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## Consolidated Financial Results for the Three Months Ended June 30, 2024 [Japanese GAAP]



August 9, 2024

Company name: YAOKO CO., LTD.  
 Stock exchange listing: Tokyo Stock Exchange  
 Code number: 8279  
 URL: <https://www.yaoko-net.com/>  
 Representative: Kawano Sumito, President and Representative Director  
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 Scheduled date of commencing dividend payments: -  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results briefing: None

(Amounts of less than one million yen are rounded down.)

### 1. Consolidated Financial Results for the Three Months Ended June 30, 2024 (April 1, 2024 to June 30, 2024)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Total revenue		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2024	176,308	18.6	10,373	14.4	10,184	11.6	7,103	7.3
June 30, 2023	148,704	8.5	9,066	18.1	9,129	20.4	6,617	27.2

(Note) Comprehensive income: Three months ended June 30, 2024: ¥7,276 million [9.5%]

Three months ended June 30, 2023: ¥6,647 million [27.8%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2024	173.91	-
June 30, 2023	170.32	159.96

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of June 30, 2024	348,803	176,673	49.4	4,206.11
As of March 31, 2024	342,409	167,902	49.0	4,121.55

(Reference) Equity: As of June 30, 2024: ¥ 172,240 million

As of March 31, 2024: ¥167,902 million

## 2. Dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	-	42.50	-	67.50	110.00
Fiscal year ending March 31, 2025	-				
Fiscal year ending March 31, 2025 (Forecast)		55.00	-	55.00	110.00

(Note) Revision to the forecast for dividends announced most recently: No

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% indicates changes from the previous corresponding period.)

	Total revenue		Operating income		Ordinary income		Net income attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	707,000	14.1	31,400	7.1	30,500	5.6	18,700	2.5	476.04

(Note) Revision to the financial results forecast announced most recently: No

### \* Notes:

(1) Significant changes in the scope of consolidation during the period: Yes

New: 1 company (Sendo Co., Ltd.) Exclusion: - company (Name of company)

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(Note) For details, please refer to page 10 of the Attachment, "Consolidated Financial Statements and Primary Notes, (3) Notes to the Consolidated Financial Statements, Changes in accounting policies."

(4) Total number of issued shares (common stock)

1) Total number of issued shares at the end of the period (including treasury stock):

June 30, 2024: 41,894,288 shares

March 31, 2024: 41,894,288 shares

2) Total number of treasury stocks at the end of the period:

June 30, 2024: 944,263 shares

March 31, 2024: 1,156,609 shares

3) Average number of shares during the period:

Three months ended June 30, 2024: 40,844,909 shares

Three months ended June 30, 2023: 38,852,862 shares

\* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

\* Explanation of the proper use of financial results forecast and other notes

The earnings forecasts and other forward-looking statements herein are based on certain assumptions in light of information currently available and deemed reasonable and are not a guarantee of future performance. Actual results may differ significantly from these forecasts due to a wide range of factors. For details on conditions for the assumptions of financial results forecasts and notes for the use of financial results forecasts, please refer to page 5 of the Attachment, “1. Qualitative Information on Quarterly Financial Results, (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information.”

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## 1. Qualitative Information on Quarterly Financial Results

### (1) Explanation of Operating Results

The Group operates its food supermarkets business in the following two formats: a format that “proposes ideas for abundant, enjoyable, and healthy dietary lives” for customers who live close to our stores and visit our stores frequently (lifestyle assortment-style); and a format that offers discount to respond to needs for “bulk purchase” of customers who lives in wider areas centered around our stores (discount-style).

The basic strategies of the Group are to satisfy all customers in the local communities by deepening the two formats and thereby increase our share in them; and to allow each company to operate independently and hone their own unique “strengths.”

The key theme in the period of the 11th Mid-Term Management Plan (from the fiscal year ending March 31, 2025 to the fiscal year ending March 31, 2027) has been to “become stronger through united efforts of the Group.” By allowing each company which operates under either the lifestyle assortment-style or the discount-style to grow autonomously, the Group will aim to increase the share in its market territories and also promote building of the foundation to create a “system to achieve Group net sales of 1 trillion yen.”

- (i) A share increase in the market territories of the Group
  - Share increase in both the lifestyle assortment-style and the discount-style
  - Continuation of consideration of M&As in the lifestyle assortment-style
- (ii) Strengthening of the shared functions of the Group (building the foundation to achieve Group net sales of 1 trillion yen)
  - Personnel affairs, financial affairs, internal control, store development, logistics, systems, and manufacturing
  - Fostering of management personnel, human resource interactions, and mutual learning
- (iii) Investment and collaboration in growth markets
  - Growth support and collaboration in the Vietnam market
  - Collaboration and creation of new value with domestic ventures

During the three months ended June 30, 2024, the Japanese economy continued to be on a moderate recovery trend with progress in the normalization of financial policy. Meanwhile, the economic outlook remains uncertain due in part to surging commodity prices and uncertainty in the world economy.

