

Annual Securities Report

Business Year	February 21, 2023 –
55th term	February 20, 2024

OKUWA Co., Ltd.

Annual Securities Report

This document is a copy of the Annual Securities Report prepared in accordance with Article 24, Paragraph 1 of the Financial Instruments and Exchange Act of Japan, filed via the Electronic Disclosure for Investors' NETwork (EDINET) system pursuant to Article 27-30-2 of the said Act, and printed out using the filed data with page numbers and table of contents added.

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Part 1: Information on the Company

I. Overview of the Company

1. Key Financial Data and Trends

(1) Consolidated financial data, etc.

Fiscal year		51st term	52nd term	53rd term	54th term	55th term
Year ended		February 2020	February 2021	February 2022	February 2023	February 2024
Net sales	(Million yen)	255,225	268,679	255,996	234,726	235,038
Ordinary profit	(Million yen)	3,755	8,015	5,463	3,148	3,098
Profit attributable to owners of parent	(Million yen)	1,429	3,786	1,523	928	1,000
Comprehensive income	(Million yen)	1,399	3,783	1,560	819	1,878
Net assets	(Million yen)	75,100	77,747	78,170	77,928	78,679
Total assets	(Million yen)	136,362	137,863	133,513	132,526	132,496
Net assets per share	(Yen)	1,708.28	1,767.36	1,775.94	1,769.22	1,785.12
Basic earnings per share	(Yen)	32.38	86.38	34.74	21.18	22.79
Diluted earnings per share	(Yen)	32.38	86.35	34.74	21.18	22.79
Equity ratio	(%)	54.9	56.2	58.3	58.6	59.1
Return on equity	(%)	1.9	5.0	2.0	1.2	1.3
Price earnings ratio	(Times)	45.2	13.9	27.2	43.5	38.1
Net cash provided by (used in) operating activities	(Million yen)	9,606	13,772	8,590	5,931	9,692
Net cash provided by (used in) investing activities	(Million yen)	(4,695)	(5,034)	(7,016)	(6,678)	(7,942)
Net cash provided by (used in) financing activities	(Million yen)	(1,584)	(6,515)	(3,144)	(535)	(954)
Cash and cash equivalents at end of period	(Million yen)	16,016	18,239	16,668	15,386	16,182
Number of employees [Average number of part-time employees; not included in the above number of employees]	(Persons)	2,042 [8,412]	2,074 [8,473]	2,113 [8,373]	2,128 [8,231]	2,112 [8,242]

(Note) The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the 54th fiscal year. The key financial data for the 54th fiscal year onward are presented after applying the above accounting standard, etc.

(2) Financial data, etc. of the filing company

Fiscal year		51st term	52nd term	53rd term	54th term	55th term
Year ended		February 2020	February 2021	February 2022	February 2023	February 2024
Net sales	(Million yen)	252,152	265,811	253,233	229,087	233,694
Ordinary profit	(Million yen)	3,671	7,828	5,303	3,222	2,990
Profit	(Million yen)	1,453	3,744	1,484	1,031	991
Share capital	(Million yen)	14,117	14,117	14,117	14,117	14,117
Total number of issued and outstanding shares	(Thousand shares)	45,237	45,237	45,237	45,237	45,237
Net assets	(Million yen)	74,628	77,231	77,672	77,786	77,798
Total assets	(Million yen)	135,411	136,835	132,766	132,356	131,513
Net assets per share	(Yen)	1,701.53	1,760.62	1,770.28	1,772.06	1,771.62
Dividend per share (of which, interim dividend per share)	(Yen)	26.00 (13.00)	26.00 (13.00)	26.00 (13.00)	26.00 (13.00)	26.00 (13.00)
Basic earnings per share	(Yen)	32.93	85.42	33.85	23.50	22.60
Diluted earnings per share	(Yen)	32.92	85.40	33.85	23.50	22.60
Equity ratio	(%)	55.1	56.4	58.5	58.7	59.1
Return on equity	(%)	1.9	4.9	1.9	1.3	1.3
Price earnings ratio	(Times)	44.5	14.1	27.9	39.2	38.4
Dividend payout ratio	(%)	79.0	30.4	76.8	110.6	115.1
Number of employees [Average number of part-time employees; not included in the above number of employees]	(Persons)	1,886 [7,971]	1,926 [8,049]	1,948 [7,987]	2,018 [8,056]	2,007 [8,063]
Total shareholder return (Comparative indicator: TOPIX Net Total Return Index)	(%) (%)	132.2 (106.4)	111.2 (125.5)	90.7 (127.9)	91.0 (136.6)	88.6 (184.3)
Highest stock price	(Yen)	1,579	1,830	1,310	991	930
Lowest stock price	(Yen)	1,035	1,069	880	824	794

(Notes) 1. The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the 54th fiscal year. The key financial data for the 54th fiscal year onward are presented after applying the above accounting standard, etc.

2. The highest and lowest stock prices up to April 3, 2022 were recorded on the First Section of the Tokyo Stock Exchange and those from April 4, 2022 onward were recorded on the Prime Market of the Tokyo Stock Exchange.

2. Corporate History

Month, Year	Summary
February 1969	The late Isamu Okuwa, the founder of the Company, established Shufu No Mise Okuwa Co., Ltd. in Ikuno-ku, Osaka City. Acquired the business operations of four supermarket stores from Shufu No Mise Okuwa Ltd.
September 1969	Moved the head office location to Udono-mura, Minamimuro-gun, Mie.
June 1974	Established a joint purchasing organization Nihon Ryutsu Sangyo Co., Ltd. together with six other chain stores (Izumi Co., Ltd., Grand Tamakoshi Co., Ltd., Life Store Co., Ltd., Sato Co., Ltd., Heiwado Co., Ltd., and Yaohan Department Store Co., Ltd.).
August 1974	Relocated the headquarters to Nakajima, Wakayama City.
March 1976	Changed the trade name to Chain Store Okuwa Co., Ltd.
March 1982	Established a procurement company SUNRISE., CO. LTD. (currently a consolidated subsidiary) through joint investment with Tsuda Seika Co., Ltd. of Wakayama to secure stable supply of fruits and vegetables.
October 1985	Acquired the shares of OAK-FOODS Corporation (established in March 1980; currently a consolidated subsidiary of the Company) and made it a subsidiary.
February 1986	Merged with and absorbed Kishu Sangyo Co., Ltd. to improve management system and strengthen business structure.
October 1987	Increased capital by public offering and listed its stock on the Second Section of the Osaka Securities Exchange.
May 1989	Moved the head office location to Nakajima, Wakayama City.
August 1990	Listed its stock on the First Section of the Osaka Securities Exchange.
November 1991	Established Okuwa Home Center Co., Ltd. (changed its trade name to O-Mart Co., Ltd. in October 1994).
November 1991	Established XYST Co., Ltd. (currently O-Entertainment Co., Ltd., an equity method affiliate).
August 1992	Merged with and absorbed Okuwa Sangyo Co., Ltd.
August 1994	Merged with and absorbed Yuasa Plaza Co., Ltd.
February 1995	Sold the business operations of two home improvement stores and 14 video/CD rental & book stores to O-Mart Co., Ltd.
October 1996	Acquired the shares of Okuwa Co., Ltd. (a supermarket company established in May 1959; head office in Kumano City, Mie) and made it a subsidiary.
February 1997	Established Kuroshio Co., Ltd. and sold the operations of restaurant business to this company and OAK-FOODS Corporation.
August 1999	Merged with and absorbed Okuwa Co., Ltd.
February 2000	Changed the trade name to OKUWA Co., Ltd.
February 2001	Acquired the business operations of two supermarket stores from Shopping Center MAMY Corporation (currently MAMY CORPORATION).
March 2001	Listed its stock on the First Section of the Tokyo Stock Exchange.
August 2001	XYST Co., Ltd. succeeded the business of sales of books, etc. and video/CD rental business division (WAY) of O-Mart Co., Ltd. through corporate divestiture (and changed its trade name to O-Entertainment Co., Ltd.).
August 2002	O-Mart Co., Ltd. merged with Joyful Asahi Co., Ltd. (a home improvement store established in 1982; head office in Toyonaka City, Osaka) and established O-Joyful Co., Ltd.
July 2006	Acquired the shares of Hiramatsu Co., Ltd. (a supermarket company established in August 1964; head office in Wakayama City, Wakayama) and made it a subsidiary.
December 2007	Sold all shares of O-Joyful Co., Ltd. to DCM Japan Holdings Co., Ltd.
June 2008	Acquired the shares of Pare Co., Ltd. (a supermarket company established in September 2004; head office in Nagoya City, Aichi Prefecture) and made it a subsidiary.
August 2008	OAK-FOODS Corporation merged with and absorbed Kuroshio Co., Ltd.
February 2012	Merged with and absorbed Pare Co., Ltd.
April 2022	Transferred listing to the Prime Market of the Tokyo Stock Exchange.
May 2022	Shifted from a Company with an Audit & Supervisory Board to a Company with an Audit & Supervisory Committee.
November 2022	Merged with and absorbed Hiramatsu Co., Ltd.

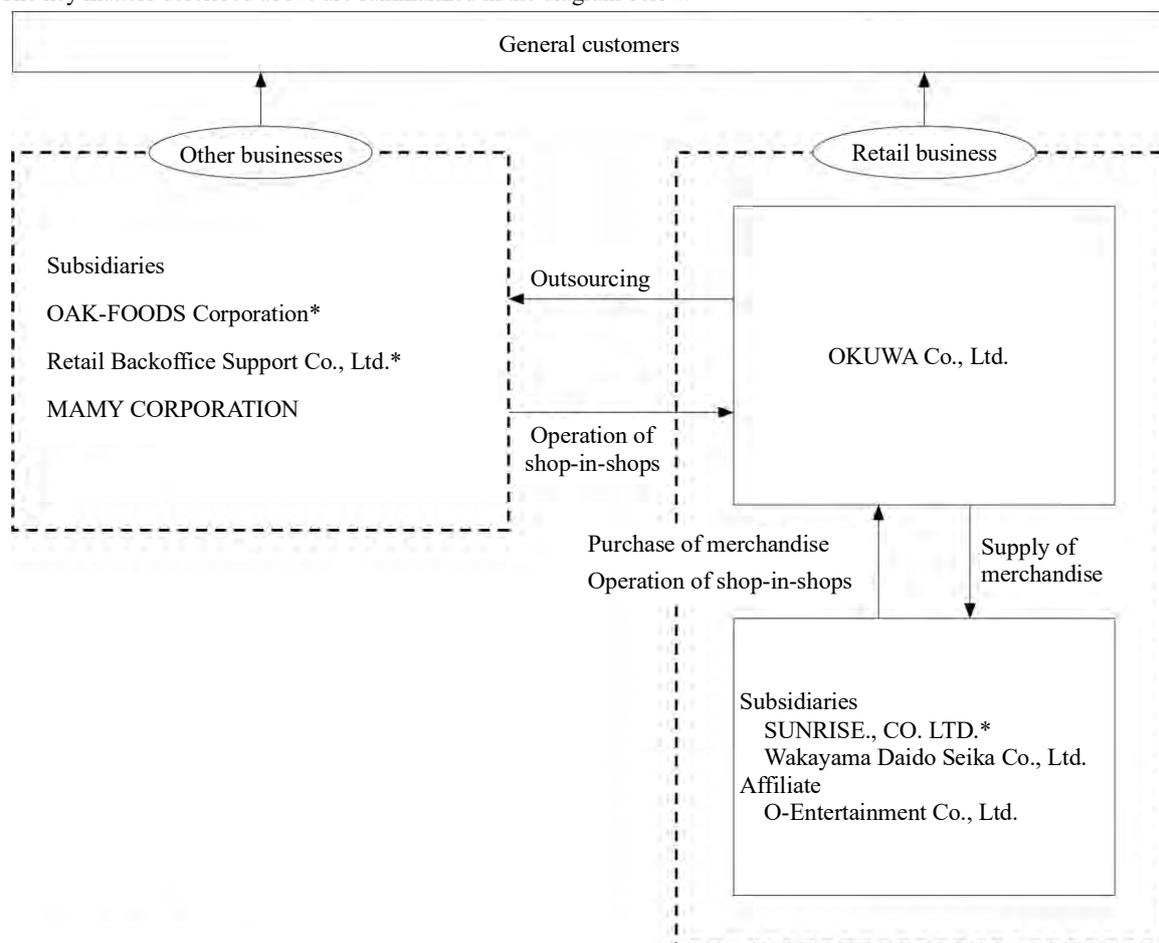
3. Description of Business

The Group (the Company and its subsidiaries and associates), consisting of the Company, five subsidiaries, and one affiliate, engages in the retail business of supermarket chains and other businesses including facility management outsourcing services and restaurant business.

The disclosure of segment information is omitted because the reportable segment of the Group is the supermarket business only. The positioning of each business within the Group is as described below.

- Retail business:** OKUWA Co., Ltd. engages in the supermarket chain business.
 SUNRISE., CO. LTD., a consolidated subsidiary, handles the processing and delivery of agricultural and other products.
 Wakayama Daido Seika Co., Ltd., a subsidiary, engages in the wholesale of agricultural and other products.
 O-Entertainment Co., Ltd., an affiliate, engages in the sales of books and other goods, rental business of DVDs and other items, as well as the management of cinema complexes, sports gyms, and cram schools, some of which are located inside the Company's stores.
- Other businesses:** OAK-FOODS Corporation, a consolidated subsidiary, operates restaurants, some of which are located inside the Company's stores.
 Retail Backoffice Support Co., Ltd., a consolidated subsidiary, provides outsourcing services in facility management and other areas.
 MAMY CORPORATION, a subsidiary, engages in the business of laundry & dry cleaning chain, with some shops operating inside the Company's stores.

The key matters described above are summarized in the diagram below.



(Note) Companies with asterisk denote consolidated subsidiaries.

4. Subsidiaries and Associates

Company name	Location	Share capital (Million yen)	Principal business	Percentage of voting rights held by the Company (%)	Relationship
(Consolidated subsidiaries) SUNRISE., CO. LTD.	Wakayama City, Wakayama	90	Supermarket business	50.0	(1) Two of the Company's officers concurrently serve as officers of this company. (2) The Company supplies merchandise to this company. (3) The Company purchases merchandise from this company. (4) The Company leases land and buildings to this company. (5) The Company lends funds to this company. (6) The Company guarantees debts of this company.
OAK-FOODS Corporation	Wakayama City, Wakayama	10	Other (Restaurant business)	100.0	(1) Two of the Company's officers concurrently serve as officers of this company. (2) The Company leases land and buildings to this company. (3) The Company lends funds to this company. (4) The Company guarantees debts of this company.
Retail Backoffice Support Co., Ltd.	Nakamura-ku, Nagoya City, Aichi	10	Other (Facility management outsourcing services)	100.0	(1) One of the Company's officers concurrently serves as an officer of this company. (2) The Company outsources the management of facilities to this company. (3) The Company leases buildings to this company.
(Equity method affiliate) O-Entertainment Co., Ltd.	Chuo-ku, Osaka City, Osaka	100	Other (Sales of books, rental of DVDs, management of cram schools and cinema complexes)	18.0	(1) Two of the Company's officers concurrently serve as officers of this company. (2) The Company leases land and buildings to this company.

- (Notes) 1. Entries in the "Principal business" column are the names of businesses as they appear in segment information.
2. None of the consolidated subsidiaries listed above is classified as a specified subsidiary.
3. None of the companies listed above files its own Securities Registration Statements or Annual Securities Reports.
4. Although the Company holds less than 20% of the equity shares in O-Entertainment Co., Ltd., the Company has substantial influence on this company, and therefore regards it as an affiliate.

5. Employees

(1) Consolidated companies

As of February 20, 2024

Segment name	Number of employees (Persons)	
Supermarket business	2,078	[8,191]
Other	34	[51]
Total	2,112	[8,242]

(Notes) 1. The number of employees represents the number of full-time employees. The number of part-time workers is separately shown in brackets in annual average for the consolidated fiscal year under review (calculated based on the standard working hours of ordinary employees).

2. Supermarket business is the only reportable segment.

(2) The filing company

As of February 20, 2024

Number of employees (Persons)	Average age (Years old)	Average length of service (Years)	Average yearly pay (Thousand yen)
2,007 [8,063]	46.8	17.7	5,097

(Notes) 1. The number of employees represents the number of full-time employees. The number of part-time workers is separately shown in brackets in annual average for the fiscal year under review (calculated based on the standard working hours of ordinary employees).

2. The average yearly pay includes bonuses and extra wages.

3. The number of employees by segment is not stated because the reportable segment of the Company is the supermarket business only.

(3) Labor unions

The labor union of the Company, called OKUWA Labor Union, is a member of the UA ZENSEN.

The union counted 5,264 members (1,284 regular employees, 358 employees working in limited regions, and 3,622 part-time employees) as of February 20, 2024.

The relationship between labor and the management has been favorable and there is no matter to be stated in particular.

(4) Share of women in managerial positions, ratio of men who took childcare leave, and ratio of women's pay to men's pay

1) Filing company

Fiscal year under review				
Share of women in managerial positions (%) (Note 1)	Ratio of men who took childcare leave (%) (Note 2)	Ratio of women's pay to men's pay (%) (Note 1)		
		All workers	Regular workers	Part-time and fixed-term workers
3.9	93.3	51.9	68.8	94.1

(Notes) 1. The figures were calculated pursuant to the relevant provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015).

2. The ratio of men who took childcare leave, as provided for in Article 71-4, Item 1 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991), was calculated pursuant to the relevant provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991).

2) Consolidated subsidiaries

Fiscal year under review					
Company name	Share of women in managerial positions (%) (Note 1)	Ratio of men who took childcare leave (%) (Note 2)	Ratio of women's pay to men's pay (%) (Note 1)		
			All workers	Regular workers	Part-time and fixed-term workers
SUNRISE., CO. LTD.	28.6	-	83.5	79.3	85.4
OAK-FOODS Corporation	0.0	-	75.0	77.0	133.0

(Notes) 1. The figures were calculated pursuant to the relevant provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015).

2. The ratio of men who took childcare leave, as provided for in Article 71-4, Item 1 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991), was calculated pursuant to the relevant provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991).

3. Figures are omitted for the consolidated subsidiary which is not covered by the mandatory disclosure requirements stipulated in the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015) and the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991).

II. Business Overview

1. Management Policy, Business Environment, and Issues to be Addressed

The forward-looking statements in this section are based on the Group's judgement as of the submission date of the Annual Securities Report (May 15, 2024).

(1) Basic management policy of the Company

The Group's businesses consist of the retail business centered around supermarkets, as well as other businesses including the restaurant business that complement the retail business. Under the management philosophy of "Believing that our growth and development facilitates the improvement of customers' lifestyles and makes a great contribution to society, we will establish a distinguished position permanently in the chain store industry," the Group aims to contribute to the achievement of customers' prosperous lifestyles by providing products and services that meet customers' needs.

(2) Management strategy and business and financial issues to be addressed with priority

In April 2022, the Company formulated the medium-term management plan for the period up to the fiscal year ending February 20, 2025, and we worked to achieve the establishment of sustainable and stable management and improvement of corporate value.

However, prices of crude oil and other energy resources, as well as raw materials, have risen significantly more than we had expected due to worsening global circumstances, which has had a large impact on the Company's business operations.

At the moment, the Company's return on equity (ROE) is substantially lower than the cost of equity, which is understood to be in the 5% range. Our ROE and earnings per share (EPS) are not meeting the market's expectations. As a result, the price-to-book ratio (PBR) has been well below one.

Against this backdrop, we reviewed the medium-term management plan and formulated the new medium-term management plan for the period up to the fiscal year ending February 20, 2027, updating part of our strategies and setting new targets and policies.

(3) Policies in the new medium-term management plan

We will keep our management vision of "a supermarket that continues to transform, with a timeless spirit," and seek to enhance profitability by making the most of the accumulated customer purchase history data and the high skills of our employees.

To raise PBR, we will also strengthen measures to improve shareholder value through sustainable growth, as well as implement capital policies and financial strategies with an eye to striking a balance with investment for growth. In addition, we will strive to receive high evaluation from the market by seeking to further improve the value of human capital and enhance sustainability management.

(4) New medium-term management plan for fiscal 2024–2026

- 1) Policies and numerical targets in the new medium-term management plan
- 2) Capital policy and financial strategy
- 3) Key issues and measures in the new medium-term management plan
- 4) Store strategy
- 5) Product strategy
- 6) Sales promotion measures
- 7) Marketing strategy
- 8) Organizational reform
- 9) Promotion of IT strategy (DX)
- 10) Maximization of the value of human capital
- 11) Sustainability management
- 12) Corporate governance

(5) Enhancement of IR activities

We will deepen our dialogue with investors by continuing with and strengthening the existing IR activities, as well as strive to raise PBR by improving corporate value.

- Update website content regularly, and actively disclose financial and non-financial information
- Enhance the contents of financial results briefings, and continue to hold them online
- Continue with and strengthen dialogue with shareholders and investors, and give appropriate feedback to top management

(6) Key numerical targets (consolidated)

(Million yen)

	Fiscal 2022 (Results)	Fiscal 2023 (Results)	Fiscal 2026 (Targets)
Operating income	246,877	247,378	290,000
Operating profit	2,927	2,888	7,000
Profit attributable to owners of parent	928	1,000	3,700
ROE (%)	1.2	1.3	5.0
EPS (Yen)	21.18	22.79	-
PBR (Times) (*)	0.52	0.49	-

*The figures were calculated based on the share price on the final day of the fiscal year.

2. Sustainability Policy and Efforts

The Group's sustainability policy and efforts are as described below. The forward-looking statements in this section are based on the Group's judgement as of the end of the consolidated fiscal year under review.

(1) Overall sustainability

Under the management credo of "contributing to the local community through commerce," we have established the following Basic Policy for Sustainability to be a company trusted by customers and achieve both the Group's growth and social sustainability. We have also been implementing initiatives to address the six sustainability priority issues (materiality).

Basic Policy for Sustainability

- We engage in activities that lead to the development of local communities, and contribute to better lives of local residents.
- We offer products that give consideration to safety, security, and health, and establish a supply chain based on fair business practices with our business partners.
- We work to resolve global environmental issues, and strive to create a sustainable society and reduce environmental impact.
- We cooperate and collaborate with local communities, and fulfill our responsibility as a member of the local community.
- We strive to support the positive and healthy development of children who will play a central role in the next generation.
- We comply with and respond appropriately to environmental laws and regulations of Japan and other countries across the world, regional ordinances and accords, agreements with stakeholders, and other rules.

Sustainability priority issues (materiality)

Priority items	Challenges
Reduction of burdens to protect the environment	Respond to climate change (reduce GHG emissions)
	Reduce food losses
	Reduce environmental burdens
Creation of appealing workplace where diverse human resources take on challenges	Recruit/retain human resources
	Develop a pleasant working environment (industrial safety and health, and promotion of health and productivity management)
	Promote diversity, respect human rights
	Advance employee training
Provision of sustainability-conscious products	Provide energy-saving/ethical products
	Supply chain management
Realization of customers' health and convenient lifestyles	Support customers' health and nutrition, expand customer experience
	Improve product safety
	Promote digitization
Coexistence with local communities	Respond to declining birthrate and aging population, contribute to regional revitalization
	Respond to and provide delivery services to vulnerable road users
Legal compliance and risk management to enhance society's confidence in us	Strengthen corporate governance
	Disaster preparedness, disaster mitigation, and BCP
	Risk management

- (2) Initiatives to address climate change <Response to the TCFD recommendations>
Please see our website (response to the TCFD recommendations)
<https://www.okuwa.net/eco/tcf.html> (in Japanese) for details.

1) Governance

The Group positions the resolution of social and environmental issues as one of the priority issues in management. In April 2022, the Basic Policy for Sustainability was established, and the Sustainability Promotion Committee, chaired by the President and Representative Director, was newly set up.

As an advisory body to the Board of Directors, the Sustainability Promotion Committee discusses policies and administrative matters for the formulation of basic policies, etc. for sustainable management, including measures against climate change, as well as for the formulation of basic plans, etc. for activities to promote sustainability.

The Sustainability Promotion Committee also oversees the activities of five subcommittees, "Promotion of Measures Against Environmental Issues and Plastic Waste," "Co-creation of Local Communities," "Food Waste and Safety," "Energy and Disaster Countermeasures," and "Human Rights and Diversity," to keep track of the progress, annual plans, and target setting concerning the resolution of material issues on climate change. Each subcommittee makes reports to the committee at least once a year on their policies and progress against their plans. The five subcommittees have been set up based on the six priority issues (materiality). Risks and opportunities of climate change for the Group identified in the TCFD-recommended information disclosure process are examined at relevant subcommittees to address them. The subcommittees also engage in the monitoring of such risks. In light of the degree of importance, matters deliberated at the Sustainability Promotion Committee and the subcommittees are brought to quarterly Executive Officers' Meetings for discussion when considered necessary.

The Board of Directors receives reports from the Sustainability Promotion Committee, and engages in supervision and decision-making.

2) Strategy

- Overview of scenario analysis

Using scenario analysis, the Company examined physical risks, such as abnormal weather caused by climate change, and transition risks, such as the introduction of regulatory policies and change in market needs. We consider scenario analysis as an effective risk management method that enhances business resilience by understanding and analyzing possible scenarios in the modern, uncertain times, regardless of the probability of occurrence.

In the scenario analysis for climate change, the Sustainability Promotion Office and relevant divisions worked together to divide the scenario analysis examination process into four stages and conduct the analysis and assessment. Simultaneously, material factors that affect our business were selected, and identified risks and opportunities, as well as the assessment, have been reflected in our business strategy.

We conducted scenario analysis and calculated financial impacts with an eye on fiscal 2030, in line with the science-based targets (SBT).

- Please see our website (response to the TCFD recommendations) for details, such as the definition of scenarios, identification and assessment of risks and opportunities related to climate change, and details of and measures to address major risks and opportunities.

3) Risk management

The Group positions risk management as a material issue in management that should be addressed responsibly, and has established the Basic Policy for Risk Management.

Basic Policy for Risk Management

We make group-wide efforts to actively and sustainably engage in risk management and continue our business, with an understanding that such an approach will be of great help in contributing to all stakeholders and the local community.

- To fulfill social responsibilities expected of the Group, we seek to prevent any crisis from occurring and strive to monitor risks systematically.
- If a risk that has a material impact manifests itself, we will respond promptly and systematically and disclose information. We will thereby strive to minimize the impact, prevent recurrence, and maintain and recover trust from society.
- We recognize risk management as a material issue in management. To achieve a level of management that meets society's demand, we strive to improve our risk management system continuously.

In our risk management system, the Compliance Committee keeps track of, manages, and oversees material business risks across the Company.

As for matters concerning ethical compliance, risks related to recycle-oriented society and other environmental issues, and potential company-wide risks that affect business continuity including risks concerning climate change, issues are identified and countermeasures are discussed at the Compliance Committee chaired by the President and Representative Director, which meets quarterly and consists of Directors, Audit & Supervisory Committee Members, and Executive Officers. With the aim of facilitating sustainable growth and development of the Group by carrying out risk management appropriately, the Compliance Committee finds and verifies material risks, implements measures to prevent risks, and monitors risks. Important deliberation results are reported to the Board of Directors.

Led by the Sustainability Promotion Office, we started in fiscal 2022 to identify and manage risks related to climate change, as well as review their materiality. Incorporated in company-wide risks, such risks are managed together with various other risks. The progress of the resolution of issues and other matters are reported to the Compliance Committee when the chairman invites to participate.

4) Indicators and targets

The Group considers changes associated with climate change as business opportunities. We will roll out strategies to reduce risks, and work on the achievement of a decarbonized society by expanding renewable energy procurement in particular.

Targets for GHG emissions from business activities

	Fiscal 2025 targets	Fiscal 2030 targets
Emissions from business activities (Scopes 1 and 2)	40% reduction (From the fiscal 2017 level) Achieved two years early	50% reduction (From the fiscal 2017 level)
Emissions in the supply chain (Scope 3)	Not calculated (Calculation underway for fiscal 2023)	Not calculated (Calculation underway for fiscal 2023)

Actual GHG emissions (t-CO₂)

	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023
Scope 1	12,864	11,979	12,790	14,768	14,860	13,366	13,286
Scope 2 (*)	140,663	136,303	121,657	102,653	92,844	87,775	77,870
Total	153,527	148,282	134,447	117,421	107,704	101,141	91,156
Ratio to the fiscal 2017 level	-	96.6%	87.6%	76.5%	70.2%	65.9%	59.4%

* To calculate more accurate CO₂ emissions, we revised Scope 2 emissions coefficient, applicable from the report for fiscal 2023. We have also reclassified past emissions retrospectively.

Future approach

The Company regards measures against climate change as an important element under the Basic Policy for Sustainability. An internal project team was launched in fiscal 2022 to hold discussions according to the TCFD framework. This led to the disclosure of information on how we address climate change, from the four perspectives of governance, strategy, risk management, and indicators and targets. Going forward, we will periodically review climate change risks and opportunities, as well as how we address them, as stated in the risk management section. In addition, we will calculate Scope 3 emissions and expand our initiatives, such as promoting measures that contribute to the reduction of emissions and submitting answers to the CDP questionnaire.

(3) Human capital strategy

1) Formulation of human resource strategy and creation of the base for implementation

To achieve “creation of appealing workplace where diverse human resources take on challenges,” which is one of the priority issues (materiality), the Group considers personnel strategy as a material theme in management and aims to maximize the value of human capital.

