Izumi Co., Ltd.

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https://www.izumi.co.jp/ (in Japanese)

Our IR website
https://www.izumi.co.jp/ir/en/ (in English)

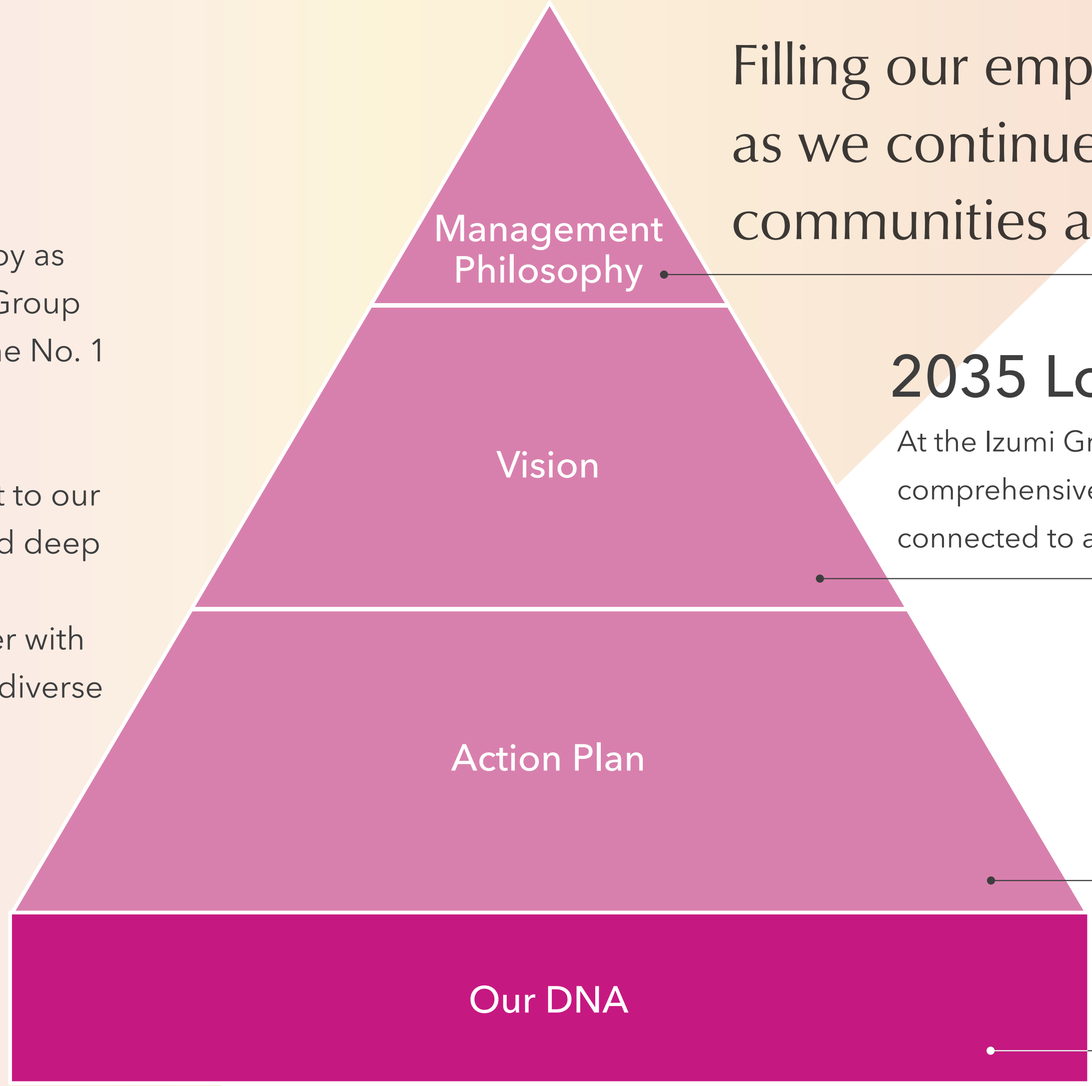
Our sustainability website
https://www.izumi.co.jp/sustainability/en/ (in English)

Izumi Co., Ltd.

INTEGRATED REPORT 2026

Izumi Group's Values

Under our Management Philosophy of "Filling our employees with pride and joy as we continue contributing to communities and our customers' lives," the Izumi Group aims to continue providing "things the community has never had before and the No. 1 products in the region" while growing together with our local customers and employees.
Through these efforts, we create new value that brings surprise and excitement to our customers, and we will become "the top store in the region" through broad and deep connections.
To stay closely aligned with the people of our local communities, grow together with them, and serve as a cornerstone of their daily lives, we will continue to create diverse value while carrying forward the three core elements of our corporate DNA: "Innovation, Challenge, and Speed."



Filling our employees with pride and joy as we continue contributing to communities and our customers' lives

2035 Long-Term Vision

At the Izumi Group, we strive to be a community-oriented comprehensive life industry that is the most deeply connected to and trusted by customers in western Japan.

1. We prioritize our sense of gratitude.
2. We carry out our work with pride.
3. We carry out our work both quickly and carefully.
4. We promise safety and security.
5. We are there for our customers.

Innovation, Challenge, and Speed

Key Points and Editorial Policy of the Integrated Report 2026

In 2026, which marks the 65th anniversary of our founding, the Izumi Group formulated its Third Medium-Term Management Plan. Our Integrated Report 2026 (below, "this report") provides a comprehensive summary of our growth strategies as well as sustainability-related and other non-financial information, all aimed at realizing a "community-oriented comprehensive life industry" outlined in our 2035 Long-Term Vision. In the "Message from the President" on pages 11–14, the President shares his thoughts on the challenges facing the Company and the strategies being implemented to address them. Specific measures and other details are introduced along with their progress and store case studies in the message from the Deputy President under "Business Strategy" on pages 25–28. In addition, the "Round-Table Discussion with Our Outside Directors" on pages 45-47 features a round-table discussion among four Outside Directors, which served as an opportunity to once again review the governance structure supporting our medium- to long-term growth. We hope that this report helps deepen your understanding of the Izumi Group.

Reporting Period

March 1, 2025–February 28, 2026 (including some activities from March 2026 onward)

Reference Guidelines

- The IFRS Foundation, International Integrated Reporting Framework
- GRI Sustainability Reporting Standards
- Ministry of Economy, Trade and Industry, Guidance for Collaborative Value Creation 2.0

Points of Caution Regarding Future Outlook

The information published in this report is intended to help readers understand the Company's business activities, management policies, management plans, financial position, and other aspects of its operations. We take great care when publishing the information but do not provide any guarantee as to its accuracy, completeness, utility, or any other matters. Some of the information published in this report contains forward-looking statements based on the Company's judgments in light of information available at the present time. Please note that actual business results may differ due to various factors.

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2035 Long-Term Vision

Izumi Group Vision

At the Izumi Group, we strive to be a community-oriented comprehensive life industry that is the most deeply connected to and trusted by customers in western Japan.

Basic Policies

Be more committed to local customers than anyone else.

Build a framework for growing together with local communities.

Become a cornerstone for the daily lives of local residents.

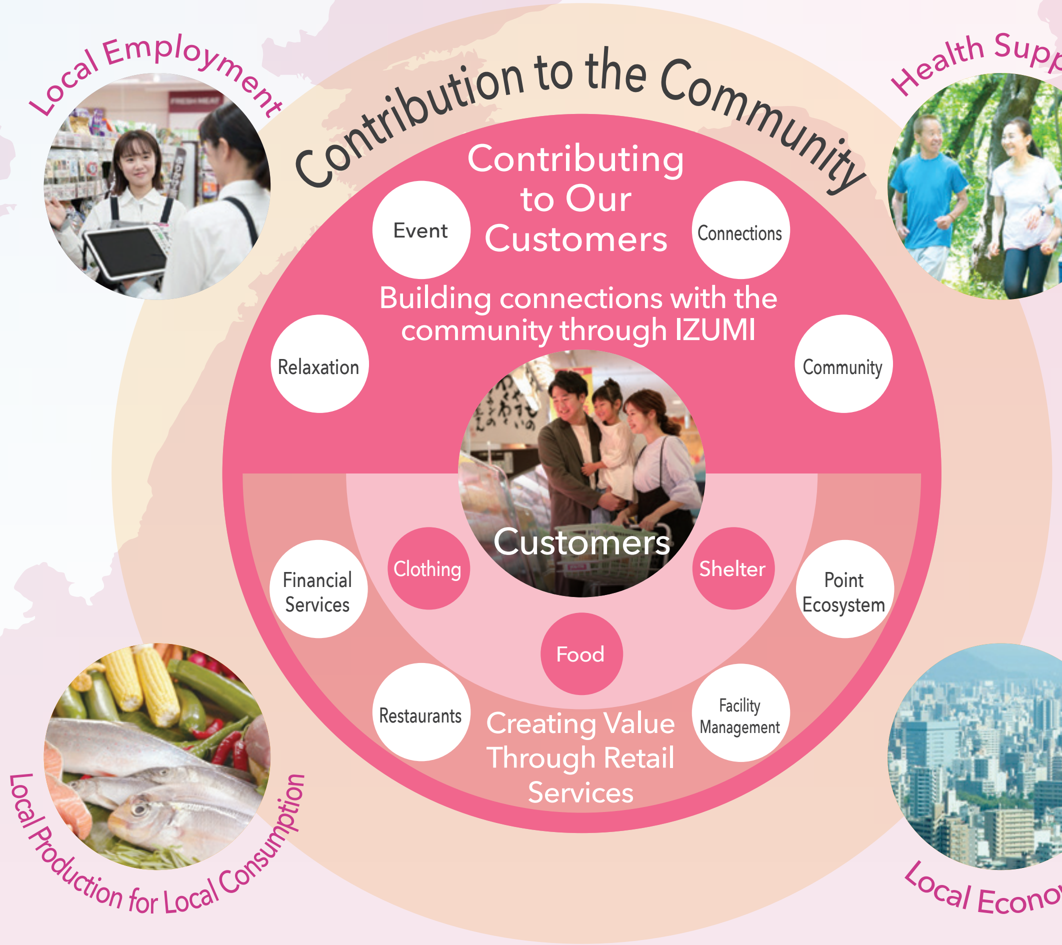
Future Direction

Operating revenue: **Over 1 trillion yen**
(new revenue recognition standard)

Customer engagement score:
Sustained improvement each term

Employee engagement score: **70 points or higher**

Creating comfortable and lively communities



We create value as a community-oriented comprehensive life industry and evolve into the heart of the community, supporting the local community.

2026 marks the Izumi Group's 65th year since its founding. This year represents both a milestone for reflecting on our journey so far and a new starting point for our future growth.

Innovation, challenge, and speed have been part of our DNA since our establishment, driving our growth. Our founder's strong beliefs have guided us from the start. We have embraced change without fear, taken on new challenges, and engaged sincerely with the voices of our customers and local communities. This is the foundation on which the Izumi Group stands today. This spirit will not change, and we will carry it forward.

Meanwhile, the environment surrounding us is transforming, driven by population decline, a declining birthrate and an aging population, labor shortages, and intensifying natural disasters. Refining our past success formula alone will not secure future growth. Recognizing this, the Izumi Group is carrying on the founding spirit throughout the organization. We are evolving away from management relying on a single leader toward collective, team-based management that brings together the strengths of diverse talent.

The 2035 Long-Term Vision serves as our guide. It reflects our determination to hand down our DNA to the next generation and evolve it in line with the changing times. Alongside developing future management talent, we will raise productivity with AI and IT, giving employees more time to spend with customers and communities and generating greater value as a result.

Moreover, advancing a dominant strategy of concentrating stores in specific areas that leverages the Group's strengths, we will strengthen our supermarket business as a new pillar of growth. The role of supermarkets, the business format closest to daily life, is becoming ever more important amid an aging population and shifts in demographic structure. Enhancing synergies with our General Merchandising Store (GMS) and shopping center businesses, we will further strengthen the business foundation that supports our customers' everyday lives.

Ultimately, our ambition goes beyond a retail operation. Our vision is to become a community-oriented comprehensive life industry. That means going beyond providing a place to shop: working with local communities and government to create value that supports local lifestyles – social interaction, childcare support, disaster preparedness, and more. As a vital part of the community, we continue contributing to people's lives and the development of local communities.

Cover Story

History of Our Ventures

Changing times are opportunities for growth

Izumi's history is one of anticipating changes in the times and the market environment while taking on the challenges of evolving our business model accordingly. We have evolved from clothing wholesale to retail, and from urban stores to suburban shopping centers, to achieve growth through the expansion of our service area. Navigating numerous turning points, we always placed great importance on creating stores that are essential to our local customers. By turning change into growth and accumulating experience from constantly striving to be the top store in the region, we have shaped the strengths of the present-day Izumi Group.

1961

Company established and first supermarket opened

Taking on challenges in the uncharted territory of the retail industry

While operating the clothing wholesaler Yamanishi Shoten Co., Ltd., founder Yoshimasa Yamanishi noted the changes in lifestyles and the growth potential of the retail market. The establishment of Izumi Co., Ltd. in 1961 was followed by the opening of the first Izumi store, the first general supermarket in the Chugoku and Shikoku regions. This first store was renovated and expanded five times in order to satisfy the needs of local customers. This commitment to continuous evolution to respond to changes in the local communities has been passed down and integrated into the revitalization of our current stores and our pursuit of being the top store in the region.

1973

Suburban Shopping Center Gion store

Store opening strategy that changed the future of shopping

Izumi anticipated the arrival of the motorized society early on and significantly shifted its store opening approach from urban to suburban locations. In 1973, the Company opened the Izumi Gion Shopping Center (currently Youme Terrace Gion), a leading-edge, large-scale suburban store for its time. It expanded locations for shopping from the city center to along the routes of daily life. Taking on this challenge led to our strategy of large commercial facilities embodied by our Youme Towns.

1990

Launch of Youme Town

Challenge of creating towns together with local communities

Youme Town Higashihiroshima (Hiroshima Prefecture) was opened in 1990 as a shopping center contributing to regional revitalization. The name "Youme Town" represents the concept of being a place that inspires dreams in "you and me." This objective of creating spaces that are not simply stores that sell things but rather serve as lifestyle hubs where people can gather and interact, bringing vitality to local communities with the idea of creating towns together with the community still serves as Izumi's core principle in store development.

1995

Determining the next growth market: Expansion into Kyushu

Taking on the challenge of becoming the top store in the region in new territory

While searching for the next growth market, Izumi ascertained a variety of factors such as demographic trends, the competitive environment, and the formation of future market dominance, and found that Kyushu offered great potential. Izumi opened the first Kyushu store, Youme Town Onga (Fukuoka Prefecture), in 1995. Although things were challenging at first, steadily implementing a community-oriented approach to store development enabled us to build a business foundation in Kyushu. This decision led to the construction of our second growth foundation, marking a major turning point in our history.

Growth through M&A

Utilizing regional infrastructure to expand growth areas

We have used strategic M&A to bring community-based companies into our Group, and utilized their built-up customer bases, product competitiveness, and operational know-how to strengthen our dominant strategy. This growth strategy does not simply involve expanding the scale of our business but rather consists of increasing the points of connection with local communities and honing our ability to respond to change. Moreover, by also increasing the scope of our retail-peripheral operations, we are improving our ability to respond to the diversification of our customers' needs across the entire Izumi Group.

2004

First M&A in Kumamoto

Taking on the challenge of business succession in support of local communities

Providing reconstruction support for Nikonikodo Co., Ltd., a local supermarket company in Kumamoto Prefecture, served as a turning point to accelerate growth through M&A. What was most valuable was inheriting the relationships of trust with customers that had been cultivated within the local communities. While leveraging the value of stores beloved by their local communities, Izumi added new appealing features and realized community-oriented revitalization. This experience helped us implement M&A and strengthen our dominant strategy later on, and also served as the foundation of Izumi's unique growth model.

2015

Three supermarket companies become wholly owned subsidiaries

Accelerating growth through M&A that bridges the trust of local communities

Izumi made the following three companies into wholly owned subsidiaries: Super Daiei Co., Ltd. (currently Youme Mart Kitakyushu Co., Ltd.) with stores mostly concentrated in Kitakyushu, Yours Co., Ltd. based in Hiroshima, and Dailymart Co., Ltd. with stores across Tokushima Prefecture. This allowed Izumi to expand its network of supermarket stores while utilizing the relationships of trust with customers built up by each company based on the shared value of community-based business management. This helped to create synergy with Youme Towns in each region and further strengthen our market dominance in western Japan.

2024

Taking over SUNNY's business

Taking on the new challenge of SM business in Kyushu's largest market

Izumi took over the Kyushu business ("SUNNY's business") of Seiyu Co., Ltd., which has enjoyed great support from local customers for over 60 years. This allowed us to greatly expand our business foundation in Kyushu's largest market centered mainly in the Fukuoka metropolitan area. Moving forward, we are taking on the challenge of establishing new SM business aimed at the next stage of growth by combining the low-cost operation built up by SUNNY's business with Izumi's strength of developing community-oriented stores.

3 Expanding growth areas using regional infrastructure
M&A and business succession

2 Pioneering growth markets
Construction of a second growth foundation in Kyushu

1 Changing business operations and models
Expansion into retail, suburban shopping centers, and Youme Towns

Cover Story

Business Overview

Developing businesses rooted in each region, centered on the retail operations

Retail Operations

We sell clothing, food, and household goods through shopping centers (SC), general merchandising stores (GMS), supermarkets, and other formats.

Major Group Companies

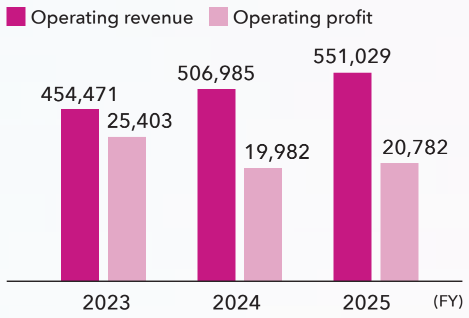
- Youme Mart Kumamoto Co., Ltd. (SUNNY business)
- Youme Mart Kitakyushu Co., Ltd.
- Yours Co., Ltd.

Operating revenue*1

551,029 million yen

Operating profit*1

20,782 million yen



GMS Business	SM Business
Operating revenue	Operating revenue
300 billion yen	**240** billion yen
Operating profit	Operating profit
19 billion yen	**4** billion yen

* These figures are simply calculated by applying the "Accounting Standard for Revenue Recognition" and others to management accounting results, and do not take internal transactions and other factors into account.

Shopping Center (SC/GMS)

61 stores*2

A large commercial facility designed to be a fun and comfortable space for three generations of families to enjoy. In addition to offering a wide range of products and services that include food, daily necessities, fashion, restaurants, and amusement facilities, our SCs also prioritize experiential consumption through events and activities. We operate as "community-based stores" that not only provide products, services, and hours that are optimal for each region, but also offer enhanced community functions within those regions. In recent years, we have formed partnership agreements with local governments in the areas where we operate. Together, we are working to resolve regional issues and revitalize local economies, beginning with emergency preparedness.

