirameki no Tori outlet in Shanghai

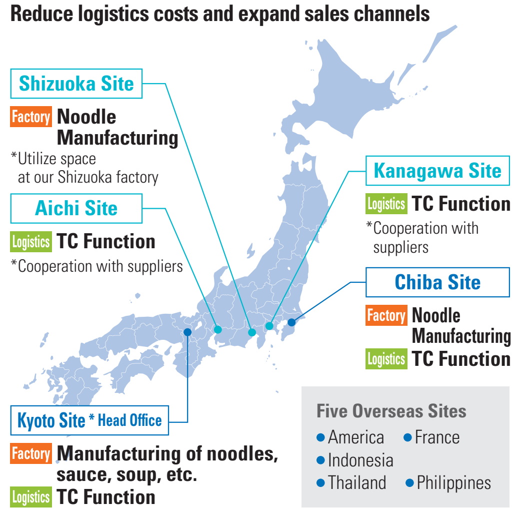

Withlink opened Shinsen in Kurashiki

FY2026 strategy

With an eye to expansion, we plan to open 17 outlets in Japan and overseas. Utilizing the Group's resources, we will open stores as part of business format changes associated with relocation of Yoshinoya outlets as well as open stores overseas. In addition, as part of the development of new business models, we plan to take up the challenge of a production business that brings together the collective expertise of the Group to provide support to those wishing to launch a business. For manufacturing and logistics functions, we will expand the number of Takara Sangyo sites in Japan from the current two to five in order to optimize supply chains and expand manufacturing capabilities. By establishing three sites between Kyoto and Chiba that leverage the Group's bases, we will expand sales channels in underserved areas and reduce logistics costs. In addition, we will continue to actively pursue M&As.

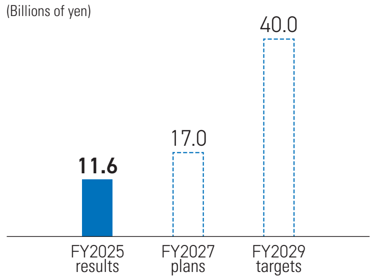

Overseas openings for Bariuma and Kirameki no Tori

Increase the number of Takara Sangyo sites from two to five
Reduce logistics costs and expand sales channels

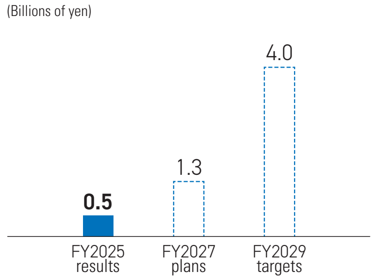


Results and targets

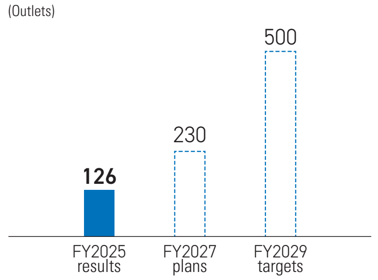
Net sales 11.6 billion yen



Income 0.5 billion yen



No. of outlets 126



Financial strategy

Securing returns from new investments while improving the profitability of existing businesses

Norihiro Ozawa
Executive Vice President & CFO,
YOSHINOYA HOLDINGS CO., LTD.

Analysis and evaluation of FY2025 operating results

Both sales and profit increased, but improved profitability is an issue

In FY2025, the first year of the Medium-term Management Plan, net sales were 225.6 billion yen, up 10.1% year-on-year, and operating income was 8.0 billion yen, up 10.7% year-on-year. We made a good start, delivering both sales and profit growth. For profit, in particular, we delivered results exceeding the initial forecast amid a harsh cost environment, which we view as a meaningful achievement.

For sales, same-store sales increased year-on-year in all segments, resulting in an overall increase of 6.5% year-on-year. However, same-store sales in the ramen business were almost flat year-on-year, and we fell short of the previous-year results in many months in the second half. As such, further measures must be taken in the future.

For profit, while the recovery of Hanamaru and overseas businesses' results drove the earnings performance, the Yoshinoya business was unable to offset the impact of soaring rice prices, resulting in a slight decrease in profit. Against this backdrop, the Group Product Division led the way in timely and flexible purchases of rice, which had a significant effect, pushing down cost of goods more than expected. Profit also increased due to tight controls of controllable expenses other than cost of goods.