In the retail industry, customer needs and sales channels are diversifying. It is therefore expected to be extremely difficult to increase the level of customer satisfaction only by implementing the chain store theory, which pursues efficiency. In the same vein, it is difficult for the Company to achieve our code of conduct, “improve and develop stores, and create stores favored by customers,” in a day. While store managers on the frontline operate stores based on the chain store theory, we also implement and promote ways of management customized to each store and measures that are optimal for each store.

In such a challenging business environment, it is each employee that supports the Company’s sustainable growth. We have formulated the new human resources vision and set the two pillars of personnel strategy: self-directed career formation that allows each employee to proactively think and act, and transformation to an organization and culture where employees take on challenges without worrying about failing. Based on these pillars, we have been working on the formulation and implementation of personnel strategy with the initiative themes of self-directed employee career development, capacity building and skill development of employees, reform of organizational culture, and diverse workstyles.

Overall view of personnel strategy

Human resources vision	Human resources who fulfill their aspirations through work and fully demonstrate their abilities
Personnel strategy	Self-directed career formation Reform of organizational culture to encourage employees to take on challenges
Initiative themes	Self-directed employee career development Capacity building and skill development of employees Reform of organizational culture, diverse workstyles

- Establishment of the Personnel Strategy Department

The Personnel Strategy Department was established in April 2023. We repeatedly held careful and frank discussions with Directors and Executive Officers, as well as conducted interviews with store managers, who are responsible for frontline operations, and an all-employee survey to identify personnel issues. Based on the findings, the new human resources vision and personnel strategy were formulated, which are in coordination and alignment with our management strategy. To achieve the human resources vision, the personnel division shifted from an approach focused on management and control to that focused on support and development. We are working closely with our employees to facilitate the improvement of engagement and the growth of employees, aiming to create a personnel base superior to that of competitors.

- Continuance of the Personnel System Reform Project

The Personnel System Reform Project has been in place since February 2023. The project is led by the General Manager of Human Resources and General Affairs Headquarters and participated by members from sales and retail divisions outside the personnel division. They have been running the project with the aim of establishing and implementing a personnel system that fits the current times. Members of the project select key themes independently, identify issues and conduct analysis, and then deepen discussions on how to address the issues. Discussions are underway mainly on how senior employees can play an active role.

2) Acquisition of human resources

The Company considers securing human resources as a material issue in management to keep growing sustainably. In the personnel strategy, which is aligned with the management strategy, securing human resources who prioritize value provision to customers above all and fit in well with our culture is a matter of top priority. We recruit both new graduates and mid-career employees. In particular, we are laying a greater focus on recruitment in the Tokai area, the priority area for new store openings.

- Strengthening of new graduate recruitment

We recruit human resources who have high growth potential and keen eagerness to improve, have an aptitude for retail jobs where direct contact with customers is prevalent, and are expected to play an active role as future management candidates. In April 2023, 71 new graduates joined the Company. In 2018, we entered into an agreement with Wakayama University to cooperate in the field of data science, which has led to the recruitment of human resources with a data background. We have thus started to recruit students with expertise as a new initiative.

- Strengthening of mid-career recruitment

We position mid-career recruitment as an important initiative in promoting diversity. In fiscal 2023, 22 mid-career employees joined the Company. They have a wealth of practical experience in other companies and industries, as well as high levels of expertise as specialists. They have brought in new points of views and values in their divisions, and are demonstrating strong leadership to overturn the status quo.

3) Training programs

We develop human resources who respect the Group's philosophy and help us contribute to the local community as the top regional chain store in the operating area. In 2002, founder Isamu Okuwa established the Okuwa Education and Training Center as a human resource development institute. We not only offer training programs for skills education, technical education, knowledge education, among others but also develop human resources who embody the Group's management philosophy and take action rather than just talk.

The basic policy for training is to implement programs in a strategic, systematic, planned, and continuous manner. Training programs consist of the OJT, Off-JT, and self-development elements, which are combined effectively. The programs are either in person, online, or video based, among which the method considered most effective is chosen.

- Main training programs

We strive to improve all employees' skills by systematically offering various training programs from different perspectives.

Training program name	Eligible employees	Purpose
New employee training	New employees	Familiarization with the philosophy, acquisition of business manners, moral education
Annual training	Employees in their 1st to 5th, 10th, 15th, and 20th years	Reaffirmation of the philosophy, reflection on career development
OKUWA Business School	Regular employees in their 10s to 40s	Improvement of business skills and problem-solving skills
Rank-based training (*1)	Store managers, supervisors, chiefs, etc.	Improvement of customer satisfaction, acquisition of tutorial methods
Department-based training	Each department (livestock products, marine products, etc.)	Acquisition of product knowledge, improvement of skills for commercialization
Program for the promotion of active participation by women (*2)	Female employees	Improvement of conceptual skills
Training for the development of executive candidates (*2)	Senior managers	Acquisition of strategic thinking, demonstration of leadership
Visit to distribution outlets in Japan and overseas	General Managers of Retail Divisions, store managers, buyers, etc.	Learning of the latest trends in the retail industry
Activities to improve operational efficiency	Store managers, chiefs, employees in charge, etc.	Promotion of low-cost store operation
Education on human rights and harassment	All employees	Thorough awareness-raising and prevention
Self-development	Employees who wish to participate	Career support, support for obtaining qualifications

*1 Rank-based training

The top priority of our rank-based training is to develop store managers, who are responsible for frontline operations. For chiefs, who are responsible for respective departments, play a central role on the frontline, and manage a large number of part-time workers, we offer a comprehensive training program that help them improve retail skills, product knowledge, numerical data management, and labor management. Training for new store managers, buyers, supervisors, and chiefs makes clear expected roles of and skills needed for each position, and focuses on early development.

*2 Training for selected employees

We have developed a program for the promotion of active participation by women, which aims to improve conceptual skills necessary for management positions. In fiscal 2023, 68 female employees, mainly chiefs, participated in the program at five venues. Training programs for the development of executive candidates and next-generation leaders are in place to develop human resources who can join the future top management. In a rapidly changing business environment, they will be expected to demonstrate attractive leadership, as well as strategic management skills where they come up with effective solutions based on the analysis of a variety of case studies.

4) Learning environment

The Company has prepared a range of training programs to develop human resources that can contribute to the local community, as well as employees who can act in a self-directed manner. We create a learning environment to retain employees and strengthen their capabilities.

- Establishment of the Okuwa Education and Training Center

To materialize the founder's strong commitment to human resource development, we have established the Okuwa Education and Training Center, where we train store managers, who are responsible for frontline operations, and other numerous workers. Training programs are implemented after repeated discussions between instructors from the Education Promotion Office in the sales division and staff in charge of personnel and education in the administration division. We develop programs that allows employees to feel their own growth and ultimately improve customer satisfaction. The Education and Training Center serves as an education institute of a company that achieves sustainable growth.

- Activities of the Education Promotion Office

We established the Education Promotion Office in 2020 to develop employees who can provide products and services that meet customer needs. To enable the acquisition of expertise and technical skills for each department, learning programs are developed according to employees' skills. Learning systems are in place at stores for individual training, and the Education and Training Center is used for group training.

- Introduction of a self-reporting system that supports career plan design

We aim to assign the right people to the right positions while taking into account employees' preferences. To this end, we conduct a survey for all regular employees every November, asking their short-, medium-, and long-term career plans. Led by the Personnel Division, we offer career support to help these employees achieve their plans. We centrally manage employee information, including their skills, experiences, and qualifications, and assign suitable employees when setting up a new division or forming a project team, as well as on other occasions. We are thus strengthening talent management that lays emphasis on individuals and demonstration of abilities.

5) Promotion of diversity

In a rapidly changing business environment overcrowded with stores, it is difficult to grow sustainably if our business model is based on only one way of thinking. The Group promotes diversity proceeding from the premise that store operation supported by customers is made possible only if we actively secure diverse human resources, who express diverse views and generate and realize new ideas.

- Promotion of active participation by women

We take measures to create a pleasant workplace for women. Not only women but men in managerial positions participate in training sessions, where challenges women face at work are shared. More specifically, we have established the Store Support Department to support active participation by women, as well as create support systems to enhance work-life balance. In the processed foods department, multiple female buyers have been assigned. Female employees are taking advantage of their perspectives to create eye-catching sales floors and develop specialty products.

- Review of the reemployment system

The rise of average age of employees at the Company will accelerate the increase in the number of senior employees who reach the mandatory retirement age. To supplement the shortage of middle-level human resources, which is a challenge in the human resource structure, we have been considering measures to expand opportunities for experienced senior employees to play an active role.

6) Creation of a pleasant working environment

The Company creates an environment where psychological safety is guaranteed. From this premise, we promote the creation of a pleasant working environment where employees are lively, excited, and smiling, and devise measures to improve employee engagement.

- Establishment of the OKUWA Ethics Hotline

Based on the motto of "turning a blind eye is not loyalty to the company," we strive to prevent harassment, offenses, violation of laws and regulations, and other misconduct. We not only have an internal whistleblowing channel but work with a law firm to create a system that allows external reporting, thereby striving to ensure compliance more actively.

- Workstyle reform

As part of our workstyle reform, dedicated booths were installed at the Head Office in November 2023 to allow employees to attend online business meetings and focus on their tasks in a quiet environment. This has helped to improve productivity. We have reformed our workstyle from the perspective of promoting digital transformation, by introducing systems to handle various application procedures in each division and taking other measures to improve operational efficiency. To save energy, we have a no-tie policy, which was initially in place from June to September but has become applicable throughout the year since fiscal 2023. We are thus making the work environment more pleasant.

- Promotion of health and productivity management

We strive to reduce the burden on employees by reducing overtime, strictly enforcing the work interval system, encouraging employees to take paid annual leave, and letting employees recharge through long-term vacations. Effective from fiscal 2023, we have made it mandatory for employees in managerial positions to obtain the qualification of class-2 health supervisor, thereby creating a system where they can manage the health of their subordinates and improve the work environment of their own departments. In addition, we were recognized under the 2024 Certified KENKO Investment for Health Outstanding Organizations Recognition Program (large enterprise category), as well as in the 2023 program.

(4) Indicators and targets concerning human capital

The Company uses the indicators below for human resource development policies, including policies on diversity featured in the personnel strategy, and policies and initiatives for the improvement of internal work environment. Targets and results for the indicators are as follows.

Indicators and issues	Targets for fiscal 2026	Results (fiscal 2023)
Share of women in managerial positions	23 persons (10.0% share)	9 persons (3.9% share)
Share of women in store managers	8 persons (5.2% share)	3 persons (2.0% share)
Ratio of men who took childcare leave	100.0%	93.3%
Ratio of women's pay to men's pay (all workers)	53.5%	51.9%
Ratio of women's pay to men's pay (regular workers)	70.0%	68.8%
Ratio of women's pay to men's pay (part-time and fixed-term workers)	96.0%	94.1%

Going forward, we look to increase the shares of women in managerial positions and store managers. To this end, we will develop women who aim for managerial and store manager positions by expanding learning programs, formulating development plans tailored to each employee, and improving the workplace environment. To increase the ratio of men who take childcare leave, we will familiarize employees with the system by communicating through company newsletters and creating posters to raise awareness, as well as establish systems to cover for employees on leave, including assigning temporary replacements. As for the gender pay gap, the same pay system and structure apply to both men and women. To close the gender pay gap, we will continue to encourage women to stay with the Company for longer years and promote them to positions with higher job titles and managerial positions.

3. Business Risk and Other Risks

Of the business overview, financial information, and other matters stated in the Annual Securities Report, the following matters may have a significant impact on investors' decisions. The Group will be aware of the existence of these risks, as well as the possibility of their occurring, and strive to avoid or minimize them.

This section includes forward-looking statements, which are based on the Group's judgement as of the submission date of the Annual Securities Report (May 15, 2024).

(1) External environment

1) Economic environment

The Group mainly engages in the retail business. If utility costs for store operation and procurement prices for products, store materials, and other goods increase significantly due to future economic trends, decrease in personal spending caused by deteriorating financial trends, and surge in prices of crude oil, raw materials, and other goods, the Group's business performance and financial position may be affected.

2) Natural environment

The Group engages in the retail business in the Kinki and Tokai areas, where Tokai, Tonankai, and Nankai earthquakes and other natural disasters are likely to occur. As disaster management initiatives, we regularly conduct drills for setting up the Emergency Response Headquarters and tsunami evacuation drills, thereby increasing employees' awareness toward crisis management. To restore operations promptly after natural disasters, we hedge financial risks by purchasing insurance that covers high-risk stores. A large-scale earthquake or other natural disasters in these areas, however, may significantly hinder our business activities and affect the Group's business performance and financial position.

3) Competitive environment

To differentiate from competitors, the Group strives to create product compositions and store floors that meet customers' needs. The Group's business performance and financial position, however, may be affected by population decline in business areas and intensification of competition against competitors in the same and other industries.

4) Securing human resources and increase in labor costs, etc.

The Group considers securing and developing human resources as an important issue in providing services that satisfy customers. We actively recruit new graduates and mid-career personnel and secure part-time employees, as well as work to improve the work environment and work-related systems, make work more rewarding through in-house training and OJT, and achieve diversity and health and productivity management. If these do not progress as planned, our sales activities may be hindered and the Group's business performance and financial position may be affected.

In addition, employee-related costs are expected to increase in the medium to long term due to minimum wage hikes and growing social security expenses. We work to improve the efficiency of work at stores by reforming workstyles and introducing IT systems. If these do not progress as planned, the Group's business performance and financial position may be affected.

(2) Food safety

The Group has a strict system in place to manage food safety, centered around food factories and food processing centers. We strive to implement thorough hygiene management, enhance inspection systems, and make production history clear (achieve traceability). In case a hygiene issue arises and affects store operations, or food poisoning or other unexpected incidents occur and disrupt stable product supply, the Group's business performance and financial position may be affected.

(3) Climate change and environmental issues

The Group takes into account changes in climate in making product sales plans. The Group's business performance and financial position, however, may be affected by sales decreases and excessive inventories caused by unexpected climate change.

We actively address environmental issues by installing solar power generation facilities, using other types of renewable energy, saving electricity, recycling, and reducing food waste.

We have identified risks and set indicators and targets in relation to climate change and environmental issues, and have been working on them. If our response is delayed or unresolvable issues arise, the Group's business performance and financial position may be affected.

(4) Store policy

The Group's store opening and expansion are regulated by the Act on the Measures by Large-Scale Retail Stores for Preservation of Living Environment. The Group is obligated to notify the prefecture or ordinance-designated city of new opening or expansion of stores that exceed 1,000 m². After the notification, a review on parking space capacity, measures against noise, waste disposal, and other factors takes place taking into account the opinions of local residents. The status of the review, changes in regulations, and other factors may therefore affect our store opening policy.

In addition, the Group rents land or buildings for most stores. When opening a new store or planning a renovation, we conduct a credit investigation on the lender. We discuss the terms and conditions of the contract as appropriate and strive to maintain the lease contract. Bankruptcy or other circumstances that arise to the lender, however, may force a profitable store to close or make it impossible for us to recover all or part of the guaranty money or leasehold deposits paid at the start of the lease. In such a case, the Group's business performance and financial position may be affected.

(5) Management of personal information

The Group issues loyalty cards as a sales strategy and handles a large amount of customer information. In response to the enactment of the Act on the Protection of Personal Information, the Group has established the Personal Information Protection Policy, Information Management Regulations, and other rules and strives for information management and privacy protection. The Group's business performance and financial position, however, may be affected if a leak of customer information or other contingencies occur due to a computer virus infection, cyberattack, or other unexpected incidents.

(6) System troubles

The Group takes advantage of communication networks and computer systems in various areas, such as product ordering, sales volume management, internal information sharing, and online meetings. We make every possible effort to ensure proper system operation and management. The Group's business performance and financial position, however, may be affected if our facilities are severely damaged by unexpected natural disasters, accidents, or other incidents or system glitches occur due to computer system troubles, employee mistakes, or other issues.

(7) Legal and accounting systems

1) Impairment accounting

The Group applies impairment accounting for non-current assets. When opening new stores or renovating stores, we make investment decisions after understanding the local business environment and sufficiently assessing and considering future profitability. The Group's business performance and financial position, however, may be affected if the profitability significantly declines at a store, etc. due to a drastic change in the external environment or other factors or if the market value of non-current assets significantly decreases.

2) Other legal regulations

The Group is subject to regulations in various fields, such as trade, labor, antitrust, subcontracting, patent, consumers, tax, and environment and recycling. While we do the best we can to enhance compliance, the Group's business performance and financial position may be affected if we fail to comply with such regulations.

4. Management's Analysis of Financial Position, Operating Results, and Cash Flows

(1) Overview of operating results, etc.

Outlined below are the Group's financial position, operating results, and cash flows for the consolidated fiscal year under review.

1) Financial position and operating results

Under the theme of "a supermarket that continues to transform, with a timeless spirit," we are promoting the construction of business models that can contribute to the local community by strengthening our product and sales capabilities and creating services in order to embody our management philosophy of "a company that can further contribute to the improvement of customers' lifestyles."

During the consolidated fiscal year under review, the Japanese economy was on a moderate recovery track, with economic and social activities normalizing due to the reclassification of COVID-19 as a Class 5 infectious disease. On the other hand, the future outlook remains uncertain as the raw material prices, labor costs, and so forth remain at high levels due to the impact of prolonged Russia-Ukraine situation, heightened tensions in the Middle East, prolonged weakening of the yen, and other factors.

The retail industry, too, continues to struggle with an extremely harsh environment, as cross-industry competition intensifies and existing players compete to open new stores, amid the fluctuations in raw material prices due to the imbalance between supply and demand and the hikes in market prices, as well as a continued rise in labor and other costs and the need for labor saving and productivity improvement.

Against this backdrop, the Company has decided the slogan for the fiscal year as "Let us cope with the drastically changing social environment by expanding our market share through reorganization of store formats and reducing costs through operational reform." In order to increase share in the market territories of the Company, we have restructured the business types we offer and worked to provide products and services that can respond to changing lifestyles through such efforts as improving operational efficiency in order to reduce costs and responding to diversifying customer needs.

[Products and sales]

With respect to products, we have been working on product development for OKUWA brand, our private brand that leads to differentiation. We listen to customers' voices and commit ourselves to the development of attractive products that lead to a healthy and rich diet. As a manufacturing retailer, we also develop and commercialize products that pay a special attention to ingredients and seasoning based on our unique perspectives. Such products center around O-SOZAI, a delicatessen brand made in our in-house food factories, O Delica Factory.

With respect to sales, we roll out four types of stores, with respective focus on closeness to community, low prices, high quality, and one-stop shopping. By rolling out a variety of store formats that respond to diversifying customer needs, we contribute to the local community as essential infrastructure for community life.

[Store openings and renovations]

As for the new store openings for the fiscal year under review, we opened the Kasugai Store (Kasugai-shi, Aichi) and the Yao Korigawa Store (Yao-shi, Osaka) in April. As for the revitalization of existing stores, we renovated the Oyodo-nishi Store (Oyodo-cho, Yoshino-gun, Nara) in June and the Kozaki Store (Wakayama-shi, Wakayama) in December.

Meanwhile, in order to increase management efficiency, we closed the Okazaki Inter Store (Okazaki-shi, Aichi) in February 2024.

In addition, the store-based online supermarket is now available for 21 stores, including the two new stores added in the fiscal year under review.

[Environment and society]

Under the management credo of "contributing to the local community through commerce," we have established the Basic Policy for Sustainability to achieve both our growth and social sustainability, and have been implementing initiatives to resolve priority issues (materiality).

In particular, to realize a recycling-oriented society, we have implemented initiatives to promote horizontal recycling and reduce disposal of waste plastic bottles, and have expanded the operation of self-consumption type solar power plants, as well as the use of renewable energy procurement taking advantage of off-site PPA, in order to reduce GHG emissions.

[Human resource development]

We continued our initiatives to realize a pleasant working environment for employees, including the promotion of active participation of women and employment of diverse human resources and support for employee health. We conducted training for the development of female executives, training for rank-based education, business schools, and employee questionnaires among other programs to work on the challenge of building human resource capabilities to achieve the medium-term management plan.

[Consolidated subsidiaries]

With regard to our consolidated subsidiaries, OAK-FOODS Corporation, which operates restaurants, saw both sales and profits decrease due mainly to the impact of labor shortages, although demand for restaurants has been recovering with the normalization of economic activities. SUNRISE., CO. LTD., which handles the processing and delivery of agricultural and other products, saw a slight increase in sales and a rise in profits.

a. Financial position

Total assets at the end of the consolidated fiscal year under review decreased by 29 million yen from the end of the previous consolidated fiscal year to 132,496 million yen. The breakdown of the changes is as follows: current assets increased by 600 million yen, primarily due to an increase of 799 million yen in cash and deposits and an increase of 601 million yen in merchandise and finished goods, despite a decrease of 786 million yen in accounts receivable - other included in other under current assets. Non-current assets decreased by 630 million yen, primarily due to a decrease of 1,051 million yen in buildings and structures, net, a decrease of 641 million yen in leased assets, net, and a decrease of 607 million yen in deferred tax assets, despite an increase of 1,140 million yen in retirement benefit asset and an increase of 403 million yen in intangible assets.

Liabilities decreased by 780 million yen from the end of the previous consolidated fiscal year to 53,816 million yen. Current liabilities decreased by 2,640 million yen, primarily due to a decrease of 1,769 million yen in current portion of long-term borrowings, a decrease of 824 million yen in electronically recorded obligations - facilities included in other under current liabilities, and a decrease of 535 million yen in contract liabilities, despite an increase of 510 million yen in accrued consumption taxes. Non-current liabilities increased by 1,859 million yen, primarily due to an increase of 2,440 million yen in long-term borrowings, despite a decrease of 362 million yen in lease liabilities and a decrease of 206 million yen in long-term leasehold deposits received.

Net assets increased by 751 million yen from the end of the previous consolidated fiscal year to 78,679 million yen. This was primarily due to an increase of 707 million yen in remeasurements of defined benefit plans.

b. Operating results

For the consolidated fiscal year under review, the Group posted operating income (net sales and operating revenue) of 247,378 million yen (up by 0.2% year-on-year), operating profit of 2,888 million yen (down by 1.3% year-on-year), ordinary profit of 3,098 million yen (down by 1.6% year-on-year), and profit attributable to owners of parent of 1,000 million yen (up by 7.7% year-on-year).

The disclosure of operating results by segment is omitted because the reportable segment of the Group is the supermarket business only.

2) Cash flows

Cash and cash equivalents (hereinafter referred to as "cash") at the end of the consolidated fiscal year under review was 16,182 million yen, an increase of 796 million yen or 5.2% compared with the end of the previous consolidated fiscal year.

The respective cash flow positions and the factors thereof for the consolidated fiscal year under review are as follows:

(Cash flows from operating activities)

Net cash provided by operating activities increased by 3,761 million yen from the previous consolidated fiscal year to 9,692 million yen. This was primarily due to profit before income taxes of 1,805 million yen, depreciation of non-cash items of 6,822 million yen, impairment losses of 898 million yen, a decrease in accounts receivable - other of 786 million yen, and an increase in accrued consumption taxes of 510 million yen, despite an increase in inventories of 601 million yen and income taxes paid of 446 million yen.

(Cash flows from investing activities)

Net cash used in investing activities increased by 1,263 million yen from the previous consolidated fiscal year to 7,942 million yen. This was primarily due to purchase of non-current assets of 7,746 million yen.

(Cash flows from financing activities)

Net cash used in financing activities increased by 418 million yen from the previous consolidated fiscal year to 954 million yen. This was primarily due to repayments of long-term borrowings of 6,129 million yen, repayments of lease liabilities of 670 million yen, and dividends paid of 1,140 million yen, despite proceeds from long-term borrowings of 6,800 million yen.

3) Production, orders received, and sales

a. Sales

Net sales by segment for the consolidated fiscal year under review are as follows:

Segment name	Amount (Million yen)	Year-on-year comparison (%)
Supermarket business	233,787	100.1
Other	1,251	98.0
Total	235,038	100.1

(Notes) 1. The main component of "Other" is net sales for the restaurant business.

2. Supermarket business is the only reportable segment.

b. Purchase of goods

Purchase of goods by segment for the consolidated fiscal year under review is as follows:

Segment name	Amount (Million yen)	Year-on-year comparison (%)
Supermarket business	169,405	100.4
Other	454	97.5
Total	169,859	100.4

(Notes) 1. The main component of "Other" is purchase of goods for the restaurant business.

2. Supermarket business is the only reportable segment.

(2) Details of analysis and discussion of operating results, etc. from management's perspective

1) Understanding, analysis, and discussion of operating results, etc. for the fiscal year under review

a. Analysis of financial position

The Company's financial position is analyzed in "(1) Overview of operating results, etc., 1) Financial position and operating results, a. Financial position."

b. Analysis of operating results

(Net sales)

Net sales increased by 311 million yen from the previous consolidated fiscal year to 235,038 million yen (up by 0.1% year-on-year). This was primarily due to the contribution of new stores opened in the consolidated fiscal year under review to the sales increase, despite a decrease in sales from the stores closed in the previous consolidated fiscal year.

(Operating gross profit)

Operating gross profit decreased by 442 million yen from the previous consolidated fiscal year to 78,120 million yen (down by 0.6% year-on-year). This was primarily due to surge in raw material prices and a pricing policy with an eye on competitor stores, which resulted in a decline in gross profit margin.

(Operating profit)

Selling, general and administrative expenses decreased by 403 million yen from the previous consolidated fiscal year to 75,231 million yen (down by 0.5% year-on-year). This was primarily due to a decrease in utilities expenses thanks to the government's program to curb extreme increases in electricity and gas prices, despite an increase in labor costs caused by minimum wage hikes.

As a result, operating profit decreased by 38 million yen from the previous consolidated fiscal year to 2,888 million yen (down by 1.3% year-on-year).

(Ordinary profit)

Ordinary profit decreased by 49 million yen from the previous consolidated fiscal year to 3,098 million yen (down by 1.6% year-on-year).

(Profit attributable to owners of parent)

As for extraordinary income (losses), net expenses decreased by 735 million yen from the previous consolidated fiscal year, due to a decrease of 921 million yen in impairment losses.

As a result, profit attributable to owners of parent increased by 71 million yen from the previous consolidated fiscal year to 1,000 million yen (up by 7.7% year-on-year).

The business environment surrounding the Group is likely to see continued increases in raw material prices, labor costs and various other types of costs. It is therefore important to establish more efficient store operations. The Group also considers it necessary to continue to work to provide products and services that can respond to changing lifestyles, and strive to improve competitiveness and profitability for contribution to the local community and sustainable growth.

c. Factors that have a significant impact on operating results

Factors that have a significant impact on operating results are described in “II. Business Overview, 3. Business Risk and Other Risks.”

2) Details of analysis and discussion of cash flows and information on capital resources and cash liquidity

Net cash provided by operating activities increased by 3,761 million yen from the previous consolidated fiscal year to 9,692 million yen. This was primarily due to a substantial decrease in utility costs and the recovery of accounts receivable - other associated with Myna Points, despite a continued increase in labor costs. Net cash used in investing activities increased by 1,263 million yen from the previous consolidated fiscal year to 7,942 million yen. This was due to an increase in capital investment costs such as those for new store openings and renovation of existing stores. Net cash used in financing activities increased by 418 million yen from the previous consolidated fiscal year to 954 million yen, due to a slight increase in borrowing balance.

The Group needs cash mainly for the purchase of merchandise, working capital including selling, general and administrative expenses and other sales costs, and capital investment such as new store opening and renovation.

In the consolidated fiscal year under review, cash was provided in a stable manner by borrowings from financial institutions, in addition to operating activities. The Group will continue to ensure cash liquidity mainly by generating cash flows from operating activities and borrowing from financial institutions.

3) Objective indicators to determine the achievement status of management policies, strategies, and targets

The Group considers ratio of ordinary profit to operating income, return on equity (ROE), ratio of ordinary profit to total assets (ROA), equity ratio, and ratio of interest-bearing debt to cash flows as important financial data. For the consolidated fiscal year under review, the ratio of ordinary profit to operating income was 1.3% (unchanged year-on-year), the ROE was 1.3% (up 0.1 points year-on-year), the ratio of ordinary profit to total assets was 2.3% (down 0.1 points year-on-year), the equity ratio was 59.1% (up 0.5 points year-on-year), and the ratio of interest-bearing debt to cash flows was 2.1 years (down 1.3 years year-on-year). In particular, the Group aims to achieve a ROE of 5% in three years and 8% in the medium to long term, and strives to continuously improve corporate value.

4) Significant accounting estimates and assumptions used to make the said estimates

The Group's consolidated financial statements are prepared based on accounting standards generally accepted in Japan. In preparing the consolidated financial statements, the Group used estimates and assumptions that affect the value of reported assets, liabilities, income, and expenses. Figures based on such estimates and assumptions may differ from actual results.

Significant accounting estimates and assumptions used in preparing the consolidated financial statements are stated in (Significant accounting estimates) under “V. Financial Information, 1. Consolidated Financial Statements, etc., (1) Consolidated Financial Statements, Notes to Consolidated Financial Statements.”

5. Material Business Agreements, etc.

Not applicable.

6. Research and Development Activities

Not applicable.

III. Equipment and Facilities

1. Overview of Capital Expenditures

In the consolidated fiscal year under review, the Group made capital investments of 7,104 million yen in total, mainly in the supermarket business.

The breakdown of the investments included new opening of the Company's Kasugai Store and Yao Korigawa Store, as well as new store construction and full renovation in the following fiscal year onward.