Youme Town

LECT

"LECT" is an acronym for Living, Eating, Culture, and Town/Time. This shopping center offers customers unique "Time" centered around the three key tenants of "Living, Eating, and Culture." Here we create a "third place" that stands apart from the familiar environments of home, work, or school.

LECT

Supermarkets (SM)

191 stores*2

Supermarkets handle daily necessities such as food, general goods, and everyday apparel. Our stores range in size from small stores of about 990-1,300 m² targeting small commercial areas mainly in urban centers, offering convenient daily shopping, to large supermarkets of 1,650 m² or more located in suburban areas, offering a wider range of products and services. Each store offers a selection of products tailored to the characteristics of that community, and this business model is expected to be a growth driver in the Company's future dominant strategy.

Youme Mart

Neighborhood Shopping Center (NSC)

7 stores*2

This open-air shopping center is anchored by our directly-operated Youme Mart supermarket and features a variety of specialty stores selling useful items such as clothing, daily necessities, pharmaceuticals, and food. Depending on the size of the site, as a developer, we also promote the entry of facilities that attract customers from a wide area, such as home improvement stores, electronics retailers, and sporting goods stores. As a commercial facility where one can purchase daily necessities quickly and in one place, we aim to create a new community hub for everyday shopping and weekend outings.


Youme Mall

Retail Peripheral Operations

We are engaged in businesses that complement retail operations, such as credit card handling, store facility management, and food services.


Youme Card

Major Group Companies

- Youme Card Co., Ltd.
- Izumi Techno Co., Ltd.
- Izumi Food Service Co., Ltd.
- Youme Delica Co., Ltd.

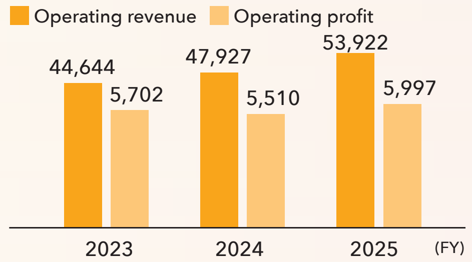

Izumi Food Service

Operating revenue*1

53,922 million yen

Operating profit*1

5,997 million yen



Other Operations

In addition to our original wholesale business, we are also engaged in the real estate leasing business.

Major Group Companies

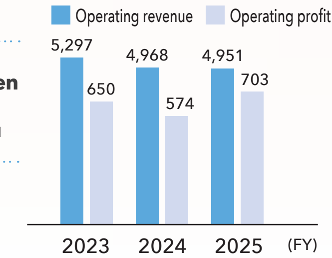
- Yamanishi Co., Ltd.
- Izumi Real Estate Co., Ltd.

Operating revenue*1

4,951 million yen

Operating profit*1

703 million yen



*1 Operating revenue and operating profit for each business include inter-segment adjustments. *2 Number of stores (As of February 2026)

Cover Story

Izumi Group's Presence

Building market dominance by expanding our store network in Western Japan

Total: 266 stores

(As of February 28, 2026)

- General Merchandising Store (GMS)
- Supermarket (SM)
- Neighborhood Shopping Center (NSC)
- Others (X-SELL[*5], etc.)

Kyushu area

159 stores

- GMS ....20 stores
- SM ....134 stores
- NSC ....3 stores
- Others ....2 stores

Chugoku area

95 stores

- GMS ....35 stores
- SM ....52 stores
- NSC ....4 stores
- Others ....4 stores

Other areas

3 stores

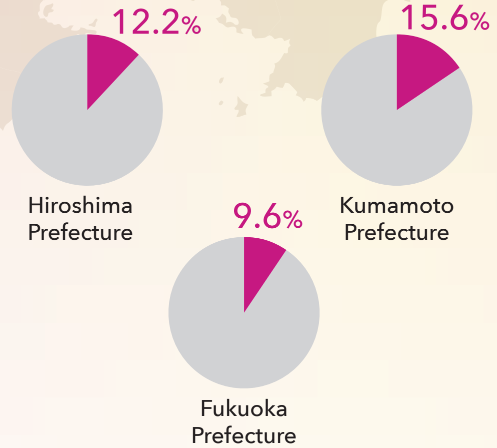
- GMS ....2 stores
- Others ....1 store

Shikoku area

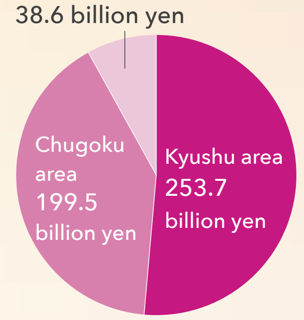
9 stores

- GMS ....4 stores
- SM ....5 stores

Food Sales Share by Major Area[*6]



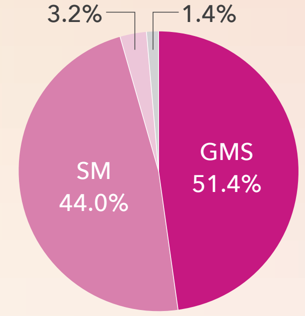
Net Sales Ratio by Retail Operations Area



Consolidated Net Sales[*1]

491.7 billion yen

Breakdown of Sales by Retail Operations Format



Consolidated Net Sales[*1]

491.7 billion yen

Operating Revenue[*1]

569.3 billion yen

Operating Profit / Operating Profit Margin[*1]

27.2 billion yen / 4.8%

Profit Attributable to Owners of Parent / Net Profit Margin[*1]

16.8 billion yen / 3.0%

Agreements with Local Governments, etc.[*2]

165

Number of Tenants[*2]

Approx. 4,900 stores

Total Annual Customers (Consolidated)[*1 *3]

175 million

Number of App Members[*2 *7]

2.06 million

Number of Youme Card Holders[*2]

8.37 million

Number of Consolidated Employees[*2]

Full-time employees **5,025**

Part-time employees[*4] **13,560**

*1 Fiscal year ended February 2026 *2 As of February 28, 2026 *3 Number of customers paying at directly-operated stores (excluding SUNNY stores)
*4 The number of part-time employees represents the annual average converted to an 8-hour per day basis (full-time equivalent)
*5 Imported brand shops operated by the Company *6 (Reference) 2025 Food Supermarket Yearbook
*7 Inactive data, such as former Youme Mobile members, has been removed

Message from the President

President and Representative Director
Shigeki Machida

Becoming a company essential to local communities

Achieving our next phase of growth through transformation

Review of the Second Medium-Term Management Plan

Sincerely accepting the results and fundamentally transforming our management approach

Our Second Medium-Term Management Plan yielded results that were far from satisfactory for our Company. Launched during the COVID-19 pandemic, our Second Medium-Term Management Plan subsequently faced changes we had never experienced under the prolonged deflationary environment up to that point, such as the transition from living-with-COVID to post-COVID, advancing inflation, labor shortages, and pressures for wage increases. Furthermore, we had to simultaneously ensure business continuity and rebuild our management foundation after being the target of a ransomware attack. We are keenly aware of how the accumulation of changes in the external environment that were unforeseen while formulating the plan resulted in five years of having to steer the Company through difficult business conditions. However, even under such conditions, we continued doing business normally without a single store halting operations for even a day, allowing us to consistently provide our customers with the products they need. This was the result of each one of our on-site employees understanding what is truly necessary for our customers, and the accumulated efforts of our community-based activities. It provided an excellent opportunity to reaffirm our on-site capabilities, our Company's core strength that we have gradually built up over the 65 years since our founding.

However, we have to deal with the serious management challenges that still remain. We did not attain the planned levels of important management indicators of profitability and capital efficiency, resulting in a failure to satisfy the expectations of our shareholders and investors. While some of our efforts regarding investments for growth, M&A, and large-scale investments led to successful results, we must admit that there were shortcomings in the accuracy of our investment decisions and our execution capabilities, as well as in the post-investment review process. It is also crucial that management seriously reflect on our delayed investment in defensive measures while promoting digital transformation.

I personally do not think these results can only be ascribed to changes in the external environment. Our Second Medium-Term Management Plan brought to light the fact that the path of growth we have been following will not lead to future growth. We must shift the focus of our business efforts from scaling up to an emphasis on profitability, capital efficiency, and productivity. We must move on from being a company supported by the experience of individuals and on-site efforts to one where such capabilities are replicable at an organizational level. Izumi is now at a crucial turning point where we must transform our management approach itself.

Our Third Medium-Term Management Plan was formulated based on these reflections and lessons learned. However, it is not simply a matter of looking back at the lessons learned from the Second Medium-Term Management Plan. Rather, it serves as a significant turning point that clearly defines what we must protect and what we must change in order to advance toward the next stage for our Company.

2035 Long-Term Vision

Continuing to be a company essential to local communities amid a society with a declining population

We have established our 2035 Long-Term Vision to clearly define our ideal vision for the year 2035, embodied in our desire to become a "community-oriented comprehensive life industry" by providing places to relax and make connections. This was the starting point for formulating our Third Medium-Term Management Plan. Amid ongoing population decline and an aging population, we believe that the functions and services required by local communities are also undergoing massive changes. In addition to serving as places for shopping and providing food, stores in the future will be required to play roles that go beyond those of the traditional retail industry such as by providing functions that support child-rearing and care-giving, and be places where members of the local community can gather and connect with each other. In order to continue as a company that is essential amid such changes in the social environment, we must not only provide functions needed by local communities but also must contribute to the overall daily life of our customers such as by providing them with means of transportation to access our stores.

Our purpose as a company is not simply to expand our network of stores but rather to continue to support the daily lives of those living in local communities. In order to achieve this, we are further enhancing our dominant strategy that combines general merchandise stores (GMS) and supermarkets (SM), while also creating new services that support the daily lives of local communities through the use of digital transformation and artificial intelligence.

Formulation of the Third Medium-Term Management Plan

Mapping out a new path to growth starting with our 2035 Vision

In our Medium-Term Management Plans over the past two periods, we developed strategies starting from numerical targets with an emphasis on achieving KPIs. A thorough commitment to achieving these numerical targets has served as one of our strong points supporting the past growth of our Company. However, amid the current massive changes in the social environment, we felt that simply setting numerical targets along the same lines as in the past would make it more difficult to properly respond to the changes affecting local communities and our customers. Our Third Medium-Term Management Plan systematically sets out the measures needed to realize our 2035 Long-Term Vision and translates them into concrete strategies. In contrast to previous Medium-Term Management Plans, this one is not solely based on numerical targets, but also presents a plan formulated with our long-term vision as the starting point.

In formulating our strategy, we placed particular emphasis on the opportunities and risks presented by the external environment. As a company primarily focused on retail operations, we are keenly aware of how population decline within our business area presents key business challenges directly linked to sales and profits. On the other hand, however, being a company that has also been firmly rooted in local communities for a long time, we feel that we can convert this population decline from being a social issue into an opportunity to create new value. Our goal is to serve a vital role in local communities by collaborating with local governments and businesses, introducing functions that support child-rearing and care-giving, and enhancing our dominant strategy that combines GMS and SM.

Key Strategies of our Third Medium-Term Management Plan

From scale to quality – Growth strategies emphasizing profitability and efficiency

Our Third Medium-Term Management Plan especially focuses on the strategy of strengthening GMS competitiveness. Since it is our core business, we feel that how we can improve the profitability of GMS over the next five to ten years will determine overall Group growth. For Izumi, a GMS is not simply limited to being "a place that sells products" but rather we want to make customers feel that it is "a destination customers actively choose to visit" by evolving it into a lifestyle hub that is indispensable to the community. Ultimately though, it is food products that play an extremely important role in strengthening the competitiveness of GMS. In both GMS and SM, food products serve as points of connection with customers, and are a key category for increasing visit frequency and customer retention. We are further enhancing our food product competitiveness by strengthening our private brands, increasing the selection of ready-to-eat meals and prepared foods, responding to local needs, and through other similar efforts.

A key business challenge included in the Third Medium-Term Management Plan is increasing PBR as well as improving the financial indicators of ROE and ROIC, which serve as the foundation of PBR. Although we set targets of 6.0% or more for ROE and 5.0% or more for ROIC by 2030, these are viewed more as stepping stones for increasing long-term corporate value. In order to become a company that is highly valued by our shareholders and investors, we must not only achieve the numerical targets we have set but it is also necessary to enhance the quality of our business management to support the path to future growth.

It is essential that we more strictly enforce our investment standards in order to achieve this. In relation to investment for growth, including for new store openings and renovations, and M&A, we are studying profitability and recoverability of invested capital much more thoroughly than before. We are increasing investment accuracy one by one, improving the quality of our balance sheet, and enhancing profitability as means to improve ROE and ROIC, and thereby also increase PBR.

Our Third Medium-Term Management Plan does not only aim at simply increasing our operational scale but rather the goal is to continue our role as a vital part of local communities while also increasing profitability and efficiency to achieve sustained growth. We believe that it is not the amount of growth but rather the pursuit of quality that is the core of this Medium-Term Management Plan.

Building a Robust Management Structure

From strength dependent on individuals to strength replicable at an organizational level

Building a robust management structure by strengthening human resources and governance is essential for ensuring the execution of our growth strategies. We are especially aware of how human resources are the most important management resource supporting the competitiveness of our Company. However, the capabilities built by our employees have relied on individual experience and skills, creating an issue of variation from store to store. Moving ahead, we must standardize and systematize the knowledge and know-how accumulated within each store, and thoroughly incorporate it into our human resource development structure. We aim to improve service standards and productivity by establishing organizational competitiveness that is not dependent on individuals.

Governance is not simply limited to risk management but it also serves as an important management foundation for securely executing growth strategies. With the appointment of a new outside director with a wealth of knowledge in corporate management in FY2026, we have incorporated not only internal but also external perspectives into the execution of our Third Medium-Term Management Plan and especially in decisions on investment for growth, including M&A, as means to create an even more effective supervisory system. We are continuously studying the feasibility, implementation status, and results of investment decisions in order to build a management structure connected to medium- and long-term increases in corporate value.

Dialogue with Investors

Sharing the path to transformation and its results with capital markets

Dialogue with capital markets is essential in order to foster the expectations and trust placed in us by all of our stakeholders. Given my past experience working as an Officer responsible for investor relations, I understand the importance of sincerely engaging with stakeholders and building communication through sustained dialogue. In the past, we have not fully communicated the results and issues of our measures, including their main underlying causes, as well as our efforts to improve conditions. In the future, we will not only explain short-term business results but also provide specific explanations regarding items such as what capital investments we are making, the systems we are creating, and the measures we are implementing, as well as how they will be rolled out across the organization.

Dialogue with shareholders and investors is not simply an opportunity to explain current conditions. It is an important opportunity to reflect their shared ideas and opinions into our management to help transform our Company. Trust is not created by holding a single dialogue. Building trust and enhancing our reputation with capital markets can be achieved by consistently implementing the strategies we set forth, and continuously disclosing their results and corresponding issues in a proper manner.

Final Thoughts

Recovering trust and increasing corporate value

We are aware that our stock price is a key indicator that expresses the market's objective assessment of our Company. I feel a strong sense of responsibility regarding our current conditions in which this market valuation is lower than where we believe it should be.

Accordingly, our Third Medium-Term Management Plan marks a shift from management focused on expansion of business scope to management that improves profitability and efficiency. Trust cannot be obtained simply by setting lofty targets. Although the numerical targets we set forth must be reliably achieved to ensure future growth, we also feel this is necessary in order to recover the trust of capital markets.

The business environment is continuously changing. Uncertainty continues to increase due to factors such as population decline, aging population, intensified competitive environment, inflation, and geopolitical risks. The question that arises amid this uncertainty is whether we can perform business management that correctly understands these changes and responds rapidly by appropriately disclosing and explaining the details of our analysis and response.

Izumi is evolving. Nonetheless, our strength of being deeply rooted in local communities that we have built up over the history of our Company remains unchanged. In order to continue to harness that strength in the coming era, we are evolving our management approach, investment philosophy, the ways in which we utilize our on-site capabilities, and how we engage with capital markets. With the objectives of continuing to serve an essential purpose for our local customers and being a company that is highly valued by capital markets, we are implementing our Third Medium-Term Management Plan to guide us into our next stage of growth. My responsibility as President and Representative Director is to take on the challenge of creating new value by evolving our Company into a "community-oriented comprehensive life industry" and making the related results visible. Izumi is transforming to deliver results that meet the expectations of all of our stakeholders.

President and Representative Director

Shigeki Machida

Value Creation Model

Third Medium-Term Management Plan

Implementing structural reforms to shift away from a business structure that was overly reliant on GMS

2035 Long-Term Vision Creating comfortable and lively communities

At the Izumi Group, we strive to be a community-oriented comprehensive life industry that is the most deeply connected to and trusted by customers in western Japan.

Addressing challenges

Materiality

Local communities and customers
Creating enriched lives together with local communities and customers

Safety and security
Creating value by providing safety and security, and through products and services

Environment
Making effective use of resources to realize a decarbonized society

Diversity
Creating an environment where diverse human resources can thrive

Management capital

(As of February 28, 2026)

Financial capital

High stability, ample cash flows from operating activities

- ✓ Equity ratio 49.4%
- ✓ CFO......................... 64.5 billion yen

Manufactured capital

Market dominance and brand power in the Chugoku, Shikoku, and Kyushu regions

- ✓ Number of stores 266
- ✓ Number of plants 6

Intellectual capital

In-house manufactured brand "zehi"
Izumi's private brand "Youme-Ichi"

- ✓ Number of Youme Card members ....8.37 million
- ✓ Number of Youme App members 2.06 million*1

Human capital

- ✓ Number of consolidated employees
  - Full-time.....................................5,025
  - Part-time .... 13,560 (full-time equivalent)
- ✓ Ratio of women in managerial positions.................................. 12.6%

Social and relationship capital

- ✓ Revitalizing local communities through collaboration with government and industry
- ✓ Number of agreements signed with local governments 165

Natural capital

Promoting community-based sustainability management

- ✓ Reduction of CO_2 emissions associated with store operations .... 37.5%*2 (compared to FY2013)
- ✓ Reduction of food loss .... 56.1%*2 (compared to FY2018)

Input

Business activities

Retail Operations

GMS
A comprehensive lifestyle hub that supports daily life in the local communities by combining food at its core with clothing and household goods, and specialty stores and services.

SM
Supporting daily diets in the local communities by offering high-quality products, with a focus on produce & ready-made foods.

NSC
Providing spaces serving as optimal and comfortable communities tailored to each local area by leveraging the strengths of the GMS Business through the reorganization and reconstruction of the clothing, housing, and food segments.

Retail-Peripheral Operations

Card and Financial Services Business
A growth foundation that leverages payment services and our customer base to create synergies with our retail operations.

Facility Management Business
Supporting the business foundation through integrated management, security, and construction services for stores and facilities, creating opportunities for community interaction.

Restaurant Business
Expanding customer touchpoints through a diverse range of dining options and generating vibrant local food cultures and bustling communities.

Delica Business
Contributing to the competitiveness of the retail operations by supplying differentiated products backed by our manufacturing and development capabilities.