The food supermarkets industry is also facing the increasing thriftiness of consumers, and the business environment surrounding the industry has been extremely challenging, with soaring expenses for personnel, construction materials, etc. and accelerating competition among companies regardless of business type, including industry reorganization.

The basic policies of the Company have been set as “enhancing meal solutions” and “emphasizing price-conscious choices,” and the key theme of the 11th Mid-Term Management Plan has been set as “Shin Yaoko: Structural reform from the Showa model to the Reiwa model.” During the fiscal year under review, we worked on the following priority measures to simultaneously realize four types of value, namely, “deliciousness,” “product assortments,” “proposals,” and “inexpensiveness.”

#### [Product and Sales Strategy]

On the product front, we have been focusing on enhancing meal solutions to realize product assortments that lead to uniqueness and differentiation of the Company. In addition, in order to achieve competitive advantage throughout the value chain, we are aiming to enhance SPA-type product development by tapping into the manufacturing and retailing industry. Furthermore, a new healthy product lineup “Happiness” was added to Yes! YAOKO in November last year. By so doing, we are further refining the quality and prices of our private brand products.

On the sales front, we have been emphasizing price-conscious choices by continuing to respond to polarization. In addition to EDLP (Every Day Low Price measures) and “the GENSEN 100 (monthly special:100 bargain items),” we worked on pricing policies for frequently sold fresh foods. At the same time, in order to attract more customers, we implemented the “Japan’s No. 1 Program” to promote single item mass sales, and the “Local Products Fair” and the “Toyosu Festival” where local specialty products from various regions are sold, among other measures. We are also promoting the “Tailored strategies for different markets” centered around sales promotion and product assortments to further advance our support for each specific customer.

The utilization rate of “YAOKO Pay,” a cashless payment service the introduction of which was a year ago, is gradually increasing.

#### [Operational Strategy]

For productivity improvement, we are working on *kaizen* (improvement) activities where operations are improved through automation and digital technologies are utilized. The utilization of an automatic ordering system for grocery products based on AI demand projections has been successful, resulting in improved productivity.

In addition, the cash register department is promoting introduction of fully self-service checkouts. Furthermore, electronic shelf labels and operational support apps have been gradually introduced to promote paperless operations, and thereby we are establishing an employee-friendly working environment.

The Soka Distribution Center where a warehouse management system and automatic warehouse sorting machine have been installed is gradually increasing the number of stores under its jurisdiction, and has worked to stabilize its operation. In June, we relocated the Yokohama Distribution Center to improve the logistics capacity in the Kanagawa area.

Moreover, we are working on initiatives to reduce waste, save electricity, and promote recycling toward a recycling-oriented society.

#### [Human Resources Development Strategy]

For the purpose of developing independent human resources who can yield results as a team, we have revised our personnel evaluation system including how to set targets and challenges, and are promoting company-wide efforts to instill the system.

In parallel with the *kaizen* (improvement) activities, we are working on establishing and maintaining the working environment by, for example, reviewing the operational categories.

In addition, we will improve the employee-friendliness in which female and senior employees can play an active role, and at the same time, strive to achieve health and productivity management.

#### [New Stores and Growth Strategy]

During the three months ended June 30, 2024, we opened the Musashi Urawa Store (Saitama-shi, Saitama Prefecture) in May, and the Urawa Mimuro Store (Saitama-shi, Saitama Prefecture) in June.

In addition, YAOKO online supermarket, the bases of which are brick-and-mortar stores, operates at 24 stores, and the number of such stores is slated to increase in the future.

The overview of each company of the Group is as follows:

AVE Co., Ltd. has formed a dominant area centered around Kanagawa Prefecture. The company has set its basic policies as “unrivalled low prices” and “thorough low-cost operation,” and is striving to realize the policies through various measures and initiatives.

Foocot Co., Ltd. operates five stores mainly in Saitama Prefecture “through an overwhelming assortment of delicious products, low prices, and the thorough pursuit of low-cost operations to support this,” which is its management policy.

Sendo Co., Ltd. became a consolidated subsidiary on April 1, 2024, and has formed a dominant area centered around Ichihara-shi, Chiba Prefecture. The company operates food supermarkets with tremendous advantage in perishable foods.