There was no retirement, sale, etc. of major equipment and facilities in the consolidated fiscal year under review.

The disclosure of segment information is omitted because the reportable segment of the Group is the supermarket business only.

2. Major Equipment and Facilities

Major equipment and facilities of the Group are as follows:

(1) Filing company

As of February 20, 2024

Name of business office (location)	Segment name	Details of equipment and facilities	Book value (Million yen)							Number of employees (Persons)
			Buildings and structures	Machinery, equipment and vehicles	Tools, furniture and fixtures	Leased assets	Land		Total	
							Area (m ²)	Value		
Wakayama Prefecture Super Center Okuwa Nanki Store (Shingu City, Wakayama) 48 other stores	Supermarket business	Store	14,571	3	1,113	207	(670,834) 316,834	15,935	31,830	419 (2,432)
Nara Prefecture Super Center Okuwa Ikoma Kamimachi Store (Ikoma City, Nara) 31 other stores	Supermarket business	Store	4,875	49	534	93	(416,589) 14,046	1,092	6,646	207 (1,498)
Mie Prefecture Super Center Okuwa Inabe Store (Inabe City, Mie) 21 other stores	Supermarket business	Store	4,080	0	391	43	(225,413) 7,910	393	4,908	142 (968)
Osaka Prefecture Wakuwaku City Ozaki Store (Hannan City, Osaka) 19 other stores	Supermarket business	Store	3,493	0	677	7	(162,549) 35,176	3,659	7,839	171 (1,088)
Gifu Prefecture Super Center Okuwa Mino Inter Store (Mino City, Gifu) 14 other stores	Supermarket business	Store	6,759	32	307	20	(256,632) 8,389	380	7,500	171 (823)
Aichi Prefecture Pare Marche Ikeshita Store (Chikusa-ku, Nagoya City, Aichi) 11 other stores	Supermarket business	Store	3,096	0	321	33	(89,905) 10,450	857	4,308	103 (533)
Shizuoka Prefecture Super Center Okuwa Kakegawa Store (Kakegawa City, Shizuoka) 1 other store	Supermarket business	Store	916	0	21	44	(29,688) -	-	982	23 (107)
Hyogo Prefecture Price Cut Akashi Okubo Store (Akashi City, Hyogo)	Supermarket business	Store	0	0	1	-	(-) -	-	1	2 (27)
Wakayama Distribution Center and Wakayama Food Factory (Wakayama City, Wakayama) 6 other centers and factories	Supermarket business	Distribution center/factory	5,846	1,305	51	-	(146,818) 26,471	1,098	8,301	154 (503)
Head Office (Wakayama City, Wakayama)	Supermarket business	Office	348	19	108	83	(8,095) 8,056	522	1,081	615 (69)

- (Notes) 1. The number of employees in parentheses represents the number of separately shown part-time workers (in annual average for the fiscal year under review (calculated based on the standard working hours of ordinary employees)).
2. The figures in parentheses under “Land” represent separately shown areas of leased portions.
3. In addition to the above, major equipment and facilities on lease from entities other than consolidated companies are as follows:

Name of business office (location)	Segment name	Details of equipment and facilities	Area of building (m ²)	Annual rent (Million yen)
Pare Marche Ikeshita Store (Chikusa-ku, Nagoya City, Aichi)	Supermarket business	Store	16,328	263

4. Supermarket business is the only reportable segment.

(2) Domestic subsidiaries

As of February 20, 2024

Company name	Name of business office (location)	Segment name	Details of equipment and facilities	Book value (Million yen)							Number of employees (Persons)
				Buildings and structures	Machinery, equipment and vehicles	Tools, furniture and fixtures	Leased assets	Land		Total	
								Area (m ²)	Value		
SUNRISE., CO. LTD.	Wakayama Distribution Center (Wakayama City, Wakayama) 2 other centers	Supermarket business	Center	178	70	19	16	(8,364)	-	285	56 (118)
OAK-FOODS Corporation	Kuroshio Sushi Kushimoto Store (Kushimoto-cho, Higashimuro-gun, Wakayama) 21 other stores	Other (restaurant business)	Store	179	0	24	-	(4,013)	-	203	13 (32)
Retail Backoffice Support Co., Ltd.	Ikeshita Office (Chikusa-ku, Nagoya City, Aichi)	Other (facility management outsourcing services)	Office	3	-	1	3	-	-	8	10 (17)

(Notes) 1. The number of employees in parentheses represents the number of separately shown part-time workers (in annual average for the consolidated fiscal year under review (calculated based on the standard working hours of ordinary employees)).

2. The figures in parentheses under "Land" represent separately shown areas of leased portions.

3. Supermarket business is the only reportable segment.

3. Plans for Equipment Introduction, Retirement, etc.

(1) Introduction of major equipment and facilities

Company name	Name of business office (location)	Segment name	Details of equipment and facilities	Planned amount of investment (Million yen)		Financing method	Scheduled start and completion of construction		Directly-operated sales floor area (m ²)
				Total amount	Amount already paid		Start	Completion	
OKUWA Co., Ltd.	Super Center Okuwa Chita Store (Chita City, Aichi)	Supermarket business	New store	2,300	490	Self-funding and borrowing	November 2023	June 2024	4,432
	Nishiyamoto Store (Kawai-cho, Kitakatsuragi-gun, Nara)	Supermarket business	New store	862	-	Self-funding and borrowing	January 2024	July 2024	2,059
	Tondabayashi Asahigaoka Store (Tondabayashi City, Osaka)	Supermarket business	New store	1,922	263	Self-funding and borrowing	April 2023	November 2024	2,488

(2) Retirement of major equipment and facilities

Not applicable.

IV. Information on the Filing Company

1. Information on the Company's Shares

(1) Total number of shares, etc.

1) Total number of shares

Class	Total number of shares authorized to be issued (Shares)
Common shares	159,605,000
Total	159,605,000

2) Issued shares

Class	Number of shares issued and outstanding as of the end of the fiscal year (Shares) (February 20, 2024)	Number of shares issued and outstanding as of the date of filing (Shares) (May 15, 2024)	Stock exchange on which the Company is listed, or the name of authorized financial instruments firms association	Description
Common shares	45,237,297	45,237,297	Prime Market of the Tokyo Stock Exchange	Unit of stock 100 shares
Total	45,237,297	45,237,297	-	-

(2) Share acquisition rights, etc.

1) Details of stock option plans

Details of stock option plans are stated in (Notes to stock options, etc.) under “V. Financial Information, 1. Consolidated Financial Statements, etc., (1) Consolidated Financial Statements, Notes to Consolidated Financial Statements.”

2) Rights plans

Not applicable.

3) Other share acquisition rights, etc.

Not applicable.

(3) Status in the exercise of bonds with share acquisition rights with exercise price amendment

Not applicable.

(4) Changes in the total number of issued and outstanding shares, amount of share capital, etc.

Date	Change in the total number of issued and outstanding shares (Thousand shares)	Balance of the total number of issued and outstanding shares (Thousand shares)	Change in the amount of share capital (Million yen)	Balance of share capital (Million yen)	Change in legal capital surplus (Million yen)	Balance of legal capital surplus (Million yen)
From February 21, 2000 to February 20, 2001	(251)	45,237	-	14,117	-	14,027

(Note) The decline in the number of issued shares is due to the retirement of treasury shares.

(5) Status of shareholders

As of February 20, 2024

Category	Status of shares (Number of shares constituting one unit: 100 shares)								Shares less than one unit (Shares)
	Government and local municipalities	Financial institutions	Financial instruments business operators	Other Japanese corporations	Foreign corporations, etc.		Individuals and others	Total	
					Other than individuals	Individuals			
Number of shareholders (Persons)	-	27	20	349	80	47	13,137	13,660	-
Number of shares held (Units)	-	105,233	4,478	108,814	10,295	186	222,875	451,881	49,197
Percentage of shareholdings (%)	-	23.287	0.990	24.080	2.278	0.041	49.321	100.00	-

(Note) Of the 1,345,231 treasury shares, 13,452 units are included in “Individuals and others” and 31 shares are included in “Shares less than one unit.”

The number of treasury shares of 1,345,231 is the same as the actual number of shares held.

(6) Major shareholders

			As of February 20, 2024
Name	Location	Number of shares held (Thousand shares)	Percentage of shares held in the total number of issued and outstanding shares (excluding treasury shares) (%)
OKUWA Kyoeikai	185-3 Nakajima, Wakayama City, Wakayama	3,245	7.39
Ikuji Okuwa	Wakayama City, Wakayama	3,060	6.97
The Master Trust Bank of Japan, Ltd. (trust account)	Akasaka Intercity AIR, 1-8-1 Akasaka, Minato-ku, Tokyo	2,646	6.02
Sumitomo Mitsui Trust Bank, Limited	1-4-1 Marunouchi, Chiyoda-ku, Tokyo	1,896	4.31
The Kiyo Bank, Ltd.	1-35 Honmachi, Wakayama City, Wakayama	1,795	4.09
Bermuda Assetment Co., Ltd.	4-40 Minatoricho-kita, Wakayama City, Wakayama	1,553	3.53
Okuwa Educational and Cultural Promotion Foundation	184-3 Nakajima, Wakayama City, Wakayama	1,520	3.46
Keiji Okuwa	Izumi City, Osaka	1,219	2.77
Toshio Okuwa	Wakayama City, Wakayama	1,213	2.76
MUFG Bank, Ltd.	2-7-1 Marunouchi, Chiyoda-ku, Tokyo	945	2.15
Total	-	19,095	43.50

- (Notes) 1. OKUWA Kyoeikai is a shareholding association whose members are business partners of the Company.
2. The numbers of shares held are rounded by omitting fractions.
3. The percentages of shares held in the total number of issued and outstanding shares (excluding treasury shares) are rounded by omitting digits after the second decimal place.

(7) Status of voting rights

1) Issued and outstanding shares

				As of February 20, 2024
Category	Number of shares (Shares)	Number of voting rights (Units)	Description	
Shares without voting rights	-	-	-	
Shares with restricted voting rights (treasury shares, etc.)	-	-	-	
Shares with restricted voting rights (others)	-	-	-	
Shares with full voting rights (treasury shares, etc.)	(Treasury shares) Common shares 1,345,200	-	-	
Shares with full voting rights (others)	Common shares 43,842,900	438,429	-	
Shares less than one unit	Common shares 49,197	-	-	
Total number of issued and outstanding shares	45,237,297	-	-	
Total voting rights held by all shareholders	-	438,429	-	

(Note) The number of common shares in the "Shares less than one unit" includes 31 treasury shares held by the Company.

2) Treasury shares, etc.

As of February 20, 2024

Name of shareholder	Address of shareholder	Number of shares held under own name (Shares)	Number of shares held under the names of others (Shares)	Total number of shares held (Shares)	Percentage of shares held in the total number of issued and outstanding shares (%)
(Treasury shares) OKUWA Co., Ltd.	185-3 Nakajima, Wakayama City, Wakayama, Japan	1,345,200	-	1,345,200	2.97
Total	-	1,345,200	-	1,345,200	2.97

2. Purchase of Treasury Shares, etc.

[Class of shares, etc.] Acquisition of common shares pursuant to Article 155, Items 3 and 7 of the Companies Act

(1) Acquisition of treasury shares by resolution of a general meeting of shareholders

Not applicable.

(2) Acquisition of treasury shares by resolution of the Board of Directors

Category	Number of shares (Shares)	Total amount (Yen)
Resolution of the Board of Directors (March 26, 2024) (Acquisition period: From April 3, 2024 to April 2, 2025)	2,200,000	2,000,000,000
Treasury shares acquired before the fiscal year under review	-	-
Treasury shares acquired during the fiscal year under review	-	-
Total number and total amount of shares remaining to be purchased by resolution	-	-
Non-exercise ratio as of the last day of the fiscal year under review (%)	-	-
Treasury shares acquired during the period under review	469,400	463,808,200
Non-exercise ratio as of the date of filing (%)	78.7	76.8

(Notes) 1. The treasury shares acquired during the period under review does not include the treasury shares acquired between May 1, 2024 and the date of filing of the Annual Securities Report.

2. Treasury shares acquired are recorded on a settlement date basis.

(3) Acquisition of treasury shares not based on resolutions of a general meeting of shareholders or the Board of Directors

Category	Number of shares (Shares)	Total amount (Yen)
Treasury shares acquired during the fiscal year under review	384	324,155
Treasury shares acquired during the period under review	148	134,551

(Note) The treasury shares acquired during the period under review does not include the number of shares less than one unit purchased from shareholders between May 1, 2024 and the date of filing of the Annual Securities Report.

(4) Disposal and holding of acquired treasury shares

Category	Fiscal year under review		Period under review	
	Number of shares (Shares)	Total value of disposal (Yen)	Number of shares (Shares)	Total value of disposal (Yen)
Acquired treasury shares for which subscribers were solicited	-	-	-	-
Acquired treasury shares that were retired	-	-	-	-
Treasury shares transferred due to merger, share exchange, stock issuance or corporate separation	-	-	-	-
Other (Sale in response to request for purchase of shares less than one unit)	6	5,283	-	-
Other (Disposal of treasury shares under the restricted stock compensation system)	18,200	16,452,800	-	-
Number of treasury shares held	1,345,231	-	1,814,779	-

(Note) The treasury shares held in the period under review does not include the number of shares less than one unit purchased from shareholders or those issued upon exercise of share acquisition rights between May 1, 2024 and the date of filing of the Annual Securities Report.

3. Dividend Policy

The Company's basic policy for profit distribution is to maintain stable dividends while striving to improve profitability, with comprehensive consideration given to actual profitability, future business environment, performance trends, and other factors.

In principle, dividends are paid out twice every fiscal year, as interim and year-end dividends. The General Meeting of Shareholders decides on year-end dividends, and the Board of Directors decides on interim dividends.

The Company intends to allocate internal reserves to the strengthening of the financial structure, as well as to new store openings and other initiatives to expand the business base.

Based on the basic policy of maintaining stable dividends, the Company decided to pay year-end dividends of 13 yen per share for the fiscal year under review. Dividends for the full year amount to 26 yen per share, including the interim dividends.

The Company provides in its Articles of Incorporation that it may pay out interim dividends stipulated in Article 454, Paragraph 5 of the Companies Act.

Dividends of surplus for the fiscal year under review are as shown below.

Date of resolution	Total dividends (Million yen)	Dividend per share (Yen)
October 3, 2023 Resolution of the Board of Directors	570	13
May 15, 2024 Resolution of the Ordinary General Meeting of Shareholders	570	13

4. Corporate Governance

(1) Overview of corporate governance

1) Basic policy on corporate governance

The basic policy of the Group for corporate governance is to build an organizational structure that can swiftly adapt to changing business environments and to operate in a fair and transparent manner as a listed company.

The Company has shifted from a Company with an Audit & Supervisory Board to a Company with an Audit & Supervisory Committee as of the 53rd Ordinary General Meeting of Shareholders held on May 12, 2022.

It is our basic approach to corporate governance as a Company with an Audit & Supervisory Committee to enhance the oversight function over management through cooperation among Directors and Audit & Supervisory Committee Members, and to achieve the Company's sustained growth and increased corporate value over the medium to long term, while keeping in mind the soundness, transparency, efficiency, and agility of management.

2) Overview of corporate governance structure and reasons for employing the structure

i) Overview of corporate governance structure

As a Company with an Audit & Supervisory Committee, the Company has the following organizational bodies: the General Meeting of Shareholders, the Board of Directors, the Audit & Supervisory Committee, and the Accounting Auditor, as provided by the Companies Act. The status of corporate governance as of the date of filing of the Annual Securities Report is described below.

a. Board of Directors

- As the highest decision-making body on corporate management and business execution, the Board of Directors consisting of 12 members (including four Directors who are Audit & Supervisory Committee Members) holds meetings among Directors as needed in addition to monthly regular meetings and extraordinary meetings, in order to efficiently carry out business execution and for the Directors to supervise each other's business execution.
- The Chairman and the members are as shown below.

Chairman: Hirotugu Okuwa (Representative Director)

Members: Yoji Takeda (Director and Senior Managing Executive Officer), Kozo Togawa (Director and Managing Executive Officer), Ikuji Okuwa (Director), Shoji Okuwa (Director), Keiji Okuwa (Director), Toshio Okuwa (Director), Rie Kida (Outside Director), Yoshihiko Ikezaki (Director and Standing Audit & Supervisory Committee Member), Ichiro Okamoto (Outside Director and Audit & Supervisory Committee Member), Kenji Kuryu (Outside Director and Audit & Supervisory Committee Member), and Taeko Yashima (Outside Director and Audit & Supervisory Committee Member)

b. Audit & Supervisory Committee

- The Audit & Supervisory Committee consisting of four Directors who are Audit & Supervisory Committee Members (including three Outside Directors) receives reports concerning important audit-related matters and discusses or resolves on these matters in order to serve as oversight and check functions for the management and business execution from a broad perspective and an objective standpoint.
- The Chairman and the members are as shown below.

Chairman: Yoshihiko Ikezaki (Director and Standing Audit & Supervisory Committee Member)

Members: Ichiro Okamoto (Outside Director and Audit & Supervisory Committee Member), Kenji Kuryu (Outside Director and Audit & Supervisory Committee Member), and Taeko Yashima (Outside Director and Audit & Supervisory Committee Member)

c. Nomination and Compensation Committee

- The Nomination and Compensation Committee deliberates on such matters as nominations of candidates for Directors and Executive Officers and compensation of each Director and Executive Officer, and reports the details of deliberations to the Board of Directors.
- The Chairman and the members are as shown below.

Chairman: Hirotugu Okuwa (Representative Director)

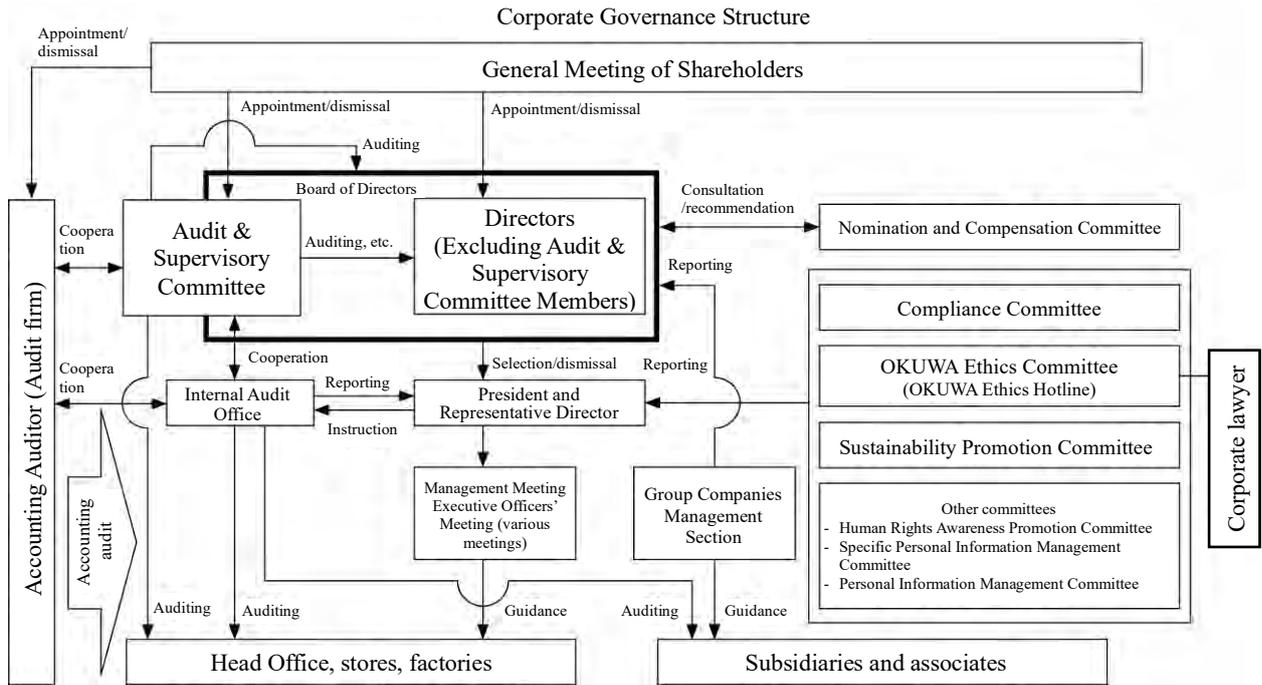
Members: Kozo Togawa (Director and Managing Executive Officer), Rie Kida (Outside Director), Ichiro Okamoto (Outside Director and Audit & Supervisory Committee Member), and Kenji Kuryu (Outside Director and Audit & Supervisory Committee Member)

d. Management Meeting

- The Management Meeting, which consists of Executive Directors including the Representative Director, the Standing Audit & Supervisory Committee Member, Executive Officers, and General Managers of divisions and offices designated by the Chairman, meets once a week to deliberate and resolve on key matters such as updates on weekly sales and progress of plans as well as efforts underway concerning business in general, among others, in accordance with management policies.

- The Chairman and the members are as shown below.
Chairman: Hirotsugu Okuwa (Representative Director)
Members: Yoji Takeda (Director and Senior Managing Executive Officer), Kozo Togawa (Director and Managing Executive Officer), Yoshihiko Ikezaki (Director and Standing Audit & Supervisory Committee Member), Jun Konishi (Senior Executive Officer), Masakatsu Okuwa (Senior Executive Officer), Masao Gunji (Executive Officer), Kazuhiko Suita (Executive Officer), Noboru Iida (Executive Officer), and Masahiro Shizukawa (Executive Officer)
- e. Executive Officers' Meeting
 - The Executive Officers' Meeting, which consists of Executive Directors including the Representative Director, the Standing Audit & Supervisory Committee Member, Executive Officers, and General Managers of divisions and offices designated by the Chairman, meets in principle once a month to mutually share information through reports by Executive Officers on the progress of business in their charge and offers its opinions to the Board of Directors.
 - The Chairman and the members are as shown below.
Chairman: Hirotsugu Okuwa (Representative Director)
Members: Yoji Takeda (Director and Senior Managing Executive Officer), Kozo Togawa (Director and Managing Executive Officer), Yoshihiko Ikezaki (Director and Standing Audit & Supervisory Committee Member), Jun Konishi (Senior Executive Officer), Masakatsu Okuwa (Senior Executive Officer), Masao Gunji (Executive Officer), Kazuhiko Suita (Executive Officer), Noboru Iida (Executive Officer), and Masahiro Shizukawa (Executive Officer)
- f. Compliance Committee
 - The Compliance Committee, which consists of Executive Directors including the Representative Director, Audit & Supervisory Committee Members, Executive Officers, and General Managers of divisions and offices designated by the Chairman, functions as a body that works to avoid various potential risks to management pertaining to corporate activities and deliberates and makes decisions on matters related to internal control, risk management system, and internal auditing system.
 - The Chairman and the members are as shown below.
Chairman: Hirotsugu Okuwa (Representative Director)
Members: Yoji Takeda (Director and Senior Managing Executive Officer), Kozo Togawa (Director and Managing Executive Officer), Rie Kida (Outside Director), Yoshihiko Ikezaki (Director and Standing Audit & Supervisory Committee Member), Ichiro Okamoto (Outside Director and Audit & Supervisory Committee Member), Kenji Kuryu (Outside Director and Audit & Supervisory Committee Member), Taeko Yashima (Outside Director and Audit & Supervisory Committee Member), Jun Konishi (Senior Executive Officer), Masakatsu Okuwa (Senior Executive Officer), Masao Gunji (Executive Officer), Kazuhiko Suita (Executive Officer), Noboru Iida (Executive Officer), and Masahiro Shizukawa (Executive Officer)
- g. OKUWA Ethics Committee
 - OKUWA Ethics Committee, which consists of the Representative Director, the Director and Standing Audit & Supervisory Committee Member, Executive Officers designated by the Chairman, a corporate lawyer, and General Managers of divisions and offices in charge, works to create a corporate environment where all employees can perform their duties in a proper and legitimate manner by making use of the "Administrative Regulations for the Ethics Committee" and "OKUWA Ethics Hotline," a whistleblowing system.
 - The Chairman and the members are as shown below.
Chairman: Hirotsugu Okuwa (Representative Director)
Members: Yoshihiko Ikezaki (Director and Standing Audit & Supervisory Committee Member), Jun Konishi (Senior Executive Officer), and Masao Gunji (Executive Officer)
- h. Sustainability Promotion Committee
 - The Sustainability Promotion Committee works to drive the Company's sustainability management by discussing policies and administrative matters for the formulation of basic policies, etc. for sustainable management, and basic plans, etc. for activities to promote sustainability.
 - The Chairman and the members are as shown below.
Chairman: Hirotsugu Okuwa (Representative Director)
Members: Yoji Takeda (Director and Senior Managing Executive Officer), Kozo Togawa (Director and Managing Executive Officer), Rie Kida (Outside Director), Yoshihiko Ikezaki (Director and Standing Audit & Supervisory Committee Member), Ichiro Okamoto (Outside Director and Audit & Supervisory Committee Member), Taeko Yashima (Outside Director and Audit & Supervisory Committee Member), Jun Konishi (Senior Executive Officer), Masakatsu Okuwa (Senior Executive Officer), Masao Gunji (Executive Officer), Kazuhiko Suita (Executive Officer), Noboru Iida (Executive Officer), and Masahiro Shizukawa (Executive Officer)

Below is the schematic diagram showing the Company's corporate governance structure.



ii) Reasons for employing the corporate governance structure

The Company has shifted to a Company with an Audit & Supervisory Committee following approval of the 53rd Ordinary General Meeting of Shareholders held on May 12, 2022 in order to further strengthen both the oversight function of the Board of Directors and the corporate governance structure itself by having on the board voting Directors who are Audit & Supervisory Committee Members.

The ratio of independent Outside Directors on the board has been raised to one-third (1/3). In addition, as an advisory organ of the Board of Directors, the Nomination and Compensation Committee, the majority of which consists of independent Outside Directors, has been established. These measures enable us to increasingly reflect the objective opinions, etc. of outside officers in the management and work to enhance the transparency and fairness of management and to increase corporate value over the medium to long term.

In addition to changing its existing executive officer system to a delegated executive officer system, the Company has also delegated the authority of decision-making on important business executions to the Management Meeting and other subordinate meetings to the extent permitted by laws, so as to speed up the decision-making process in responding to the rapidly changing business environment.

With the newly established Audit & Supervisory Committee that directly controls internal auditing divisions in auditing, the Company has a system in place with which to efficiently carry out organizational auditing of business executions across the entire Group.

3) Other matters related to corporate governance

i) Status of internal control system

At its regular meetings held once a month, the Company's Board of Directors makes decisions on important business operations aimed at achieving its basic policies and makes reports on the status of business execution. When need arises, important matters are brought up for discussion at extraordinary meetings of the Board of Directors. The Management Meeting, which consists of Directors including the Representative Director and heads of various organizations, is held in principle once a week to discuss and examine concrete measures concerning important matters other than those subject to resolution of the Board of Directors, and to make reports on the results of implementation of these measures. The Management Meeting is attended by the Director who is a Standing Audit & Supervisory Committee Member.

ii) Status of risk management system

- With regard to compliance, we have in place the Compliance Committee and the OKUWA Ethics Committee, which contribute to avoiding risk through early detection, prevention, and suppression of illegal acts and misconduct.
- Important investment projects (new store openings in particular) of the Company first go through onsite inspections, deliberations, and examinations involving more than one person including Directors, and decisions are made at meetings of the Board of Directors. Following the opening, performance of a new store is examined at the Management Meeting.
- Regarding crisis management system for natural disasters and other events, we have handed out the Emergency Preparedness Manual to our employees to ensure everyone knows the rules and how to respond to such events. Our emergency information and communications network enables us to contact Directors and other top management without delay to communicate information, reports, and instructions. In preparation for earthquakes, tsunamis, and other natural disasters, we conduct company-wide disaster preparedness trainings and plan and implement disaster drills four times every year.
- With regard to incidents and accidents that occur from day to day, we use an internal groupware system for reporting incidents and accidents and other means to quickly respond to and solve them.
- Going forward, we will strengthen our crisis management system by upgrading and improving the existing regulations and systems and adding new initiatives.

iii) Status of system to ensure the appropriateness of business operations of subsidiaries

- The Company has a system to guide and supervise its subsidiaries, when appropriate, through the Group Companies Management Section, the contact point for the management of subsidiaries.
- We hold meetings with subsidiaries attended by the Representative Director twice a year (in March and September in principle) to exchange opinions and offer guidance on important matters including management policies, business results, and the status of budget execution.
- As a system for guiding and supervising subsidiaries, the Company's Directors who are Audit & Supervisory Committee Members and the Audit & Supervisory Board Members of subsidiaries meet twice a year (in April and October in principle) to exchange information on the status of subsidiaries' business execution.
- With regard to the compliance of subsidiaries, we have established systems similar to that of the Company's OKUWA Ethics Hotline.
- As for the internal auditing of subsidiaries, we have a system which allows the Group Companies Management Section and the Internal Audit Office of the Company to conduct audits of the subsidiaries.

4) Overview of Liability Limitation Agreement

Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has entered into liability limitation agreements with Directors Mr. Ikuji Okuwa, Mr. Shoji Okuwa, Mr. Keiji Okuwa, Mr. Toshio Okuwa, and Ms. Rie Kida, and Audit & Supervisory Committee Members Mr. Yoshihiko Ikezaki, Mr. Ichiro Okamoto, Mr. Kenji Kuryu, and Ms. Taeko Yashima. These liability limitation agreements provide that their liabilities to the Company under Article 423, Paragraph 1 of the Companies Act shall be limited to the minimum liability amount prescribed in applicable laws and regulations. The limit of liability under the said agreements is the amount as prescribed in Article 425, Paragraph 1 of the Companies Act.