However, the operating income margin remained at the same level as the previous fiscal year at 3.6%. With no apparent progress made in improving profitability, I feel that this is our most important issue.

Next, looking at the status of cash allocation, while no funds were raised from financial institutions linked to inorganic investments in FY2025, EBITDA generated from business was 15.9 billion yen, and I believe that we generated sufficient cash. For cash out, meanwhile, we had envisioned 13.0 billion yen in existing business investments other than inorganic investments, but the actual amount was kept to 10.9 billion yen, even lower than EBITDA. Many of the factors for this were associated with the delays in opening directly managed outlets in the Hanamaru business, which led to unused investment envelope. In FY2026 and beyond, opening new outlets as planned and subsequent execution of the investment cycle will be key.

In terms of the improvement in capital efficiency and financial soundness, ROE rose from 6.1% in the previous fiscal year to 7.1%, but we intend to raise net income in order to further lift capital efficiency. Over the past year, we made progress in streamlining operations, and factors causing extraordinary losses and the like have been largely eliminated. We therefore expect the upward trend in net income to be maintained going forward. For our financial soundness, the equity ratio reached 54.5%, pointing to sufficient soundness. The D/E ratio was extremely low at 0.25, partly because we did not raise funds from financial institutions in FY2025, as mentioned. Despite our highly sound D/E ratio, we have entered a stage when we should aim to expand earnings through aggressive investment using debt financing.

Financial strategy supporting the Medium-Term Management Plan

Improve profit margin to achieve capital efficiency targets

In the final year of the Medium-term Management Plan (FY2029), we are targeting net sales of 300.0 billion yen, operating income of 15.0 billion yen, and ROIC of 7.0%. ROIC for FY2025 increased from 6.3% in the previous fiscal year to 6.7%. Looking at ROIC as the product of the after-tax operating income margin and the invested capital turnover ratio, the after-tax operating income margin for FY2025 was almost at the same level as the previous fiscal year. Therefore, the increase in ROIC was due to the improved invested capital turnover ratio. In order to improve capital efficiency, it is essential to improve the operating income margin, which I noted earlier as an issue. To that end, we will accelerate initiatives to secure returns from new investments while improving the profitability of existing businesses.

For growth investments in existing businesses, we have established investment criteria for new store openings and store renovations as a matter of discipline, and use these as a yardstick for the Group as a whole. The success rate of new store openings has increased significantly compared to pre-pandemic times, with fewer failures. However, investment costs have risen due to soaring construction costs, and there are fewer properties that meet investment criteria. Such circumstances have led to new store openings failing short of the plan, and in response, the Group Development Division has taken the lead in collaborating with other divisions and operating companies to facilitate plans for store openings.

A key theme for FY2026 is to take advantage of our solid financial base to apply optimal leverage and execute inorganic investments funded through debt financing. Specifically, principal investment targets would be M&A deals aimed at expanding the ramen business.

Our finance department is preparing for inorganic investments and is weighing up the optimal type of debt financing in the face of rising interest rates and funding costs. One such initiative is the diversification of fund-raising methods. Following on from the obtainment of a credit rating, we have already completed shelf registration of bonds, and we are ready to issue bonds at any time over the coming two years.

For FY2026, we forecast net sales of 242.0 billion yen and operating income of 8.5 billion yen, with growth continuing in both sales and profit. However, the operating income margin based on this assumption would be 3.5%, with no progress in improving profitability over the coming year. Factors behind this include persistently high cost of goods and rising personnel and other expenses. While we will be able to absorb the cost increases by increasing customer traffic and securing gross profit, I believe that further efficiency gains across the Group through digital and IT investments and other means are needed to improve profitability in excess of net sales growth.