Expand our share and reinforce dominance in key areas

M&A and New Business

Increasing synergies by strengthening upstream operations and the resource business

Cycle of Business Value That Supports Local Life

Community-Oriented Comprehensive Life Industry

Be more committed to local customers than anyone else	Build a framework for growing together with local communities	Become a cornerstone for the daily lives of local residents

Outcome

Customers
Daily necessities close at hand, enabling more comfortable and fulfilling lives

Employees
Individual initiative driving new growth, expanding fulfillment and opportunities at work

Business partners
New value through co-creation, reinforcing the foundation for sustainable growth.

Local communities and society
People, goods, and services converge to form vibrant local communities.

Shareholders and investors
A virtuous cycle of investment for growth and revenue expansion, steadily enhancing corporate value.

Strengthening capital

*1 Inactive data, such as former Youme Mobile members, has been removed. *2 FY2025

Izumi's Competitive Edge

We create value that supports local lifestyles through retail operations and retail-peripheral operations. This value creation is underpinned by six types of capital that we have accumulated through our business activities. We generate three competitive advantages: growing our local market share, strengthening customer loyalty, and enhancing operational profitability by combining these forms of capital and transforming them into organizational capabilities such as local insight, product development, dominant store operations, SCM and digital transformation (DX), and investment discipline.

Creating three competitive advantages through five organizational capabilities

Expression and Creation

- **Growing our local market share** — The ability to deepen our understanding of each community and increase our trade-area share through diverse customer touchpoints
- **Strengthening customer loyalty** — The ability to create products, sales floor layouts, and services that customers continue to choose
- **Enhancing operational profitability** — The ability to generate sustainable profits through an efficient and resilient business foundation

Integration and Transformation

Five organizational capabilities

- Understanding local communities and on-site judgment
- Dominant store operations
- SCM, DX
- Product development, sales floor development, and floor layout
- Investment and resource allocation

Accumulation

Human, social and relationship, and manufactured capital
Foundations for creating value in local communities and stores

	Human capital	Social and relationship capital	Manufactured capital
	Human resources and an organizational foundation that identify local needs and create value for stores	Relationships of trust and value co-creation with local communities, customers, business partners, and government	A foundation of stores, manufacturing, and logistics supporting a high-quality, low-cost, and stable supply
Available capital and strengths	We have built up on-site capabilities and expertise to reflect local needs in our products, sales floor layouts, and services.	We have built trusting relationships with local customers, the government, business partners, and local companies, as well as a store network deeply rooted in the local communities.	We have built a business foundation that ensures a stable supply of high-quality products through our store network, manufacturing function, and logistics network.
Challenges for growth	**Reducing dependence on individual expertise and developing the next generation of human resources** Strengths in how we run our stores and design our sales floors rely on the experience and skills of individual employees. The challenge is to share exceptional judgment as an organizational asset and continuously develop the next generation of human resources.	**Shrinking local market and diversifying needs of each community** Amid declining populations and intensifying competition, a uniform store expansion strategy alone cannot fully address the diverse shopping needs of each local community. We need to broaden our customer touchpoints to increase our local market share.	**Responding to a decentralized infrastructure, rising costs, and labor shortages** With a decentralized manufacturing and logistics network, there are limits to how effectively we can address rising logistics and raw material costs, as well as labor shortages. We need to pursue productivity improvements while maintaining our ability to supply.
Directions for strengthening capital	We will standardize and digitize on-site insights and convert them into organization-wide execution capabilities through systematic training.	We will deploy multi-format strategies centered on GMS, combined with SM, NSC, and other formats. We will deepen value co-creation with local partners to expand our product and service offerings in response to local needs.	We will consolidate logistics hubs, improve process centers, and promote in-house production, automation, and labor-saving measures in our manufacturing processes. We will restructure our SCM to enhance quality, cost efficiency, and supply capacity.
Transformation into a competitive advantage	Understanding local communities and on-site judgment; product development and sales floor layout **Local market share; customer preference** We will incorporate local needs into our products, sales floor layouts, and services to enhance store value and the competitiveness of our existing stores.	Understanding local communities and on-site judgment; dominant store operations **Local market share; customer preference** We will establish a store network and services to meet local characteristics to increase store visits and customer touchpoints. As a living infrastructure preferred in the local communities, we will achieve trade-area growth and stable earnings.	SCM, DX, and standardization **Customer preference; high profitability** We will provide high-quality products consistently and at low cost, reducing the workload on stores. We will increase the gross profit ratio, labor productivity, and supply stability, thereby strengthening profitability and business continuity.

Refine our human resources, local community connections, and supply infrastructure to strengthen our ability to grow our local market share, strengthen customer loyalty, and enhance operational profitability

Intellectual capital, financial capital, and natural capital
A foundation supporting sustainable growth and business continuity

	Intellectual capital	Financial capital	Natural capital
	On-site insights, customer data, and product and store operations know-how	Operating cash flow and financial foundation supporting investment for growth and stable business operations	Environmental infrastructure supporting business continuity and sustainability of local communities
Available capital and strengths	We have accumulated insights into product development, sales floor development, customer service, and store operations, and customer data.	We have used the cash flows from operating activities generated from our business activities and our sound financial foundation as the source of funding for investments in growth.	We view the natural environment and resources in local communities as our business foundation and are advancing initiatives in energy conservation and resource circulation.
Challenges for growth	**Lack of standardization and delays in leveraging data and AI** Operational practices vary by store and department, leading to inconsistencies in productivity and service quality. The challenge is to share on-site insights across the entire company and transform them into a reproducible system.	**Balancing investment for growth and capital efficiency** Maintaining a sound financial structure, we need to consistently invest in new SMs, GMS reform, SCM, DX, human resources, and M&A. At the same time, the challenge is to enhance investment returns and asset efficiency.	**Addressing climate risk and environmental impact** While increasingly severe natural disasters are impacting store operations and the supply chain, we are also required to reduce CO_2 emissions, food waste, and resource consumption. We need to simultaneously enhance our environmental initiatives and business resilience.
Directions for strengthening capital	We will develop standardized operations and accumulate on-site insights as data. Leveraging AI and digital technologies, we aim to advance order processes, MD, and store operations.	We will enhance the profitability of our core business and our ability to generate operating cash flow, and rigorously allocate resources based on investment return criteria and asset efficiency. We will assess growth potential and efficiency and invest in priority areas.	We will identify and control climate risks and promote energy-efficient equipment, renewable energy, food loss reduction, and resource recycling. We will raise the environmental efficiency of our stores and logistics operations.
Transformation into a competitive advantage	Product development and sales floor layout; SCM, DX, and standardization **Customer preference; high profitability** We will enhance customer service capabilities and operational quality, and transform great experiences into a system that can be replicated company-wide. We will accelerate decision-making and boost productivity to support the horizontal expansion of our growth model.	Investment and resource allocation **Local market share; customer preference; high profitability** We will shift our focus to executing investments that refine our stores, products, SCM, and DX, thereby balancing profit growth and capital efficiency. We will balance investment for growth and shareholder returns to enhance corporate value.	SCM, DX, and standardization; business resilience **High profitability** We will minimize energy and resource costs as well as mitigate the risk of business disruption, thereby enhancing revenue stability. We will reduce our environmental impact and strengthen our corporate credibility and sustainability.

Reinvest cash and trust we create to continuously enhance our three competitive advantages

Structure for Sustainability Promotion and Materiality

Centered on contributing to our customers' enriched lives, the Izumi Group is promoting sustainable management that simultaneously solves social issues and increases corporate value, as a community-oriented comprehensive life industry that grows sustainably alongside local communities.

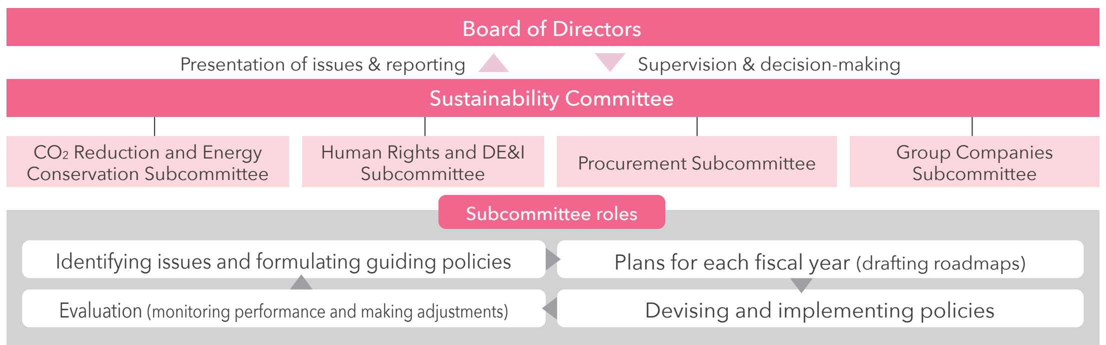
Basic Sustainability Policy	
	1 We will formulate a forward-looking long-term vision and work to solve social issues through our business. 2 We will build strong relationships of trust with all of our stakeholders and fulfill our social responsibilities together through dialogue. 3 We will engage in community-based activities and provide long-term value through activities for the improvement and maintenance of better living environments in order to develop alongside our local communities.

Structure for sustainability promotion

We have established the Sustainability Committee, a company-wide organization chaired by the President and Representative Director. The Committee deliberates on policies for responding to key issues and various initiatives. The Board of Directors regularly receives reports from the Committee, and oversees and makes decisions on material sustainability matters.

In FY2025, the Committee met four times to review materiality in line with the Third Medium-Term Management Plan, monitor progress on KPIs, and draft improvement measures. The Committee also discussed measures to install photovoltaic systems, use renewable energy, and resolve major human capital issues. In FY2026, it will continue to check progress and identify issues in line with the roadmap, while working toward making the Company better equipped to achieve the related KPIs.

Structure for sustainability promotion



Structure (subcommittees)	Role	Activities in FY2025
CO_2 Reduction and Energy Conservation Subcommittee	• Tracking progress on climate change-related targets and drafting measures in this area • Discussing measures for the use of photovoltaic systems and renewable energy • Drafting plans for and implementing the installation of energy-saving equipment in our stores and beyond	• Monitoring actual CO_2 emissions and sharing future measures • Discussing measures for the use of photovoltaic systems and renewable energy and the installation of energy-saving equipment, and selecting collaboration partners • Reviewing our scenario analysis for information disclosure based on TCFD recommendations
Human Rights and DE&I Subcommittee	• Creating and operating human rights due diligence mechanisms • Evaluating potential impacts, drafting improvement measures, and providing education relating to human rights risks • Responding to statutory disclosure requirements	• Reviewing our strategy, risks, metrics and targets for human capital management in line with the new Third Medium-Term Management Plan
Procurement Subcommittee	• Setting targets and drafting measures relating to sustainable procurement • Explaining Izumi's procurement policy to our business partners • Engaging with suppliers using the Global Compact Network Japan's CSR/Sustainable Procurement Self-Assessment Questionnaire	• Reporting on progress of initiatives aimed at achieving the FY2030 targets by the Food Division and Lifestyle Division • Communicating Izumi's procurement policy to our business partners
Group Companies Subcommittee	• Sharing sustainability-related information among our Group companies • Checking each Group company's sustainability measures and progress on targets	• Presenting each Group company's updates on KPI progress and the details of their initiatives and sharing the information • Preparing for the calculation of GHG emissions at our Group companies

Materiality

Considering both social issues and issues relevant to our business activities, we identified the materiality of various issues after taking into account the degree of importance of each issue. We will contribute to solving social issues through our efforts to address material issues, while also striving for sustainable growth and the enhancement of corporate value by accurately assessing the changes in the environment surrounding our Group. We reviewed the materiality in line with the new Third Medium-Term Management Plan in March 2026.

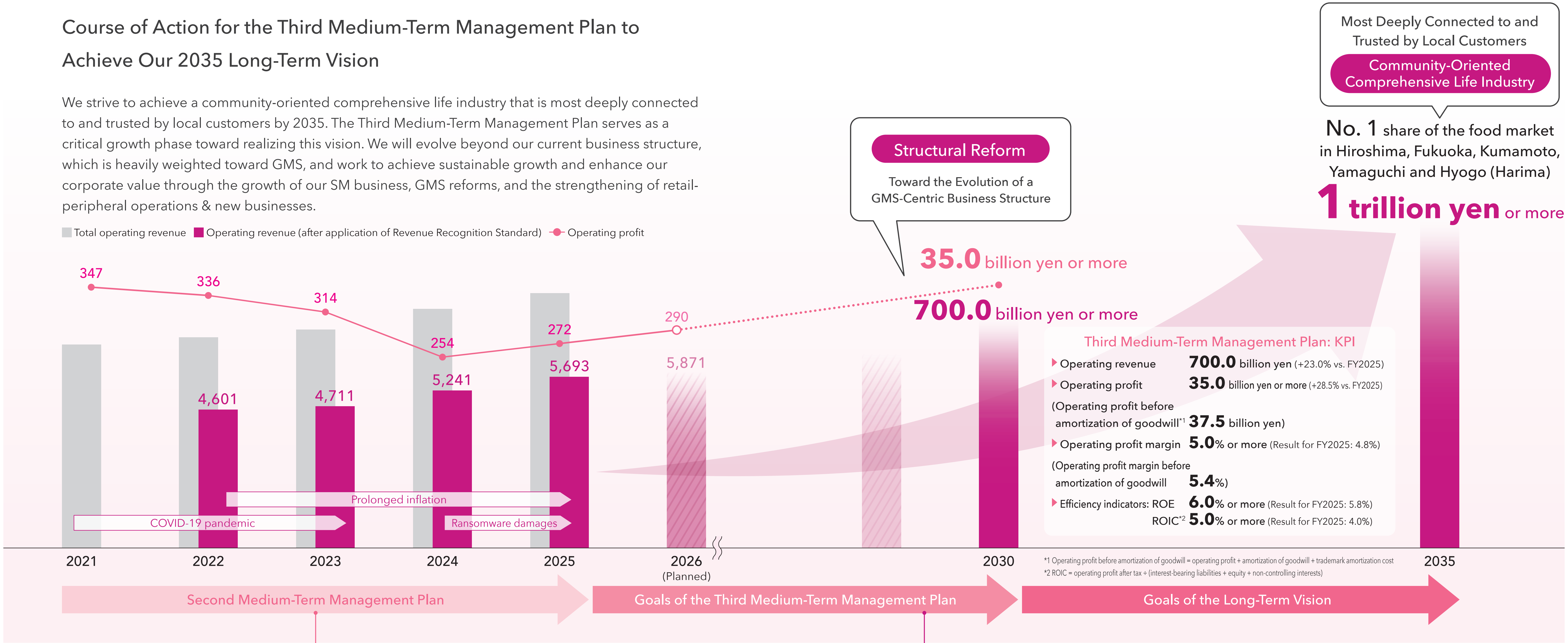
Materiality Identification Process

1. **Issue identification** — Referred to the GRI Standards, ISO 26000, and the SDGs to identify issues in society and in our Group.
2. **Issue analysis** — Created a materiality matrix using the level of impact on society and our Group's business based on the issues identified.
3. **Selection of materiality candidates** — Selected materiality candidates based on their importance to society and perceived importance to our Group.
4. **Materiality identification** — Identified materiality with final approval by the Board of Directors.

Materiality	Local communities and customers Creating enriched lives together with local communities and customers	Environment Achieving a decarbonized society and efficiently using resources	Safety and security Creating value by providing safety and security, and through products and services	Diversity, equity, & inclusion Creating an environment where diverse human resources can thrive
Social Issues	• Declining population • Declining birthrate and aging population • Frequent and increasingly severe disasters • Responding to increasingly diverse and sophisticated customer needs	• Impacts of climate change • Overconsumption and risk of resource depletion • Reduction of food loss	• Growing demand for sustainable products • Ensuring the safety and reliability of products and services	• Shrinking workforce • Empowering women in the workplace and expanding diversity • Improving employee engagement
Risks	• Reduced sales opportunities due to population decline, low birthrate and societal aging, and other factors • Slowdown in new store openings and business expansion due to insufficient collaboration with local communities	• Physical damage due to a rise in natural disasters • Surge in purchasing costs due to extreme weather events and rising costs of raw materials • Erosion of our brand value due to delays in addressing environmental issues	• Customer attrition due to product-related accidents and similar incidents • Loss of trust due to infringement of laws and regulations relating to quality control, quality labeling, etc. • Erosion of our brand value due to a lack of safety precautions	• Reputational damage from inadequate progress on diversity • Declining employee engagement, talent attrition, and difficulty attracting and retaining talent
Opportunities	• Increased sales opportunities due to regional revitalization • Building trust through increased awareness of our role as part of regional infrastructure • Encouraging store visits and usage owing to enhanced convenience	• Cost reductions through energy conservation, waste reduction, recycling, etc. • Improving our brand value as a leading company for environmental sustainability • Gaining the support of environmentally conscious customers	• Increased customer loyalty • Increased sales opportunities through the provision of sustainable products • Addressing customer needs that prioritize safety and security	• Enhancing our organizational competitive edge through diversity • Strengthening talent retention and recruitment capabilities by improving engagement • Building a human capital foundation for sustainable growth
Business Strategy	• Expanding new store openings • Comprehensive partnership agreements and agreements for the provision of emergency supplies with governmental bodies • Initiatives to enhance customer convenience	• Reduction of CO_2 emissions • Promotion of recycling • Reduction of food waste	• Expansion of sales of sustainable products • Thorough hygiene management	• Providing spaces that allow diverse human resources to thrive • Creating working environments that empower women
Initiatives	• Provide products and services that address the needs of diverse customers and design and implement convenient shopping methods • Provide spaces and opportunities for local customers to come together • Support regional revitalization and disaster response capabilities by coordinating with local governments and concluding comprehensive agreements, etc., with them	• Reduce CO_2 emissions and implement energy-saving measures • Reduce the amount of waste produced by stores • Reduce the amount of plastic packaging • Effectively utilize resources	• Thorough hygiene management • Appropriate handling and labeling of products, taking health and allergies into consideration • Sustainable procurement of marine and agricultural products, and the provision of environmentally friendly products	• Promote the active participation of women and raise the ratio of women in managerial positions • Provide support for the active participation of young people, senior citizens, foreign nationals, and people with disabilities • Create working environments tailored to various life stages
Targets	• New store opening plan: 13 stores • Store revitalization plan: 148 stores (FY2026–2030)	• Reduce CO_2 emissions associated with store operations by 50% (compared to FY2013) (FY2030) • Net zero CO_2 emissions from store operations (FY2050)	• Proportion of products categorized as sustainable (FY2030) Food Division: 5.6% Lifestyle Division: 7.1%	• Ratio of women in managerial positions: 13.7% (FY2026) • Percentage of eligible male employees taking childcare leave, etc.: 100.0% (FY2026)
Key initiatives in FY2025	• Opened 5 new stores (17 new stores in total from FY2021 to FY2025) 2 SM stores, 1 NSC (neighborhood shopping center) store, and 2 other stores • 2.91 billion yen in e-commerce transactions (our e-commerce website Youme Online + our online supermarket Youme Delivery)	• Reduced CO_2 emissions associated with store operations by 37.5% (compared to FY2013) • Implemented on-site and off-site PPA measures • Increased the number of stores powered by 100% renewable energy • Considered CO_2 reduction measures, including for Group companies	• Managed progress on the sustainable procurement roadmap • Obtained MEL certification, a fisheries eco-labeling certification, and launched certified products	• Ratio of women in managerial positions: 12.6% • Percentage of eligible male employees taking childcare leave, etc.: 93.0% • Reorganized the Youme Can Project as the Youme Can Project Next. We expanded from initiatives focused on promoting the active participation of women to Group-wide initiatives that include support for working caregivers.