5) Directors and officers liability insurance (D&O insurance) contract

The Company has entered into a directors and officers liability insurance (D&O insurance) contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act, with the Company's Directors and Executive Officers as the insured. The said insurance covers the damages and expenses arising from derivative litigations, third-party lawsuits, and lawsuits filed by the company against the insured that are to be borne by the insured. The insurance premiums are fully paid by the Company.

However, the said insurance contract does not cover claims for damages caused by intent or gross negligence.

6) Matters subject to resolutions of a general meeting of shareholders that can be resolved at a meeting of the Board of Directors

i) Treasury shares

Pursuant to Article 165, Paragraph 2 of the Companies Act, the Company provides in its Articles of Incorporation that it may purchase its own shares by market transactions, etc. by resolution of the Board of Directors. This is aimed at enabling the Company to flexibly implement a capital policy.

ii) Interim dividends

The Company provides in its Articles of Incorporation that it may, by a resolution of the Board of Directors, distribute interim dividends to shareholders or registered share pledgees who are recorded in the register of shareholders as of August 20 of each year. This is aimed at returning profits to shareholders with flexibility.

iii) Liability exemption for Directors

Pursuant to Article 426, Paragraph 1 of the Companies Act, the Company provides in its Articles of Incorporation that Directors (including persons who were Directors) may be exempted from liabilities under Article 423, Paragraph 1 of the Companies Act to the extent permitted by law, by resolution of the Board of Directors. This is aimed at inviting capable talents for Directors more easily and enabling them to fulfill the roles expected of them.

7) Number of Directors

The number of Directors (excluding Directors who are Audit & Supervisory Committee Members) of the Company shall not exceed 10, while the number of Directors who are Audit & Supervisory Committee Members shall not exceed five, as prescribed in the Company's Articles of Incorporation.

8) Resolution requirements for election of Directors

The Company's Articles of Incorporation provides that resolutions for the election of Directors shall be adopted by a majority vote of shareholders present who hold one-third (1/3) or more of the total number of voting rights of shareholders with voting rights, and that cumulative voting shall not be used for resolutions for the election of Directors.

9) Special resolution requirements at a general meeting of shareholders

The Company's Articles of Incorporation provides that a resolution by a general meeting of shareholders stipulated in Article 309, Paragraph 2 of the Companies Act shall be adopted when, at a general meeting of shareholders where shareholders with voting rights of one-third (1/3) or more of the aggregate voting rights of the total shareholders capable of exercising such rights are present, it is approved by a vote of two-thirds (2/3) or more of the voting rights present. This is aimed at facilitating the smooth operation of general meetings of shareholders by easing the quorum requirements.

10) Activities of the Board of Directors

In the fiscal year under review, the Company held 14 meetings of the Board of Directors. The attendance of each Director was as shown below.

Name	Number of meetings held	Number of meetings attended
Hirotsugu Okuwa	14	14
Kozo Togawa	14	14
Yoji Takeda	14	14
Ikuji Okuwa	14	14
Shoji Okuwa	14	14
Keiji Okuwa	14	14
Toshio Okuwa	14	13
Yoshihiko Ikezaki	14	14
Shinzo Takano	14	14
Ichiro Okamoto	14	14
Kenji Kuryu	14	14
Taeko Yashima	14	12

Specific matters examined by the Board of Directors (agenda items for meetings) were as follows:

Theme	Main matters deliberated
Management strategy	Approval of the medium-term management plan, shareholder return policy, important sales strategy and target setting, personnel changes in top management, etc.
Sustainability	Sustainability-related measures, response to the TCFD recommendations, response to the CDP questionnaire, etc.
Corporate governance	Revision of the Basic Policy for Corporate Governance, matters related to the general meeting of shareholders, matters related to conflict of interest and related party transactions, evaluation of the effectiveness of the Board of Directors, internal control evaluation, matters related to D&O insurance, etc.
Nomination and compensation	Selection of the Representative Director, appointment of Executive Officers, selection of Nomination and Compensation Committee Members, consultation with the Nomination and Compensation Committee, matters related to remuneration for Directors (and other officers), etc.
Sales measures	New store openings, store closures, important sales measures, business execution of subsidiaries, etc.
Other	Revision and abolition of important rules and regulations, etc.

11) Activities of the Nomination and Compensation Committee

In the fiscal year under review, the Company held two meetings of the Nomination and Compensation Committee. The attendance of each Nomination and Compensation Committee Member was as shown below.

Name	Number of meetings held	Number of meetings attended
Hirotsugu Okuwa	2	2
Kozo Togawa	2	2
Shinzo Takano	2	2
Ichiro Okamoto	2	2
Kenji Kuryu	2	2

Main matters examined (agenda items for meetings) were as follows:

- What to examine at the committee meetings and how to proceed, conducting the Director survey and giving feedback
- Recommendations on proposals for the election of Directors, skills matrix for Directors, and proposals for the election of Executive Officers and Advisers
- Recommendations on proposals for remuneration for individual Directors (and other officers), recommendations on the proposal for fiscal 2022 performance-linked remuneration targets, review of remuneration for Directors associated with the supervisory function, and proposal of remuneration range revision

(2) Directors

1) List of Directors

Male: 10 persons; Female: 2 persons (Proportion of female Director on board: 16.67%)

Position	Name	Date of birth	Career summary	Term of office	Number of shares held (Thousand shares)	
President and Representative Director	Hirotsugu Okuwa	April 23, 1970	December 1996	Joined the Company	(Note) 3	559
			August 2002	Store Manager, Minoshima Store		
			February 2004	Senior Buyer of Fisheries, Food Business Division		
			February 2006	Assistant General Manager, Development Headquarters		
			September 2007	Assistant General Manager, Finance Division		
			February 2010	Senior General Manager, Business Reform Office		
			January 2013	General Manager, Food Business Division		
			February 2013	Executive Officer and General Manager, Food Business Division		
			May 2013	Director; Executive Officer; and General Manager, Food Business Division		
			February 2014	Director; Executive Officer; and General Manager, Food Headquarters		
			February 2016	Managing Director; Executive Officer; and General Manager, Human Resources and General Affairs Headquarters		
			February 2019	Senior Managing Director; Executive Officer; and General Manager, Sales Headquarters		
			February 2020	Chairman and Representative Director, OAK-FOODS Corporation (current position)		
			February 2020	Vice President and Representative Director, and General Manager, Sales Headquarters, the Company		
			February 2021	President and Representative Director, and General Manager, Sales Headquarters		
			January 2022	President and Representative Director, Nihon Ryutsu Sangyo Co., Ltd. (current position)		
			February 2022	President and Representative Director, the Company (current position)		
May 2023	Chairman and Representative Director, SUNRISE., CO. LTD. (current position)					

Position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousand shares)
Director; Senior Managing Executive Officer; General Manager, Sales Headquarters; and General Manager, Food Business Division	Yoji Takeda	September 17, 1964	<p>March 1987</p> <p>April 2011</p> <p>October 2012</p> <p>February 2013</p> <p>August 2014</p> <p>February 2015</p> <p>February 2016</p> <p>May 2016</p> <p>February 2019</p> <p>June 2019</p> <p>February 2020</p> <p>February 2021</p> <p>February 2022</p> <p>May 2022</p> <p>May 2024</p>	<p>Joined the Company</p> <p>General Manager, Price Cut Retail Format Division</p> <p>General Manager, Super Center Retail Format Division</p> <p>General Manager, Osaka and Hyogo Retail Division</p> <p>General Manager, Osaka, Hyogo and Nara Retail Division</p> <p>Executive Officer and General Manager, Osaka, Hyogo and Nara Retail Division</p> <p>Executive Officer; General Manager, Retail Headquarters; and General Manager, Business Reform Office</p> <p>Director; Executive Officer; General Manager, Retail Headquarters; and General Manager, Business Reform Office</p> <p>Director; Executive Officer; General Manager, Retail Business Division; and General Manager, Business Reform Office</p> <p>Director; Executive Officer; General Manager, Food Business Division; and General Manager, Quality Control Office</p> <p>Director; Executive Officer; General Manager, Food Business Division; General Manager, Quality Control Office; and General Manager, Fresh Food Division</p> <p>Director; Executive Officer; General Manager, Food Business Division; and General Manager, Quality Control Office</p> <p>Managing Director; Executive Officer; General Manager, Sales Headquarters; and General Manager, Food Business Division</p> <p>Director; Managing Executive Officer; General Manager, Sales Headquarters; and General Manager, Food Business Division</p> <p>Director; Senior Managing Executive Officer; General Manager, Sales Headquarters; and General Manager, Food Business Division (current position)</p>	(Note) 3	10
Director; Managing Executive Officer; General Manager, Administration Headquarters; and General Manager, IR Office	Kozo Togawa	August 20, 1962	<p>April 1987</p> <p>October 2012</p> <p>October 2015</p> <p>June 2017</p> <p>February 2018</p> <p>May 2018</p> <p>May 2022</p>	<p>Joined The Sumitomo Trust and Banking Co., Ltd. (currently Sumitomo Mitsui Trust Bank, Limited)</p> <p>General Manager, Futakotamagawa Consulting Office Business Department, Sumitomo Mitsui Trust Bank, Limited</p> <p>General Manager, Kumamoto Branch, Sumitomo Mitsui Trust Bank, Limited</p> <p>Joined the Company Deputy General Manager, Administration Headquarters</p> <p>General Manager, Administration Headquarters</p> <p>Managing Director; Executive Officer; General Manager, Administration Headquarters; and General Manager, IR Office</p> <p>Director; Managing Executive Officer; General Manager, Administration Headquarters; and General Manager, IR Office (current position)</p>	(Note) 3	7

Position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousand shares)
Director	Ikuji Okuwa	March 1, 1942	March 1964 February 1969 November 1984 May 1989 May 1998 May 1999 May 2005 May 2008 May 2008 June 2008 February 2020 May 2022	Joined Shingu Store, Shufu No Mise Ltd. Managing Director, the Company Vice President and Director President and Representative Director Chairman and Representative Director President and Representative Director, Nihon Ryutsu Sangyo Co., Ltd. Chairman and Representative Director, SUNRISE., CO. LTD. Chairman and Representative Director, and CEO, the Company Chairman and Representative Director, OAK-FOODS Corporation Chairman and Representative Director, Pare Co., Ltd. Chairman of the Board, the Company Director (current position)	(Note) 3	3,060
Director	Shoji Okuwa	December 6, 1946	February 1969 May 1974 May 1987 May 1998 February 2003	Audit & Supervisory Board Member, the Company Director Senior Managing Director and General Manager, Nanki Retail Business Division Deputy Chairman of the Board Director (current position)	(Note) 3	208
Director	Keiji Okuwa	February 18, 1949	March 1971 May 1980 May 1987 February 1992 May 1998 May 2008 May 2011 May 2011	Joined the Company Director Senior Managing Director Vice President and Director President and Representative Director Deputy Chairman of the Board Director (current position) Chairman and Representative Director, O-Entertainment Co., Ltd. (current position)	(Note) 3	1,219

Position	Name	Date of birth	Career summary	Term of office	Number of shares held (Thousand shares)
Director	Toshio Okuwa	June 10, 1951	<p>February 1976 Joined the Company</p> <p>May 1980 Director and General Manager, Sunready Business Division</p> <p>February 1984 Representative Director, PARTYHOUSE Co., Ltd.</p> <p>February 1991 Retired as Director, the Company</p> <p>May 1994 Director</p> <p>October 2012 Director and Assistant to the Chairman of the Board (in charge of Group Management Reform)</p> <p>November 2013 Director; Executive Officer; Assistant to the Chairman of the Board; and General Manager, Human Resources and General Affairs Headquarters (in charge of Group Management Reform)</p> <p>May 2014 Deputy Chairman of the Board; Executive Officer; General Manager, Human Resources and General Affairs Headquarters; and General Manager, Development Headquarters</p> <p>February 2015 Deputy Chairman of the Board; Executive Officer; and General Manager, Human Resources and General Affairs Headquarters</p> <p>May 2015 Deputy Chairman of the Board; Executive Officer; General Manager, Human Resources and General Affairs Headquarters; and General Manager, Management Strategy Office</p> <p>February 2016 Deputy Chairman of the Board; Executive Officer; and General Manager, Management Strategy Office</p> <p>February 2019 Director (current position)</p> <p>February 2020 Chairman, President and Representative Director, PARTYHOUSE Co., Ltd.</p> <p>January 2021 Chairman and Representative Director, PARTYHOUSE Co., Ltd. (current position)</p>	(Note) 3	1,213

Position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousand shares)
Director	Rie Kida	May 27, 1969	April 1989 April 1991 October 2000 April 2003 April 2005 November 2009 August 2010 April 2013 June 2020 May 2024	Joined Luis Jitan Company Joined RESCO FORMATION Inc. Joined IDEI CREATIVE AGENCY Joined Herstory Co., Ltd. Chief Producer, Herstory Co., Ltd. Managing Director, RESCO FORMATION Inc. Organized Woman's Feelings Marketing Laboratory within RESCO FORMATION Inc. and appointed Chief Established Woman's Feelings Marketing Laboratory Inc. Representative Director, Woman's Feelings Marketing Laboratory Inc. (current position) Outside Director, GUNZE LIMITED (current position) Director, the Company (current position)	(Note) 3	-
Director, Standing Audit & Supervisory Committee Member	Yoshihiko Ikezaki	October 27, 1954	April 1978 October 1991 February 1996 July 2003 February 2005 February 2011 May 2012 May 2020 May 2022	Joined the Company Section Manager, Information Management Office General Manager, Information Management Office Store Manager, Kashihara Masuga Store Store Manager, Kishiwada Hatsuta Store Manager, Internal Audit Office General Manager, Internal Audit Office Audit & Supervisory Board Member Director, Standing Audit & Supervisory Committee Member (current position)	(Note) 4	7
Director, Audit & Supervisory Committee Member	Ichiro Okamoto	February 10, 1955	April 1979 July 2007 July 2009 April 2013 July 2013 July 2014 August 2015 May 2020 May 2022	Joined Osaka Regional Taxation Bureau Deputy District Director, Higashiyodogawa Tax Office District Director, Izumisano Tax Office Appeals Judge and Director, Second Department, Osaka Regional Tax Tribunal District Director, Okinawa Tax Office District Director, Wakayama Tax Office Certified public tax accountant (current position) Director, the Company Director, Audit & Supervisory Committee Member (current position)	(Note) 4	-
Director, Audit & Supervisory Committee Member	Kenji Kuryu	November 3, 1949	April 1973 April 1993 October 1993 October 1995 October 1998 January 2000 June 2003 May 2012 May 2022	Joined The Kiyō Bank, Ltd. Assistant to Director, Head Office Marketing Department, The Kiyō Bank, Ltd. General Manager, Shimotsu Branch, The Kiyō Bank, Ltd. General Manger, Higashikaizuka Branch, The Kiyō Bank, Ltd. Deputy General Manager, Credit Department, The Kiyō Bank, Ltd. Assistant to Director, Planning & Personnel Department, The Kiyō Bank, Ltd. Director-general, Wakayama Association of Corporate Executives Audit & Supervisory Board Member, the Company Director, Audit & Supervisory Committee Member (current position)	(Note) 4	-

Position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousand shares)
Director, Audit & Supervisory Committee Member	Taeko Yashima	April 29, 1952	July 1998	Assistant Professor, Kawasaki City College of Nursing	(Note) 4	-
			April 2001	Assistant Professor, College of Nursing, Aichi Medical University		
			April 2006	Professor, College of Nursing, and Professor, Graduate School of Nursing, Aichi Medical University		
			April 2010	Dean, College of Nursing, Aichi Medical University		
			April 2018	Vice President, Tokyo Healthcare University, and Dean, Wakayama Faculty of Nursing (current position)		
			May 2020	Audit & Supervisory Board Member, the Company		
			May 2022	Director, Audit & Supervisory Committee Member (current position)		
Total						6,284

- (Notes) 1. Consequent to the amendments to the Articles of Incorporation by resolution of the 53rd Ordinary General Meeting of Shareholders held on May 12, 2022, the Company has shifted to a Company with an Audit & Supervisory Committee effective of the same date.
2. Directors Rie Kida, Ichiro Okamoto, Kenji Kuryu, and Taeko Yashima are Outside Directors.
3. The term commenced at the conclusion of the Ordinary General Meeting of Shareholders concerning the fiscal year ended February 20, 2024 and ends at the conclusion of the Ordinary General Meeting of Shareholders concerning the fiscal year ending February 20, 2025.
4. The term commenced at the conclusion of the Ordinary General Meeting of Shareholders concerning the fiscal year ended February 20, 2024 and ends at the conclusion of the Ordinary General Meeting of Shareholders concerning the fiscal year ending February 20, 2026.
5. Directors Ikuji Okuwa, Shoji Okuwa, Keiji Okuwa, and Toshio Okuwa are brothers.
6. Hirotsugu Okuwa, President and Representative Director, is the eldest son of Ikuji Okuwa.

2) Outside Directors

The Company has four Outside Directors, namely Ms. Rie Kida, Mr. Ichiro Okamoto, Mr. Kenji Kuryu, and Ms. Taeko Yashima. Mr. Ichiro Okamoto, Mr. Kenji Kuryu, and Ms. Taeko Yashima serve as Audit & Supervisory Committee Members. There are no special interests between these Outside Directors and the Company, and all of them are independent from the Company.

Ms. Rie Kida, Outside Director, is involved in research on women's values and purchasing behavior, and provides consulting on the development, customer attraction, and sales promotion of products for women. The Company believes that she will be able to utilize her abundant experience and profound insight in the management of the Company, especially in the area of advancement of women. The Company has designated her as an independent officer defined by the Tokyo Stock Exchange and registered her with the said Exchange accordingly.

Although Mr. Ichiro Okamoto, Outside Director, has no experience in being directly involved in corporate management, the Company believes that he would be able to appropriately perform the duties of an Outside Director based on his professional perspectives and experience as a certified public tax accountant. The Company has designated him as an independent officer defined by the Tokyo Stock Exchange and registered him with the said Exchange accordingly.

Mr. Kenji Kuryu, Outside Director, possesses extensive knowledge cultivated through years of business experience in a financial institution and the local business community. Therefore, the Company believes that he would be able to contribute to building a more fair and just management control system. The Company has designated him as an independent officer defined by the Tokyo Stock Exchange and registered him with the said Exchange accordingly.

Although Ms. Taeko Yashima, Outside Director, has no experience in being directly involved in corporate management, the Company believes that she would be able to appropriately perform the duties of an Outside Director with her abundant experience and extensive knowledge as a university professor. The Company has designated her as an independent officer defined by the Tokyo Stock Exchange and registered her with the said Exchange accordingly.

The Company has not set down its own independence criteria or policy with regard to the appointment of Outside Directors; it uses as reference the independence criteria prescribed by the Tokyo Stock Exchange for such appointments, and designates as independent officers those Outside Directors who are believed unlikely to have a conflict of interest with general shareholders.

3) Mutual collaboration between the supervision/audits by Outside Directors and internal audits, Audit & Supervisory Committee audits, and accounting audits, and relationship with internal control divisions

The Company is working to ensure appropriate supervision and auditing by strengthening collaboration between the supervision/audits by Outside Directors and internal audits, the audits by the Audit & Supervisory Committee, and accounting audits through sharing of information on the results of supervision and audits.

The Company is also striving to ensure appropriate execution of business by strengthening collaboration between the supervision/audits by Outside Directors and the internal control divisions, through such means as exchange of information when necessary.

(3) Status of audits

1) Audits by the Audit & Supervisory Committee

The Company's Audit & Supervisory Committee consists of one Standing Audit & Supervisory Committee Member and three part-time Audit & Supervisory Committee Members who are Outside Directors.

Mr. Kenji Kuryu, who is a part-time Audit & Supervisory Committee Member, has long years of experience in a financial institution and substantial knowledge of finance and accounting. Mr. Ichiro Okamoto, who is also a part-time Audit & Supervisory Committee Member, is a certified public tax accountant and has substantial knowledge of finance and accounting.

In the fiscal year under review, meetings of the Audit & Supervisory Committee were held 19 times. The attendance of each Audit & Supervisory Committee Member was as shown below.

Name	Number of meetings held	Number of meetings attended
Yoshihiko Ikezaki (Standing)	19	19
Shinzo Takano (Outside)	19	19
Ichiro Okamoto (Outside)	19	19
Kenji Kuryu (Outside)	19	19
Taeko Yashima (Outside)	19	18

Key matters examined at the meetings of the Audit & Supervisory Committee include: preparation of audit reports; formulation of audit policies, division of work, and audit plans; meetings with the President and Directors; review of the adequacy of internal control system and appropriateness of execution of duties in accounting audits; and decisions on the appointment, dismissal, and non-reappointment of accounting auditor.

Activities of the Standing Audit & Supervisory Committee Member include attending the meetings of the Board of Directors, Management Meetings, and other important meetings, and communicating and sharing the information of meetings, etc. with each Member of the Audit & Supervisory Committee without delay. Based on reports of operations from the Internal Audit Office, the Standing Audit & Supervisory Board Member makes audit visits as needed to examine the status of operations and finance, in addition to reviewing important approval documents and exchanging opinions with the accounting auditor.

2) Internal audits

As of the date of submission, the organization for internal audits of the Company is undertaken by the Internal Audit Office, which reports directly to the President and consists of six full-time staff members and three staff members who are concurrently serving other positions, of which one person has substantial knowledge of finance and accounting.

To ensure the effectiveness of internal audits, the Internal Audit Office works in cooperation with the Audit & Supervisory Committee Members and in accordance with audit plans approved by the President to carry out surprise audits of stores and business offices, by which it serves the oversight function over compliance in their daily operations and conducts internal control evaluation at the same time. The results of internal audits are reported to the Audit & Supervisory Committee, each Director, and the President, as well as to the Board of Directors as necessary. This enables us to promptly make improvements in response to audit findings.

In addition, the results of internal control evaluation are reported to the Board of Directors.

3) Accounting audits

i) Name of audit corporation

Crowe Toyo & Co.

ii) Consecutive period of auditing service provided

34 years

iii) Names of certified public accountants who audited the Company's accounts

Shigeki Tsujimura

Soichi Kawagoe

iv) Composition of assistants involved in auditing

The account auditing of the Company was assisted by three certified public accountants and five other persons.

v) Policy and reasons for selecting the audit corporation

In the selection of an accounting auditor, the Company's policy is to select a firm that has the expertise required of an audit corporation, audit quality, independence, and other elements, and has an adequate system for conducting audits of the Company in an appropriate and proper manner.

If the Audit & Supervisory Committee determines that the accounting auditor falls under the provisions specified in each item of Article 340, Paragraph 1 of the Companies Act, the Audit & Supervisory Committee will dismiss the accounting auditor based on unanimous approval from its members.

In addition, if the Audit & Supervisory Committee determines that the accounting auditor has difficulty executing its duties in an appropriate manner, the Audit & Supervisory Committee will decide to prepare a proposal on the dismissal or non-reappointment of the accounting auditor, and following the decision, the Board of Directors will submit the proposal to the general meeting of shareholders.

vi) Evaluation of the audit corporation by the Audit & Supervisory Committee

The Audit & Supervisory Committee conducted evaluation of the accounting auditor in the aspects of expertise required of an audit corporation, audit quality, independence, and other elements, and concluded that Crowe Toyo & Co. was appropriate and adequate as an accounting auditor.

4) Details of audit fees

i) Details of fees paid to certified public accountants, etc.

Category	Previous consolidated fiscal year		Consolidated fiscal year under review	
	Fees for audit certification services (Million yen)	Fees for non-audit services (Million yen)	Fees for audit certification services (Million yen)	Fees for non-audit services (Million yen)
Filing company	35	0	35	-
Consolidated subsidiaries	-	-	-	-
Total	35	0	35	-

Details of non-audit services provided by certified public accountants, etc.

(Previous consolidated fiscal year)

Non-audit services provided to the Company were the agreed-upon procedures engagement concerning Myna Point business.

(Consolidated fiscal year under review)

Not applicable.

ii) Fees paid to those belonging to the same network with the certified public accountants, etc. (excluding those under i))

Not applicable.

iii) Details of fees paid for other important audit certification services

Not applicable.

iv) Policy for determining audit fees

We have not set a policy for determining audit fees to be paid to the accounting auditor. We examine contract estimates received from the accounting auditor, taking into consideration the audit plan, contents of audits, the number of days required for audits, and other elements comprehensively, before making decisions.

v) Reasons for the Audit & Supervisory Committee's agreeing to the fees, etc. paid to the accounting auditor

The Company's Audit & Supervisory Committee conducts the required examinations to determine whether the accounting auditor's content of the audit plan, the state of execution of accounting audit duties, the bases of calculation used for the estimate of audit fees, etc. are appropriate, before giving consent as provided in Article 399, Paragraph 1 of the Companies Act.

(4) Compensation for officers

1) Matters concerning policies for deciding the compensation amount for officers or calculation methods thereof

The Company has shifted from a Company with an Audit & Supervisory Board to a Company with an Audit & Supervisory Committee effective of May 12, 2022.

As of the same date, the Company introduced a new compensation system for the grant of restricted stock to its Directors (excluding Directors who are Audit & Supervisory Committee Members, Outside Directors and other Non-executive Directors).

i) Policies concerning the details of compensation amount for each individual Director

The Company has changed its policies concerning the details of compensation amount for each individual Director at the meeting of the Board of Directors held on May 12, 2022. Details of the new policies are as shown below.

a. Basic policy

Basic policy of the Company concerning compensation for Directors is to have a compensation structure that adequately provides incentives towards continuously improving corporate value, and to set the compensation for each individual Director at an appropriate level in view of his/her job responsibility.

Compensation for Executive Directors consists of monthly fixed compensation, performance-linked compensation (executive bonus), and restricted stock compensation, while compensation for part-time Directors and Directors who are Audit & Supervisory Committee Members consists of monthly fixed compensation only.

b. Policy for deciding the amount of monthly fixed compensation for each individual Director

The amounts of monthly fixed compensation for the Company's Directors are comprehensively examined in view of their positions, job responsibilities, the number of years in service, and other factors, as well as taking into account the levels of other companies in the industry, business results of the Company, and the amount of highest employee salary, and subsequently put forward to the Nomination and Compensation Committee for consultation and finally determined at the Board of Directors meeting.

c. Policy for deciding the calculation methods for performance-linked compensation (executive bonus) and restricted stock compensation

Performance-linked compensation (executive bonus) is provided by way of cash compensation that reflects the performance indicators so as to increase the executives' consciousness for improving performance each fiscal year, and paid as an executive bonus in the amount calculated according to the degree of achievement of the targets for each fiscal year at a certain timing after the settlement of accounts. The performance indicators used to set targets and the values of those targets are put forward to the Nomination and Compensation Committee for consultation and reviewed when appropriate, according to changes in the environment.

Restricted stock compensation is figured based on the ratio of amounts of restricted stock compensation to fixed compensation (yearly) of roughly 1:9 and in view of the positions and job responsibilities, and determined by the Board of Directors after seeking consultation with the Nomination and Compensation Committee.

d. Policy for deciding the proportion of monthly fixed compensation and executive bonus in the amount of compensation for each individual Director

Executive bonus is figured based on the ratio of amounts of monthly fixed compensation (yearly) to executive bonus of between 7:3 and 10:0, depending on the seniority of position and the degree of achievement.

e. Matters related to decisions on the details of compensation for each individual Director

The amount of compensation for each individual Director is determined by the Board of Directors after seeking consultation with the Nomination and Compensation Committee.

The amount of compensation for each individual Director who is an Audit & Supervisory Committee Member is determined by the Audit & Supervisory Committee.

ii) Matters related to resolution of the general meeting of shareholders concerning compensation for Directors

The amount of compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members) has been approved by resolution of the 53rd Ordinary General Meeting of Shareholders held on May 12, 2022 to be 200 million yen or less per year.

The amount of compensation for Directors who are Audit & Supervisory Committee Members has been approved by resolution of the 53rd Ordinary General Meeting of Shareholders held on May 12, 2022 to be 50 million yen or less per year.

The amount of stock-based compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members, Outside Directors and other Non-executive Directors) has been approved by resolution of the 53rd Ordinary General Meeting of Shareholders held on May 12, 2022 to be 100 million yen or less per year.

The number of Directors (excluding Directors who are Audit & Supervisory Committee Members) as of the time of resolution at the 53rd Ordinary General Meeting of Shareholders held on May 12, 2022 was seven, while the number of Directors who are Audit & Supervisory Committee Members as of the same time was five (including four Outside Directors).

The number of Directors eligible for stock-based compensation (excluding Directors who are Audit & Supervisory Committee Members, Outside Directors and other Non-executive Directors) was three.

iii) Overview of compensation system

Basic compensation is set by the pay table according to position, individual performance, etc. and paid by way of monthly fixed compensation.

As for the executive bonus, the total amount to be paid is calculated by multiplying the base figure, which is the ratio of profit to consolidated operating income, by the coefficient linked to the achievement, which is based on how many months' worth of salary is paid as employee bonus, consolidated ROE, and the achievement rate of (non-consolidated) operating income against budget. The Nomination and Compensation Committee makes the final decision on addition or subtraction, which is reported to and resolved by the Board of Directors.