Communication with institutional investors

Incorporating investor perspective into feedback for management to deepen discussions

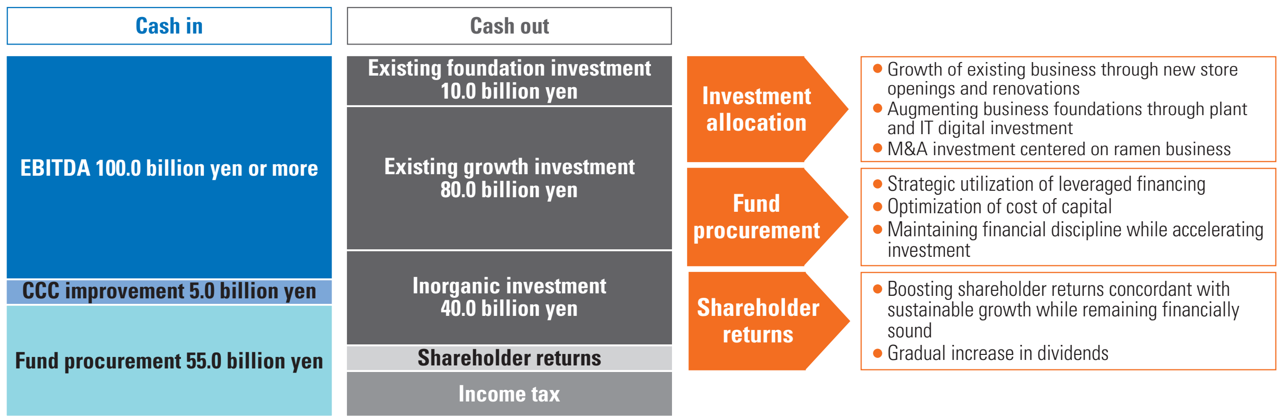
Last year as part of direct discussions with institutional investors, President Naruse and I held not only conventional one-on-one IR meetings but also provided three opportunities to provide explanations in a small-meeting format. These opportunities were set in response the increased attention from investors to the new management structure, and heightened interest and expectations for the Medium-term Management Plan. I see great value in doing this, and we plan to continue with such efforts from this year onward.

Many questions from institutional investors were in regard to the growth strategy in the Medium-term Management Plan, especially the background and reasons for focusing on the ramen business, with interest also high in the pricing strategy based on industry trends. We place focus on initiatives to report back to and share with the Board of Directors the questions, insights, and reactions of these institutional investors, providing these as feedback to management for discussion, with reports made on a quarterly basis.

As for the roles and functions of our planning and finance divisions, I believe it is important to engage with figure management related to business activities and management metrics. Regardless of operating company, division or department, it is essential to analyze and assess all figures with a sense of ownership and provide constructive challenge.

Therefore, it is vital to not only talk about the numbers on the paper like a critic, but also go on site and see for ourselves. In order to conduct calm and accurate analyses and make appropriate decisions, I will be more conscious of a mindset of being hands-on.

Cash allocation -Appropriately allocate cash generated to further growth investments and increased shareholder returns-



Investment policy and plan

Investment category	Five-year investment amount	Details on key investments
Investment in existing businesses foundation	5.0 billion yen	• Investment in outlets and plants to address aging
	5.0 billion yen	• Bolstering of system infrastructure and security
Investment in existing businesses growth	45.0 billion yen	• Investment in new stores and formats (all formats, including ramen)
	20.0 billion yen	• Investment in remodeling • Yoshinoya C&C, Hanamaru new suburban format, other
	5.0 billion yen	• Investment in new ramen factories domestically and overseas and resulting increase in production
	10.0 billion yen	• Digital/IT investment • Improving customer convenience, workload reduction, and efficiency, investment in the future
Inorganic investment	40.0 billion yen	• M&A investment in ramen business domestically and overseas • Other M&A and capital tie-up
Five-year investment plan	130.0 billion yen	

Trend of key management indicators

	FY2024	FY2025	Year-on-year
Net sales (billions of yen)	204.9	225.6	+10.1%
Operating income (billions of yen)	7.3	8.0	+10.7%
Operating income margin (%)	3.6	3.6	+0.0%
Net income (billions of yen)	3.8	4.6	+22.7%
EBITDA (billions of yen)	14.2	15.9	+11.5%
ROE (%)	6.1	7.1	+1.0%
ROIC (%)	6.3	6.7	+0.4%
Equity ratio (%)	53.9	54.5	+0.6%
Debt-to-equity ratio	0.27	0.25	(0.02)