Course of Action for the Third Medium-Term Management Plan to Achieve Our 2035 Long-Term Vision

We strive to achieve a community-oriented comprehensive life industry that is most deeply connected to and trusted by local customers by 2035. The Third Medium-Term Management Plan serves as a critical growth phase toward realizing this vision. We will evolve beyond our current business structure, which is heavily weighted toward GMS, and work to achieve sustainable growth and enhance our corporate value through the growth of our SM business, GMS reforms, and the strengthening of retail-peripheral operations & new businesses.



Third Medium-Term Management Plan: KPI

- Operating revenue **700.0** billion yen (+23.0% vs. FY2025)
- Operating profit **35.0** billion yen or more (+28.5% vs. FY2025)
  (Operating profit before amortization of goodwill*1 **37.5** billion yen)
- Operating profit margin **5.0**% or more (Result for FY2025: 4.8%)
  (Operating profit margin before amortization of goodwill **5.4**%)
- Efficiency indicators: ROE **6.0**% or more (Result for FY2025: 5.8%)
  ROIC*2 **5.0**% or more (Result for FY2025: 4.0%)

*1 Operating profit before amortization of goodwill = operating profit + amortization of goodwill + trademark amortization cost
*2 ROIC = operating profit after tax ÷ (interest-bearing liabilities + equity + non-controlling interests)

Review of the Second Medium-Term Management Plan

Key initiatives		Main implemented items	Issues
Growth Strategy		• New store openings: 17 ✓ SM: 10 ✓ NSC: 4 ✓ GMS: 1 ✓ Other: 2 • Large-scale store revitalization: 55 • Unprofitable stores closed: 13 • Strengthen competitiveness with makeovers of food products and others • Rejuvenate stores with renovations	• Responding to increases in various costs • High dependence on seniors • Decline in sales in the family demographic • Establishment of a successful model for the lifestyle category • Attracting tenants that are appealing to the local community
DX Promotion	Customer satisfaction	• Personalize sales promotions via Youme App • Expand sales of Youme Online • Expand store network for Youme Delivery	• Effective ways to approach new customers
	Productivity improvement	• Increase productivity with DX • Develop capabilities of employees during their spare time by improving productivity	• Reducing headcount to withstand the rapid increase in personnel expenses
Human Resource Development Capacity Building		• Manager development (a cumulative total of 103 people completed Izumi University) • Creation of environments for self-learning (e.g., e-learning, video manuals)	• Developing talent for the new SM format • Talent development aligned with management strategy
Strengthening Group Management		• Expand food market share with M&A • Strengthen existing businesses (e.g., facility management business, FC store openings)	• Curbing external outflow of cash • Expanding revenue via external store openings and strengthening of external sales

Third Medium-Term Management Plan

Business strategy		Main implemented items	
Retail Operations	Creation of New SM business	• Establish a new SM format ✓ Large: Reinforcement of the fresh food segment + Differentiation through a wide selection of products ✓ Standard: Reinforcement of the fresh food segment + Enhancement of competitiveness through EDLP ✓ Compact urban: Strengthening quick and easy meals and efficient operations • Enhance SUNNY Business's value	Growth driver in sales and profit
	Evolution of GMS	• Reform directly-operated stores' Lifestyle sales floor layout ✓ Development of MD to attract a customer base that is 20 years younger ✓ Streamlined operation by changing sales floor layout and operation • Attract tenants suitable for each store size and local characteristics	Enhancing the revenue base as a source of growth
	Common to all retail operations	• Enhance Youme-Ichi, Izumi's private brands: 1,400 items in FY2030 • New store openings: 13; Store revitalization: 148	
Other Operations	Strengthening of retail-peripheral operations & new businesses	• Expand new Financial Services (BaaS) • For restaurant business operations, actively open street-level locations and stores in other shopping centers, and strengthen FC • Strengthen the business portfolio by developing revenue streams beyond the retail operations	Strengthening synergies with the retail operations and building new revenue bases and foundations
Common to All Businesses		• Active and strategic pursuit of M&A opportunities and implementation of M&As • Productivity improvement and fundamental cost structure reforms through use of AI	
Business Foundation	Human resource strategy	• Improving engagement and organizational culture reforms	
	Financial strategy	• Investment for growth to strengthen competitiveness, driven by cash flows from operating activities • Maintaining financial soundness and continuing to provide stable shareholder returns	

Course of Action for the Third Medium-Term Management Plan to Achieve Our 2035 Long-Term Vision

Toward Business Expansion and Growth Driven by the Strategies under the Third Medium-Term Management Plan

2035 Long-Term Vision

Creation of a New SM Business

In the Third Medium-Term Management Plan, we have positioned the creation of new SM businesses as the core of our growth strategy and are working to build a new food business model that achieves both sales growth and revenue growth. We are redefining our supermarket formats to align with the characteristics of each local market and customer needs. The large-scale and standard models, focusing on strengthening fresh food offerings, aim to become the most popular food sales floors in the region by enhancing our competitiveness in produce, fresh seafood, and ready-made foods, thereby increasing customer visit frequency and the number of purchases per customer. Meanwhile, the urban models are expanding our selection of quick & easy meals and pursuing convenient shopping services to meet the daily needs of busy urban residents. In addition, we will improve store productivity through the standardization of groceries, the use of AI to streamline ordering processes, and the promotion of external packaging, thereby strengthening our profitability by reducing the personnel expense ratio. By rolling out the optimal store format for each local community, we will expand our share of the food market and achieve sustainable growth.

Yours Hirosekita (Hiroshima Prefecture)

Provide products, services, and experiential offerings that local customers choose

Optimize our selection of products, private brand products, and store layouts to meet local needs

Prioritize Hiroshima, Fukuoka, and Kumamoto, and implement our dominant strategy in Yamaguchi and Hyogo (Harima)

01 Creation of a New SM Business

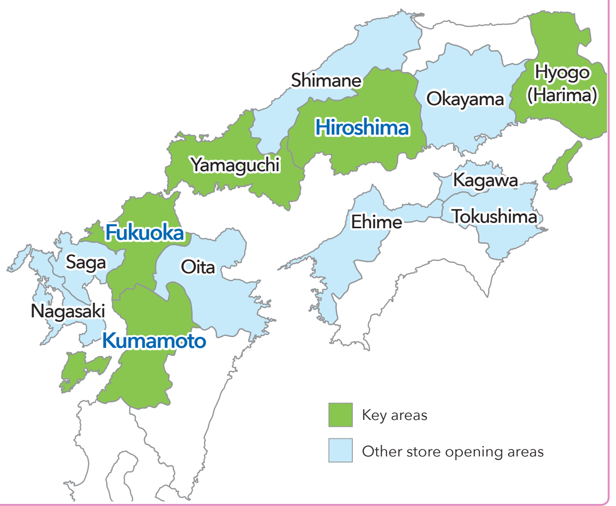
02 Evolution of GMS

03 Strengthening of Retail-Peripheral Operations & New Businesses

Community-Oriented Comprehensive Life Industry

Regional Strategy

Since our founding, we have expanded our business while placing great importance on close community ties to continue to be a presence closely aligned with local lifestyles. In the Third Medium-Term Management Plan, we promote the concentration of management resources on key areas and the deepening of our dominant strategy by leveraging this strength as a driving force. Optimally combining GMS, NSC, and SM formats in accordance with local characteristics and trade-area needs and leveraging synergies with retail-peripheral operations and M&A, we will expand the service infrastructure that supports our customers' daily lives. Starting from our connections with local customers, we aim to provide new value to each individual's daily life and achieve sustainable growth alongside the local community, thereby becoming the community-oriented comprehensive life industry.



Evolution of GMS

We are redefining our GMS as comprehensive lifestyle hubs that support daily life in local communities, aiming to create spaces where convenience, comfort, and community come together in ways tailored to each trade area. The Foods department will enhance its competitiveness, focusing on produce & ready-made foods, to create attractive sales floors that encourage customer visits, while the Lifestyle department, including clothing and household goods, will shift toward sales floor layouts tailored to customer needs to deliver a higher-quality shopping experience. Moreover, we will create value as a place where people naturally gather and connect beyond just shopping by introducing tenants, government services, and other functions sought by the local community, and enhancing communal spaces. Furthermore, we will enhance our profitability to support sustainable growth by optimizing sales floors at directly-operated stores, improving productivity, and strengthening our revenue base through synergies with tenants, and promote the development of hubs that embody the community-oriented comprehensive life industry.

Youme Town Ube (Yamaguchi Prefecture)
MACHI LIBRARY @ Youme Town Ube


Little Planet in Youme Town Kurume (Fukuoka Prefecture)

Strengthening of Retail-Peripheral Operations & New Businesses

In addition to the retail operations centered on GMS and SM, we will develop retail-peripheral operations and new business growth into a third core revenue stream that will drive future growth. Through expanding our credit card and financial services, facility management, restaurant, and delica businesses, we will provide services that support the daily lives and infrastructure of local customers, while also enhancing convenience and creating new customer value through collaboration with the retail operations. Furthermore, we promote investment in upstream operations such as food processing and process centers, as well as M&A and alliances aimed at strengthening access to agricultural and marine resources. Through these efforts, we will enhance our competitiveness by increasing product appeal, ensuring stable procurement, and boosting profitability. Building a business portfolio in which each business mutually enhances the value of the others, we aim to materialize the community-oriented comprehensive life industry that supports local lifestyles beyond the confines of retail, while continuously increasing corporate value.

Izumi Food Service

Business Strategy

Aiming for profitable growth by refining our dominant strategy and firmly establishing a highly profitable store model

Deputy President and Director
Daisuke Yamanishi

Review of Second Medium-Term Management Plan

Adapting to a changing market environment and steadily strengthening our growth foundation

Our ability to respond to extremely challenging changes in the business environment, including the COVID-19 pandemic, fluctuations in world affairs, and a ransomware attack in 2024, as well as the implementation of our Second Medium-Term Management Plan has enabled Izumi to steadily expand our sales base and strengthen our new store locations. M&A, starting with SUNNY's business, has been especially important in driving sales growth of our supermarket (SM) operations, greatly contributing to the expansion of our business operations.

Although our operating revenue reached 569.3 billion yen in the most recent FY2025 (ended February 2026), it still fell short of our target of 590.1 billion yen. Nonetheless, we were able to maintain a growth trend even in this harsh business environment. The Neighborhood Shopping Center (NSC) concept proposed as a means to reform SM has largely enabled us to open stores as planned, such as Youme Mall Saijo (Hiroshima Prefecture), Youme Mall Itsukaichi (Hiroshima Prefecture), and Youme Mall Sanyo (Okayama Prefecture), thereby laying the groundwork to the SM operations reform as indicated in our Third Medium-Term Management Plan.

However, the planned revitalization of 74 existing stores over five years has only been achieved for 55 stores due to soaring construction costs and similar conditions, and we could only launch 10 of the 20 new stores we had originally planned to open. Moving forward, we believe that store revitalization will be extremely important in connection to customer satisfaction at both existing and new stores. In regard to profit, we achieved an operating profit of 27.2 billion yen versus our target of 30.7 billion yen, and an ROE of 5.8% versus our target of 6.4%, showing us that there is still need for improvement. Therefore, we recognize that improving profit margins is one of the issues that must be addressed by our Third Medium-Term Management Plan.

Area Strategy

Advancing our dominant strategy through "points, lines, and areas" in key areas

The area strategy of our Third Medium-Term Management Plan is based on a policy of building a network of 300 stores by 2030, designating Hiroshima, Kumamoto, Fukuoka, and Yamaguchi, where we retain a certain market share, as well as Hyogo (Harima), as key areas. Hyogo (Harima) has been positioned as a promising growth market due to having a market-area population of over 1.3 million with a young average age, and where, in addition to already having opened one store in the area, we can also expect collaboration with our own distribution center in Okayama. The other key areas also have market-area populations exceeding one million and we consider them to be markets with significant room for growth in pursuit of our goal to expand market share.

Our goal is to build dominance of "points, lines, and areas" centered on general merchandise stores (GMSs) and NSCs in key areas. "Points" refer to GMS. These are wide-area market type stores providing a variety of value and experiences with each store forming its own unique market area. "Lines" refer to how NSCs are used to fill in the gaps in market areas without room for opening new GMSs, connecting the market areas of separate GMSs to convert the separate points of dominance into solid lines. Finally, "areas" refer to SMs filling in the areas around lines to expand the lines of dominance and thereby form entire areas. In this way, we feel that we can increase the share of customers' spending within these areas by building dominance that fulfills a wide range of needs from daily to occasional necessities.

Additionally, in enhancing our dominant strategy through this "points, lines, and areas" approach, M&A of retail operations in these areas also serves as an important driver of growth. For Izumi, M&A does not simply serve as a means to increase our number of stores but rather it is an important business tool in order to strengthen our dominant strategy. We consider locations where we can maximize market share of local communities without overlapping market areas of existing stores, our relationships of trust with fresh food markets in order to procure high-quality products, and ownership of business infrastructure including distribution centers to be key factors in increasing our corporate value and are therefore accelerating investment accordingly.

Creation of New SM Business

Establishing a proven store format through two store models

The creation of our basic strategy of "New SM business" consists of building two store models with destination (large-scale and standard) stores and small urban stores. With these, we aim to establish a proven store format that provides continuous increases of both sales and profits.

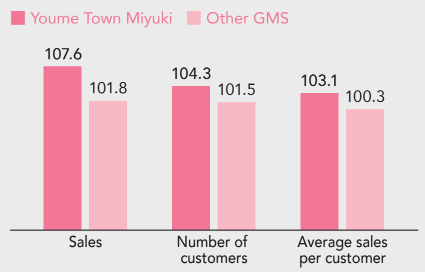
Destination stores target families that cook at home as customers and aim to serve as the main stores used for daily consumption. With a focus on strengthening fresh food departments, we will not only improve freshness and quality but also seek to attract customers through attractive pricing by keeping the gross profit ratio for produce at about 6% lower than regular stores. We also plan to enable flexible responses to specific needs regarding fresh seafood by creating face-to-face sales areas where we can talk directly to our customers. In addition to fresh foods, we are optimizing our product lineups of groceries and systematizing ordering procedures in order to simplify operations as a means to reduce management costs.

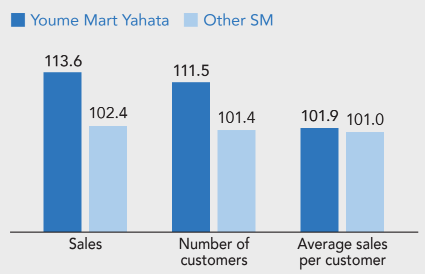
Sales at Youme Town Miyuki (Hiroshima Prefecture) and Youme Mart Yahata (Hiroshima Prefecture), pilot destination stores, have been strong since their redesign re-openings, making them important model stores for future expansion of this model. We have been standardizing operations and systematizing management know-how as part of our policy to horizontally expand established successful models to other new stores. We gather personnel in charge of new stores at the model stores to train them using this accumulated know-how and other activities to steadily prepare for this horizontal expansion. Additionally, it is essential to find the best quality products we can possibly procure from the market for stores

Strengthening Fresh Foods to Create Destination Stores

Youme Town Miyuki and Youme Mart Yahata were renovated and re-opened in 2026 as model cases for destination stores, with the fundamental reforms focusing on the fresh food sales areas. We use regional top-level competitive pricing of produce and emphasize freshness to drive store visits, and are creating vibrant sales floors that seem like a public market through dominant face-to-face sales of fresh fish. These strategies have served to increase the number of and average sales per customer, resulting in strong sales centered on the food departments. Produce and fresh fish are especially showing strong growth, proving the effectiveness of creating stores where fresh food serves as a reason for customer visits. Moving forward, we will standardize the know-how accumulated at these model stores, expanding it horizontally by opening new stores and revitalizing existing stores in order to create a network of stores that are chosen by local customers on a daily basis.

Comparison of food sales with the previous year





specializing in fresh produce. We feel that it is also essential to strengthen procurement functions across the entire group while building up trust and proven results in the market.

At the same time, our small urban stores will continue to strive for convenience (quick and easy meals) targeting dual-income and single-person households. Similar to our destination stores, we are maintaining a low gross profit ratio for produce and optimizing grocery selection at these stores, as well as outsourcing and improving the quality of meats and ready-made foods, all with the goals of further increasing customer satisfaction and streamlining operations. We are also utilizing store management know-how gained from integrating SUNNY, enabling us to strengthen customer loyalty and improve operational profitability, and run highly profitable operations by responding even more accurately to the needs of urban customers with the aim of firmly establishing a new supermarket model. The Yours Hirosekita Store (Hiroshima Prefecture), opened in July 2026, has been positioned as a small urban model store, and taking future trends into consideration, its results will serve as a reference for the development of our future strategies.

Accelerating private brand growth is the key to strengthening human resources and differentiating product value

Our private brand Youme-Ichi is essential in creating new SM business. Strengthening our private brand will not only improve our profit margin but is also an important product strategy that serves to strengthen the competitiveness of the entire group by differentiating Izumi from other companies. Our Third Medium-Term Management Plan sets a target of our private brand accounting for 10% of sales of all food products by 2030. The product mix has been developed with a 4:4:2 ratio of the following three lines: "Price" (low-price line corresponding to the needs of budget-conscious customers), "Regular" (standard-price line for daily use products), and "Premium" (top-class line responsible for improving profitability by high added value). The goal is to achieve both increased sales and improved profit margin.

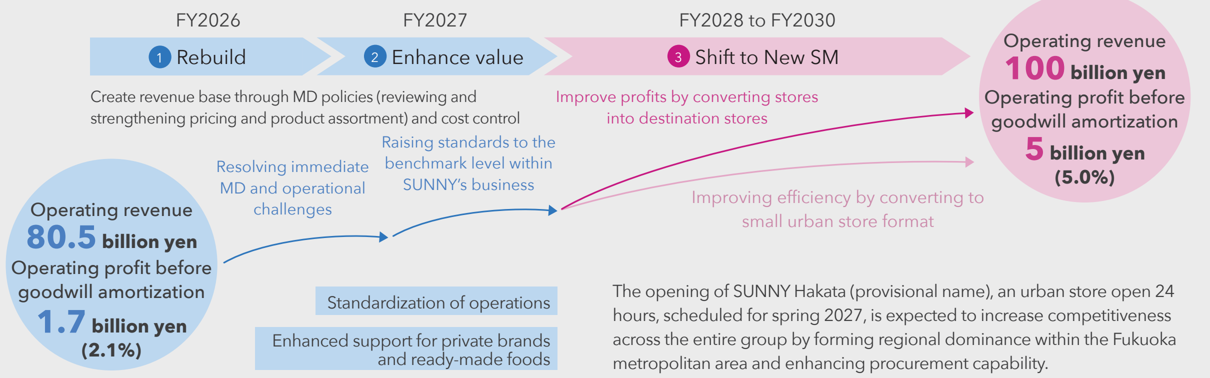
What is most required to achieve this is improving organizational capabilities to achieve continuous development and improvement of our private brand, and the creation of unique value that national brands do not possess. Moving ahead, the securing and developing of buyer human resources, and analysis of existing brands will serve to add new value in aspects such as price, quality, and quantity, while also accelerating differentiation from national brands. Although September 2026 marks the first anniversary of our private brand, we aim to further improve brand value by continuous product improvement that incorporates sales data and customer feedback.