For stock-based compensation, the Company adopts the restricted stock compensation system. As a rule, for each fiscal year, based on resolution of the Board of Directors, the Company provides monetary compensation claims for the granting of restricted stock to eligible Directors and Executive Officers, who then pay the said monetary compensation claims as property contributed in kind to the Company and receive issuance or disposal of the Company's common shares for their holding. Concerning the pertinent issuance or disposal of the common shares of the Company, the Company and the eligible Directors and Executive Officers have entered into a transfer-restricted share allotment agreement to the effect that, during the period from the issuance date of common shares of the Company under this compensation system to the date of their retirement from positions predetermined by the Board of Directors, the eligible Directors and Executive Officers shall not transfer, mortgage, reserve a mortgage on, or otherwise dispose of the said stock, among other provisions.

2) Total amount of compensation of the filing company by category of officer and compensation type and the number of officers paid

Category of officer	Total amount of compensation (Million yen)	Total amount of compensation by type (Million yen)					Number of officers paid (Persons)
		Fixed compensation	Stock options	Performance-linked compensation	Retirement bonus	Non-monetary compensation, etc.	
Directors (Excluding Audit & Supervisory Committee Members and Outside Directors)	68	60	-	-	-	8	7
Audit & Supervisory Committee Members (Excluding Outside Directors)	8	8	-	-	-	-	1
Outside officers	14	14	-	-	-	-	4

(Notes) 1. The Company has shifted from a Company with an Audit & Supervisory Board to a Company with an Audit & Supervisory Committee effective of May 12, 2022.

2. The Company grants restricted stock to its Directors (excluding Directors who are Audit & Supervisory Committee Members, Outside Directors and other Non-executive Directors) as non-monetary compensation, etc.

3) Total amount of consolidated compensation, etc. for each officer of the filing company

Not stated because none of the officers received a total consolidated compensation, etc. of 100 million yen or more.

(5) Securities held by the Company

1) Criteria and basic stance of classification of investment securities

The Company classifies securities held solely for the purpose of gaining profit from fluctuations in the value of securities or from dividends associated with securities as investment securities for pure investment purposes, and other securities as investment securities for purposes other than pure investment.

The Company does not hold any investment securities for pure investment purposes.

2) Investment securities held for purposes other than pure investment

i) Holding policy, method to examine the rationality of holding, and examination by the Board of Directors, etc. on the suitability of holding each issue

The Company makes it its basic policy to hold shares of its business partners as cross-shareholdings with a medium- to long-term view, as part of its management strategies aimed at maintaining and strengthening stable business relationship, gathering information on other companies in the industry, among others. As a basic policy, every year, the Board of Directors reviews each cross-shareholding in terms of financial situation, business performance, valuation loss/gain from the holding, dividend yields, ROE, status of transactions, and other factors, and examines the quantitative aspects such as whether or not the risks and benefits of holding match the capital cost, the qualitative aspects such as the maintenance and expansion of business relationship in the medium to long run, as well as various other circumstances. As a result of the examination, if the holding is deemed to lack rationality, the Company phases down such holding.

During the fiscal year under review, the rationality examination of holdings took place at a Board of Directors meeting held in December 2023.

The Company exercises the voting rights on cross-shareholdings on condition that it contributes to improving the Company's corporate value. In cases where the partner company's performance has been worsening drastically for a certain period of time or where there has been a significant change in the business relationship between the Company and the partner, the Company decides to vote for or against proposals after comprehensively considering such matters as whether or not it serves the continuous improvement of the partner's corporate value or it whether or not may damage the Company's corporate value.

ii) Number of issues and the amount recorded on balance sheet

	Number of issues (Issues)	Total amount recorded on balance sheet (Million yen)
Unlisted shares	6	69
Shares other than unlisted shares	8	2,219

(Issues for which the number of shares increased during the fiscal year under review)

	Number of issues (Issues)	Total acquisition costs related to the increase in the number of shares (Million yen)	Reasons for increase in the number of shares
Unlisted shares	-	-	-
Shares other than unlisted shares	-	-	-

(Issues for which the number of shares decreased during the fiscal year under review)

	Number of issues (Issues)	Total sale costs related to the decrease in the number of shares (Million yen)
Unlisted shares	-	-
Shares other than unlisted shares	-	-

iii) Number of shares, the amount recorded on balance sheet, etc. of specified investment securities and deemed shareholdings by issue

Specified investment securities

Issue	Fiscal year under review	Previous fiscal year	Purpose of holding, overview of business alliance, etc., quantitative effect of holding, and reasons for increase in the number of shares	Holding of the Company's shares
	Number of shares (Shares)	Number of shares (Shares)		
	Amount recorded on balance sheet (Million yen)	Amount recorded on balance sheet (Million yen)		
The Kiyo Bank, Ltd.	438,300	438,300	Purpose of holding: to facilitate financial transactions required in the performance of business activities; to maintain and strengthen business relations; and to mutually share information on the regional economy and other information	Yes
	813	710		
Heiwado Co., Ltd.	306,200	306,200	Purpose of holding: to gather information on other companies in the industry; and to maintain and strengthen friendly relations with this company	Yes
	631	666		
Sumitomo Mitsui Trust Holdings, Inc.	176,118	88,059	Purpose of holding: to facilitate financial transactions required in the performance of business activities; and to maintain and strengthen relationship concerning gathering of financial information Reasons for increase in the number of shares: a 2-for-1 stock split took place in December 2023	Yes
	522	436		
Mitsubishi UFJ Financial Group, Inc.	88,000	88,000	Purpose of holding: to facilitate financial transactions required in the performance of business activities; and to maintain and strengthen relationship concerning gathering of financial information	Yes
	130	87		
The Nanto Bank, Ltd.	23,000	23,000	Purpose of holding: to facilitate financial transactions; and to mutually share information on the regional economy and other information	Yes
	61	61		
San ju San Financial Group, Inc.	15,330	15,330	Purpose of holding: to facilitate financial transactions; and to mutually share information on the regional economy and other information	Yes
	29	26		
Senshu Ikeda Holdings, Inc.	54,600	54,600	Purpose of holding: to facilitate financial transactions; and to mutually share information on the regional economy and other information	Yes
	19	13		
Sumitomo Mitsui Financial Group, Inc.	1,200	1,200	Purpose of holding: to facilitate financial transactions required in the performance of business activities; and to maintain and strengthen relationship concerning gathering of financial information	Yes
	9	7		

(Note) It is difficult to state the quantitative effect of holding for each issue.

Regarding the rationality of holding for each cross-holding partner, we comprehensively examine the track record of transactions, dividend income, cost of shareholding, etc., in addition to the purpose of holding for each partner and other qualitative aspects.

Deemed shareholdings

Not applicable.

3) Investment securities held for pure investment purposes

Not applicable.

4) Investment securities for which the purpose of holding changed from pure investment to other than pure investment during the fiscal year under review

Not applicable.

5) Investment securities for which the purpose of holding changed from other than pure investment to pure investment during the fiscal year under review

Not applicable.

V. Financial Information

1. Basis of preparation of consolidated financial statements and non-consolidated financial statements

(1) The consolidated financial statements of the Company are prepared in accordance with the “Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements” (Ministry of Finance Order No. 28 of 1976).

(2) The non-consolidated financial statements of the Company are prepared in accordance with the “Regulation on Terminology, Forms, and Preparation Methods of Financial Statements” (Ministry of Finance Order No. 59 of 1963; hereinafter “Regulation for Non-Consolidated Financial Statements”).

As the Company falls under the category of a company filing financial statements under special provisions, its financial statements are prepared in accordance with Article 127 of the Regulation for Non-Consolidated Financial Statements.

2. Audit certification

Pursuant to Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, the Company’s consolidated financial statements and non-consolidated financial statements for the fiscal year (from February 21, 2023 to February 20, 2024) were audited by Crowe Toyo & Co.

3. Special efforts to ensure the appropriateness of the consolidated financial statements and other financial reports

The Company has taken special efforts to ensure the appropriateness of the consolidated financial statements and other financial reports. Specifically, the Company holds membership in the Financial Accounting Standards Foundation and attends seminars provided by accounting auditors and other entities to ensure a good understanding of corporate accounting standards and to develop systems that will enable appropriate responses to changes in accounting standards, etc.

1. Consolidated Financial Statements, etc.

(1) Consolidated Financial Statements

1) Consolidated Balance Sheet

(Million yen)

	As of February 20, 2023	As of February 20, 2024
Assets		
Current assets		
Cash and deposits	*1 15,751	*1 16,550
Notes and accounts receivable - trade	*2 6,294	*2 6,238
Merchandise and finished goods	9,483	10,085
Other	2,371	1,634
Allowance for doubtful accounts	(0)	(8)
Total current assets	33,899	34,500
Non-current assets		
Property, plant and equipment		
Buildings and structures	*1 141,155	*1 142,977
Accumulated depreciation	(93,923)	(96,796)
Buildings and structures, net	47,232	46,180
Machinery, equipment and vehicles	6,886	7,172
Accumulated depreciation	(5,328)	(5,689)
Machinery, equipment and vehicles, net	1,558	1,482
Tools, furniture and fixtures	13,155	14,694
Accumulated depreciation	(9,937)	(11,109)
Tools, furniture and fixtures, net	3,218	3,584
Land	28,044	28,314
Leased assets	4,713	3,741
Accumulated depreciation	(3,516)	(3,186)
Leased assets, net	1,196	555
Construction in progress	843	366
Total property, plant and equipment	82,093	80,483
Intangible assets		
Other	3,691	4,094
Total intangible assets	3,691	4,094
Investments and other assets		
Investment securities	*3 2,512	*3 2,631
Retirement benefit asset	1,314	2,454
Leasehold deposits	4,540	4,555
Guarantee deposits	1,386	1,301
Deferred tax assets	2,372	1,765
Other	728	722
Allowance for doubtful accounts	(12)	(12)
Total investments and other assets	12,841	13,418
Total non-current assets	98,626	97,996
Total assets	132,526	132,496

(Million yen)

	As of February 20, 2023	As of February 20, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	12,684	12,875
Short-term borrowings	4,660	4,850
Current portion of long-term borrowings	*5 6,129	4,360
Lease liabilities	660	390
Income taxes payable	373	481
Accrued consumption taxes	169	679
Refund liability	1,321	1,306
Contract liabilities	2,649	2,114
Other	10,315	9,265
Total current liabilities	38,963	36,323
Non-current liabilities		
Long-term borrowings	9,174	11,614
Lease liabilities	530	167
Deferred tax liabilities	2	3
Retirement benefit liability	73	72
Long-term leasehold deposits received	*1 2,462	*1 2,256
Long-term guarantee deposits	122	114
Asset retirement obligations	3,170	3,211
Other	98	53
Total non-current liabilities	15,634	17,493
Total liabilities	54,597	53,816
Net assets		
Shareholders' equity		
Share capital	14,117	14,117
Capital surplus	15,009	15,003
Retained earnings	50,513	50,372
Treasury shares	(1,629)	(1,608)
Total shareholders' equity	78,010	77,885
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	280	426
Remeasurements of defined benefit plans	(667)	40
Total accumulated other comprehensive income	(387)	467
Share acquisition rights	38	38
Non-controlling interests	267	289
Total net assets	77,928	78,679
Total liabilities and net assets	132,526	132,496

2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

[Consolidated Statements of Income]

(Million yen)

	For the fiscal year ended February 20, 2023	For the fiscal year ended February 20, 2024
Net sales	*1 234,726	*1 235,038
Cost of sales	*2 168,315	*2 169,258
Gross profit	66,411	65,780
Operating revenue		
Real estate lease revenue	4,021	3,948
Other operating revenue	8,129	8,391
Total operating revenue	12,150	12,340
Operating gross profit	78,562	78,120
Selling, general and administrative expenses		
Advertising expenses	2,071	2,118
Supplies expenses	2,021	1,877
Distribution expenses	4,268	3,887
Remuneration for directors (and other officers)	143	124
Employees' salaries and allowances	28,516	29,175
Retirement benefit expenses	313	373
Welfare expenses	3,805	4,045
Security and cleaning expenses	2,624	2,669
Depreciation	6,314	6,394
Rent expenses	7,521	7,628
Utilities expenses	5,985	4,800
Repair expenses	2,390	2,397
Taxes and dues	1,690	1,698
Other	7,967	8,037
Total selling, general and administrative expenses	75,635	75,231
Operating profit	2,927	2,888
Non-operating income		
Interest income	1	1
Dividend income	72	67
Share of profit of entities accounted for using equity method	-	16
Gain on sale of recycled materials	72	61
Subsidy income	11	49
Miscellaneous income	157	132
Total non-operating income	315	329
Non-operating expenses		
Interest expenses	68	85
Share of loss of entities accounted for using equity method	4	-
Miscellaneous losses	21	34
Total non-operating expenses	93	120
Ordinary profit	3,148	3,098

(Million yen)

	For the fiscal year ended February 20, 2023	For the fiscal year ended February 20, 2024
Extraordinary income		
Gain on sale of non-current assets	*3 13	*3 2
Compensation income	-	20
Gain on differences between the asset retirement obligation balance and the actual retirement costs	234	5
Other	5	5
Total extraordinary income	252	33
Extraordinary losses		
Loss on sale of non-current assets	*4 51	*4 10
Loss on retirement of non-current assets	*5 237	*5 176
Impairment losses	*6 1,820	*6 898
Loss on cancellation of rental contracts	138	144
Other	33	95
Total extraordinary losses	2,281	1,326
Profit before income taxes	1,119	1,805
Income taxes - current	686	547
Income taxes - deferred	(517)	233
Total income taxes	168	781
Profit	951	1,024
Profit attributable to non-controlling interests	22	23
Profit attributable to owners of parent	928	1,000

[Consolidated Statements of Comprehensive Income]

(Million yen)

	For the fiscal year ended February 20, 2023	For the fiscal year ended February 20, 2024
Profit	951	1,024
Other comprehensive income		
Valuation difference on available-for-sale securities	141	146
Remeasurements of defined benefit plans, net of tax	(272)	707
Total other comprehensive income	* (131)	* 854
Comprehensive income	819	1,878
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	797	1,854
Comprehensive income attributable to non-controlling interests	22	23

3) Consolidated Statements of Changes in Equity

Fiscal year ended February 20, 2023 (from February 21, 2022 to February 20, 2023)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	14,117	15,015	50,656	(1,658)	78,131
Cumulative effects of changes in accounting policies			68		68
Restated balance	14,117	15,015	50,724	(1,658)	78,199
Changes during period					
Dividends of surplus			(1,140)		(1,140)
Profit attributable to owners of parent			928		928
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(6)		28	22
Net changes in items other than shareholders' equity					
Total changes during period	-	(6)	(211)	28	(189)
Balance at end of period	14,117	15,009	50,513	(1,629)	78,010

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	139	(394)	(255)	45	249	78,170
Cumulative effects of changes in accounting policies						68
Restated balance	139	(394)	(255)	45	249	78,239
Changes during period						
Dividends of surplus						(1,140)
Profit attributable to owners of parent						928
Purchase of treasury shares						(0)
Disposal of treasury shares						22
Net changes in items other than shareholders' equity	141	(272)	(131)	(6)	17	(121)
Total changes during period	141	(272)	(131)	(6)	17	(310)
Balance at end of period	280	(667)	(387)	38	267	77,928

Fiscal year ended February 20, 2024 (from February 21, 2023 to February 20, 2024)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	14,117	15,009	50,513	(1,629)	78,010
Cumulative effects of changes in accounting policies					-
Restated balance	14,117	15,009	50,513	(1,629)	78,010
Changes during period					
Dividends of surplus			(1,140)		(1,140)
Profit attributable to owners of parent			1,000		1,000
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(5)		21	16
Net changes in items other than shareholders' equity					
Total changes during period	-	(5)	(140)	21	(124)
Balance at end of period	14,117	15,003	50,372	(1,608)	77,885

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	280	(667)	(387)	38	267	77,928
Cumulative effects of changes in accounting policies						-
Restated balance	280	(667)	(387)	38	267	77,928
Changes during period						
Dividends of surplus						(1,140)
Profit attributable to owners of parent						1,000
Purchase of treasury shares						(0)
Disposal of treasury shares						16
Net changes in items other than shareholders' equity	146	707	854	-	21	875
Total changes during period	146	707	854	-	21	751
Balance at end of period	426	40	467	38	289	78,679

4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended February 20, 2023	For the fiscal year ended February 20, 2024
Cash flows from operating activities		
Profit before income taxes	1,119	1,805
Depreciation	6,758	6,822
Impairment losses	1,820	898
Share of loss (profit) of entities accounted for using equity method	4	(16)
Increase (decrease) in allowance for doubtful accounts	0	8
Interest and dividend income	(74)	(69)
Interest expenses	68	85
Loss (gain) on sale of investment securities	0	-
Loss (gain) on sale of non-current assets	38	7
Loss on retirement of non-current assets	237	176
Decrease (increase) in trade receivables	(640)	56
Decrease (increase) in inventories	(694)	(601)
Decrease (increase) in accounts receivable - other	(481)	786
Increase (decrease) in trade payables	(508)	191
Increase (decrease) in accrued consumption taxes	(671)	510
Increase (decrease) in long-term accounts payable - other	(185)	(35)
Other, net	(329)	(470)
Subtotal	6,462	10,156
Interest and dividends received	219	69
Interest paid	(72)	(86)
Income taxes paid	(677)	(446)
Net cash provided by (used in) operating activities	5,931	9,692
Cash flows from investing activities		
Payments into time deposits	(73)	(73)
Proceeds from withdrawal of time deposits	69	69
Purchase of non-current assets	(6,626)	(7,746)
Proceeds from sale of non-current assets	105	142
Purchase of investment securities	(100)	-
Proceeds from sale of investment securities	2	-
Loan advances	(20)	-
Payments of leasehold and guarantee deposits	(142)	(168)
Proceeds from refund of leasehold and guarantee deposits	287	184
Other, net	(181)	(350)
Net cash provided by (used in) investing activities	(6,678)	(7,942)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(400)	190
Proceeds from long-term borrowings	6,000	6,800
Repayments of long-term borrowings	(4,156)	(6,129)
Repayments of lease liabilities	(834)	(670)
Dividends paid	(1,139)	(1,140)
Dividends paid to non-controlling interests	(4)	(2)
Purchase of treasury shares	(0)	(0)
Other, net	0	0
Net cash provided by (used in) financing activities	(535)	(954)
Effect of exchange rate change on cash and cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	(1,282)	796
Cash and cash equivalents at beginning of period	16,668	15,386
Cash and cash equivalents at end of period	* 15,386	* 16,182

[Notes to Non-consolidated Financial Statements]

(Significant matters providing the basis for the preparation of consolidated financial statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 3

Names of consolidated subsidiaries: OAK-FOODS Corporation, Retail Backoffice Support Co., Ltd., SUNRISE., CO. LTD.

(2) Number of non-consolidated subsidiaries: 2

Name of major non-consolidated subsidiary: MAMY CORPORATION

(Reasons for exclusion from the scope of consolidation)

The non-consolidated subsidiaries have been excluded from the scope of consolidation because they are both small-scale companies, and their respective total assets, net sales, profit or loss (amount corresponding to equity held), retained earnings (amount corresponding to equity held), etc. do not have a material effect on the consolidated financial statements.

2. Application of the equity method

(1) Number of non-consolidated subsidiaries accounted for by the equity method: 1

Name of non-consolidated subsidiary accounted for by the equity method: MAMY CORPORATION

(2) Number of affiliates accounted for by the equity method: 1

Name of affiliate accounted for by the equity method: O-Entertainment Co., Ltd.

(3) Number of non-consolidated subsidiaries not accounted for by the equity method: 1

Name of non-consolidated subsidiary not accounted for by the equity method: Wakayama Daido Seika Co., Ltd.

(Reason for exclusion from the application of the equity method)

The company is excluded from application of the equity method because its impact on profit or loss (amount corresponding to equity held), retained earnings (amount corresponding to equity held), etc. is negligible and it as a whole does not have a material effect on the consolidated financial statements.

3. Accounting periods of consolidated subsidiaries

The consolidated subsidiaries close their books of account on the same date as the consolidated closing date.

4. Accounting policies

(1) Evaluation standards and methods for significant assets

1) Securities

Available-for-sale securities

Securities other than shares that do not have a market price Stated at fair value (Unrealized gains or losses are comprehensively reported as a component of net assets and the cost of securities sold is computed using the moving average method.)

Shares that do not have a market price Stated at cost by the moving average method

2) Inventories

Merchandise Stated at cost by the retail method

However, logistics center inventories, etc. are stated at cost by the last purchase cost method. Balance sheet values reflect write-downs based on decreased profitability.

(2) Depreciation methods for significant depreciable assets

1) Property, plant and equipment (excluding leased assets)

The declining balance method is used. However, the straight line method is applied for buildings acquired on or after April 1, 1998 (excluding building fixtures) and building fixtures and structures acquired on or after April 1, 2016.

The useful lives of assets are principally as follows:

Buildings and structures 3 to 47 years

Machinery, equipment and vehicles 4 to 17 years

Tools, furniture and fixtures 2 to 10 years

- 2) Intangible assets (excluding leased assets) and long-term prepaid expenses

The straight line method is used. However, software for internal use is amortized over an estimated useful life of five years using the straight line method.
- 3) Leased assets

Leased assets related to non-ownership-transfer finance lease transactions

Depreciated by the straight line method, by defining the lease term of respective assets as their useful lives, with residual value equaling zero.
- (3) Basis for significant allowances and provisions

Allowance for doubtful accounts

To prepare for any loss incurred from bad debts, such as accounts receivable - trade and loans, allowances are provided based on the actual rate of losses in respect of general receivables and by considering the respective collectability in respect of specific debts, including doubtful accounts.
- (4) Accounting for retirement benefits
 - 1) Allocation of expected retirement benefits to periods

In calculating retirement benefit obligations, the benefit formula standard is used as the method for attributing expected benefits up to the end of the consolidated fiscal year under review.
 - 2) Amortization of actuarial differences

Actuarial differences are amortized evenly using the straight line method over a fixed period within the average remaining service years of employees (10 years) at the time of occurrence in each fiscal year, beginning from the consolidated fiscal year following the time of occurrence.
- (5) Basis for significant revenue and expenses
 - 1) Revenue recognition related to sales of products

Revenue from contracts with customers of the Group is primarily from sales of products, etc. in the supermarket business. Revenue from these sales of products, etc. is recognized at the time that the products, etc. are delivered to the customers. For sales of products, etc. in which the Group is determined to constitute an agent, revenue is recognized at the net amount received from the customer less the amount paid to the supplier.

In addition, the Group offers a customer loyalty program, whereby points are granted to members at the time of sale and one point is converted to one yen. Revenue is recognized at the amount of net sales after deduction of points granted less points expected to expire in future.
 - 2) Revenue recognition related to gift certificates issued by the Company

The Company identifies gift certificates issued as obligations and recognizes revenue at the time that a gift certificate is used. Revenue for unused portions of gift certificates is recognized at the time when the likelihood of customers exercising their rights becomes extremely low.
- (6) Significant hedge accounting method
 - 1) Hedge accounting method

Exceptional accounting treatment is applied to interest-rate swaps as they meet the conditions for exceptional accounting treatment.
 - 2) Hedging instruments and hedged items

Hedging instruments: Interest rate swaps

Hedged items: Interest on borrowings
 - 3) Hedging policy

The Group conducts derivative transactions primarily for the purpose of hedging its exposure to interest rate fluctuation risks arising from borrowings, and it has a policy of not entering into speculative transactions.
 - 4) Method of evaluating hedging effectiveness

The assessment of hedging effectiveness is omitted for interest rate swaps as they meet the conditions for exceptional accounting treatment.
- (7) Cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents as stated in the consolidated statements of cash flows consist of cash in hand, readily available deposits, and any short-term liquid investments with maturities not exceeding three months at the time of purchase and that are subject to little risk of change in value.
- (8) Other significant matters for the preparation of consolidated financial statements

Not applicable.

(Significant accounting estimates)

1. Impairment loss on non-current assets

(1) Amount recorded on the consolidated financial statements for the fiscal year under review

	For the fiscal year ended February 20, 2023 (Million yen)	For the fiscal year ended February 20, 2024 (Million yen)
Impairment losses	1,820	898
Property, plant and equipment and intangible assets, etc.	85,784	84,896

(2) Information on the content of significant accounting estimates for the identified item

In determining groups of assets, the Group regards each store as the minimum unit (asset group) for the generation of independent cash flows and takes into consideration the mutually complementary relationship of sales and logistics. Further, in respect of idle assets and leased assets, each individual property is regarded as its own separate asset group.

The Group identifies indications of impairment in situations where an asset group records continuous operating losses or where there has been a change in the method of use that will significantly reduce recoverability (e.g., decision made to close or sell a store).

Where there are indications of impairment, the Group estimates future cash flows projected from continued use of the asset group and from its disposal after use and compares them to the book value of the asset group as a non-current asset to determine whether or not an impairment loss should be recognized. If recognition of impairment loss is required, the book value is written down to the recoverable amount (net realizable value or value in use, whichever is higher) and the amount of that reduction is recorded as an impairment loss.

Projections of future sales trends, based on past results and current progress, among other factors, are used as the principal assumptions for the estimation of future cash flow generated from the continued use of the asset group.

These principal assumptions are accompanied by uncertainty, as they are affected by changes in the business environment in each region where relevant stores are located.

For this reason, should a review of the principal assumptions be required, there is a possibility that additional impairment losses may be accrued in the consolidated financial statements for the following fiscal year.

2. Recoverability of deferred tax assets

(1) Amount recorded on the consolidated financial statements for the fiscal year under review

	For the fiscal year ended February 20, 2023 (Million yen)	For the fiscal year ended February 20, 2024 (Million yen)
Deferred tax assets	2,372	1,765

(2) Information on the content of significant accounting estimates for the identified item

The Group records deferred tax assets for deductible temporary differences that are determined to be recoverable based on estimates of taxable income based on future profit plans. The recoverability of deferred tax assets depends on estimates of future taxable income.

Therefore, if the estimated amount of future taxable income changes due to significant changes in the business environment, deferred tax assets will be reduced, which may have a significant impact on the consolidated financial statements for the following fiscal year.

(Accounting Standards Not Applied, etc.)

- Accounting Standard for Current Income Taxes, etc. (ASBJ Statement No. 27, October 28, 2022)
- Accounting Standard for Presentation of Comprehensive Income (ASBJ Statement No. 25, October 28, 2022)
- Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022)

(1) Summary

These standards, etc. set forth the classification for the recording of income taxes when other comprehensive income is taxed and the treatment of tax effects related to the sale of shares of subsidiaries, etc. if the corporate group tax system is applied.

(2) Scheduled date of application

The Company plans to apply these standards, etc. during the fiscal year ending February 20, 2026.

(3) Effect of Application of these Accounting Standards, etc.

The effect of the application of these standards, etc., including the Accounting Standard for Current Income Taxes, etc. on the consolidated balance sheet is currently being evaluated.

(Changes in Presentation Methods)

(Notes to consolidated statements of income)

“Subsidy income,” which was included in “miscellaneous income” under “non-operating income” in the previous consolidated fiscal year, has increased in monetary significance, and is therefore presented in a separate classification from the consolidated fiscal year under review. To reflect this change in presentation method, reclassification has been made to the previous year’s consolidated financial statements.

As a result, in the consolidated statements of income for the previous consolidated fiscal year, the 168 million yen presented in “miscellaneous income” under “non-operating income” has been reclassified as “subsidy income” of 11 million yen and “miscellaneous income” of 157 million yen.

(Notes to consolidated statements of cash flows)

“Decrease (increase) in accounts receivable - other,” which was included in “other, net” in the “cash flows from operating activities” in the previous consolidated fiscal year, has increased in significance, and is therefore presented in a separate classification from the consolidated fiscal year under review. To reflect this change in presentation method, reclassification has been made to the previous year’s consolidated financial statements.

As a result, in “cash flows from operating activities” in the consolidated statements of cash flows for the previous consolidated fiscal year, the (811) million yen presented in “other, net” has been reclassified as “decrease (increase) in accounts receivable - other” of (481) million yen and “other, net” of (329) million yen.

(Notes to consolidated balance sheet)

*1 Pledged assets and secured debt

(Assets pledged as collateral)

	As of February 20, 2023	As of February 20, 2024
Cash and deposits (time deposits)	3 million yen	3 million yen
Buildings and structures	67 million yen	71 million yen
Total	71 million yen	75 million yen

(Secured debt)

	As of February 20, 2023	As of February 20, 2024
Long-term leasehold deposits received	20 million yen	20 million yen

*2 The amounts of receivables generated by contracts with customers in notes and accounts receivable - trade are as follows.

	As of February 20, 2023	As of February 20, 2024
Notes receivable	-million yen	-million yen
Accounts receivable - trade	6,294 million yen	6,238 million yen

*3 Non-consolidated subsidiaries and affiliates

	As of February 20, 2023	As of February 20, 2024
Investment securities (shares)	331 million yen	324 million yen

4. Contingent liabilities

The Company provides the following guarantees for obligations to companies other than consolidated companies.

Guarantees against trade payables, etc.

	As of February 20, 2023	As of February 20, 2024
PARTYHOUSE Co., Ltd.	12 million yen	5 million yen

*5 Financial covenants

Among its borrowings, syndicate loan agreements are subject to financial covenants that are based on certain indicators and other conditions calculated from the amount in the net assets section of the consolidated balance sheet as of each fiscal year end or ordinary profit/loss in the consolidated statements of income as of each fiscal year end.