The number of stores of the entire Group as of June 30, 2024 is 232 (YAOKO: 189; AVE: 13; Foocot: 5; and Sendo: 25).

As a result, total revenue for the three months ended June 30, 2024 was 176,308 million yen (up 18.6% year on year), operating income was 10,373 million yen (up 14.4% year on year), ordinary income was 10,184 million yen (up 11.6% year on year), and net income attributable to owners of parent was 7,103 million yen (up 7.3% year on year).

The segment information is omitted, as the Group has only a single segment, which is the supermarket business, and other businesses are immaterial.

(Notes) The term “meal solutions” refers to our solutions to help our customers solve issues related to meals by, for example, proposing their daily meal plans and advising how to cook meals.  
The term “price-conscious choices” refers to pricing products always bearing in mind reasonable prices affordable for customers.

## (2) Explanation of Financial Position

### (Assets)

Total assets at the end of the first quarter of the fiscal year under review increased by 6,394 million yen compared with the end of the previous fiscal year to 348,803 million yen. This was primarily due to an increase in tangible fixed assets associated with investment in new store openings and renovation of existing stores, among other things, despite a decrease in cash and bank deposits.

### (Liabilities)

Liabilities at the end of the first quarter of the fiscal year under review decreased by 2,377 million yen compared with the end of the previous fiscal year to 172,129 million yen. This was primarily due to decreases in income taxes payable, bonds payable, contract liabilities which is included in “other” of current liabilities, accounts payable – other, and accrued expenses, despite increases in loans payable and accounts payable – trade.

### (Net Assets)

Net assets at the end of the first quarter of the fiscal year under review increased by 8,771 million yen compared with the end of the previous fiscal year to 176,673 million yen. This was primarily due to an increase in retained earnings arising from the recording of net income attributable to owners of parent, as well as an increase in non-controlling interests arising from the event that Sendo Co., Ltd. became a consolidated subsidiary.

## (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

As for the financial results forecast for the fiscal year under review, there have been no changes to the consolidated financial results forecast announced on May 13, 2024 at this point in time. If a need to revise the forecast arises in the future, we will make prompt disclosure.



## 2. Quarterly Consolidated Financial Statements and Primary Notes

### (1) Quarterly Consolidated Balance Sheets

(Millions of Yen)

	As of March 31, 2024	As of June 30, 2024
<b>Assets</b>		
Current assets		
Cash and bank deposits	48,079	42,809
Accounts receivable—trade	10,721	10,992
Securities	100	100
Merchandise and finished products	10,500	12,360
Raw materials and supplies	457	526
Other	16,276	14,868
Total current assets	86,135	81,657
Non-current assets		
Tangible fixed assets		
Buildings and structures (net)	88,720	95,739
Land	84,785	90,488
Other (net)	31,205	35,651
Total tangible fixed assets	204,711	221,879
Intangible fixed assets	5,643	5,877
Investments and other assets		
Deferred tax assets	9,029	7,695
Guarantee deposits paid	23,642	24,742
Other	13,244	6,950
Total investments and other assets	45,917	39,388
Total non-current assets	256,272	267,145
Deferred assets	1	-
Total assets	342,409	348,803

(Millions of Yen)

	As of March 31, 2024	As of June 30, 2024
<b>Liabilities</b>		
Current liabilities		
Accounts payable—trade	40,410	41,456
Short-term borrowings	-	900
Current portion of bonds payable	3,710	-
Current portion of long-term loans payable	3,922	3,351
Income taxes payable	5,733	1,879
Provision for bonuses for employees	2,980	2,099
Provision for point card certificates	441	166
Asset retirement obligations	33	-
Other	25,640	19,105
Total current liabilities	82,871	68,958
Long-term liabilities		
Long-term loans payable	64,556	73,989
Deferred tax liabilities	1,089	1,104
Deferred tax liabilities on revaluation	34	34
Provision for retirement benefits for directors	-	57
Provision for retirement benefits for executive officers	27	91
Provision for stock compensation for employees	3,315	3,292
Provision for stock compensation for directors	208	218
Liability for retirement benefits	4,221	4,556
Asset retirement obligations	6,678	7,239
Other	11,502	12,586
Total long-term liabilities	91,635	103,171
Total liabilities	174,506	172,129
Net assets		
Shareholders' equity		
Common stock	9,846	9,846
Capital surplus	12,806	12,562
Retained earnings	152,493	156,796
Treasury stock	(4,787)	(4,513)
Total shareholders' equity	170,358	174,692
Accumulated other comprehensive income		
Unrealized gains on available-for-sale securities	285	299
Revaluation reserve for land	(2,939)	(2,939)
Remeasurements of defined benefit plans	197	187
Total accumulated other comprehensive income	(2,456)	(2,452)
Share acquisition rights	-	0
Non-controlling interests	-	4,433
Total net assets	167,902	176,673
Total liabilities and net assets	342,409	348,803