Conversion to internal production at processing centers and reorganization of distribution centers to improve food product supply capability

Reorganizing supply-chain management through strengthening and construction of new distribution and processing centers is also an important strategy in support of enhancing fresh and ready-made foods of SM operations. We are aiming to launch our own processing center in Hiroshima by 2030 in order to internally produce previously outsourced prepared products (meats and ready-made foods), and thereby achieve labor savings and strengthen product development capability. We are currently studying optimal locations by taking into consideration various requirements such as coordination with our distribution center in Hiroshima City, investment costs, and availability of water resources. Newly constructing our own processing center will not only result in labor savings and optimization of operations at our stores, but is also aimed at creating a system that will at least double our current production capacity and enable us to provide high-quality products to even more stores.

We are continuing to consolidate distribution operations at distribution bases of SUNNY's business. Although SUNNY's business currently has three distribution bases in Fukuoka Prefecture, they are fairly spread out, resulting in movement between the bases driving up distribution costs. Our goal of consolidating these distribution bases into a single location by 2028 is aimed at improving distribution efficiency, reducing distribution costs, and improving product supply capability, all of which we expect to further increase the growth of SUNNY's business and improve value offered to our customers.

SUNNY's Business PMI & value-enhancement approach



* Operating profit before goodwill amortization = Operating profit + Amortization of goodwill + Amortization of trademark right

Evolution of GMS

Providing value to meet the demand for rejuvenating customer merchandising

As we feel that the know-how of destination stores can also be used for GMS, we are developing the approach of "attracting customers through food" by enhancing fresh food items at GMS in order to achieve evolution of GMS. At the same time, the policy of recovering business performance of lifestyle departments, mainly focused on clothing, is gaining prominence as a way to deal with the pressing issues of GMS. As it is not easy to improve the profits of directly-operated clothing products amid a selection of specialty clothing store tenants, we feel that it is necessary to revise the store layout itself. Excessive retail floor space results in increased inventory and decreased product turnover rate, possibly causing a vicious cycle of ever-declining profits. Analysis of the current data has shown us the importance of thorough retail floor management that is suited to meet demand, and moving forward, we will optimize retail floor space in order to improve the profit rate while keeping in mind an approximate 20% reduction of the current size.

In order to increase customer satisfaction, it is essential to improve value offered by reforms in products and services. Our Third Medium-Term Management Plan concentrates on the second baby boom generation and family segments as the future consumer targets. Accordingly, the updating of product mix, and improvements to store spaces and environment are aimed at the rejuvenation of customer merchandising (MD) to target customers approximately 20 years younger. Using Youme Town Hofu (Yamaguchi Prefecture) as a model store, we are planning to thoroughly implement a sales floor design focused on product categories with growing sales, such as health-related products, cosmetics, and kitchen supplies from the second half of FY2026.

Additionally, functions of ultra-large stores, such as Youme Town Hatsukaichi (Hiroshima Prefecture), and large stores will be enhanced according to the strategy of creating gathering places as set forth in our Third Medium-Term Management Plan. By introducing tenants, products, services, and other functions not presently available in the region, we will provide not only goods but also experiences, and increase the value of our stores serving as places where local customers gather to enjoy special experiences.

Strengthening Retail-peripheral Operations/New Business

Developing new business that supports the activation of local communities

We are also making efforts in regards to retail-peripheral operations. Izumi Techno Co., Ltd. will utilize its facilities management know-how accumulated while serving as a community-oriented company to focus on designated management services. Most recently, it has served as a member of the "Yamato Museum and Irifuneyama Memorial Museum Mirai 20", a consortium responsible for operating and managing the Yamato Museum, thereby contributing to safe and comfortable operations, as well as creating a vibrant atmosphere throughout the entire Kure region through events and planning. In the future, we are planning to further strengthen our collaboration with facilities responsible for regional infrastructure such as art museums and grow this into a business that both contributes to local communities and creates opportunities for new revenue.

We are also proactively implementing M&A in the food and beverage service industry and the food processing industry as a means to establish new business. Our goal to further improve our product competitiveness, supply capability, and ability to attract customers will be achieved through M&A with companies that are highly compatible with Izumi. Examples of this include the know-how accumulated through introducing food and beverage services at Youme Towns, and the management of franchise stores by Izumi Food Service Co., Ltd. in the food and beverage service industry, and strengthening our supply capability by operating production plants for meats and ready-made foods in the food processing industry. I believe that by taking on this challenge of business areas that exceed the bounds of retail operations, we can further enrich the daily lives of our local customers while also providing the Izumi Group with new opportunities for growth. We are aiming to achieve profitable growth through advancing our dominant strategy and securely establishing a highly profitable store model to become a retail group most supported by our local customers.

Developing a new GMS that provides local residents with a "Third Place"

In March 2026, we opened "Asoboccha", a new indoor play area at Youme Town Minamiyukuhashi, in collaboration with Yukuhashi City (Fukuoka Prefecture). By supporting intellectual and physical development, this play area improves the local child-rearing environment as well as serves to attract new customers by encouraging visits by families. We also opened "MACHI LIBRARY @ Youme Town Ube", one of the largest community libraries in western Japan, at Youme Town Ube (Yamaguchi Prefecture) in April 2026. In addition to drawing young people and families to the store, it provides a space not only for reading and study but also for personal interactions between users with the aim of providing a "Third Place" where local residents can casually drop by anytime in the course of their daily lives.

We are planning to continue to create social value by deepening ties with local communities as a means to encourage visits to GMS and increase the time spent there with the goal of further expanding our customer base.

Focus

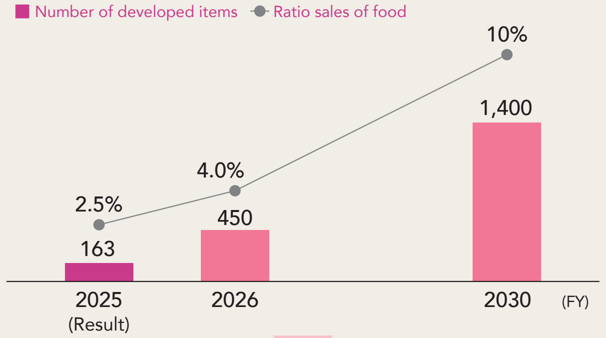
Izumi's Private Brand: Youme-Ichi

We are strengthening our product strategy centered on Izumi's private brand of Youme-Ichi in response to the diversified needs of local customers and given the rising awareness of protecting household finances amid soaring prices. Amid the current polarization of consumption, we are strengthening the lineups of both our high-value-added products and daily-use products as a means to satisfy a broad range of customer needs as well as improve the competitiveness and strengthen the revenue base of both GMS and SM operations.

For customers in the senior segment and heavy users who prioritize quality and value, we are enhancing the lineup of high-value-added Youme-Ichi products such as the top-class "Premium" line that is committed to taste and quality, the in-house manufactured brand "zehi," and the carefully selected "kore-uma" items that have passed our internal screening process. Meanwhile, for price-oriented light users, we are developing strategies such as the low-price "Price" line and Select 100 Super-Bargain Price campaign with the goal of providing products essential for daily life at more affordable prices. We are also striving to drive store visits from the youth segment by distributing app coupons. By using the revenue created by increased sales of high-value-added products as a funding source for low-price initiatives, we aim to both improve price competitiveness and secure profitability, resulting in a virtuous circle that will further expand our customer base and help us achieve sustainable growth.

We are additionally developing new business through the use of M&A and entering the upstream segment of the supply chain as measures to achieve continuous improvement of product competitiveness. Converting everything from raw material procurement to manufacturing and processing to internal production in order to strengthen our quality control system and stabilize supply serve to ensure food safety and security, as well as enable us to provide highly competitive private brand products.

Ratio sales of food/Number of developed items



Improved profit margin and differentiation by increasing the ratio of private brand products

Addition of new "Youme Review" function to Youme App

Customers can rate and leave comments about Youme-Ichi products they have purchased

Example: Light tuna flakes

Good: Great product that was delicious, easy to use, and reasonably priced (40s/Female)

Not very good: Tasted nice but I feel there was more oil than other products. (30s/Male)

Response to customer feedback by developing a new non-oil tuna flake product

Product Strategy Addressing Consumption Polarization

Three-tier product lineup (Premium, Regular, Price) tailored to customers' needs

Premium
Premium quality ensured by buyers' uncompromising criteria
A high-end lineup of products focused on taste, production region, production process, and safety, and developed in pursuit of high added value and quality

Regular
Most recommended products with satisfactory quality and prices
A standard lineup with great thought put into net weight and flavor, and focused on the balance between quality and price

Price
Affordability that is ideal for daily consumption
Low-price-oriented line mainly focused on daily necessities in response to the need for increased thrift driven by soaring prices

Enhancing our lineup of high-value-added products created using our strengths

zehi

Our in-house manufactured brand of ready-made and fresh processed foods. We focus on ingredients and cooking methods, pursuing the great flavor that only in-house production can deliver.

Kore-uma

Recommended products carefully selected by buyers. We are committed to taste, and only products that pass our internal screening process are certified.

Responding to low-price needs to improve customer attraction

Select 100 Super-Bargain Price campaign

Consists of a monthly rotating selection of 100 products (groceries and daily necessities). We provide them at competitive affordable prices to support daily life.

App coupons

We issue around 400 types of coupons each month, mainly for food products, and are also enhancing our specialty store coupons in an effort to attract younger customers.

Strengthening customer loyalty and enhancing operational profitability through product strategies

Financial Strategy

Aim to Build a Foundation for Sustainable Growth and Achieve Improved Capital Efficiency

Director, Senior Managing Executive Officer and Administration Division Manager
Hideki Tahara

Review of the Second Medium-Term Management Plan and Strategy in the Third Medium-Term Management Plan

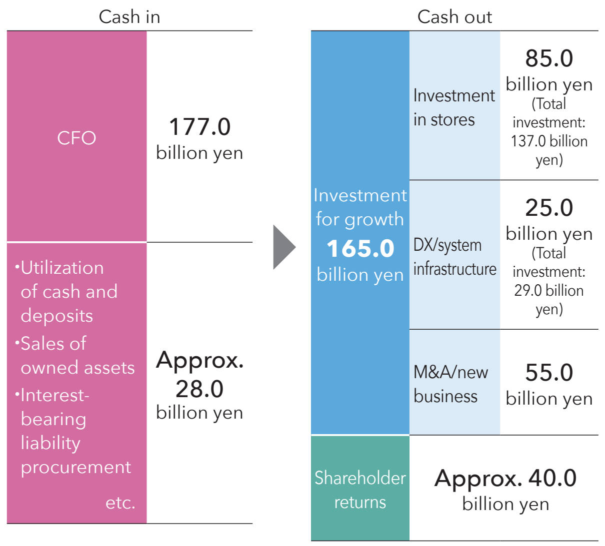
Building a management foundation for sustainable long-term earnings

In FY2025 (ended February 2026), the final fiscal year of the Second Medium-Term Management Plan, operating revenue totaled 569.3 billion yen. Although this fell short of the initial target, we were able to deliver results exceeding the revised plan established at the beginning of FY2025. We also saw tangible progress by accumulating insights critical to future business through promoting M&A and executing PMI. On the other hand, a remaining challenge was that we did not sufficiently factor in the rapid changes in the business environment, such as the COVID-19 pandemic and ransomware attacks, during the initial planning stage. We have reaffirmed the importance of strengthening our management foundation and enhancing resilience under conditions of uncertainty. Reviewing the quantitative targets in the Second Medium-Term Management Plan enabled us to clarify the challenges we face and the measures we need to implement, and to incorporate them into the Third Medium-Term Management Plan—a significant outcome in itself.

The Third Medium-Term Management Plan, formulated in light of these outcomes and challenges, aims to rebuild the management foundation to achieve sustainable growth. As we mark the 65th anniversary of our founding and transition to a new generation of management, we feel a keen sense of urgency that fundamental structural reforms are essential. We have designated this five-year period as a time to move away from a mindset focused solely on accumulating short-term profits and to rebuild a management foundation capable of generating stable, long-term earnings.

P.51-52 Financial and Non-Financial Data

Cash allocation (5-year total)



Cash Allocation

Prioritizing investment for growth to achieve a major leap forward

Cash allocation is a direct reflection of management's intentions and indicates what we prioritize. Based on the aforementioned policy of rebuilding our management foundation, we view the current period as an investment-first phase aimed at future sustainable growth. Therefore, we will give top priority to investment for growth—such as cost structure reforms leveraging AI and DX, the revitalization of aging stores, and the expansion of multi-format operations—to enhance our future competitiveness. We will invest a total of 165.0 billion yen over the five years.

At the same time, we recognize that strengthening shareholder returns is also a key management issue. Even as we prioritize the investment for growth, we will continue to provide stable shareholder returns. In addition, once the results of our structural reforms and the path to business growth become clear, we are committed to meaningfully strengthening shareholder returns that meet our shareholders' expectations.

Basic Policy on PBR

Improving PBR through higher ROE and stronger market valuation

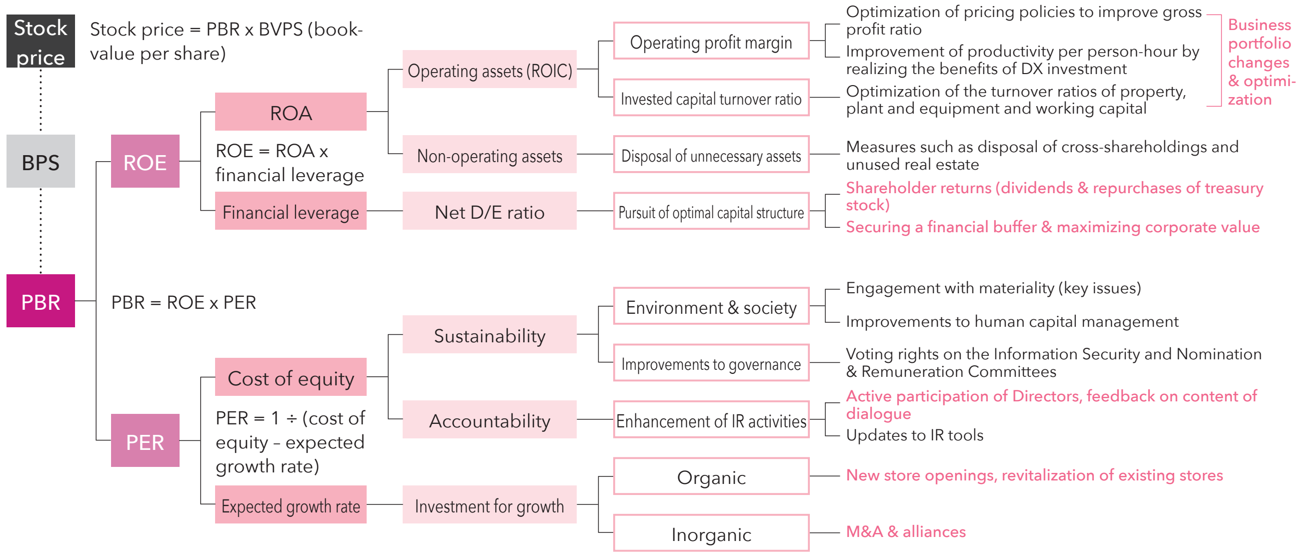
Our management recognizes current PBR levels below 1x as a critical management issue. Accordingly, to proactively increase the PBR, we plan to pursue a comprehensive strategy focused on increasing ROE through earning power improvement and balance sheet (B/S) optimization, while simultaneously raising the PER to reflect market expectations.

First, to enhance profitability, we will strictly apply a hurdle rate based on the cost of capital and meticulously assess the profitability of each investment to achieve a steady improvement in ROE and ROIC. Specifically, we have set immediate KPIs of an ROE of 6.0% or higher and an ROIC of 5.0% or higher based on investment profitability. We will implement measures such as reorganizing DCs (distribution centers) to improve operational efficiency and strengthening BaaS (Banking as a Service) to further satisfy customer needs.

Then, to optimize the balance sheet, we will promote management that is strongly conscious of the balance sheet by actively replacing low-yield assets and idle real estate within our total assets of approximately 600.0 billion yen. Currently, our equity ratio stands at approximately 50%. With the aim of achieving an optimal capital structure, we will continue to provide shareholder returns based on our basic policy of maintaining a dividend payout ratio of 30% or more and offering progressive dividends. On that basis, by making timely use of treasury stock acquisitions as part of an adaptable capital policy, we will strive to sustainably improve capital efficiency and meet shareholder expectations.

Furthermore, with the aim of improving our PER, we will strengthen our IR activities by continuously disclosing the progress of our strategies and achievement of KPIs, as well as enhancing engagement with shareholders through initiatives such as reviewing our shareholder benefit program. Through dialogue with our shareholders and investors, we aim to deepen their understanding of our growth strategy and capital policy, thereby supporting a fair market valuation and strengthening investor confidence in our future growth prospects.

Logic Tree for Increasing PBR



Human Resource Strategy

Please visit our website for more details.
Society: Human Capital Management (Japanese)
https://www.izumi.co.jp/sustainability/social/humancapital-management/

Our basic stance

Under our 2035 Long-Term Vision, we recognize that human resources are central to creating value as a partner in the lives of regional customers and that each and every employee needs to enhance their ability to respond to changing business conditions. The Third Medium-Term Management Plan grounds our human resource strategy in a return to the origins of an organizational culture where every employee thinks independently, takes on challenges, and innovates. Using this culture as a foundation, we will promote collaboration across department lines and investment in environments that leverage the specializations of diverse human resources. To fulfill our role as a "community-oriented comprehensive life industry," we will bring out the full value of our human resources through these initiatives. We aim to realize our 2035 Long-Term Vision by creating a favorable cycle in which the growth of each employee contributes to the growth of the organization.