	As of February 20, 2023	As of February 20, 2024
Current portion of long-term borrowings	500 million yen	- million yen

(Notes to consolidated statements of income)

*1 Revenue from contracts with customers

Net sales has not been classified into revenue from contracts with customers and other revenue. The amounts of revenue from contracts with customers are stated in “1. Information on breakdown of revenue from contracts with customers” under “Consolidated Financial Statements, Notes to Consolidated Financial Statements (Notes to revenue recognition).”

*2 Of the cost of sales, the expenses of food factories that produce prepared foods are as follows.

	For the fiscal year ended February 20, 2023	For the fiscal year ended February 20, 2024
	3,956million yen	3,976million yen

*3 Breakdown of gain on sale of non-current assets

	For the fiscal year ended February 20, 2023	For the fiscal year ended February 20, 2024
Buildings and structures	5 million yen	2 million yen
Machinery, equipment and vehicles	1 million yen	0 million yen
Land	6 million yen	- million yen
Other non-current assets	0 million yen	- million yen
Total	13 million yen	2 million yen

*4 Breakdown of loss on sale of non-current assets

	For the fiscal year ended February 20, 2023	For the fiscal year ended February 20, 2024
Buildings and structures	12 million yen	0 million yen
Land	24 million yen	9 million yen
Intangible assets	14 million yen	- million yen
Other non-current assets	0 million yen	0 million yen
Total	51 million yen	10 million yen

*5 Breakdown of loss on retirement of non-current assets

	For the fiscal year ended February 20, 2023	For the fiscal year ended February 20, 2024
Buildings and structures	21 million yen	26 million yen
Machinery, equipment and vehicles	11 million yen	0 million yen
Tools, furniture and fixtures	1 million yen	1 million yen
Intangible assets	- million yen	0 million yen
Investments and other assets	0 million yen	- million yen
Cost of dismantling of buildings and other items	203 million yen	148 million yen
Total	237 million yen	176 million yen

*6 Impairment losses

The Group recorded impairment losses for the following asset groups.

For the fiscal year ended February 20, 2023

Purpose	Type	Location	Amount (Million yen)
Stores	Buildings and structures, leasehold interests in land, etc.	Shizuoka Prefecture	777
	Buildings and structures, leasehold interests in land, etc.	Nara Prefecture	406
	Buildings and structures, etc.	Wakayama Prefecture	344
	Buildings and structures, etc.	Osaka Prefecture	170
	Buildings and structures, etc.	Aichi Prefecture	88
	Leasehold interests in land, etc.	Gifu Prefecture	14
	Buildings and structures, etc.	Mie Prefecture	14
	Buildings and structures, etc.	Hyogo Prefecture	3

The Group groups its assets mainly using stores as the basic and minimum unit that generates cash flows. For idle assets and leased assets, they are grouped by property unit.

For stores, the book value of the asset groups whose profit and loss resulting from operating activities is continuously negative and the asset groups that had been decided to be disposed of was reduced to the recoverable amount, and the reduced amount was recorded as impairment losses under extraordinary losses. For assets to be sold, the book value was reduced to the estimated sales value, and the reduced amount (1,820 million yen) was recorded as impairment losses under extraordinary losses.

The breakdown of the impairment losses is as follows:

Buildings and structures	1,427 million yen
Leasehold interests in land	197 million yen
Land	103 million yen
Tools, furniture and fixtures	78 million yen
Other	13 million yen
<u>Total</u>	<u>1,820 million yen</u>

The recoverable amount of these asset groups is measured by the higher of net realizable value or value in use. Net realizable values are determined primarily by making reasonable adjustments to real estate appraisal value or roadside value and assessed value for property tax purposes. In addition, the value in use is calculated by discounting future cash flows primarily by 3.5%.

For the fiscal year ended February 20, 2024

Purpose	Type	Location	Amount (Million yen)
Stores	Buildings and structures, land, etc.	Wakayama Prefecture	350
	Buildings and structures, leasehold interests in land, etc.	Nara Prefecture	322
	Buildings and structures, etc.	Gifu Prefecture	96
	Buildings and structures, etc.	Osaka Prefecture	51
	Buildings and structures, etc.	Aichi Prefecture	31
	Buildings and structures, etc.	Shizuoka Prefecture	4
	Buildings and structures, etc.	Mie Prefecture	2
Idle assets	Land, etc.	Wakayama Prefecture	38

The Group groups its assets mainly using stores as the basic and minimum unit that generates cash flows. For idle assets and leased assets, they are grouped by property unit.

For stores, the book value of the asset groups whose profit and loss resulting from operating activities is continuously negative and the asset groups that had been decided to be disposed of was reduced to the recoverable amount, and the reduced amount was recorded as impairment losses under extraordinary losses. For assets to be sold, the book value was reduced to the estimated sales value, and the reduced amount (898 million yen) was recorded as impairment losses under extraordinary losses.

The breakdown of the impairment losses is as follows:

Buildings and structures	703 million yen
Land	86 million yen
Leasehold interests in land	53 million yen
Tools, furniture and fixtures	51 million yen
Other	3 million yen
Total	898 million yen

The recoverable amount of these asset groups is measured by the higher of net realizable value or value in use. Net realizable values are determined primarily by making reasonable adjustments to real estate appraisal value or roadside value and assessed value for property tax purposes. In addition, the value in use is calculated by discounting future cash flows primarily by 4.0%.

(Notes to consolidated statements of comprehensive income)

* Reclassification adjustments and tax effects relating to other comprehensive income

	For the fiscal year ended February 20, 2023	For the fiscal year ended February 20, 2024
Valuation difference on available-for-sale securities		
Gains arising during the year	200 million yen	210 million yen
Reclassification adjustments	0 million yen	- million yen
Amount before income tax effect	201 million yen	210 million yen
Income tax effect	(60) million yen	(64) million yen
Valuation difference on available-for-sale securities	141 million yen	146 million yen
Remeasurements of defined benefit plans, net of tax		
Gains arising during the year	(395) million yen	949 million yen
Reclassification adjustments	3 million yen	68 million yen
Amount before income tax effect	(392) million yen	1,017 million yen
Income tax effect	119 million yen	(310) million yen
Remeasurements of defined benefit plans, net of tax	(272) million yen	707 million yen
Total other comprehensive income	(131) million yen	854 million yen

(Notes to consolidated statements of changes in equity)

For the fiscal year ended February 20, 2023

1. Matters related to outstanding shares

Class of shares	As of the beginning of the period	Increase	Decrease	As of the end of the period
Common shares (Shares)	45,237,297	-	-	45,237,297

2. Matters related to treasury shares

Class of shares	As of the beginning of the period	Increase	Decrease	As of the end of the period
Common shares (Shares)	1,386,767	286	24,000	1,363,053

(Notes) 1. The increase in treasury shares (common shares) by 286 shares was due to the purchase of 286 shares in shares less than one unit.

2. The decrease in treasury shares (common shares) by 24,000 shares was due to the exercise of share acquisition rights for 6,200 shares and the disposal of 17,800 treasury shares under the restricted stock compensation system.

3. Matters related to share acquisition rights, etc.

Company name	Breakdown	Type of shares subject to share acquisition rights	Number of shares subject to share acquisition rights (Shares)				As of the end of the period (Million yen)
			As of the beginning of the period	Increase	Decrease	As of the end of the period	
Filing company	Share acquisition rights as stock options	-	-	-	-	-	38
Total			-	-	-	-	38

4. Matters related to dividends

(1) Dividends paid

Resolution	Class of shares	Total dividends (Million yen)	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on May 12, 2022	Common shares	570	13.00	February 20, 2022	May 13, 2022
Board of Directors meeting held on October 3, 2022	Common shares	570	13.00	August 20, 2022	October 18, 2022

(2) Dividends whose record date fell in the consolidated fiscal year under review, but whose effective date comes after February 20, 2023

Resolution	Class of shares	Sources of dividends	Total dividends (Million yen)	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on May 16, 2023	Common shares	Retained earnings	570	13.00	February 20, 2023	May 17, 2023

For the fiscal year ended February 20, 2024

1. Matters related to outstanding shares

Class of shares	As of the beginning of the period	Increase	Decrease	As of the end of the period
Common shares (Shares)	45,237,297	-	-	45,237,297

2. Matters related to treasury shares

Class of shares	As of the beginning of the period	Increase	Decrease	As of the end of the period
Common shares (Shares)	1,363,053	384	18,206	1,345,231

(Notes) 1. The increase in treasury shares (common shares) by 384 shares was due to the purchase of 384 shares in shares less than one unit.

2. The decrease in treasury shares (common shares) by 18,206 shares was due to requests for additional purchase of 6 shares in shares less than one unit and the disposal of 18,200 treasury shares under the restricted stock compensation system.

3. Matters related to share acquisition rights, etc.

Company name	Breakdown	Type of shares subject to share acquisition rights	Number of shares subject to share acquisition rights (Shares)				Balance at the end of the period (Million yen)
			As of the beginning of the period	Increase	Decrease	As of the end of the period	
Filing company	Share acquisition rights as stock options	-	-	-	-	-	38
Total			-	-	-	-	38

4. Matters related to dividends

(1) Dividends paid

Resolution	Class of shares	Total dividends (Million yen)	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on May 16, 2023	Common shares	570	13.00	February 20, 2023	May 17, 2023
Board of Directors meeting held on May 3, 2023	Common shares	570	13.00	August 20, 2023	October 18, 2023

(2) Dividends whose record date fell in the consolidated fiscal year under review, but whose effective date comes after February 20, 2024

Resolution	Class of shares	Sources of dividends	Total dividends (Million yen)	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on May 15, 2024	Common shares	Retained earnings	570	13.00	February 20, 2024	May 16, 2024

(Notes to consolidated statements of cash flows)

* Relationship between cash and cash equivalents at end of period and the amounts of consolidated balance sheet items

	For the fiscal year ended February 20, 2023	For the fiscal year ended February 20, 2024
Cash and deposits	15,751 million yen	16,550 million yen
Time deposits with original maturities of more than three months	(361) million yen	(364) million yen
Time deposits pledged as collateral	(3) million yen	(3) million yen
Cash and cash equivalents	15,386 million yen	16,182 million yen

(Notes to lease transactions)

1. Finance lease transactions

(For the lessee)

Non-ownership-transfer finance lease transactions

(1) Details of leased assets

Property, plant and equipment

Primarily store equipment, information-related equipment, etc.

(2) Depreciation methods for leased assets

As described in “4. Accounting policies (2) Depreciation methods for significant depreciable assets” under “Significant matters providing the basis for the preparation of consolidated financial statements.”

2. Operating lease transactions

(For the lessee)

Unearned lease income pertaining to non-cancellable operating lease transactions

	As of February 20, 2023	As of February 20, 2024
Within 1 year	237 million yen	245 million yen
After 1 year	681 million yen	442 million yen
Total	919 million yen	688 million yen

(Notes to financial instruments)

1. Matters concerning the financial instruments

(1) Policies on financial instruments

The Group raises the necessary funds for new store openings, renovations, and other purposes through self-funding, financial institution loans and leases, in accordance with its capital investment plan. Temporary surplus funds are managed in the form of relatively safe financial assets, and short-term working funds are procured through bank borrowings. The Group conducts derivative transactions primarily to hedge its exposure to interest rate fluctuation risks arising from borrowings, and it has a policy of not entering into speculative transactions.

(2) Content of and risks involved in financial instruments

Notes and accounts receivable - trade, as operating receivables, are primarily from credit companies and are exposed to credit risk, along with that of general customers. Investment securities primarily consist of shares in companies that have business relationships with the Group and are exposed to market price fluctuation risk. Leasehold deposits and guarantee deposits are primarily placed in association with the renting of land and buildings and are exposed to the credit risk of the recipients.

The payment terms of most notes and accounts payable - trade, as operating payables, are within two months. Short-term borrowings are principally aimed at procuring necessary funds for continued business operations. Some of these borrowings are exposed to interest rate fluctuation risk. Long-term borrowings and lease liabilities related to finance lease transactions are principally aimed at procuring necessary funds for capital investments. Some of these long-term borrowings are exposed to interest rate fluctuation risk. Long-term leasehold deposits received and long-term guarantee deposits are primarily placed in association with the renting of land and buildings.

Derivative transactions are interest rate swaps used to hedge exposure to interest rate fluctuation risk arising from long-term borrowings.

(3) Risk management system for financial instruments

1) Credit risk management (risks involved in default or other breach of contracts on the part of business partners)

For notes and accounts receivable - trade, leasehold deposits, and guarantee deposits, maturity dates and balances are managed for each business partner to determine as quickly as possible any concerns regarding the collection of receivables, and the departments responsible take immediate action to mitigate risks.

2) Market risk management (exchange and interest rate fluctuation risks, etc.)

In respect of investment securities, their fair market values and the financial position of their issuers are monitored on a regular basis and the appropriateness of holding such securities are reviewed continuously, based on consideration of market conditions and the relationship with their issuers. Derivative transactions are used to hedge exposure to interest rate fluctuation risk.

3) Management of liquidity risk arising from fund procurement (risk of possible inability to make payment by the payment due date)

Liquidity risk is managed by the responsible department preparing and updating financing plans on a timely basis based on reports from the individual departments and maintaining a certain level of liquidity on hand.

(4) Supplementary explanation of fair value of financial instruments, etc.

The fair value of financial instruments includes the reasonably calculated value for those instruments without market price, in addition to the value based on the market price. As several variable factors are incorporated into the calculation of fair value of financial instruments, the resulting amount may vary depending on the different preconditions employed.

2. Matters concerning the fair value of financial instruments, etc.

The following tables indicate the amount recorded on the consolidated balance sheets, the fair value, and the difference between these two values.

As of February 20, 2023

	Amount recorded on consolidated balance sheet (Million yen)	Fair value (Million yen)	Difference (Million yen)
(1) Investment securities			
Available-for-sale securities	2,026	2,026	-
(2) Leasehold deposits and guarantee deposits	5,926	5,046	(879)
Total assets	7,953	7,073	(879)
(3) Long-term borrowings(*)	15,303	15,213	(89)
(4) Lease liabilities(*)	1,191	1,183	(7)
(5) Long-term leasehold deposits received and long-term guarantee deposits	2,584	2,079	(504)
Total liabilities	19,079	18,477	(601)
Derivative transactions	-	-	-

* Includes current liabilities.

*1 Notes on cash and deposits, notes and accounts receivable - trade, notes and accounts payable - trade, and short-term borrowings are omitted as these assets are cash and are settled within a short time, hence their fair value is almost equal to their book value.

*2 Shares that do not have a market price are not included in "(1) Investment securities." The amounts recorded on the consolidated balance sheets for these financial instruments are indicated in the table below.

Classification	For the fiscal year ended February 20, 2023 (Million yen)
Unlisted shares	154
Shares of subsidiaries and associates	331

As of February 20, 2024

	Amount recorded on consolidated balance sheet (Million yen)	Fair value (Million yen)	Difference (Million yen)
(1) Investment securities			
Available-for-sale securities	2,236	2,236	-
(2) Leasehold deposits and guarantee deposits	5,857	5,170	(687)
Total assets	8,094	7,407	(687)
(3) Long-term borrowings(*)	15,974	15,936	(37)
(4) Lease liabilities(*)	558	555	(2)
(5) Long-term leasehold deposits received and long-term guarantee deposits	2,370	1,995	(374)
Total liabilities	18,902	18,487	(415)
Derivative transactions	-	-	-

* Includes current liabilities.

*1 Notes on cash and deposits, notes and accounts receivable - trade, notes and accounts payable - trade, and short-term borrowings are omitted as these assets are cash and are settled within a short time, hence their fair value is almost equal to their book value.

*2 Shares that do not have a market price are not included in "(1) Investment securities." The amounts recorded on the consolidated balance sheets for these financial instruments are indicated in the table below.

Classification	For the fiscal year ended February 20, 2024 (Million yen)
Unlisted shares	69
Shares of subsidiaries and associates	324

(Note 1) Redemption schedule for monetary receivables after the consolidated closing date

As of February 20, 2023

Classification	(Million yen)			
	Within 1 year	After 1 year and within 5 years	After 5 years and within 10 years	After 10 years
Cash and deposits	15,751	-	-	-
Notes and accounts receivable - trade	6,294	-	-	-
Leasehold deposits and guarantee deposits	289	1,010	1,208	3,417

As of February 20, 2024

Classification	(Million yen)			
	Within 1 year	After 1 year and within 5 years	After 5 years and within 10 years	After 10 years
Cash and deposits	16,550	-	-	-
Notes and accounts receivable - trade	6,238	-	-	-
Leasehold deposits and guarantee deposits	337	953	1,203	3,361

(Note 2) Repayment schedule for short-term borrowings, long-term borrowings, and lease liabilities after the consolidated closing date

As of February 20, 2023

Classification	(Million yen)					
	Within 1 year	After 1 year and within 2 years	After 2 years and within 3 years	After 3 years and within 4 years	After 4 years and within 5 years	After 5 years
Short-term borrowings	4,660	-	-	-	-	-
Long-term borrowings	6,129	3,300	2,000	1,800	1,193	880
Lease liabilities	660	367	133	7	7	13

As of February 20, 2024

Classification	(Million yen)					
	Within 1 year	After 1 year and within 2 years	After 2 years and within 3 years	After 3 years and within 4 years	After 4 years and within 5 years	After 5 years
Short-term borrowings	4,850	-	-	-	-	-
Long-term borrowings	4,360	3,360	3,160	2,553	2,240	300
Lease liabilities	390	135	8	8	8	6

3. Fair value of financial instruments by level within the fair value hierarchy

The fair value of financial instruments is classified into the following three levels according to the observability and materiality of inputs used to measure fair value:

Level 1 fair value: Fair value measured using observable inputs, i.e. quoted prices in active markets for assets or liabilities that are the subject of the measurement

Level 2 fair value: Fair value measured using observable inputs other than Level 1 inputs

Level 3 fair value: Fair value measured using unobservable inputs

If multiple inputs are used that are significant to the fair value measurement, the fair value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement.

(1) Financial instruments measured at fair value

As of February 20, 2023

Classification	Fair value (Million yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Shares	2,026	-	-	2,026
Total assets	2,026	-	-	2,026

As of February 20, 2024

Classification	Fair value (Million yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Shares	2,236	-	-	2,236
Total assets	2,236	-	-	2,236

(2) Financial instruments other than those measured at fair value

As of February 20, 2023

Classification	Fair value (Million yen)			
	Level 1	Level 2	Level 3	Total
Leasehold deposits and guarantee deposits	-	5,046	-	5,046
Total assets	-	5,046	-	5,046
Long-term borrowings	-	15,213	-	15,213
Lease liabilities	-	1,183	-	1,183
Long-term leasehold deposits received and long-term guarantee deposits	-	2,079	-	2,079
Total liabilities	-	18,477	-	18,477

As of February 20, 2024

Classification	Fair value (Million yen)			
	Level 1	Level 2	Level 3	Total
Leasehold deposits and guarantee deposits	-	5,170	-	5,170
Total assets	-	5,170	-	5,170
Long-term borrowings	-	15,936	-	15,936
Lease liabilities	-	555	-	555
Long-term leasehold deposits received and long-term guarantee deposits	-	1,995	-	1,995
Total liabilities	-	18,487	-	18,487

Note: A description of the valuation technique(s) and inputs used in the fair value calculations

Investment securities

Fair value of investment securities is calculated based on the prices traded at the stock exchange. As listed shares are traded in active markets, their fair value is classified as Level 1.

Leasehold deposits and guarantee deposits

Fair value of leasehold deposits received and guarantee deposits is calculated based on the present value estimated by discounting future cash flow by the risk-free rate for the remaining term and is classified as Level 2.

Long-term borrowings and lease liabilities

Fair value of long-term borrowings and lease liabilities is calculated by discounting the total principal and interest, using discount rates that would be applicable for similar new borrowings or lease transactions. Given that fair value of borrowings with fluctuating interest rates reflects market interest rates in the short term, fair value is calculated based on book value as their fair value is considered to be close to their book value. Both are classified as Level 2.

Long-term leasehold deposits received and long-term guarantee deposits

Fair value of long-term leasehold deposits received and long-term guarantee deposits is calculated based on the present value estimated by discounting future cash flow by the risk-free rate for the remaining term and is classified as Level 2.

Derivative transactions

Refer to (Notes to derivative transactions).

(Notes to investment securities)

1. Available-for-sale securities

As of February 20, 2023

Classification	Amount recorded on consolidated balance sheet (Million yen)	Acquisition cost (Million yen)	Difference (Million yen)
Securities for which the amount recorded on the consolidated balance sheet exceeds their acquisition cost			
Shares	1,316	738	578
Bonds	-	-	-
Other	-	-	-
Subtotal	1,316	738	578
Securities for which the amount recorded on the consolidated balance sheet does not exceed their acquisition cost			
Shares	710	898	(187)
Bonds	-	-	-
Other	-	-	-
Subtotal	710	898	(187)
Total	2,026	1,636	390

(Note) "Acquisition cost" in the table refers to book value after recognition of impairment losses

As of February 20, 2024

Classification	Amount recorded on consolidated balance sheet (Million yen)	Acquisition cost (Million yen)	Difference (Million yen)
Securities for which the amount recorded on the consolidated balance sheet exceeds their acquisition cost			
Shares	1,423	738	685
Bonds	-	-	-
Other	-	-	-
Subtotal	1,423	738	685
Securities for which the amount recorded on the consolidated balance sheet does not exceed their acquisition cost			
Shares	813	898	(84)
Bonds	-	-	-
Other	-	-	-
Subtotal	813	898	(84)
Total	2,236	1,636	600

(Note) "Acquisition cost" in the table refers to book value after recognition of impairment losses

2. Available-for-sale securities sold during the consolidated fiscal year

For the fiscal year ended February 20, 2023

Classification	Sales (Million yen)	Gains (Million yen)	Losses (Million yen)
Shares	2	-	0
Total	2	-	0

For the fiscal year ended February 20, 2024

Not applicable.

3. Impairment losses on securities

There were no impairment losses recognized in the previous consolidated fiscal year.

In the consolidated fiscal year under review, 84 million yen of impairment losses was recognized on available-for-sale securities.

In the recognition of impairment losses, where fair value at the end of the fiscal year has fallen by more than 50% compared with the acquisition cost, impairment loss is recognized for the entire value. Where fair value has fallen by around 30-50%, impairment loss is recognized for the amount deemed necessary for each security, in consideration of recoverability and other factors.

(Notes to derivative transactions)

1. Derivative transactions not subject to hedge accounting

Not applicable.

2. Derivative transactions subject to hedge accounting

Interest rate-related transactions

As of February 20, 2023

Hedge accounting method	Type of derivatives, etc.	Major hedged items	Contract amount (Million yen)	Contract amount due after 1 year (Million yen)	Fair value (Million yen)
Exceptional method for interest rate swaps	Interest rate swaps Fixed payment and fluctuating interest receipt	Long-term borrowings	980	460	(Note)

(Note) Since interest rate swaps subject to the exceptional method are handled together with long-term borrowings that are subject to hedging, their fair value is presented within the fair value of such long-term borrowings.

As of February 20, 2024

Hedge accounting method	Type of derivatives, etc.	Major hedged items	Contract amount (Million yen)	Contract amount due after 1 year (Million yen)	Fair value (Million yen)
Exceptional method for interest rate swaps	Interest rate swaps Fixed payment and fluctuating interest receipt	Long-term borrowings	460	50	(Note)

(Note) Since interest rate swaps subject to the exceptional method are handled together with long-term borrowings that are subject to hedging, their fair value is presented within the fair value of such long-term borrowings.

(Notes to retirement benefits)

1. Overview of retirement benefit plans adopted

The Company has established a corporate pension fund plan as its defined-benefit plan and a defined-contribution pension plan as its defined-contribution plan. Some consolidated subsidiaries have established a smaller enterprise retirement allowance mutual aid scheme, defined-contribution pension plan, or lump sum retirement payment plans and have adopted simplified methods for their calculation.

2. Defined-benefit plans

(1) Changes in retirement benefit obligations

(Million yen)

	For the fiscal year ended February 20, 2023	For the fiscal year ended February 20, 2024
Balance of retirement benefit obligations at beginning of period	11,347	11,426
Service cost	412	406
Interest cost	121	122
Actuarial gain and loss generated	50	36
Retirement benefits paid	(505)	(452)
Balance of retirement benefit obligations at end of period	11,426	11,538

(Note) Includes plans for which the simplified method is applied.

(2) Changes in plan assets

(Million yen)

	For the fiscal year ended February 20, 2023	For the fiscal year ended February 20, 2024
Balance of plan assets at beginning of period	12,788	12,666
Expected return on plan assets	319	316
Actuarial gain and loss generated	(345)	985
Contributions from employers	376	378
Retirement benefits paid	(472)	(426)
Balance of plan assets at end of period	12,666	13,921

(3) Adjustments between ending balances of retirement benefit liabilities and plan assets and retirement benefit liability and retirement benefit asset recorded in the consolidated balance sheets

(Million yen)

	As of February 20, 2023	As of February 20, 2024
Retirement benefit obligations for funded plans	11,352	11,466
Plan assets	(12,666)	(13,921)
	(1,314)	(2,454)
Retirement benefit obligations for unfunded plans	73	72
Net obligations and assets recorded on consolidated balance sheet	(1,240)	(2,382)
Retirement benefit liability	73	72
Retirement benefit asset	(1,314)	(2,454)
Net obligations and assets recorded on consolidated balance sheet	(1,240)	(2,382)

(Note) Includes plans for which the simplified method is applied.

(4) Breakdown of retirement benefit expenses

(Million yen)

	For the fiscal year ended February 20, 2023	For the fiscal year ended February 20, 2024
Service cost	412	406
Interest cost	121	122
Expected return on plan assets	(319)	(316)
Amortization of actuarial gain and loss	3	68
Retirement benefit expenses for defined-benefit plans	218	280

(Note) Includes plans for which the simplified method is applied.

(5) Remeasurements of defined benefit plans

Remeasurements of defined benefit plans (before tax effects) consist of the following.

(Million yen)

	For the fiscal year ended February 20, 2023	For the fiscal year ended February 20, 2024
Actuarial gain and loss	392	(1,017)
Total	392	(1,017)

(6) Accumulated remeasurements of defined benefit plans

Accumulated remeasurements of defined benefit plans (before tax effects) consist of the following.

(Million yen)

	As of February 20, 2023	As of February 20, 2024
Unrecognized actuarial gain and loss	960	(57)
Total	960	(57)

(7) Plan assets

1) Major components of plan assets

The proportion of each major component to total pension assets is as follows.

	As of February 20, 2023	As of February 20, 2024
Bonds	54%	34%
Shares	28%	33%
Life insurance general account	15%	13%
Alternative investments	0%	17%
Other	3%	2%
Total	100%	100%

(Note) Alternative instruments are investments in funds that invest in foreign government bonds, real estate, etc.

2) Method for determining the long-term expected rates of return on plan assets

The current and expected portfolios of the plan assets held, as well as the current and future long-term expected rates of return on the various pension plan assets, are considered in the determination of the long-term expected rates of return on plan assets.

(8) Assumptions used in actuarial calculations

The major assumptions used in actuarial calculations

	For the fiscal year ended February 20, 2023	For the fiscal year ended February 20, 2024
Discount rates	1.1%	1.1%
Long-term expected rates of return on plan assets	2.5%	2.5%

3. Defined contribution plan

The required contribution amounts for the defined contribution plan of the Company and consolidated subsidiaries totaled 102 million yen for the previous consolidated fiscal year and 102 million yen for the consolidated fiscal year under review.

(Note) Of retirement benefit expenses (320 million yen for the previous fiscal year and 382 million yen for the fiscal year under review), 7 million yen for the previous consolidated fiscal year and 8 million yen for the consolidated fiscal year under review are included in cost of sales.

(Notes to stock options, etc.)