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

(Millions of Yen)

	Three months ended June 30, 2023 (April 1, 2023 – June 30, 2023)	Three months ended June 30, 2024 (April 1, 2024 – June 30, 2024)
Net sales	142,815	169,532
Cost of sales	106,896	127,467
Gross profit	35,919	42,065
Operating revenue	5,888	6,775
Operating gross profit	41,807	48,840
Selling, general and administrative expenses	32,741	38,466
Operating income	9,066	10,373
Non-operating income		
Interest income	26	28
Dividend income	6	8
Share of profit of entities accounted for using equity method	207	-
Subsidy income	48	0
Other	19	32
Total non-operating income	308	68
Non-operating expenses		
Interest expenses	241	254
Other	3	3
Total non-operating expenses	245	258
Ordinary income	9,129	10,184
Extraordinary income		
Gain on sales of fixed assets	-	11
Penalty income on lease contracts	1	-
Surrender value of insurance policies	-	125
Total extraordinary income	1	136
Extraordinary losses		
Loss on disposal of fixed assets	8	2
Loss on step acquisitions	-	258
Total extraordinary losses	8	260
Income before income taxes	9,122	10,060
Income taxes - current	1,500	1,069
Income taxes - deferred	1,005	1,723
Total income taxes	2,505	2,792
Net income	6,617	7,267
Profit attributable to non-controlling interests	-	164
Net income attributable to owners of parent	6,617	7,103

Quarterly Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Three months ended June 30, 2023 (April 1, 2023 – June 30, 2023)	Three months ended June 30, 2024 (April 1, 2024 – June 30, 2024)
Net income	6,617	7,267
Other comprehensive income		
Unrealized gains on available-for-sale securities	24	19
Remeasurements of defined benefit plans	4	(9)
Share of other comprehensive income of entities accounted for using equity method	0	-
Total other comprehensive income	30	9
Comprehensive income	6,647	7,276
Comprehensive income attributable to		
Owners of parent	6,647	7,107
Non-controlling interests	-	169

### (3) Notes to the Quarterly Consolidated Financial Statements

#### *Notes on going concern assumption*

Not applicable.

#### *Notes in the event of material changes in the amount of shareholders' equity*

Not applicable.

#### *Changes in accounting policies*

The Company has applied the "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022; the "Revised Accounting Standard of 2022") and other relevant ASBJ regulations from the beginning of the first quarter of the fiscal year ending March 31, 2025.

Revisions to categories for recording current income taxes (taxation on other comprehensive income) conform to the transitional treatment in the proviso of paragraph 20-3 of the Revised Accounting Standard of 2022 and the transitional treatment in the proviso of paragraph 65-2(2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022; the "Revised Guidance on Accounting Standard of 2022"). There is no impact on the quarterly consolidated financial statements as a result of this change in accounting policies.

In addition, for revisions related to the review of the treatment in consolidated financial statements when a gain or loss on sale arising from the sale of shares of subsidiaries, etc. among consolidated companies is deferred for tax purposes, the Company has applied the Revised Guidance on Accounting Standard of 2022 from the beginning of the first quarter of the fiscal year ending March 31, 2025. The change in accounting policies has been applied retrospectively. Therefore, the retrospective application was reflected in the consolidated financial statements for the same period of the previous fiscal year and for the previous fiscal year. There is no impact on the quarterly consolidated financial statements for the same period of the previous fiscal year and the consolidated financial statements for the previous fiscal year as a result of this change in accounting policies.

#### *Notes on segment information, etc.*

[Segment information]

The segment information is omitted, as the Group has only single segment which is the supermarket business centered around foodstuff, and other businesses are immaterial.

#### *Notes on statements of cash flows*

The quarterly consolidated statements of cash flows for the three months ended June 30, 2024 have not been created. Depreciation and amortization (including amortization pertaining to intangible fixed assets (excluding goodwill)) and amortization of goodwill for the three months ended June 30, 2024 are as follows:

	(Millions of Yen)	
	Three months ended June 30, 2023	Three months ended June 30, 2024
	(From April 1, 2023 to June 30, 2023)	(From April 1, 2024 to June 30, 2024)
Depreciation and amortization	3,181	3,399
Amortization of goodwill	—	258