As is: Current situation and challenges

Group Management Strategy

- SM Business
  SM business based on MD in GMS
- GMS Business
  Accounting for 80% of consolidated ordinary profit
- Retail-peripheral Operations and New Business
  Complementing the retail industry

Human Resource Strategy

- Human resources
  Strong capability for carrying out indicated policies
- Organization
  Silo-style organizational culture originating from a personal performance-based system
- Skills
  Independent store management

As is staffing example

	Generalist	Specialist
GMS Business	●●●●●	●●●
SM Business	●●●	●●
Retail-peripheral Operations	●	●
New Business	●	●
DX		●
Finance and M&A		●

Gap

Group Management Strategy

- SM Business
  Specialized and highly efficient operations
- GMS Business
  Ability to respond to changes in trade-area environment
- Retail-peripheral Operations and New Business
  Scale and number of initiatives

Human Resource Strategy

- Human resources
  Human resources specialized in fresh food; understanding standard operations
- Organization
  Psychological safety; interdepartmental collaboration
- Skills
  Standard operations; fresh food processing techniques; IT and AI literacy

Action (Bridging the gaps)

1. Human resource development
   Develop next-generation leaders, upgrade fresh food handling skills, promote standard operation training, provide IT and AI literacy training, and advance educational reform using DX
2. Employee engagement improvement
   Use engagement surveys to address issues, reduce total working hours, and promote employee health
3. Hiring and retention
   Diversify hiring methods, improve retention of younger employees, and hire IT and AI talent
4. Diversity, equity, & inclusion (DE&I)
   Promote diversity (women, people with disabilities, the elderly, and foreign nationals), and support active participation
5. Organizational culture reforms
   Get back to basics by creating an organizational culture of taking on challenges and innovating, and promote collaboration across department lines
6. Compliance
   Raise awareness of legal compliance and promote food safety

To be: Ideal human resources and organization

Group Management Strategy

- SM Business
  Create new SM business
  Establish a format for specializing in fresh foods and streamlining grocery operations
- GMS Business
  Evolve GMS
  Maximize profits through store layouts and strategic investments tailored to each store's profitability and trade area
- Retail-peripheral Operations and New Business
  Create synergies with the retail operations through external revenue and expansion into retail-peripheral areas

Human Resource Strategy

- Human resources
  Human resources who embrace changes and leverage systems to drive results
- Organization
  Organizational culture of taking on challenges and innovating
  Shift in mindset toward achieving results through organizational structures and systems
- Skills
  SM chain management
  Advanced expertise and utilization of IT and AI

To be staffing example

	Generalist	Specialist
GMS Business	●●●	●●●●●
SM Business	●●●●	●●●
Retail-peripheral Operations	●	●●
New Business	●	●●
DX		●●
Finance and M&A		●●

Related Materiality

Diversity, equity, & inclusion — Create an environment where diverse human resources can thrive

1 Human resource development

The Izumi Group believes that investing in talent is a key factor in enhancing our future corporate value, and we are committed to developing human resources who are capable of staying close to local customers, and think and act independently.

Developing management talent

Izumi University, a selection-based in-house training program, is the Company's program for training future management executives. We cultivate the skills, managerial perspective, and vision necessary for organizational change through a two-year training program. Then, we select employees from among the program graduates who are expected to take on more advanced roles and move them into a further development phase, thereby cultivating leaders who will drive transformation. (In FY2025, the total number of participants stood at 103.)

Advancing specialized skills in fresh food

We have put in place a fresh food skills certification program to strengthen the fresh produce and prepared foods sections, which are central to our SM strategy. We offer allowances to employees who meet certain standards and have established training programs for beginners to strengthen processing techniques and quality control capabilities, ensuring we deliver safe, high-quality products.

2 Employee engagement improvement

We believe that the sustainable growth of both our employees and the Company rests on three things: that employees guided by our management philosophy feel they are contributing to their local communities and customers; that they are healthy in both mind and body; and that they experience personal growth through their work. Guided by this philosophy, we aim to foster a rewarding work environment and enhance employee engagement based on wellness management.

Promoting wellness management

Following the principle that employees' health leads to better health in local communities, we are committed to maintaining and promoting their health and preventing health issues before they arise. We analyze health screening results and recommend individual medical examinations for employees whose results fall outside our Company standards, as determined in consultation with our occupational physician. By identifying and addressing health issues early on, we have successfully reduced the number of employees with abnormal findings. We also place a strong emphasis on specific health guidance for employees at high risk of lifestyle-related diseases, keeping a high participation rate (89% in FY2025). Moreover, we support the health maintenance of full-time and non-regular employees by introducing and promoting the use of HELPO, a healthcare app that allows them to consult with doctors and pharmacists via chat 24 hours a day, 365 days a year.

In parallel with these initiatives, as part of our work-style reform, we are transitioning to highly efficient operations, streamlining workflows through IT utilization, and reviewing the number of annual holidays. We remain committed to reducing total working hours and encouraging employees to take consecutive days off. In recognition of our continued efforts in these multilateral approaches to health management and workplace environment improvements, we were certified as a 2026 Health and Productivity Management Excellent Corporation (Large Corporation Category), following our 2025 certification.

Conducting training based on engagement surveys

Since FY2022, we have conducted engagement surveys (response rate of 95% or higher). Expanding the survey's scope to include not only full-time employees but also non-regular employees, we are working to gain clear visibility into the state of our organization. While we monitor four key indicators: philosophy & strategy, personal growth, health, and organizational culture, we conduct training on how to use the engagement survey and one-on-one meetings with department managers to address issues identified through the survey. Moving forward, we remain committed to improving employee engagement by fostering an environment where every employee can demonstrate their strength with peace of mind and find purpose and motivation in their work. We also create a virtuous cycle of growth where employees' willingness to take on challenges and their growth contribute to enhancing our corporate value and lead to further investment in human capital.

3 Hiring & retention

To achieve the Long-Term Vision, it is essential to secure specialized talent with diverse skills and experience to support our business growth, as well as to secure a workforce. We are therefore working to diversify our recruitment methods and reduce employee turnover.

In hiring, we go beyond traditional frameworks. In addition to hiring year-round mid-career employees, we hire specialists for specific positions and broadly attract talent with diverse backgrounds and expertise in areas such as IT and AI to incorporate new perspectives and ideas into the organization, thereby increasing our business momentum.

To retain employees, we conduct annual training programs focused primarily on young employees in their first four years to foster bonds and provide attentive support through regular HR interviews. For younger employees, in particular, we have established programs, including a company-leased housing scheme, a homecoming travel subsidy, and support for student loan repayment, to build a workplace where they can work securely and stay with us for years to come.

Human Resource Strategy

④ Diversity, equity, & inclusion (DE&I)

We believe that it is important to foster an organization where each and every employee with diverse values can express their individuality and expertise and flexibly respond to changes in the business environment; therefore, we are promoting diversity, equity, & inclusion.

○ Increased ratio of women in managerial positions

We have positioned the development and promotion of women in managerial positions as one of our top priorities to incorporate diverse perspectives into management and decision-making and enable sustainable organizational growth. We strive to strengthen follow-up support, including training programs to foster growth and roundtable discussions for women in managerial positions, so that those taking on new challenges can contribute with confidence. While supporting the sharing of work-related concerns and the building of peer networks, we are strongly pushing for their appointment to decision-making positions by articulating concrete career paths, such as advancing a deputy manager to store manager or general manager. Evolving the Youme Can Project, launched in 2014 and promoting the active participation of women, we reorganized it in May 2025 as the Youme Can Project Next with the President and Representative Director serving as project owner. To turn diversity into a competitive edge, we are working across the entire Group to promote DE&I.

⑤ Compliance

We regard conducting business in good faith and in compliance with laws and regulations as a crucial foundation for securing public trust and achieving sustainable growth. The Izumi Group is continuously working to foster an awareness of legal compliance, which will lead to the creation of stores where customers can shop with peace of mind and the strengthening of our sustainable business foundation.

○ Compliance training

To raise awareness of legal compliance, we have held compliance training tailored to each employee's level. Through providing educational opportunities to a wide range of employees, the total number of participants in compliance training in FY2025 was 8,706. Additionally, we have held compliance meetings customized to the characteristics of each department to promote a better understanding of risks based on the specific challenges and roles of each workplace. Each employee acquires the proper knowledge and judgment regarding compliance, thereby supporting safe and secure store operations.

Human capital metrics and targets

Indicators	FY2023	FY2024	FY2025	FY2026 targets	FY2030 targets
Total number of participants at Izumi University (persons)	78	103	103	128	150
Number of people who have obtained a fresh food skills certification (persons)	1,241	1,379	1,406	1,420	1,780
Follow-up examination rate for employees whose health checkup results exceeded in-house standards (%)	96.8	90.4	91.4	90.0	90.0
Total actual working hours (hours)	2,115	2,089	2,080	2,042	1,950
Mid-career hires (persons)	39	16	26	29	40
Employee turnover (after 3 years of employment) (%)	25.2	21.7	18.0	25.0	25.0
Ratio of women in managerial positions (%) *	11.0	11.8	12.6	13.7	18.1
Number of internal reports received (cases)	138	130	214	230	250

*Managerial positions are as defined by the Act on Promotion of Women's Participation and Advancement in the Workplace.

We are working to strengthen our framework for upholding human rights while making ongoing improvements

In order to strengthen our efforts to respect human rights, the Izumi Group has established a Human Rights and DE&I Subcommittee, headed by the Administration Division Manager, as an organization belonging to the Sustainability Committee. The subcommittee has built and operates a human rights due diligence mechanism based on the Izumi Group Human Rights Policy. It works continuously to deepen understanding of human rights throughout the Group, ensure compliance with the Human Rights Policy, and it submits and reports on these initiatives to the Board of Directors and the Sustainability Committee.

As a result of the human rights risk assessment, we have identified three themes that are directly related to the Group and have a potential risk: response to foreign workers across the Group, prevention of harassment in the workplace, and elimination of child labor and forced labor in the supply chain. Moving forward, we will regularly conduct impact assessments on these themes, and if human rights are impacted negatively in some way, we will work to prevent and mitigate this, evaluate the effectiveness of those efforts, and make continuous improvements based on the results.

* Please see our sustainability website for the Izumi Group Human Rights Policy.
https://www.izumi.co.jp/sustainability/social/

Digital Transformation (DX) and AI Strategy

Our basic stance

The Izumi Group is pursuing Proactive DX to realize our long-term vision by improving customer satisfaction and employee productivity, and Defensive DX to build resilience against cyberattacks by strengthening security systems and improving employee IT literacy. To achieve our Long-Term Vision, we will promote the delivery of customer experiences that enhance convenience and satisfaction, while advancing the standardization, automation, and centralized management of operations to improve productivity and achieve drastic reductions in fixed costs.

Key Initiatives in the Third Medium-Term Management Plan

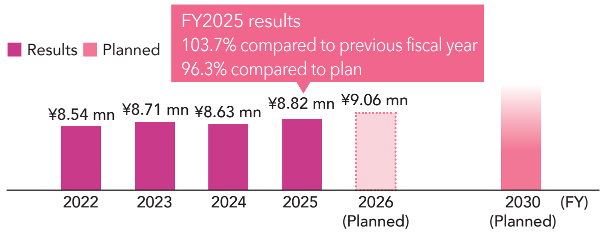
In the Third Medium-Term Management Plan, we are promoting a comprehensive DX strategy spanning from back offices to stores and new business ventures with the goal of creating new value and improving productivity.

We design a shopping experience that makes it easy to shop from both the store and back-office perspectives to improve customer satisfaction. To achieve this, we will accumulate a greater volume of highly accurate purchasing habit data, while increasing customer awareness of our offerings through the digital shift of retail media. Additionally, starting in the second half of 2026, we plan to enter the banking agency business as a new business and launch BaaS (Banking as a Service). By linking our proprietary Youme App with the dedicated BaaS app, we will enhance customer convenience by offering not only Youmeca (e-money) top-ups but also a range of banking services.

To improve employee productivity, we are promoting business restructuring via the Shared Service Center (SSC) with the goal of enhancing the productivity of corporate functions across the entire Group. In addition to consolidating shared operations, we simultaneously improve productivity and organizational cohesion by standardizing business processes, strengthening security, reorganizing the group based on the SSC framework, and accelerating post-merger integration (PMI). Through cross-group data integration, we aim to accelerate decision-making by management. Furthermore, we will optimize ordering by utilizing AI-driven demand forecasting and other methods, while simultaneously promoting more efficient stocking through the centralization of operations at the head office and the consolidation of store departments. We also aim to improve gross profit productivity by reducing labor requirements for tasks such as price tag replacement through the introduction of electronic shelf labels.

In addition, we will promote the Company-wide utilization of generative AI through Microsoft 365 Copilot, and develop an operational foundation with an eye toward the future use of AI agents, thereby aiming to improve productivity and enhance decision-making.

Progress in labor productivity*



*Gross profit per employee (non-consolidated management accounting, based on directly-operated and existing stores)

Simultaneously promoting both proactive and defensive DX

Overview of DX Strategy

2035

Towards achieving the Long-Term Vision

DX Strategy in the Third Medium-Term Management Plan

Proactive DX × **Defensive DX**

Customers

Improving customer satisfaction

- ✓ Digital customer management: Establishing systems that support relationships with customers from behind the scenes
- ✓ Improvement of shopping experience: Improving the customer's shopping experience

Employees

Fixed cost reduction DX strategy

- ✓ SSC & back-office DX: Streamlining the administrative tasks of employees
- ✓ Compact SM & operation DX: Reducing employee workload and operating with a smaller number of employees

Information security

We are strengthening our defenses against cyberattacks by carrying out both machine-based defense (systems-related measures) and people-based defense (education-related measures).

For details on information security initiatives, see page 42.

Mission Continuing to grow as a company that customers keep choosing and where employees keep thriving

Environmental Strategy

Please refer to the following website for our environmental targets and other environmental initiatives.
Environment (Japanese)
https://www.izumi.co.jp/sustainability/environment/

youme MIRAI Action

In our aim to be a sustainable company that contributes to both local communities and our planet, we have established our "youme MIRAI (future) Action" plan, which sets out the vision we hope to achieve by 2050. As part of this process, we have established numerical targets and an action plan, and are working toward them at a Group-wide level.

Vision	Specific initiatives	FY2025 results	FY2030 targets	2050 vision
Decarbonized Society	Reduction of CO_2 emissions	Reduced CO_2 emissions associated with store operations by 37.5% (compared to FY2013)	• Reduce CO_2 emissions associated with store operations by 50% (compared to FY2013)	• Achieve net-zero CO_2 emissions from store operations
			• Reduce not only our own CO_2 emissions (Scopes 1 and 2) but also Scope 3 emissions, to achieve reductions across our entire supply chain	
Recycling-Oriented Society	Action on plastics	Reduced plastic bag usage by 73.2% (compared to FY2018)	• Plastic bag usage reduction rate of 80% (compared to FY2018) • Change the materials used for shopping bags to biomass-based and similar materials	• Eliminate the use of plastic bags
	Measures for reducing food loss and promoting food recycling	Reduced food loss by 56.1% (compared to FY2018)	• Reduce food loss by 50% (compared to FY2018)	• Reduce food loss by 80% (compared to FY2018)
		Achieved a food recycling rate of 61.0%	• Food recycling rate of 70%	• Food recycling rate of 100%
A Society in Harmony with Nature	Protection of biodiversity	Disclosed information based on the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD)	• Expand the provision of sustainable products and promote ethical consumption	

Contributing to a decarbonized society

Information disclosure based on TCFD recommendations

We recognize the significance of the impact of climate change on business activities and the sustainability of local communities and society, and have expressed our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Based on the TCFD recommendations, we disclose information on our response to climate change across the four areas of governance, strategy, risk management, and metrics and targets. Additionally, in 2025, we conducted a review using more internationally oriented scenarios to more accurately understand and assess the impact of climate change on our business activities.

● Governance

To realize sustainability management that allows us to create new value for society through our business activities and pursue the sustainability of local communities, society, and the Company, we have established the Sustainability Committee, chaired by the President and Representative Director, as one of the advisory bodies to the Board of Directors. Regarding climate-related issues, the CO_2 Reduction and Energy Conservation Subcommittee, a subordinate body, formulates plans and proposals. The Committee then evaluates and manages them and reports on them to the Board of Directors.

P. 19-20 "Structure for Sustainability Promotion and Materiality"

● Strategy

We position addressing climate change as one of our key management issues, and are planning and implementing measures to introduce energy-saving equipment and utilize renewable energy. We also identify key risks and opportunities related to climate change, and assess their impact on our business activities and finances. Furthermore, based on the risks and opportunities that climate change may present in the future, we conduct scenario analysis using a 1.5°C scenario (partially combined with a 2°C scenario) and a 4°C scenario to examine business strategies aimed at mitigating risks and expanding opportunities.

● Risk management

For each identified risk, in addition to qualitative assessments, we also conduct quantitative impact assessments through scenario analysis to understand the financial impact of climate change and evaluate its significance.

● Metrics and targets

We have set greenhouse gas reduction targets as metrics to manage climate change risks. To achieve these targets, we are promoting the installation of solar panels at our stores and working to expand the number of stores that use electricity generated from renewable energy sources.

Related Materiality

Environment Achieving a decarbonized society and effectively utilizing resources

Risks and opportunities related to climate change (Excerpt)

	Item	Risk	Impact	Opportunity	Impact	Time horizon
Transition risks	Carbon tax	New taxation due to a carbon tax	Large	-	-	Medium- to long-term
	Emissions trading	Expenses from emissions trading	Large	Revenue from sales of emissions credits	Large	Short-, medium-, and long-term
	Recycling regulations	Additional costs for disposal and recycling	Large	Increase in customer traffic and sales opportunities due to in-store recycling collection	Small	Medium- to long-term
	Energy costs	Increase in procurement costs associated with the transition to renewable energy	Medium	Reduction in operating costs through reduced consumption of fossil fuel-derived electricity	Small	Medium- to long-term
Physical risks	Increased severity of extreme weather events (typhoons, heavy rain, landslides)	Suspension of store operations, raw material procurement instability, asset damage, and repair costs due to the increased severity of extreme weather events	Large	Sales growth due to increased demand for disaster prevention and mitigation-related products	Small	Short-, medium-, and long-term
	Rising average temperatures	Increased energy costs and fluctuations in product demand	Small	Sales growth due to increased online usage and higher demand for heat-relief products	Small	Medium- to long-term
	Changes in the marine environment	Procurement instability and cost increases due to declining catches and deteriorating quality	Large	Expansion of procurement opportunities due to increased catches of warm-water fish species	Large	Medium- to long-term
	Pest outbreaks	Deterioration in agricultural crop quality and increased procurement costs due to wider outbreaks	Medium	-	-	Medium- to long-term

* Criteria for financial impact (Large, Medium, Small) Compared to net income for FY2/2025: Large... 15% or more, Medium... 5% to less than 15%, Small... less than 5%
* Concept of time horizon (timing of occurrence/realization) Short-term: 0–3 years, Medium-term: 4–10 years, Long-term: 11–30 years

Financial impact of significant risks

Based on the expected impact of risks and opportunities in 2030 and 2050, we have estimated their financial impact as follows.

(million yen)

	Risk item	Scope	Financial impact in 2030 1.5 (2)°C scenario	Financial impact in 2030 4°C scenario
Transition risks	Costs due to the introduction of a carbon tax	Non-consolidated	2,134	0
	Impact of changes in electricity prices	Group [*1]	927	229 (Cost reduction)
Physical risks	Losses from floods, storm surges, etc.	Group	533	1,500
	Losses from business suspension	Group	160	456

*1 Scope: Izumi Co., Ltd., Youme Mart Kumamoto Co., Ltd., Youme Mart Kitakyushu Co., Ltd., Yours Co., Ltd., Izumi Food Service Co., Ltd., and Youme Delica Co., Ltd.