1. Details of stock options and size and changes thereof

(1) Details of stock options

	1st stock-compensation type share acquisition rights	2nd stock-compensation type share acquisition rights	3rd stock-compensation type share acquisition rights
Date of resolution	May 17, 2013	May 16, 2014	May 15, 2015
Category and number of grantees	Directors of the Company (Excluding Audit & Supervisory Committee Members and Outside Directors) 6	Directors of the Company (Excluding Audit & Supervisory Committee Members and Outside Directors) 7	Directors of the Company (Excluding Audit & Supervisory Committee Members and Outside Directors) 7
Number of stock options granted by stock type (Note 1)	Common shares 9,000	Common shares 10,000	Common shares 8,700
Grant date	June 12, 2013	June 12, 2014	June 12, 2015
Vesting conditions	Holders of share acquisition rights may exercise their share acquisition rights as a single package only during the period from the day immediately following the day on which they vacate their position as Director until the day on which 10 days have passed.	Holders of share acquisition rights may exercise their share acquisition rights as a single package only during the period from the day immediately following the day on which they vacate their position as Director until the day on which 10 days have passed.	Holders of share acquisition rights may exercise their share acquisition rights as a single package only during the period from the day immediately following the day on which they vacate their position as Director until the day on which 10 days have passed.
Service period	Not specified.	Not specified.	Not specified.
Exercisable period	June 13, 2013 – June 12, 2053	June 13, 2014 – June 12, 2054	June 13, 2015 – June 12, 2055
Number of share acquisition rights (Notes 2 and 3)	44	37	31
Type, description, and number of shares subject to share acquisition rights (Note 3)	Common shares 4,400	Common shares 3,700	Common shares 3,100
Amount payable on exercise of the share acquisition rights (Yen) (Note 3)	1	1	1
Issue price per share and capital increase in the event of issuance of shares due to the exercise of share acquisition rights (Yen) (Note 3)	(Note 4)	(Note 4)	(Note 4)
Exercise conditions of share acquisition rights (Note 3)	(Note 5)	(Note 5)	(Note 5)
Transfer of share acquisition rights (Note 3)	Approval of the Board of Directors of the Company shall be required for the acquisition of any share acquisition rights by means of transfer.	Approval of the Board of Directors of the Company shall be required for the acquisition of any share acquisition rights by means of transfer.	Approval of the Board of Directors of the Company shall be required for the acquisition of any share acquisition rights by means of transfer.
Issuance of share acquisition rights resulting from reorganization (Note 3)	(Note 6)	(Note 6)	(Note 6)

	4th stock-compensation type share acquisition rights	5th stock-compensation type share acquisition rights	6th stock-compensation type share acquisition rights
Date of resolution	May 18, 2016	May 17, 2017	May 16, 2018
Category and number of grantees	Directors of the Company (Excluding Audit & Supervisory Committee Members and Outside Directors) 8	Directors of the Company (Excluding Audit & Supervisory Committee Members and Outside Directors) 8	Directors of the Company (Excluding Audit & Supervisory Committee Members and Outside Directors) 8
Number of stock options granted by stock type (Note 1)	Common shares 8,800	Common shares 8,000	Common shares 8,700
Grant date	June 13, 2016	June 12, 2017	June 11, 2018
Vesting conditions	Holders of share acquisition rights may exercise their share acquisition rights as a single package only during the period from the day immediately following the day on which they vacate their position as Director until the day on which 10 days have passed.	Holders of share acquisition rights may exercise their share acquisition rights as a single package only during the period from the day immediately following the day on which they vacate their position as Director until the day on which 10 days have passed.	Holders of share acquisition rights may exercise their share acquisition rights as a single package only during the period from the day immediately following the day on which they vacate their position as Director until the day on which 10 days have passed.
Service period	Not specified.	Not specified.	Not specified.
Exercisable period	June 14, 2016 – June 13, 2056	June 13, 2017 – June 12, 2057	June 12, 2018 – June 11, 2058
Number of share acquisition rights (Notes 2 and 3)	39	35	50
Type, description, and number of shares subject to share acquisition rights (Note 3)	Common shares 3,900	Common shares 3,500	Common shares 5,000
Amount payable on exercise of the share acquisition rights (Yen) (Note 3)	1	1	1
Issue price per share and capital increase in the event of issuance of shares due to the exercise of share acquisition rights (Yen) (Note 3)	(Note 4)	(Note 4)	(Note 4)
Exercise conditions of share acquisition rights (Note 3)	(Note 5)	(Note 5)	(Note 5)
Transfer of share acquisition rights (Note 3)	Approval of the Board of Directors of the Company shall be required for the acquisition of any share acquisition rights by means of transfer.	Approval of the Board of Directors of the Company shall be required for the acquisition of any share acquisition rights by means of transfer.	Approval of the Board of Directors of the Company shall be required for the acquisition of any share acquisition rights by means of transfer.
Issuance of share acquisition rights resulting from reorganization (Note 3)	(Note 6)	(Note 6)	(Note 6)

	7th stock-compensation type share acquisition rights	8th stock-compensation type share acquisition rights	9th stock-compensation type share acquisition rights
Date of resolution	May 15, 2019	May 14, 2020	May 13, 2021
Category and number of grantees	Directors of the Company (Excluding Audit & Supervisory Committee Members and Outside Directors) 7	Directors of the Company (Excluding Audit & Supervisory Committee Members and Outside Directors) 6	Directors of the Company (Excluding Audit & Supervisory Committee Members and Outside Directors) 7
Number of stock options granted by stock type (Note 1)	Common shares 9,000	Common shares 5,900	Common shares 7,800
Grant date	June 10, 2019	June 10, 2020	June 9, 2021
Vesting conditions	Holders of share acquisition rights may exercise their share acquisition rights as a single package only during the period from the day immediately following the day on which they vacate their position as Director until the day on which 10 days have passed.	Holders of share acquisition rights may exercise their share acquisition rights as a single package only during the period from the day immediately following the day on which they vacate their position as Director until the day on which 10 days have passed.	Holders of share acquisition rights may exercise their share acquisition rights as a single package only during the period from the day immediately following the day on which they vacate their position as Director until the day on which 10 days have passed.
Service period	Not specified.	Not specified.	Not specified.
Exercisable period	June 11, 2019 – June 10, 2059	June 11, 2020 – June 10, 2060	June 10, 2021 – June 9, 2061
Number of share acquisition rights (Notes 2 and 3)	48	37	47
Type, description, and number of shares subject to share acquisition rights (Note 3)	Common shares 4,800	Common shares 3,700	Common shares 4,700
Amount payable on exercise of the share acquisition rights (Yen) (Note 3)	1	1	1
Issue price per share and capital increase in the event of issuance of shares due to the exercise of share acquisition rights (Yen) (Note 3)	(Note 4)	(Note 4)	(Note 4)
Exercise conditions of share acquisition rights (Note 3)	(Note 5)	(Note 5)	(Note 5)
Transfer of share acquisition rights (Note 3)	Approval of the Board of Directors of the Company shall be required for the acquisition of any share acquisition rights by means of transfer.	Approval of the Board of Directors of the Company shall be required for the acquisition of any share acquisition rights by means of transfer.	Approval of the Board of Directors of the Company shall be required for the acquisition of any share acquisition rights by means of transfer.
Issuance of share acquisition rights resulting from reorganization (Note 3)	(Note 6)	(Note 6)	(Note 6)

(Notes) 1. The number of stock options has been converted into the number of shares.

2. The number of shares to be issued per share acquisition right shall be 100 shares.

However, the number of shares may be adjusted within a reasonable scope in cases where the Company conducts a stock split or share consolidation, or when any other event requiring adjustment in the number of shares occurs.

3. The above details are current as of February 20, 2024. There have been no changes in these details as of April 30, 2024, the end of the month prior to the month in which the submission date of the Annual Securities Report falls.

4. (i) The amount of increase in capital in the event of issuance of shares due to the exercise of share acquisition rights shall be one-half (1/2) of the maximum amount of increase in stated capital calculated in accordance with Article 17, Paragraph 1 of the Regulations on Corporate Accounting, and any fraction of less than one yen resulting from the

calculation shall be rounded up.

- (ii) The amount of legal capital surplus to be increased in the event of issuance of shares due to the exercise of share acquisition rights shall be the amount obtained by subtracting the amount of increase in capital in (i) above from the maximum amount of increase in stated capital in (i) above.
5. (i) Share acquisition rights holders may exercise their share acquisition rights only when they have vacated the position of Director at the time of such exercise. However, in such cases, share acquisition rights holders may exercise their share acquisition rights as a single package only during the period from the day immediately following the day of vacating their position as Director (hereinafter referred to as “rights exercise commencement date”) until the day on which 10 days have passed.
- (ii) In the event of the death of a share acquisition rights holder, only if the share acquisition rights have been attributed to only one of the holder’s legal heirs (hereinafter referred to as “the successor”), the share acquisition rights may be exercised by the successor under the agreement in accordance with the following conditions. However, a person who is found to have committed a serious criminal offense may not be the successor.
 - In the event of the death of the successor, an heir of the successor may not inherit the share acquisition rights.
 - The successor must complete the inheritance procedures prescribed by the Company within 10 months after the commencement of inheritance and by the last day of the exercisable period.
 - The successor may exercise the share acquisition rights in a single package only within the period stated in the exercisable period of share acquisition rights above and within two months after the completion of inheritance procedures proscribed by the Company.
 - (iii) The share acquisition rights holder may not dispose of the share acquisition rights in any way, including transfer of share acquisition rights, establishment of security interest, or reservation of establishment of security interest.
6. In cases of merger (limited to cases in which the Company ceases to exist due to the merger), absorption-type company split, incorporation-type company split, share exchange, or share transfer (hereinafter collectively referred to as “reorganization”), the share acquisition rights of a stock company as set forth in Article 236, Paragraph 1, Item 8, (a) through (e) of the Companies Act (hereinafter referred to as “the reorganized company”) shall be issued to the holders of share acquisition rights remaining as of the effective date of the reorganization (hereinafter referred to as “remaining share acquisition rights”) under the following conditions. In this case, the remaining share acquisition rights shall be extinguished and share acquisition rights of the reorganized company shall be issued anew.
- However, this shall be limited to cases where the issuance of share acquisition rights of the reorganized company pursuant to the following conditions is described in the merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement, or share transfer plan.
- (i) Number of share acquisition rights of the reorganized company to be issued
The same number of share acquisition rights shall be issued as the number of remaining share acquisition rights held by the holder.
 - (ii) Type and number of shares of the reorganized company subject to share acquisition rights
The type of shares subject to share acquisition rights shall be common shares of the reorganized company, and the number of common share of the reorganized company to be issued due to the exercise of share acquisition rights shall be decided in accordance with Note 2, taking into account the conditions and other details of the reorganization.
 - (iii) Value of assets to be invested for the exercise of share acquisition rights
The value of assets invested for the exercise of share acquisition rights issued shall be the amount obtained by multiplying the exercise price after reorganization set forth below by the number of shares subject to each of the relevant share acquisition rights. For the exercise price after reorganization, the amount per share of the reorganized company to be issued by exercising the share acquisition rights shall be one yen.
 - (iv) Exercisable period of share acquisition rights
From the commencement date of the exercisable period of share acquisition rights or the effective date of the reorganization, whichever comes later, to the expiration date of the exercisable period of the share acquisition rights.
 - (v) Matters regarding stated capital and legal capital surplus that increase in the case of issuance of shares due to exercise of share acquisition rights
Decided in accordance with the issuance price and capital increase per share on the exercise of the share acquisition rights.
 - (vi) Restrictions on transfer of share acquisition rights
Approval of the Board of Directors of the reorganized company shall be required for the acquisition of any share acquisition rights by means of transfer.
 - (vii) Matters regarding the acquisition of share acquisition rights
 - In the event that, prior to exercising the share acquisition rights, a holder of share acquisition rights becomes unable to exercise those rights due either to the conditions of exercise or to the provisions of a share acquisition rights allotment agreement, the Company may acquire such share acquisition rights without consideration on a date separately determined by the Board of Directors of the Company.

- In cases where a proposal for approval of a merger agreement under which the Company becomes the disappearing company, an absorption-type company split agreement or an incorporation-type company split plan in which the Company becomes the splitting company, or a share exchange agreement or share transfer plan in which the Company becomes a wholly owned subsidiary is approved at the Company's general meeting of shareholders (or the Board of Directors meeting of the Company if a general meeting of shareholders is not required), the Company may, on a date separately determined by the Board of Directors of the Company, acquire the share acquisition rights that have not been exercised as of that date without consideration.

(Additional information)

The matters that ought to be stated in (2) Share acquisition rights, etc., 1) Details of stock option plans" under "IV. Information on the Filing Company, 1. Information on the Company's Shares" have been compiled in "Notes to stock options, etc."

(2) Size and change of stock options

The number of stock options that existed in the consolidated fiscal year under review (fiscal year ended February 20, 2024) has been translated into the number of shares.

1) Number of stock options

	1st stock-compensation type share acquisition rights	2nd stock-compensation type share acquisition rights	3rd stock-compensation type share acquisition rights	4th stock-compensation type share acquisition rights	5th stock-compensation type share acquisition rights
Non-vested (Shares)					
Outstanding at the end of the previous consolidated fiscal year	4,400	3,700	3,100	3,900	3,500
Granted during the year	-	-	-	-	-
Forfeited during the year	-	-	-	-	-
Vested during the year	-	-	-	-	-
Outstanding at the end of the year	4,400	3,700	3,100	3,900	3,500
Vested (Shares)					
Outstanding at the end of the previous consolidated fiscal year	-	-	-	-	-
Vested during the year	-	-	-	-	-
Exercised during the year	-	-	-	-	-
Forfeited during the year	-	-	-	-	-
Outstanding at the end of the year	-	-	-	-	-

	6th stock-compensation type share acquisition rights	7th stock-compensation type share acquisition rights	8th stock-compensation type share acquisition rights	9th stock-compensation type share acquisition rights
Non-vested (Shares)				
Outstanding at the end of the previous consolidated fiscal year	5,000	4,800	3,700	4,700
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Vested during the year	-	-	-	-
Outstanding at the end of the year	5,000	4,800	3,700	4,700
Vested (Shares)				
Outstanding at the end of the previous consolidated fiscal year	-	-	-	-
Vested during the year	-	-	-	-
Exercised during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Outstanding at the end of the year	-	-	-	-

2) Unit value

	1st stock-compensation type share acquisition rights	2nd stock-compensation type share acquisition rights	3rd stock-compensation type share acquisition rights	4th stock-compensation type share acquisition rights
Exercise price (Yen)	1	1	1	1
Average stock price at the time of exercise (Yen)	-	-	-	-
Fair unit value at the grant date (Yen)	832	852	949	1,039

	5th stock-compensation type share acquisition rights	6th stock-compensation type share acquisition rights	7th stock-compensation type share acquisition rights	8th stock-compensation type share acquisition rights
Exercise price (Yen)	1	1	1	1
Average stock price at the time of exercise (Yen)	-	-	-	-
Fair unit value at the grant date (Yen)	1,176	1,056	1,022	1,464

	9th stock-compensation type share acquisition rights
Exercise price (Yen)	1
Average stock price at the time of exercise (Yen)	-
Fair unit value at the grant date (Yen)	1,037

2. Method for estimating the number of stock options vested

Because it is difficult to reasonably estimate the number of options that will expire in the future, the number of stock options vested only reflects the number of options that have actually expired.

(Notes to tax effect accounting)

1. Breakdown of major factors that resulted in deferred tax assets and deferred tax liabilities

	As of February 20, 2023	As of February 20, 2024
Deferred tax assets		
Accrued enterprise tax	74 million yen	78 million yen
Accrued bonuses	367 million yen	370 million yen
Contract liabilities	386 million yen	292 million yen
Asset retirement obligations	965 million yen	978 million yen
Impairment losses	2,310 million yen	2,136 million yen
Retained tax loss (Note)	4 million yen	0 million yen
Other	549 million yen	558 million yen
Deferred tax assets (subtotal)	4,658 million yen	4,414 million yen
Valuation allowance pertaining to retained tax loss (Note)	(4) million yen	(0) million yen
Valuation allowance pertaining to total deductible temporary differences	(922) million yen	(925) million yen
Valuation allowance (subtotal)	(926) million yen	(926) million yen
Total deferred tax assets	3,731 million yen	3,488 million yen
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(110) million yen	(174) million yen
Asset retirement obligations and an associated asset retirement cost	(393) Million yen	(362) million yen
Reserve for tax purpose reduction entry of non-current assets	(455) Million yen	(440) million yen
Retirement benefit asset	(400) million yen	(747) million yen
Other	(2) million yen	(1) million yen
Total deferred tax liabilities	(1,361) million yen	(1,725) million yen
Balance of net deferred tax assets	2,369 million yen	1,762 million yen

(Note) Amounts classified by the deadline for retention of retained tax loss and related deferred tax assets

As of February 20, 2023

	Within 1 year	After 1 year and within 2 years	After 2 years and within 3 years	After 3 years and within 4 years	After 4 years and within 5 years	After 5 years	Total
Retained tax loss (*)	-	-	-	-	-	4	4 million yen
Valuation allowance	-	-	-	-	-	(4)	(4) million yen
Deferred tax assets	-	-	-	-	-	-	- million yen

* The retained tax loss is an amount obtained by multiplying the normal effective statutory tax rate.

As of February 20, 2024

	Within 1 year	After 1 year and within 2 years	After 2 years and within 3 years	After 3 years and within 4 years	After 4 years and within 5 years	After 5 years	Total
Retained tax loss (*)	-	-	-	-	0	-	0 million yen
Valuation allowance	-	-	-	-	(0)	-	(0) million yen
Deferred tax assets	-	-	-	-	-	-	- million yen

* The retained tax loss is an amount obtained by multiplying the normal effective statutory tax rate.

2. Breakdown of major items that caused the difference between the normal effective statutory tax rate and the corporate tax rate, etc. after the application of tax effect accounting

	As of February 20, 2023	As of February 20, 2024
Normal effective statutory tax rate	30.46%	30.46%
(Adjustment)		
Per capita inhabitants tax	19.39%	12.25%
Non-deductible permanent differences such as entertainment expenses	0.80%	0.62%
Non-taxable permanent differences such as dividend income	(4.25)%	(1.00)%
Share of loss (profit) of entities accounted for using equity method	0.12%	(0.28)%
Impact of consolidated elimination of dividend income	5.70%	0.71%
Changes in valuation allowance	(37.31)%	(0.02)%
Other	0.16%	0.55%
Corporate tax rate, etc. after the application of tax effect accounting	15.07%	43.29%

(Notes to asset retirement obligations)

Asset retirement obligations posted in the consolidated balance sheets

(1) Description of asset retirement obligations

Obligations include the restoration of properties to their original states under real estate lease contracts and fixed-term leasehold contracts.

(2) Method of calculating asset retirement obligations

Asset retirement obligations are calculated by assuming an expected period of use of 15 to 39 years following acquisition and using a discount rate at 0.23% to 2.19%.

(3) Changes in asset retirement obligations

	For the fiscal year ended February 20, 2023	For the fiscal year ended February 20, 2024
Balance at beginning of period	3,362 million yen	3,170 million yen
Increases associated with acquisition of property, plant and equipment	35 million yen	26 million yen
Adjustments due to passage of time	41 million yen	42 million yen
Decreases due to fulfilment of asset retirement obligations	- million yen	(21) million yen
Decreases due to exemption from original-state restoration obligations	(268) million yen	(5) million yen
Balance at the end of period	3,170 million yen	3,211 million yen

(Notes to leased real estate, etc.)

Omitted due to their insignificance to total.

(Notes to revenue recognition)

1. Information on breakdown of revenue from contracts with customers

(Million yen)

	For the fiscal year ended February 20, 2023	For the fiscal year ended February 20, 2024
Supermarket business		
Sales of products (net sales)	233,449	233,787
Other (operating revenue)	8,129	8,391
Other		
Restaurant business (net sales)	1,277	1,251
Revenue from contracts with customers	242,855	243,429
Supermarket business		
Other revenue	4,021	3,948
Operating revenue to external customers	246,877	247,378

(Notes) 1. The main component of Other (operating revenue) is commission income for use of logistics centers, etc.

2. Other revenue is real estate lease revenue included in the scope of the Accounting Standard for Lease Transactions.

2. Basic information for understanding revenue from contracts with customers

As described in “4. Accounting policies (5) Basis for significant revenue and expenses” under “Significant matters providing the basis for the preparation of consolidated financial statements.”

3. Information concerning the relationship between the fulfilment of obligations based on contracts with customers and cashflow generated by those contracts and information concerning the amount and timing of revenue expected to be recognized in the next consolidated fiscal year and in subsequent consolidated fiscal years from contracts with customers that exist at the end of the consolidated fiscal year under review

(1) Balance, etc. of contract liabilities

(Million yen)

	For the fiscal year ended February 20, 2023	For the fiscal year ended February 20, 2024
Receivables from contracts with customers (balance at the beginning of period)	5,858	6,294
Receivables from contracts with customers (balance at the end of period)	6,294	6,238
Contract liabilities (balance at the beginning of period)	1,531	2,649
Contract liabilities (balance at the end of period)	2,649	2,114

(Notes) 1. Receivables from contracts with customers are accounts receivable - trade.

2. Contract liabilities are mainly gift certificates issued by the Company and liabilities related to advances received from customers and are drawn down with revenue recognition.

3. The amount of revenue identified in the previous consolidated fiscal year included in the balance of contract liabilities as of the beginning of the period is 1,102 million yen.
The amount of revenue identified in the consolidated fiscal year under review included in the balance of contract liabilities as of the beginning of the period is 2,261 million yen.

(2) Transaction prices allocated to remaining performance obligations

As the Group has no significant contracts whose contract terms are expected to exceed one year, practical expediency has been applied, and the disclosure of information concerning remaining performance obligations has been omitted.

(Segment and related information)

[Segment information]

The disclosure of segment information is omitted because the reportable segment of the Group is the supermarket business only, and it is immaterial as disclosure information.

[Related information]

1. Information by product and service

The disclosure of information by product and service is omitted as net sales to external customers in a single product and service category account for more than 90% of net sales in the consolidated statements of income.

2. Information by geographic area

(1) Net sales

Not applicable as the Group has no subsidiaries in any countries or regions other than Japan and no overseas net sales.

(2) Property, plant and equipment

Not applicable as the Group has no subsidiaries and property, plant and equipment in any countries or regions other than Japan.

3. Information by major customer

Not applicable as the Group has no external customers for which net sales account for 10% or more of the net sales in the consolidated statements of income.

[Information about impairment losses on non-current assets by reportable segment]

The disclosure of segment information is omitted because the reportable segment of the Group is the supermarket business only, and it is immaterial as disclosure information.

[Information about amortization of goodwill and unamortized balance by reportable segment]

The disclosure of segment information is omitted because the reportable segment of the Group is the supermarket business only, and it is immaterial as disclosure information.

[Information about gain on negative goodwill by reportable segment]

Not applicable.

[Information on related parties]

1. Transactions between related parties

(1) Transactions between the Company and related parties

Officers of the Company and major individual shareholders, etc.

For the fiscal year ended February 20, 2023

Type	Name	Location	Share capital or paid-in capital (Million yen)	Business outline or occupation	Ratio of voting rights holding (held) (%)	Relationship	Summary of transactions	Amount of transaction (Million yen)	Item	Balance at the end of period (Million yen)
Companies where an officer or a close relative thereof holds 50% or more of the voting rights (including subsidiaries of such companies)	Daian Shoji Co., Ltd. (Note 1)	Wakayama City, Wakayama	10	General insurance agency business	-	General insurance contracts	Payment of insurance premiums (Note 2)	167	-	-
	PARTYHOUSE Co., Ltd. (Note 3)	Wakayama City, Wakayama	50	Sale of apparel	(Held) Direct: 1.4	Concurrent officers Real estate lease contracts, etc.	Leasing of stores, etc. (Note 4)	37	Accounts receivable - other	1
							Distribution expenses of goods (Note 5)	48	Accounts receivable - other	3
							System usage fees (Note 5)	18	Accounts receivable - other	1
	O-Entertainment Co., Ltd. (Note 6)	Chuo-ku, Osaka City, Osaka	100	Sale of books, rental of DVDs, management of cram schools and cinema complexes	(Holding) Direct: 18.0	Concurrent officers Real estate lease contracts, etc.	Leasing of stores, etc. (Note 7)	438	Accounts receivable - other	11
	Bermuda Assetment Co., Ltd. (Note 8)	Wakayama City, Wakayama	5	Leasing and management of real estate	(Held) Direct: 3.5	Concurrent officers Real estate rental contracts	Renting of stores (Note 9)	60	Leasehold deposits	35
O-Holdings, Co., Ltd. (Note 10)	Izumi City, Osaka	80	Investment and management of investment securities	(Held) Direct: 1.4	Concurrent officers	Transfer of real estate (Note 11)				
						Proceeds of sale	31	-	-	
						Gain on sale	1	-	-	

Terms and conditions of the transactions and their policies

(Note 1) The respective close relatives of the Company's Directors, Ikuji Okuwa, Shoji Okuwa, Keiji Okuwa, and Toshio Okuwa directly hold 100% of the voting rights.

(Note 2) The amounts are determined by contract by referring to general transaction terms and conditions.

(Note 3) The Company's Director Toshio Okuwa and his close relatives directly hold 98.2% of the voting rights.

(Note 4) Regarding the leasing of stores, etc., decisions are made after considering the prevailing market conditions in the neighborhood. In addition, rents are revised every three years.

(Note 5) Distribution expenses of goods, system usage fees, etc. are determined by contract by referring to general transaction terms and conditions.

(Note 6) The Company's Director Keiji Okuwa and his close relatives indirectly hold 10.0% of the voting rights.

(Note 7) Regarding the leasing of stores, etc., decisions are made after considering the prevailing market conditions in the neighborhood. In addition, rents are revised every two to three years.

(Note 8) The Company's Director Shoji Okuwa and his close relatives directly hold 100% of the voting rights.

(Note 9) Regarding the renting of stores, decisions are made after considering the prevailing market conditions in the neighborhood. In addition, rents are revised every three years.

(Note 10) The Company's Director Keiji Okuwa and his close relatives directly hold 35.2% and indirectly hold 64.8% of the voting rights.

(Note 11) The sale price is decided based on an appraisal by a real estate appraiser.

For the fiscal year ended February 20, 2024

Type	Name	Location	Share capital or paid-in capital (Million yen)	Business outline or occupation	Ratio of voting rights holding (held) (%)	Relationship	Summary of transactions	Amount of transaction (Million yen)	Item	Balance at the end of period (Million yen)
Companies where an officer or a close relative thereof holds 50% or more of the voting rights (including subsidiaries of such companies)	Daian Shoji Co., Ltd. (Note 1)	Wakayama City, Wakayama	10	General insurance agency business	(Held) Direct: 1.1	General insurance contracts	Payment of insurance premiums (Note 2)	169	-	-
	PARTYHOUSE Co., Ltd. (Note 3)	Wakayama City, Wakayama	50	Sale of apparel	(Held) Direct: 1.2	Concurrent officers Real estate lease contracts, etc.	Leasing of stores, etc. (Note 4)	36	Accounts receivable - other	1
							Distribution expenses of goods (Note 5)	47	Long-term leasehold deposits received	3
							System usage fees (Note 5)	18	Accounts receivable - other	2
O-Entertainment Co., Ltd. (Note 6)	Chuo-ku, Osaka City, Osaka	100	Sale of books, rental of DVDs, management of cram schools and cinema complexes	(Holding) Direct: 18.0	Concurrent officers Real estate lease contracts, etc.	Leasing of stores, etc. (Note 7)	436	Accounts receivable - other	5	
Bermuda Assetment Co., Ltd. (Note 8)	Wakayama City, Wakayama	5	Leasing and management of real estate	(Held) Direct: 3.5	Concurrent officers Real estate rental contracts	Renting of stores (Note 9)	50	Long-term leasehold deposits received	36	
								50	Leasehold deposits	35

Terms and conditions of the transactions and their policies

(Note 1) The respective close relatives of the Company's Directors, Ikuji Okuwa, Shoji Okuwa, Keiji Okuwa, and Toshio Okuwa directly hold 100% of the voting rights.

(Note 2) The amounts are determined by contract by referring to general transaction terms and conditions.

(Note 3) The Company's Director Toshio Okuwa and his close relatives directly hold 98.2% of the voting rights.

(Note 4) Regarding the leasing of stores, etc., decisions are made after considering the prevailing market conditions in the neighborhood. In addition, rents are revised every three years.

(Note 5) Distribution expenses of goods, system usage fees, etc. are determined by contract by referring to general transaction terms and conditions.

(Note 6) The Company's Director Keiji Okuwa and his close relatives indirectly hold 10.0% of the voting rights.

(Note 7) Regarding the leasing of stores, etc., decisions are made after considering the prevailing market conditions in the neighborhood. In addition, rents are revised every two to three years.

(Note 8) The Company's Director Shoji Okuwa and his close relatives directly hold 100% of the voting rights.

(Note 9) Regarding the renting of stores, decisions are made after considering the prevailing market conditions in the neighborhood. In addition, rents are revised every three years.

(2) Transactions between consolidated subsidiaries of the Company and related parties

Not applicable.

2. Notes to the parent company or other significant affiliates

Not applicable.

(Per share information)

	For the fiscal year ended February 20, 2023	For the fiscal year ended February 20, 2024
Net assets per share	1,769.22 yen	1,785.12 yen
Basic earnings per share	21.18 yen	22.79 yen
Diluted earnings per share	21.18 yen	22.79 yen

(Note) The bases for calculating basic earnings per share and diluted earnings per share are as follows.

	For the fiscal year ended February 20, 2023	For the fiscal year ended February 20, 2024
Basic earnings per share		
Profit attributable to owners of parent (Million yen)	928	1,000
Amount not attributable to common shareholders (Million yen)	-	-
Profit attributable to owners of parent related to common shares (Million yen)	928	1,000
Average number of common shares outstanding during the period (Shares)	43,867,826	43,886,898
Diluted earnings per share		
Adjustment for profit attributable to owners of parent (Million yen)	-	-
Increase in number of common shares (Shares)	514	160
(Of which, share acquisition rights (Shares))	(514)	(160)
Overview of residual shares not included in the calculation of diluted earnings per share due to their non-dilutive effect	-	-

(Significant subsequent events)

(Purchase of treasury shares)

Pursuant to the provisions of Article 156 of the Companies Act, as applied by replacing terms and phrases pursuant to the provisions of Article 165, Paragraph 3 of the Companies Act, the Company resolved matters concerning the purchase of treasury shares in a meeting of the Board of Directors held on March 26, 2024.

1. Reason for purchase of treasury shares

To commence purchases of treasury shares with the aim of enhancing shareholder value as part of the capital policy based on the new medium-term management plan announced on March 26, 2024.

2. Particulars of matters regarding purchases

- | | | |
|-----|--|---|
| (1) | Type of shares to be purchased | Common shares |
| (2) | Total number of shares to be purchased | 2,200,000 shares (maximum) |
| | | Percentage of shares in the total number of issued and outstanding shares (excluding treasury shares) 5.01% |
| (3) | Total value of purchase of treasury shares | 2.0 billion yen (maximum) |
| (4) | (Purchase period) | From April 3, 2024 to April 2, 2025 |
| (5) | Purchase method | Purchased in the market on the Tokyo Stock Exchange |

5) Consolidated supplementary schedules

[Schedule of bonds]

Not applicable.