Acting on the shift toward a recycling-oriented society

With the aim of reducing food loss, we run the Mogumogu Challenge at all of our stores to encourage customers to adopt the practice of "temaedori" (selecting products from the front of the shelves). Customers can collect Moguni stickers affixed to products nearing their best-before or use-by dates and use them to play a capsule toy game (gacha). In addition, they can donate one yen per sticker to volunteer-run cafeterias providing free or low-cost meals to children. Additionally, we conduct a "Food Drive" at all stores to collect unused food from households and deliver it to those in need, donating approximately 64,000 items, or 22 tons, in FY2025.

To address plastic waste, we are working to reduce plastic usage by encouraging customers to bring their own shopping bags and introducing recycled trays. Furthermore, through the automatic plastic bottle and aluminum can collection machines installed since 2022, we collected approximately 27.5 million plastic bottles in FY2025.

Collection machines for plastic bottles and aluminum cans

Response to a society in harmony with nature

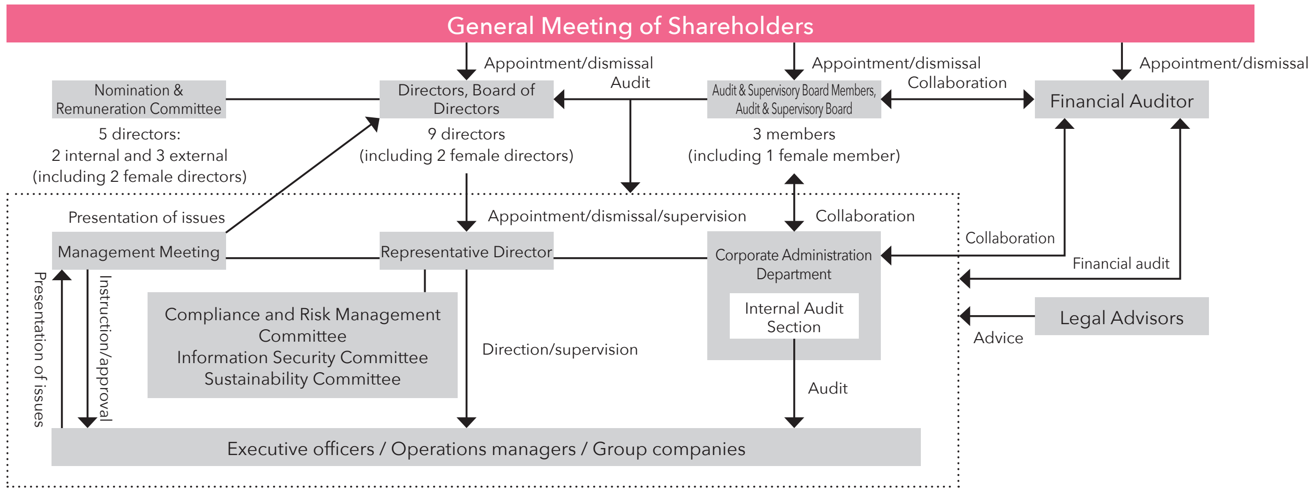
We are advancing initiatives to identify nature-related issues associated with our business and conserve biodiversity, while also disclosing information based on the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD). At our stores, we are continuously reducing food waste and effectively utilizing water resources. Additionally, we acquired MEL certification, which is awarded to fishery and aquaculture producers and their processing and distribution operators that proactively and effectively engage in the conservation and management of the environment and ecosystems, and we began handling MEL-certified products in July 2025. We plan to further expand the range of fish species we offer.

Corporate Governance

Our basic stance

We aim to maximize our corporate value by achieving customer satisfaction while fulfilling our social responsibilities in line with high ethical standards, allowing us to meet the expectations of our customers, employees, business partners, local communities, and other stakeholders. Furthermore, in order to increase our corporate value over the medium to long term, we place great importance on increasing the transparency, fairness, and productivity of our corporate activities, and will work to reform our management organization, develop various systems, and enhance our internal control system. We will continue to promote compliance-oriented management in this manner to achieve corporate governance that our stakeholders can trust.

Corporate governance structure (As of May 31, 2026)



Progress in strengthening governance

Enhancing the Supervisory Function

Composition of the Board of Directors
- 2015
  - Appointed two Outside Directors (one male and one female)
- 2017
  - Appointed an Outside Director with corporate management experience (one male)
- 2021
  - Added one Outside Director (female)
  - Changed the ratio of Independent Outside Directors to one-third or more
  - Disclosed the skill matrix
- 2025
  - Shortened the term of office for directors from two years to one year

Nomination and Remuneration of Officers
- 2019
  - Established Nomination & Remuneration Committee
- 2021
  - Revised the director remuneration system (introduced a restricted share-based remuneration plan)
- 2025
  - Changed the composition of the Nomination & Remuneration Committee so that Outside Directors constitute a majority

Other Initiatives
- 2015
  - Established the Outside Directors' Office
- 2016
  - Disclosed information on each principle of the Corporate Governance Code
- 2017
  - Conducted the first questionnaires evaluating the effectiveness of the Board of Directors (conducted annually thereafter)
- 2021
  - Established Sustainability Committee

Skill matrix[*1]

Name	Position	Term of office[*2]	Attendance at meetings[*3]: Board of Directors	Attendance at meetings[*3]: Audit & Supervisory Board	Skills: Business management and management strategy	Skills: Distribution and retail business	Skills: Finance and capital policy	Skills: Human resource and organizational development	Skills: Governance, risk management, and legal affairs	Skills: Sustainability	Skills: Promotion of DX and AI
Yasuaki Yamanishi	Representative Director	45	13/13 (100.0%)	-	●	●		●	●	●	
Shigeki Machida	Representative Director	5	13/13 (100.0%)	-	●	●		●	●	●	●
Daisuke Yamanishi	Director	3	13/13 (100.0%)	-	●	●			●	●	●
Hideki Tahara[*4]	Director	1	10/10 (100.0%)	-	●		●	●	●		●
Takayuki Aoki[*4]	Director	1	10/10 (100.0%)	-	●	●			●	●	
Masahiro Nishikawa	Outside Director	3	12/13 (92.3%)	-	●				●	●	
Izumi Yano	Outside Director	2	12/13 (92.3%)	-		●			●	●	
Naomi Aoyama	Outside Director	5	13/13 (100.0%)	-		●			●	●	●
Takeshi Kamigochi	Outside Director	-	-	-	●	●	●	●	●	●	●
Hideaki Hisanaga	Audit & Supervisory Board Member (Full-time)	3	13/13 (100.0%)	16/16 (100.0%)		●			●		
Tomoko Horikawa	Outside Audit & Supervisory Board Member	6	12/13 (92.3%)	14/16 (87.5%)	●		●	●	●		
Hirotaka Okada	Outside Audit & Supervisory Board Member	6	13/13 (100.0%)	15/16 (93.8%)			●		●		

*1 This does not represent all of the knowledge and experience possessed by each individual.
*2 The total number of years in office as a Director and as an Audit & Supervisory Board Member is indicated.
*3 The number of Board of Directors and Audit & Supervisory Board meetings attended is based on meetings held in FY2025 (March 2025 to February 2026).
*4 Appointed at the ordinary general meeting of shareholders held on May 28, 2025; the figures indicate attendance at meetings of the Board of Directors held after their appointment.

Reasons for Selecting Skills

The Company aims to ensure that the Board of Directors possesses a well-balanced combination of the knowledge and experience necessary to enhance corporate value over the medium to long term. To make the functions and effectiveness of the Board of Directors visible, the Company created the skill matrix.
The skills attributed to each officer are determined comprehensively, taking into account their career history, practical experience, role on the Company's Board of Directors, and other factors.

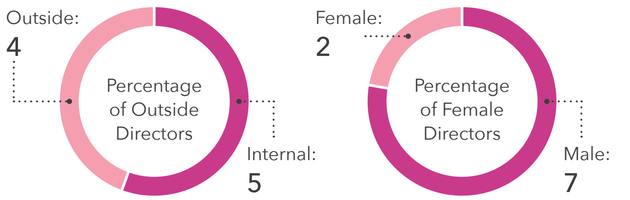
Item	Criteria for Selection
Business management and management strategy	Possess advanced knowledge and practical experience in corporate management to make management decisions and to formulate and execute medium- to long-term strategies.
Distribution and retail business	Possess knowledge of the distribution and retail sector, a defining characteristic of our business, and can make decisions that contribute to strengthening competitiveness and creating customer value.
Finance and capital policy	Possess the knowledge to make management decisions that reflect capital efficiency and financial soundness and to formulate and oversee appropriate capital policies.
Human resource and organizational development	Possess knowledge of human resource development and organizational development to strengthen human resource strategy and the organizational foundation underpinning sustainable growth.
Governance, risk management, and legal affairs	Possess the knowledge to exercise appropriate oversight and control functions through legal and regulatory compliance and the advancement of the risk management framework.
Sustainability	Possess the knowledge to make management decisions that contribute to sustainable business operations and coexistence with local communities in light of ESG issues.
Promotion of DX and AI	Possess the knowledge to drive operational reform through the use of digital technologies and to create new business opportunities.

Corporate Governance

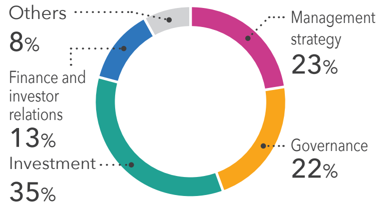
1 Board of Directors

The Company's Board of Directors is composed of nine directors, including four independent outside directors (two of whom are women). We have set the term of office to one year, and are striving to achieve transparent business execution and clarified management responsibilities. The Board of Directors generally meets once a month to fully deliberate and supervise the execution of director duties. In addition to what is stipulated in laws and regulations and our Articles of Incorporation, decisions are made on important matters related to our business in accordance with the rules of the Board of Directors. In FY2025, the Board of Directors' meetings were held 13 times, with an average meeting time of 1 hour and 58 minutes.

Composition of the Board of Directors (after the Ordinary General Meeting of Shareholders held in May 2026)



Breakdown of deliberation time by topic at Board of Directors meetings



Total time	Average time
25 hours and 42 minutes	1 hour and 58 minutes

- **Management strategy** Medium-Term Management Plan, reorganization of the corporate structure, matters related to M&A, capital policy, etc.
- **Governance** Procedures related to the Companies Act, compliance with the Corporate Governance Code, internal controls, etc.
- **Investment** Investment in store openings, scrap and build, investment in new businesses, etc.
- **Finance and investor relations** Financial results, budgets, various disclosures, shareholder relations, etc.

Key subjects of deliberations of the Board of Directors

Month	Key agenda items		Duration (minutes)
March 2025	Management strategy Governance	Reorganization of the corporate structure Determination of director remuneration	110
April	Finance and investor relations Management strategy	Full-year financial results Review of KPIs under the Medium-Term Management Plan	120
May	Governance Governance Finance and investor relations	Report from the Information Security Committee Report from the Compliance and Risk Management Committee Securities report and reports on investor relations	137
June	Management strategy Management strategy	Determination of CO_2 reduction measures Progress report on formulating the Third Medium-Term Management Plan	115
August	Finance and investor relations Investment	Consideration of the impact of the revised lease accounting standard Investment plan for new store openings	130
September	Management strategy Investment Investment	Reorganization of the corporate structure Investment plan for new store openings Scrap and build	210
October	Finance and investor relations Governance Governance Management strategy	Interim financial results Report from the Sustainability Committee Report and discussion on questionnaires evaluating the effectiveness of the Board of Directors Report on M&A transactions	140
November	Governance Management strategy	Discussion on the effectiveness of the Board of Directors (1): Information security and other matters Entry into new businesses	105
December	Management strategy Management strategy Investment Governance	Reorganization within the Group Consideration of capital policy Investment plan for new store openings Discussion on the effectiveness of the Board of Directors (2): Direction of the Third Medium-Term Management Plan	150
January 2026	Management strategy Investment Governance	Reorganization of the corporate structure Scrap and build Report on the results of the external governance study	150
February	Finance and investor relations Management strategy Governance	Budget for FY2026 Management plan for FY2026 Executive personnel matters	175

*In July, matters were resolved solely by written resolution, and no meeting was held in person.

Evaluation of effectiveness of the Board of Directors

In order to analyze and evaluate the overall effectiveness of our Board of Directors, the Izumi Group surveys all directors and Audit & Supervisory Board members by means of a questionnaire. Based on the results of this questionnaire, the Board of Directors discusses its composition, deliberations, operations, and responses to any issues raised.

FY2025 process for evaluating effectiveness

Event date	Contents
August 2025	A questionnaire evaluating the effectiveness of the Board of Directors was given to Directors and Audit & Supervisory Board Members Key factors in evaluation – Composition of the Board of Directors – Operation of the Board of Directors – Deliberations of the Board of Directors – Progress in addressing the issues identified in previous years' surveys
October 2025	Report on the results of the questionnaire and sharing of issues within the Board of Directors
October - December 2025	Discussions on issues at meetings of the Board of Directors

Next steps following evaluation

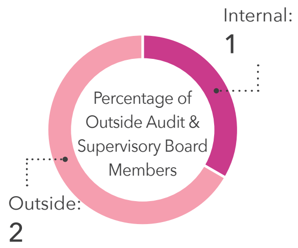
We believe the following issues are particularly important to discuss: forward-looking medium- to long-term discussions, growth strategies, including new businesses and the SUNNY business, logistics strategies, M&As, capital market initiatives to enhance corporate value, the strengthening of product competitiveness and procurement capabilities, clarifying plans to develop successors, issues related to the appointment of female executives from within the Company, group governance, IT risk management, and our BCP response.

In particular, during FY2025 we engaged in substantive discussions regarding the direction for the Third Medium-Term Management Plan including various strategies, information security structure and emergency response measures.

2 Audit & Supervisory Board

To ensure the legality and appropriateness of our business operations, we appoint as outside Audit & Supervisory Board members specialists such as corporate managers who have worked at major auditing firms as certified public accountants, and tax accountants. These auditors are responsible for auditing management issues through an auditing system that the Company has established with the support of internal departments.

Composition of the Audit & Supervisory Board (after the Ordinary General Meeting of Shareholders held in May 2026)



* This shows the number of meetings held in FY2025 (March 2025 to February 2026).

Number of meetings held: 16 meetings*

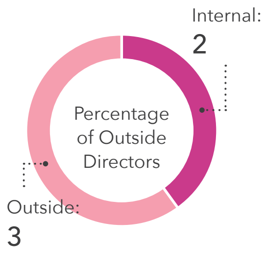
Main topics of discussion

1. Matters concerning audit policy, audit plan, and audit methods
2. Determination of whether to reappoint financial auditors
3. Establishment of Audit & Supervisory Board Member audit standards

3 Nomination & Remuneration Committee

This Committee deliberates on the appointment and dismissal of the representative director, the selection of candidates for directors, director remuneration, and succession plans, which include director development, as well as the formulation and revision of related policies and standards, and reports these to the Board of Directors.

Composition of the Nomination & Remuneration Committee (after the Ordinary General Meeting of Shareholders held in May 2026)



* This shows the number of meetings held in FY2025 (March 2025 to February 2026).

Number of meetings held: 2 meetings*

Main topics of discussion

1. Executive personnel matters
2. Evaluation of directors and representative directors of major subsidiaries
3. Determination of remuneration and performance-based bonuses for directors and representative directors of major subsidiaries

4 Information Security Committee

This Committee ascertains security risks to the information assets of the entire Group and responds appropriately. It also educates employees about and promotes awareness of security risks at the Company level.

Main topics of discussion

1. Progress reports on security response
2. Status of response to vulnerabilities identified during the period
3. Explanation and education concerning new rules and solutions

Creative recovery from ransomware damages

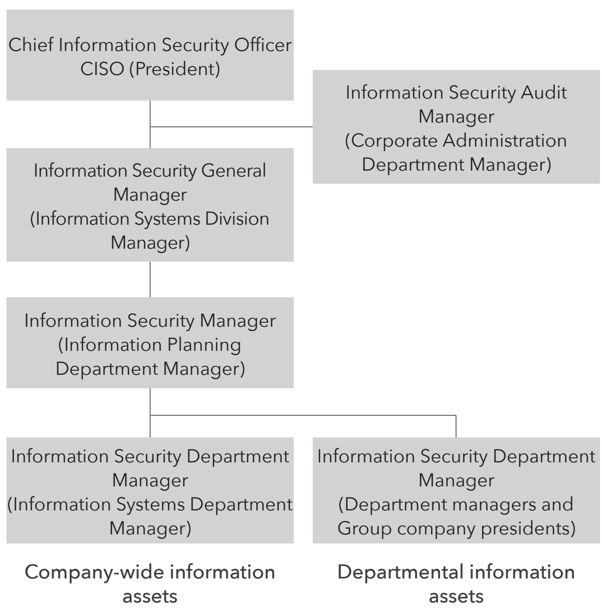
As part of our defensive DX, we are strengthening our defenses against ever-evolving cyberattacks through machine-based defense (systems-related measures) and people-based defense (education-related measures).

The Information Security Committee regularly shares information among Group companies and promotes improved collaboration.

Regarding machine-based defense, in addition to updating systems, for the three steps of information security measures (keep attackers out, stop damage from spreading, and enable rapid recovery), we achieve prompt recovery particularly by expanding our backup capabilities.

With respect to people-based defense, we have clarified the role of the chief information security officer (CISO) and established an incident response team called the CSIRT with the view that information security is a management issue. Through information security education and regular training, we are prepared to respond swiftly and appropriately in the event of an incident.

Information security structure



Corporate Governance

5 Compliance and Risk Management Committee

This committee aims to maintain a compliance structure for the entire Izumi Group, to respond appropriately to management risks, and to minimize the damage and impact if such risks materialize.

Main topics of discussion

1 Raising awareness by disseminating updated information on legislation reforms and reporting on the current status of responses
2 Reporting on risk response activities
3 Sharing of and countermeasures for compliance violations that have occurred at other companies

Director remuneration

Remuneration for the Company's directors and executive officers consists of basic remuneration, performance-based remuneration, and share-based remuneration, as outlined below. Regarding the remuneration ratios by type, the Nomination & Remuneration Committee deliberates on these matters, considering the actual practices of companies of a similar business scale to ours, as well as those in related industries and business sectors, and local companies. The Board of Directors respects the recommendations of the Nomination & Remuneration Committee and determines remuneration ratios that ensure incentives function appropriately.

Overview of Remuneration Structure

Type of remuneration	Performance / non-performance based	Method of payment	Pay mix
Basic remuneration	Fixed	Cash	60%
Performance-based remuneration	Performance-based	Cash	25%
Non-financial remuneration	Performance-based	Stock	15%

Details and Calculation Method for Remuneration

Basic remuneration	The Company's basic remuneration for directors comprises a monthly fixed remuneration, set in consideration of a comprehensive range of factors, including position, working responsibilities, and the Company's financial situation.
Performance-based remuneration	It comprises a sum calculated on the basis of individual evaluations and the degree to which target figures for ordinary profit and other metrics in each fiscal year are met. It is awarded each year as a financial results bonus at a certain time after the end of the fiscal year in question. Target KPIs and their figures are set in the planning stage, in conformity with the Company's Medium-Term Management Plan, and are reviewed if necessary to adapt to changes in circumstances with consideration of the reporting of the Nomination & Remuneration Committee.
Non-financial remuneration	Remuneration is in the form of restricted share-based remuneration, and is granted at a specific time each year. The number of shares allotted to an individual director is determined based on a figure calculated by multiplying a standard level of share-based remuneration (calculated by multiplying the sum of the individual director's fixed remuneration by a coefficient determined by his or her position) by a coefficient (0.90 to 1.10) expressing the degree to which the Company's performance targets were met, and then dividing the result by the share value at the time of allocation.