[Schedule of borrowings]

Classification	Balance at beginning of the period (Million yen)	Balance at end of the period (Million yen)	Average interest rate (%)	Maturity
Short-term borrowings	4,660	4,850	0.428	-
Current portion of long-term borrowings	6,129	4,360	0.382	-
Current portion of lease liabilities	660	390	-	-
Long-term borrowings (excluding current portion)	9,174	11,614	0.426	From May 29, 2025 to June 29, 2029
Lease liabilities (excluding current portion)	530	167	-	From March 7, 2025 to December 8, 2029
Total	21,154	21,382	-	-

(Notes) 1. "Average interest rate" refers to the weighted average interest rate for the balance of borrowings, etc. at the end of the period.

2. The average interest rate of lease liabilities is not stated, because lease liabilities are recorded on the consolidated balance sheet before deducting the amount equivalent to interest that is included in the total amount of leasing fees.

3. The redemption schedule of long-term borrowings and lease liabilities (excluding current portion) for five years subsequent to the consolidated closing date is summarized as follows:

Classification	Due after 1 year through 2 years (Million yen)	Due after 2 years through 3 years (Million yen)	Due after 3 years through 4 years (Million yen)	Due after 4 years through 5 years (Million yen)
Long-term borrowings	3,360	3,160	2,553	2,240
Lease liabilities	135	8	8	8

[Schedule of asset retirement obligations]

Classification	Balance at beginning of the period (Million yen)	Increase during the period (Million yen)	Decrease during the period (Million yen)	Balance at end of the period (Million yen)
Obligation to restore properties to their original states under real estate lease contracts	3,170	68	27	3,211

(2) Others

Quarterly information for the consolidated fiscal year under review

(Cumulative period)		1st quarter (Three months ended May 20, 2023)	2nd quarter	3rd quarter (Nine months ended November 20, 2023)	Consolidated fiscal year under review
Net sales	(Million yen)	55,282	115,469	173,491	235,038
Profit before income taxes	(Million yen)	15	740	1,214	1,805
Profit (loss) attributable to owners of parent	(Million yen)	(45)	399	662	1,000
Quarterly (period under review) basic earnings (loss) per share	(Yen)	(1.05)	9.10	15.09	22.79

(Fiscal period)		1st quarter (Three months ended May 20, 2023)	2nd quarter	3rd quarter (Nine months ended November 20, 2023)	4th quarter
Quarterly basic earnings (loss) per share	(Yen)	(1.05)	10.14	5.99	7.70

2. Non-consolidated Financial Statements, etc.

(1) Non-consolidated Financial Statements

1) Non-consolidated Balance Sheet

(Million yen)

	As of February 20, 2023	As of February 20, 2024
Assets		
Current assets		
Cash and deposits	*1 15,319	*1 16,047
Accounts receivable - trade	*3 6,249	*3 6,186
Merchandise and finished goods	9,448	10,050
Advance payments to suppliers	45	21
Short-term loans receivable from subsidiaries and associates	*3 1,120	*3 1,020
Accounts receivable - other	*3 2,126	*3 1,352
Advances paid	*3 9	*3 0
Other	*3 53	*3 85
Allowance for doubtful accounts	(290)	(237)
Total current assets	34,080	34,527
Non-current assets		
Property, plant and equipment		
Buildings	*1 44,490	*1 43,575
Structures	2,286	2,203
Machinery and equipment	1,494	1,406
Vehicles	6	5
Tools, furniture and fixtures	3,184	3,538
Land	28,044	28,314
Leased assets	1,159	535
Construction in progress	843	365
Total property, plant and equipment	81,510	79,944
Intangible assets		
Leasehold interests in land	2,597	2,543
Software	747	1,035
Other	229	411
Total intangible assets	3,574	3,991
Investments and other assets		
Investment securities	2,165	2,289
Shares of subsidiaries and associates	183	183
Long-term prepaid expenses	361	315
Deferred tax assets	2,066	1,765
Prepaid pension costs	2,274	2,397
Investment property	96	96
Guarantee deposits	5,828	5,750
Deposits for stores in preparation	88	141
Other	133	115
Allowance for doubtful accounts	(4)	(4)
Total investments and other assets	13,191	13,049
Total non-current assets	98,276	96,985
Total assets	132,356	131,513

(Million yen)

	As of February 20, 2023	As of February 20, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	*3 12,563	*3 12,749
Short-term borrowings	4,660	4,850
Current portion of long-term borrowings	*4 6,129	4,360
Lease liabilities	638	377
Accounts payable - other	*3 6,026	*3 5,774
Accrued expenses	1,974	1,910
Income taxes payable	363	459
Accrued consumption taxes	152	647
Deposits received	*3 589	*3 631
Electronically recorded obligations-facilities	1,222	398
Refund liability	1,321	1,306
Contract liabilities	2,645	2,110
Other	353	371
Total current liabilities	38,641	35,947
Non-current liabilities		
Long-term borrowings	9,174	11,614
Lease liabilities	515	161
Provision for retirement benefits	42	41
Long-term guarantee deposits	*1, *3 2,932	*1, *3 2,694
Asset retirement obligations	3,104	3,145
Other	*3 160	*3 110
Total non-current liabilities	15,928	17,767
Total liabilities	54,570	53,714
Net assets		
Shareholders' equity		
Share capital	14,117	14,117
Capital surplus		
Legal capital surplus	14,027	14,027
Other capital surplus	981	976
Total capital surplus	15,009	15,003
Retained earnings		
Legal retained earnings	1,314	1,314
Other retained earnings		
Reserve for tax purpose reduction entry	1,039	1,004
General reserve	44,300	44,300
Retained earnings brought forward	3,322	3,208
Total retained earnings	49,977	49,827
Treasury shares	(1,629)	(1,608)
Total shareholders' equity	77,474	77,340
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	274	419
Total valuation and translation adjustments	274	419
Share acquisition rights	38	38
Total net assets	77,786	77,798
Total liabilities and net assets	132,356	131,513

2) [Non-consolidated Statements of Income]

(Million yen)

	For the fiscal year ended February 20, 2023	For the fiscal year ended February 20, 2024
Net sales	*1 229,087	*1 233,694
Cost of sales	165,283	169,569
Gross profit	63,804	64,124
Operating revenue		
Real estate lease revenue	*1 4,117	*1 4,064
Other operating revenue	*1 7,969	*1 8,174
Total operating revenue	12,086	12,239
Operating gross profit	75,890	76,363
Selling, general and administrative expenses	*2 73,066	*2 73,640
Operating profit	2,824	2,723
Non-operating income		
Interest and dividend income	*1 287	*1 111
Gain on sale of recycled materials	*1 69	*1 59
Subsidy income	11	49
Gain on reversal of allowance for doubtful accounts	-	61
Other	*1 127	*1 111
Total non-operating income	495	393
Non-operating expenses		
Interest expenses	75	92
Provision of allowance for doubtful accounts	2	-
Other	18	34
Total non-operating expenses	96	126
Ordinary profit	3,222	2,990
Extraordinary income		
Gain on sale of non-current assets	*3 12	*3 2
Gain on differences between the asset retirement obligation balance and the actual retirement costs	234	5
Compensation income	-	20
Gain on extinguishment of tie-in shares	78	-
Total extraordinary income	325	28
Extraordinary losses		
Loss on sale of non-current assets	*4 51	*4 10
Loss on retirement of non-current assets	*5 229	*5 141
Provision of allowance for doubtful accounts for subsidiaries and associates	31	-
Impairment losses	1,806	898
Loss on cancellation of rental contracts	138	144
Loss on debt forgiveness to subsidiaries and affiliates	113	-
Other	26	95
Total extraordinary losses	2,398	1,291
Profit before income taxes	1,150	1,727
Income taxes - current	638	498
Income taxes - deferred	(519)	237
Total income taxes	119	735
Profit	1,031	991

3) Non-consolidated Statements of Changes in Equity

For the fiscal year ended February 20, 2023

(Million yen)

	Shareholders' equity								
	Share capital	Capital surplus			Retained earnings				
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings
					Reserve for tax purpose reduction entry	General reserve	Retained earnings brought forward		
Balance at beginning of period	14,117	14,027	987	15,015	1,314	1,096	44,300	3,306	50,018
Cumulative effects of changes in accounting policies								68	68
Restated balance	14,117	14,027	987	15,015	1,314	1,096	44,300	3,374	50,086
Changes during period									
Dividends of surplus								(1,140)	(1,140)
Profit								1,031	1,031
Purchase of treasury shares									
Disposal of treasury shares			(6)	(6)					
Reversal of reserve for tax purpose reduction entry						(57)		57	-
Net changes in items other than shareholders' equity									
Total changes during period	-	-	(6)	(6)	-	(57)	-	(51)	(109)
Balance at end of period	14,117	14,027	981	15,009	1,314	1,039	44,300	3,322	49,977

	Shareholders' equity		Valuation and translation adjustments		Share acquisition rights	Total net assets
	Treasury shares	Total shareholder's equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	(1,658)	77,492	134	134	45	77,672
Cumulative effects of changes in accounting policies		68				68
Restated balance	(1,658)	77,561	134	134	45	77,740
Changes during period						
Dividends of surplus		(1,140)				(1,140)
Profit		1,031				1,031
Purchase of treasury shares	(0)	(0)				(0)
Disposal of treasury shares	28	22				22
Reversal of reserve for tax purpose reduction entry		-				-
Net changes in items other than shareholders' equity			139	139	(6)	132
Total changes during period	28	(87)	139	139	(6)	45
Balance at end of period	(1,629)	77,474	274	274	38	77,786

For the fiscal year ended February 20, 2024

(Million yen)

	Shareholders' equity								
	Share capital	Capital surplus			Retained earnings				
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings
					Reserve for tax purpose reduction entry	General reserve	Retained earnings brought forward		
Balance at beginning of period	14,117	14,027	981	15,009	1,314	1,039	44,300	3,322	49,977
Cumulative effects of changes in accounting policies									-
Restated balance	14,117	14,027	981	15,009	1,314	1,039	44,300	3,322	49,977
Changes during period									
Dividends of surplus								(1,140)	(1,140)
Profit								991	991
Purchase of treasury shares									
Disposal of treasury shares			(5)	(5)					
Reversal of reserve for tax purpose reduction entry						(34)		34	-
Net changes in items other than shareholders' equity									
Total changes during period	-	-	(5)	(5)	-	(34)	-	(114)	(149)
Balance at end of period	14,117	14,027	976	15,003	1,314	1,004	44,300	3,208	49,827

	Shareholders' equity		Valuation and translation adjustments		Share acquisition rights	Total net assets
	Treasury shares	Total shareholder's equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	(1,629)	77,474	274	274	38	77,786
Cumulative effects of changes in accounting policies		-				-
Restated balance	(1,629)	77,474	274	274	38	77,786
Changes during period						
Dividends of surplus		(1,140)				(1,140)
Profit		991				991
Purchase of treasury shares	(0)	(0)				(0)
Disposal of treasury shares	21	16				16
Reversal of reserve for tax purpose reduction entry		-				-
Net changes in items other than shareholders' equity			145	145	-	145
Total changes during period	21	(133)	145	145	-	12
Balance at end of period	(1,608)	77,340	419	419	38	77,798

[Notes to Non-consolidated Financial Statements]

(Significant Accounting Policies)

1. Evaluation standards and methods for assets

(1) Evaluation standards and methods for securities

1) Shares of subsidiaries and affiliates Stated at cost by the moving average method

2) Available-for-sale securities

Securities other than shares that do not have a market price Stated at fair value (Unrealized gains or losses are comprehensively reported as a component of net assets and the cost of securities sold is computed using the moving average method.)

Shares that do not have a market price Stated at cost by the moving average method

(2) Evaluation standards and methods for inventories

Inventories are stated at cost by the retail method. However, logistics center inventories, etc. are stated at cost by the last purchase cost method. Balance sheet values reflect write-downs based on decreased profitability.

2. Depreciation methods for non-current assets

(1) Property, plant and equipment (excluding leased assets)

The declining balance method is used. However, the straight line method is applied for buildings acquired on or after April 1, 1998 (excluding building fixtures) and building fixtures and structures acquired on or after April 1, 2016.

The useful lives of assets are principally as follows:

Buildings 3 to 47 years

Structures 10 to 20 years

Machinery and equipment 5 to 17 years

Vehicles 4 to 6 years

Tools, furniture and fixtures 2 to 10 years

(2) Intangible assets (excluding leased assets) and long-term prepaid expenses

The straight line method is used. However, software for internal use is amortized over an estimated useful life of five years using the straight line method.

(3) Leased assets

Leased assets related to non-ownership-transfer finance lease transactions

Depreciated by the straight line method, by defining the lease term of respective assets as their useful lives, with residual value equaling zero.

3. Basis for allowances and provisions

(1) Allowance for doubtful accounts

To prepare for any loss incurred from bad debts, such as accounts receivable - trade and loans, allowances are provided based on the actual rate of losses in respect of general receivables and by considering the respective collectability in respect of specific debts, including doubtful accounts.

(2) Provision for retirement benefits

To provide for employees' retirement benefits, the Company makes a provision for retirement benefits, based on the projected amount of retirement benefit obligations and related plan assets as of the end of the fiscal year under review. As of the end of the fiscal year under review, if the projected amount of plan assets exceeds the projected amount of retirement benefit obligations, the excess amount is recorded as prepaid pension costs.

1) Allocation of expected retirement benefits to periods

In calculating retirement benefit obligations, the benefit formula standard is used as the method for attributing expected benefits up to the end of the fiscal year under review.

2) Amortization of actuarial differences

Actuarial differences are amortized evenly using the straight line method over a fixed period within the average remaining service years of employees (10 years) at the time of occurrence in each fiscal year, beginning from the fiscal year following the time of occurrence.

4. Basis for revenue and expenses

(1) Revenue recognition related to sales of products

Revenue generated from contracts made with customers of the Company is primarily from sales of products, etc. in the supermarket business. Revenue from these sales of products, etc. is recognized at the time that the products, etc. are delivered to the customers.

For sales of products, etc. in which the Company is determined to constitute an agent, revenue is recognized at the net amount received from the customer less the amount paid to the supplier.

In addition, the Company offers a customer loyalty program, whereby points are granted to members at the time of sale and one point is converted to one yen. Revenue is recognized at the amount of net sales after deduction of points granted less points expected to expire in future.

(2) Revenue recognition related to gift certificates issued by the Company

The Company identifies gift certificates issued as obligations and recognizes revenue at the time that a gift certificate is used. Revenue for unused portions of gift certificates is recognized at the time when the likelihood of customers exercising their rights becomes extremely low.

5. Hedge accounting method

(1) Hedge accounting method

Exceptional accounting treatment is applied to interest-rate swaps as they meet the conditions for exceptional accounting treatment.

(2) Hedging instruments and hedged items

Hedging instruments: Interest rate swaps

Hedged items: Interest on borrowings

(3) Hedging policy

The Group conducts derivative transactions primarily for the purpose of hedging its exposure to interest rate fluctuation risks arising from borrowings, and it has a policy of not entering into speculative transactions.

(4) Method of evaluating hedging effectiveness

The assessment of hedging effectiveness is omitted for interest rate swaps as they meet the conditions for exceptional accounting treatment.

6. Other significant matters providing the basis for the preparation of non-consolidated financial statements

Not applicable.

(Significant accounting estimates)

1. Impairment loss on non-current assets

(1) Amount recorded on the non-consolidated financial statements for the fiscal year under review

	For the fiscal year ended February 20, 2023 (Million yen)	For the fiscal year ended February 20, 2024 (Million yen)
Impairment losses	1,806	898
Property, plant and equipment and intangible assets, etc.	85,084	84,251

(2) Information on the content of significant accounting estimates for the identified item

The details are the same as those stated in “1. Impairment loss on non-current assets (2) Information on the content of significant accounting estimates for the identified item” in “Notes to Consolidated Financial Statements (Significant accounting estimates).”

2. Recoverability of deferred tax assets

(1) Amount recorded on the non-consolidated financial statements for the fiscal year under review

	For the fiscal year ended February 20, 2023 (Million yen)	For the fiscal year ended February 20, 2024 (Million yen)
Deferred tax assets	2,066	1,765

(2) Information on the content of significant accounting estimates for the identified item

The details are the same as those stated in “2. Recoverability of deferred tax assets (2) Information on the content of significant accounting estimates for the identified item” in “Notes to Consolidated Financial Statements (Significant accounting estimates).”

(Changes in Presentation Methods)

(Notes to non-consolidated statements of income)

“Subsidy income,” which was included in “other” under “non-operating income” in the previous fiscal year, has increased in monetary significance, and is therefore presented in a separate classification from the fiscal year under review. To reflect this change in presentation method, reclassification has been made to the previous fiscal year’s non-consolidated financial statements.

As a result, in the non-consolidated statements of income for the previous fiscal year, the 138 million yen presented in “other” under “non-operating income” has been reclassified as “subsidy income” of 11 million yen and “other” of 127 million yen.

(Notes to non-consolidated balance sheet)

*1 Assets pledged as collateral and obligations related to collateral

(1) Assets pledged as collateral

	As of February 20, 2023	As of February 20, 2024
Cash and deposits (time deposits)	3 million yen	3 million yen
Buildings	67 million yen	71 million yen
Total	71 million yen	75 million yen

(2) Obligations related to collateral

	As of February 20, 2023	As of February 20, 2024
Long-term guarantee deposits	20 million yen	20 million yen

2. Contingent liabilities (Guarantee obligations)

	As of February 20, 2023	As of February 20, 2024
Guarantees against trade payables, etc.	32 million yen	23 million yen

*3 Monetary claims and payables related to subsidiaries and associates

	As of February 20, 2023	As of February 20, 2024
Short-term monetary claims	1,190 million yen	1,059 million yen
Short-term monetary payables	968 million yen	998 million yen
Long-term monetary payables	432 million yen	413 million yen

*4 Financial covenants

Among its borrowings, syndicate loan agreements are subject to financial covenants that are based on certain indicators and other conditions calculated from the amount in the net assets section of the consolidated balance sheet as of each fiscal year end or ordinary profit/loss in the consolidated statements of income as of each fiscal year end.

	As of February 20, 2023	As of February 20, 2024
Current portion of long-term borrowings	500 million yen	- million yen

(Notes to non-consolidated statements of income)

*1 Turnover from transactions with subsidiaries and associates

	For the fiscal year ended February 20, 2023	For the fiscal year ended February 20, 2024
Turnover from business transactions		
Net sales	0 million yen	0 million yen
Purchase of goods	4,931 million yen	5,010 million yen
Other business transactions	780 million yen	697 million yen
Turnover from transactions other than business transactions	306 million yen	180 million yen

*2 The major components, amounts, and approximate ratios of selling, general and administrative expenses are as follows:

	For the fiscal year ended February 20, 2023	For the fiscal year ended February 20, 2024
Employees' salaries and allowances	27,088 million yen	28,200 million yen
Rent expenses	7,277 million yen	7,515 million yen
Retirement benefit expenses	302 million yen	364 million yen
Depreciation	6,149 million yen	6,280 million yen
Approximate ratios		
Selling expenses	38%	39%
General and administrative expenses	62%	61%

*3 The details of gain on sale of non-current assets are as follows:

	For the fiscal year ended February 20, 2023	For the fiscal year ended February 20, 2024
Buildings	5 million yen	2 million yen
Land	6 million yen	- million yen
Other non-current assets	0 million yen	0 million yen
Total	12 million yen	2 million yen

*4 The details of loss on sale of non-current assets are as follows:

	For the fiscal year ended February 20, 2023	For the fiscal year ended February 20, 2024
Buildings	11 million yen	0 million yen
Land	24 million yen	9 million yen
Other non-current assets	15 million yen	0 million yen
Total	51 million yen	10 million yen

*5 The details of loss on retirement of non-current assets are as follows:

	For the fiscal year ended February 20, 2023	For the fiscal year ended February 20, 2024
Buildings	21 million yen	2 million yen
Structures	0 million yen	0 million yen
Machinery and equipment	11 million yen	0 million yen
Tools, furniture and fixtures	1 million yen	1 million yen
Other non-current assets	0 million yen	0 million yen
Cost of dismantling of buildings and other items	195 million yen	137 million yen
Total	229 million yen	141 million yen

(Notes to investment securities)

As of February 20, 2023

The fair values of shares of subsidiaries and affiliates are not stated, as they have no market prices.

Amounts recorded on balance sheet of shares of subsidiaries and affiliates who have no market prices are as follows:

Classification	For the fiscal year ended February 20, 2023 (Million yen)
Shares of subsidiaries	48
Shares of affiliates	134
Total	183

As of February 20, 2024

The fair values of shares of subsidiaries and affiliates are not stated, as they have no market prices.

Amounts recorded on balance sheet of shares of subsidiaries and affiliates who have no market prices are as follows:

Classification	For the fiscal year ended February 20, 2024 (Million yen)
Shares of subsidiaries	48
Shares of affiliates	134
Total	183

(Notes to tax effect accounting)

1. Breakdown of major factors that resulted in deferred tax assets and deferred tax liabilities

	As of February 20, 2023	As of February 20, 2024
Deferred tax assets		
Accrued enterprise tax	73 million yen	76 million yen
Accrued bonuses	366 million yen	367 million yen
Contract liabilities	385 million yen	291 million yen
Loss on valuation of shares of subsidiaries and associates	323 million yen	323 million yen
Asset retirement obligations	945 million yen	958 million yen
Impairment losses	2,285 million yen	2,132 million yen
Allowance for doubtful accounts	89 million yen	73 million yen
Other	411 million yen	406 million yen
Deferred tax assets (subtotal)	4,881 million yen	4,629 million yen
Valuation allowance	(1,152) million yen	(1,150) million yen
Total deferred tax assets	3,728 million yen	3,479 million yen
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(107) Million yen	(171) million yen
Asset retirement obligations and an associated asset retirement cost	(393) Million yen	(362) million yen
Reserve for tax purpose reduction entry of non-current assets	(455) Million yen	(440) million yen
Prepaid pension costs	(692) Million yen	(730) million yen
Other	(13) Million yen	(10) million yen
Total deferred tax liabilities	(1,662) million yen	(1,713) million yen
Balance of net deferred tax assets	2,066 million yen	1,765 million yen

2. Breakdown of major items that caused the difference between the normal effective statutory tax rate and the corporate tax rate, etc. after the application of tax effect accounting

	As of February 20, 2023	As of February 20, 2024
Normal effective statutory tax rate	30.46%	30.46%
(Adjustment)		
Per capita inhabitants tax	18.68%	12.71%
Non-deductible permanent differences such as entertainment expenses	0.74%	0.60%
Non-taxable permanent differences such as dividend income	(4.02)%	(0.99)%
Changes in valuation allowance	(19.91)%	(0.11)%
Impact of merger	(15.42)%	-%
Other	(0.13)%	(0.08)%
Corporate tax rate, etc. after the application of tax effect accounting	10.40%	42.59%

(Notes to revenue recognition)

The basic information for understanding revenue from contracts with customers is omitted because it is the same as the information stated in (Notes to revenue recognition) in the Notes to Consolidated Financial Statements.

(Significant subsequent events)

This information is omitted because it is the same as the information stated in “Significant subsequent events” in the Notes to Consolidated Financial Statements.

4) Supplemental schedules

[Schedule of property, plant and equipment, etc.]

(Million yen)

Classification	Type of asset	Balance at beginning of period	Increase during the period	Decrease during the period	Depreciation during the period	Balance at end of period	Accumulated depreciation
Property, plant and equipment	Buildings	124,980	3,244	1,493 (592)	3,557	126,731	83,155
	Structures	14,429	392	189 (110)	364	14,632	12,429
	Machinery and equipment	6,542	263	3	351	6,803	5,396
	Vehicles	174	5	6 (0)	6	173	168
	Tools, furniture and fixtures	12,919	1,852	336 (51)	1,445	14,434	10,896
	Land	28,044	499	228 (86)	-	28,314	-
	Leased assets	4,493	31	876	656	3,648	3,113
	Construction in progress	843	3,098	3,576	-	365	-
	Total	192,427	9,386	6,710 (841)	6,380	195,103	115,158
Intangible assets	Leasehold interests in land	2,597	0	53 (53)	-	2,543	-
	Software	1,613	610	126	322	2,097	1,061
	Other	269	440	252 (2)	5	457	45
	Total	4,479	1,051	432 (56)	328	5,098	1,106

(Notes) 1. The major items for increase during the period are as follows:

Buildings, etc.	Kasugai Store	(Newly opened store)	1,231 million yen
Buildings, etc.	Yao Korigawa Store	(Newly opened store)	549 million yen
Land and construction in progress	Super Center Okuwa Chita Store	(New store scheduled to open in the next fiscal year)	362 million yen
Buildings, etc.	Oyodo-nishi Store	(Store refurbishment)	326 million yen
Buildings, etc.	Kozaki Store	(Store refurbishment)	320 million yen
Buildings, etc.	Super Center Okuwa Nanki Store	(Store refurbishment)	303 million yen

2. The major items for decrease during the period are as follows:

Buildings, etc.	Existing store	(Impairment losses)	860 million yen
Construction in progress	Kasugai Store	(Newly opened store)	472 million yen
Construction in progress	Yao Korigawa Store	(Newly opened store)	237 million yen
Land and buildings, etc.	Former Hiramatsu Shioya Store	(Sale)	132 million yen

3. Depreciation during the period of 6,708 million yen consists of: 427 million yen recorded as cost of sales, and 6,280 million yen recorded as selling, general and administrative expenses.

4. The figures in parentheses in decrease during the period represent the amounts of impairment losses.

5. Balance at beginning of the period and balance at end of the period are stated based on the acquisition price.

[Schedule of allowances]

(Million yen)

Item	Balance at beginning of period	Increase during the period	Decrease during the period	Balance at end of period
Allowance for doubtful accounts	295	8	61	242

(2) Details of major assets and liabilities

This information is omitted because the Company prepares consolidated financial statements.

(3) Others

Not applicable.

VI. Stock-Related Administration for the Filing Company

Business Year	From February 21 to February 20
Ordinary General Meeting of Shareholders	Held within three months from the fiscal year-end
Record date	February 20
Record date for dividends of surplus	August 20 and February 20
Number of shares constituting one unit	100 shares
Purchase of shares less than one unit	
Handling office	(Special account) 4-5-33 Kitahama, Chuo-ku, Osaka City, Osaka, Japan Stock Transfer Agency Business Planning Department of Sumitomo Mitsui Trust Bank, Limited
Transfer agent	(Special account) 1-4-1 Marunouchi, Chiyoda-ku, Tokyo, Japan Sumitomo Mitsui Trust Bank, Limited
Forward office	-
Purchasing fee	Amount separately specified as an amount equivalent to the fees pertaining to the entrustment of sale and purchase of shares
Method of public notice	Public notices of the Company shall be provided through electronic means. However, in the event that accidents or other unavoidable reasons prevent the provision of electronic public notices, notices shall be provided through the Nikkei newspaper. Electronic public notices are published on the Company's website, and they can be viewed from the following address: https://www.okuwa.net/ir/
Shareholders' privileges	Shareholders of the Company as of the end of the fiscal year will be presented with the following complimentary gifts. 100–999 shares: 500-yen OKUWA gift certificate 1,000–1,999 shares: 3,000-yen OKUWA gift certificate 2,000 shares or more: 5,000-yen OKUWA gift certificate Gift coupons will be presented to shareholders who do not reside in areas where we currently operate our stores (Wakayama, Nara, Osaka, Mie, Aichi, and Gifu).

VII. Reference Information on the Filing Company

1. Information on a Parent Company, etc. of the Filing Company

The Company does not have a parent company or other entity that is provided in Article 24-7, Paragraph 1 of the Financial Instruments and Exchange Act.

2. Other Reference Information

The Company submitted the following documents during the period from the starting date of the current fiscal year to the date on which the Annual Securities Report was submitted.

(1) Annual Securities Report and documents attached thereto, and the Document of Confirmation thereof	The 54th fiscal year	February 21, 2022 – February 20, 2023	May 16, 2023 Submitted to Director-General of the Kanto Local Finance Bureau
(2) Internal Control Report and documents attached thereto	The 54th fiscal year	February 21, 2022 – February 20, 2023	May 16, 2023 Submitted to Director-General of the Kanto Local Finance Bureau
(3) Quarterly Securities Report and Document of Confirmation thereof	(1st quarter of the 55th fiscal year)	February 21, 2023 – May 20, 2023	June 26, 2023 Submitted to Director-General of the Kanto Local Finance Bureau
	(2nd quarter of the 55th fiscal year)	May 21, 2023 – August 20, 2023	October 3, 2023 Submitted to Director-General of the Kanto Local Finance Bureau
	(3rd quarter of the 55th fiscal year)	August 21, 2023 – November 20, 2023	December 27, 2023 Submitted to Director-General of the Kanto Local Finance Bureau
(4) Extraordinary Report	Extraordinary Report pursuant to the provisions of Article 19, Paragraph (2), Item (ix)-2 (Results of exercise of voting rights at a shareholders' meeting) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc.		May 17, 2023 Submitted to Director-General of the Kanto Local Finance Bureau
(5) Report of Status of Purchase of Treasury Shares	Reporting period	March 1, 2024 – March 31, 2024	April 12, 2024 Submitted to Director-General of the Kanto Local Finance Bureau
	Reporting period	April 1, 2024 – April 30, 2024	May 10, 2024 Submitted to Director-General of the Kanto Local Finance Bureau

Part 2: Information on Guarantors for the Filing Company

Not applicable.