Amount of Remuneration, etc. for Each Officer Category (FY2025)

Officer category	Total remuneration, etc. (million yen)	Total remuneration, etc. by type (million yen)			Number of eligible officers (persons)
		Basic remuneration	Performance-based remuneration, etc.	Non-financial remuneration, etc.	
Directors (excluding outside officers)	381	282	23	75	7
Audit & Supervisory Board Members (excluding outside officers)	14	14	-	-	1
Outside officers	36	36	-	-	5

Cross-shareholdings

As a general rule, it is the Company's policy not to hold cross-shareholdings, and we will gradually reduce those we currently hold. If shares are held, the Board of Directors will verify, from the perspective of our Medium-Term Management Plan, whether it is advisable to retain them, and will disclose the details of this verification. Exercising the voting rights attached to shares held is carried out on the basis of judgments as to whether the proposals in question will contribute to sustainable growth and medium- to long-term improvements in corporate value for the Company concerned, and whether they could damage shareholder value.

Dialogue with shareholders and investors

The Company aims to achieve sustainable growth and increase corporate value over the medium to long term through constructive dialogue with shareholders. This dialogue is supervised by the president and representative director, with the basic principle of having senior management participate in meetings within a reasonable scope, taking into account the wishes of shareholders and the main matters of interest. In addition, opinions and concerns raised by shareholders are fed back to management via means that include reports at meetings of the Board of Directors.

The Corporate Planning Department is in charge of investor relations, cooperating with the General Affairs Department and other related departments, and disseminating information to individual shareholders and institutional investors. In FY2025, the Company held a briefing session for analysts and institutional investors summarizing our financial results and management policies after the semi-annual and annual announcements of our financial results. Following the announcement of our first- and third-quarter results, we held online financial results briefings to explain our business performance and operating conditions. In addition, we actively promote communication through one-on-one meetings, participation in conferences held regularly by securities companies, facility tours, and briefings for individual investors.

Major IR and SR Activity Results in FY2025

Item	Person in charge	Frequency
Annual General Meeting of Shareholders	All Directors	1
Financial results briefings (Large meetings)	President and Representative Director, and Directors in charge of investor relations, etc.	4
Small meetings	President and Representative Director, and Directors in charge of investor relations, etc.	15
Individual meetings, etc.	Directors in charge of investor relations, Corporate Planning Department Manager, etc.	115 (total)
Overseas investor conferences	Directors in charge of investor relations, etc.	13
Overseas roadshows	President and Representative Director	7
Facility tours	Sales Division General Manager, General Manager, Store Manager, etc.	7
Briefings for individual investors	President and Representative Director	2

Key Themes and Interests Raised in Dialogue

We regularly report feedback from shareholders and investors to the Board of Directors and the Executive Committee.

- Progress on the Second Medium-Term Management Plan and direction of the Third Medium-Term Management Plan
- Measures for PBR enhancement and ROIC management approach
- Measures to improve profitability at existing stores
- Measures to restore customer numbers
- Progress on Izumi's private brand, Youme-Ichi and profit margin improvement through product range expansion
- Initiatives to improve productivity and other topics

Key Initiatives Based on Dialogue

Reflecting the dialogue we have with shareholders and investors, we are undertaking initiatives, including expanding disclosure. Also, we are reviewing other comments after sharing them internally.

- Setting KPIs and other Targets in the Third Medium-Term Management Plan
- Disclosing roadmaps for each strategy under the Third Medium-Term Management Plan
- Enhancing disclosures in the Integrated Report and financial results materials (such as periodic progress reports on Izumi's private brand Youme-Ichi and specific measures under the Third Medium-Term Management Plan)
- Disclosing results separately for GMS and SM businesses
- Disclosing specific initiatives and timelines aimed at improving ROE and PBR, and other initiatives

Round-Table Discussion with Our Outside Directors

Director (Outside Director / Independent Director)
Masahiro Nishikawa

Director (Outside Director / Independent Director)
Izumi Yano

Director (Outside Director / Independent Director)
Naomi Aoyama

Director (Outside Director / Independent Director)
Takeshi Kamigochi

For governance that supports transparent discussions and execution

Evaluation of effectiveness of the Board of Directors

Sharing information with a high degree of transparency to enable more effective discussions

Nishikawa As an Outside Director, what I am most mindful of is whether governance is functioning in a sound manner. I feel it is particularly outstanding that materials for the Board of Directors include the meeting minutes from the Management Meeting, sharing even who said what. We can see what kind of points were made and what kind of discussions were held before the agenda item came to the Board of Directors. This demonstrates a high level of transparency in management.

Yano I believe one significant factor that is improving effectiveness is that the Board of Directors has an environment where it is easy to have discussions. Each agenda item has an executive summary prepared for it that lays out the points, so we know in advance where we should focus our discussions. Members come to the Board of Directors meetings with an understanding of the background and points that are difficult to grasp just from the materials alone, resulting in many questions and opinions being voiced naturally. There are even times when the discussion becomes so lively that we go over our time limit, which I feel proves the discussion is not merely a formality.

Nishikawa What I found impressive is that, even if the project was opposed by the President or the Chairman, if the Management Meeting approves it by a majority, it is raised as an agenda item to the Board of Directors. Discussions do not stop due to the intentions of top management, and matters that should be discussed by the Board of Directors are properly brought up. I believe this reflects a robust governance structure. Actually, Outside Directors and Audit & Supervisory Board Members do not hesitate to voice their opinions and ask questions about matters to be decided, and I think the meetings of the Board of Directors are lively.

Aoyama I have served as an outside director at multiple companies in the past, and I have found Izumi to be highly proactive in its approach to governance. They have flexibly incorporated proposals from Outside Directors and continue to operate them. This is a significant advantage. For example, I feel that sharing the meeting minutes of the Management Meeting before the meeting of the Board of Directors and holding interviews with Executive Officers and higher as the first step of the Nomination & Remuneration Committee are very meaningful mechanisms for allowing Outside Directors to gain a deeper understanding of the management personnel. Also, the Secretariat is extremely proactive in providing information, which I believe is another unique characteristic of Izumi. The speedy and fair sharing of information by the Secretariat preserves sound discussions.

Kamigochi I have served on the Board of Directors of various companies, and I feel that the materials received in advance at Izumi are very easy to understand. I believe that Outside Directors do not exist to simply state opposing opinions, but rather, should bear the role of asking the necessary questions and ultimately encouraging the executive members. To do that, it is essential for us to understand the background of the agenda and the enthusiasm in the executive members' discussion. At Izumi, we can understand that background through the meeting minutes from the Management Meeting and the like. This environment makes it easy to give constructive opinions as an Outside Director. There is also an appropriate balance in the relationship between the Outside Directors and the executive members.

Aoyama It is that sense of distance and environment that forms the foundation for enhancing governance. Furthermore, for the Board of Directors effectiveness evaluation, there is a culture where the Outside Directors design the questionnaire, summarize the results, perform a review, and can propose topics for free discussion based on those results. Not many companies let their outside directors do this much. I believe that the very fact that such mechanisms have taken root shows that governance at Izumi is not just a formality, but is substantive.

Discussions when formulating the Third Medium-Term Management Plan

Connecting a plan drawn from the bottom up to the on-site execution capabilities

Nishikawa What impressed me in the Third Medium-Term Management Plan is how the Long-Term Vision includes not only sales but also employee engagement and customer engagement as targets. No matter how excellent the plan is, it is executed by the employees. I felt it was very good that Izumi focuses on convincing and motivating the employees. On the other hand, I expressed my opinion from the perspective of the manufacturing industry regarding the realization of highly efficient standard operations, which is a key initiative. A standard is not something you create once and consider complete. It should be constantly updated, incorporating on-site improvements, difficulties, and even complaints. I myself often say, "A standard with no revision history is a dead standard." As Izumi proceeds with standardization of store operations as well, it is important to consider how the opinions of on-site employees are incorporated and how the standard is evolved. If compliance with the standard itself becomes the goal, then the true value is lost.

Kamigochi For the retail industry, it is very important to create a reason for customers to come to the store. Private brand products bear the significant role of turning customers into Izumi fans. I call the appeal of delivering private brand products, "Good, better, best." It is necessary to design a wide range of value for private brand products that covers from easy-to-purchase products that are safe,

secure, and affordable, to products that customers choose when they want to eat something a bit luxurious. For Izumi to execute its strategy to enhance its private brand products in the future, it must significantly change its mission from the conventional thinking of the retail industry, namely, procuring products cheaply and selling them cheaply to make a profit. Izumi needs a marketing perspective of independently creating products to bring to customers. Private brand products become, in and of themselves, a reason to come to Izumi stores. For that reason, I hope Izumi will accelerate its efforts to thoroughly cultivate products that customers will select.

Yano In a dominant strategy, it is not simply a matter of increasing the store density in a particular area. There is the risk that Izumi stores will compete against each other for customers and human resources. For that reason, it is vital to combine business formats and gain a deep understanding of the needs in each local community. I believe it is significant that the current Medium-Term Management Plan attempts to respond to uncertainty in demand by mixing business formats. On the other hand, the results will only be verified once we reach the execution stage, and ongoing verification and improvement are essential. Even some things that, at a glance, seem unproductive or inefficient can hide an individuality and strength unique to that store. We must determine what truly is unproductive and what is a unique characteristic to be nurtured as we simultaneously promote both store development rooted in the local community and standardization. I believe that this process is important.

Aoyama I believe that there is significant value in the actual process of formulating the current Medium-Term Management Plan. Compared to the previous Medium-Term Management Plan, the current one has many employees, including young employees, sharing their opinions with one another through committees and meetings and speaking about the future of the Company in their own words. I believe that this bottom-up formulation process will be an asset for Izumi as we move toward 2030. Regarding the visualization of customer engagement, there are some aspects of Japanese customers' mentality that cannot be fully captured by the Net Promoter Score. I believe that if we are to utilize customer engagement as a management indicator, then we must also continue to evolve the measurement method itself. The retail industry of the future must support not only physical necessities such as food products, but also mental necessities. I believe it is important to carefully identify the priority levels in customer spending through apps, questionnaires, and in-person contact and create an Izumi that will be supported in a new way.

Expectations for Izumi in the future and the role of Outside Directors

Becoming a Board of Directors that balances defense and offense while supporting execution

Nishikawa I feel that the Third Medium-Term Management Plan makes it easy for employees to understand what direction the Company should head in and how they should evolve. For that reason, what is most important during the execution stage is the on-site capabilities. It is the employees who interact with customers on-site who hold the key to improving Izumi's corporate value. If the idea of being led by the Head Office makes stores become passive, it will deviate from the original intent. What we need is for the Head Office to show a policy after closely observing the on-site situation. Only when the Group thoroughly practices Genba, Genbutsu and Genjitsu (the actual place, actual thing and actual facts) and the on-site workers truly feel that the Head Office is watching over them will the workers work proactively. If the distance from on-site workers widens, then strategies will not take root, no matter how good they are.

Kamigochi Even as AI and digital transformation continue to advance, retail ultimately remains a business driven by people. If on-site employees can wake up in the morning and want to go to work, if management can soundly discuss diverse opinions so that even employees feel it is a good team, then that is the foundation for corporate growth.

Aoyama I believe it is important for us, regardless of our status as outside or internal, to be a team headed toward

the singular goal of improving corporate value. Having said that, the Outside Directors have the role of keeping in mind the common interests of all shareholders, including minority shareholders. How we practice not only defensive governance but also offensive governance for increasing our corporate value will become ever more important. Precisely because we are in an era of upheaval, I believe it is an important role for Outside Directors to consider how we will allow risk involved in undertaking challenges and provide support. In the current Medium-Term Management Plan, young employees spoke about the future of the Company in their own words and with a sense of personal involvement. To connect that enthusiasm to the execution stage, I, as an Outside Director, must be keenly aware of creating an environment where it is easy for employees to undertake challenges.

Yano For the current Medium-Term Management Plan, the formulation process was promoted in a bottom-up manner, and organizational reviews were advanced simultaneously. It is a challenging plan that conveys just how serious Izumi is about further solidifying our foundation as a corporation as well as our foundation as infrastructure for daily life in store development, for the members of the local communities. As an Outside Director, I aim to support this plan while also keeping an appropriate sense of tension within the Board of Directors.

I am also an "Izumi fan" who uses Izumi as a resident of Hiroshima. However, I intend not to be influenced by that status, and will continue to give constructive criticism as an Outside Director when necessary and make statements that contribute to the execution of the plan.

Kamigochi The changes to the environment surrounding the retail industry are becoming incredibly fast. It is important to have discussions, but they must not end as mere discussions. It is important to increase our speed as we take risks and develop the products and services we deliver to customers. I repeat myself, but as an Outside Director, I aim to be a partner heading in the same direction as management who asks the necessary questions and ultimately encourages the executive members. I hope to do everything I can on the team of Outside Directors as we support further growth at Izumi.

Risk Management

Risk management structure

The Compliance and Risk Management Committee is administered by the Corporate Administration Department, which is independent from other divisions, and meets once a month. Compliance and Risk Management Committee members selected from each division of the Company and each of our Group companies attend these meetings to discuss the Group's overall compliance training and risk management monitoring activities. The Board of Directors receives a report from the Compliance and Risk Management Committee and monitors the effectiveness of risk management. In addition, to ensure full compliance with the law in our business activities and raise awareness around this issue, the Company has set up an internal reporting system, the Izumi Hotline, thereby preventing the occurrence of risks. To handle such risks as may arise in our business activities, we have set up a Company-wide communication structure with the primary aims of securing the safety of our customers and minimizing damages and other losses, and we have put in place a system allowing an emergency task force to be established immediately in the event of a disaster.

Business risks

The Group identifies and manages risks in our business activities in order to reliably carry out the Medium-Term Management Plan. The major risks that we recognize as potentially having a significant impact on the Group's financial position, operating results, and cash flows are as follows.

Major Risks and Responses*

Item	Major Risks	Major Response
Information Security	✓ Increasingly diversified and sophisticated computer viruses, cyberattacks, management errors by employees and contractors	✓ Constructed systems for the accumulation of system logs used for quick detection and system backups to achieve quick recovery; implemented drills for system failures ✓ Established an Information Security Committee that aims to prevent risks such as the loss, destruction, falsification, or leaking of information; appointed information security managers as well as administrators from each division; and built and are operating a system able to guarantee effective information security measures ✓ Enhanced our information security structure by establishing the position of chief information security officer (CISO), building a defense-in-depth security framework, and enhancing our monitoring system
Food Safety	✓ Food accidents such as food poisoning or foreign matter contamination or food labeling errors	✓ Strengthened the organization in charge of quality control and product labeling ✓ Thorough hygiene management and food labeling in accordance with HACCP ✓ Regular microbial testing of in-store prepared food
Natural Disasters	✓ Impacts on our business activities as a result of breakdowns in societal infrastructure ✓ Loss of community and societal trust and damage to our brand value due to delayed responses in the event of a disaster	✓ Established a Group-wide code of conduct during disasters ✓ Introduced a safety confirmation system to immediately check in on the personal safety of our employees and their families in the event of a disaster ✓ Formation of a disaster-response headquarters in the event of a disaster
Business Continuity	✓ In the event of a large-scale natural disaster that exceeds expectations, damage to buildings and equipment of business hubs such as stores, interruption of various infrastructures, suspension of information systems, disruption of supply chains, and absence of decision makers	✓ Formulated basic policies in the event of a large-scale disaster in the regions where our business hubs are located ✓ Formulated business continuity plans (BCPs) and established business continuity management (BCM) systems at each business hub
Personnel and Labor	✓ Changes in labor supply and demand due to the progress of the low birthrate and aging population and changes in the business environment due to revisions to laws and regulations	✓ Created working environments and human resource training giving employees the option to choose flexible ways of working tailored to their individual circumstances and life stages and allowing all employees to thrive based on their drive and abilities, without reference to their gender, age, educational background, or related factors
M&A	✓ Increase in amortization expenses due to new goodwill and recognized intangible assets arising from acquisitions ✓ Impairment of goodwill, recognized intangible assets, and stock acquisition costs due to failure to sufficiently achieve the initially expected revenue and synergy effects, and the occurrence of unexpected contingent liabilities and unrecognized liabilities ✓ Possibility that, during the post-merger integration (PMI) process, the fusion of management policies or corporate cultures, the maintenance of the internal control system, the acquisition and retention of human resources, or some other factor will not proceed as planned, causing additional costs to be incurred due to the inability to exert the expected effects from integration	✓ Conducted detailed due diligence on target companies' financial details and contractual relationships ✓ Formulated standards for investment decisions, operated a process for deliberations by the Management Meeting, formulated a PMI plan, and constructed a monitoring structure
Asset Holding	✓ The Company's financial position and business performance may be affected if changes, such as deviations between actual results and the investment plan at the time of decision-making or a decline in store profitability, materially reduce the recoverable amount and make impairment accounting necessary	✓ In applying the accounting standards and related guidance on the impairment of non-current assets, the store was adopted as the basic unit, representing the smallest unit generating cash flows, and revenue was managed on a store-by-store basis
Market Fluctuations	✓ Losses due to lower profits from existing stores and new stores in the future, or store closures due to the weather, trends in the economy and personal spending, or competition with other companies in the retail industry ✓ Impact of higher-than-expected fluctuations in interest rates, foreign exchange rates, stock prices, etc.	✓ Improved earning power by promoting inventory optimization and the dominant strategy in key areas ✓ Managed interest-bearing liabilities appropriately in preparation for rising interest rates and also promoted cost reductions through joint purchasing, logistics streamlining, and other means
Regulatory and Institutional Trends	✓ Possibility of additional costs for compliance, restrictions on business activities, and the risk of administrative disciplinary actions such as corrective actions or penalty charges in the event of revisions, changes in the operating interpretation, enhanced enforcement by the authorities, or the like for the laws, regulations, and systems listed on the right	✓ Compliance with various laws, regulations, and systems such as the Antimonopoly Act, Act on Preventing Delay in Payment to Small and Medium-Sized Entrusted Business Operators in Relation to Manufacturing Consignment, Act against Unjustifiable Premiums and Misleading Representations, Food Labeling Act, Food Sanitation Act, Consumer Contract Act, Personal Information Protection Act, labor-related laws and regulations, environmental laws and regulations, and taxation systems

*Matters concerning the future and major response measures are based on the judgments made by the Group as of August 31, 2026, and the risks to our business and other areas are not limited to those listed in the table above.

List of Executives

Directors

Internal Directors (5 members)

Chairman and Representative Director
Yasuaki Yamanishi
(Born July 31, 1946)
Number of shares held: 5,938,746

1977 Joined the Company
1981 Director of the Company
1982 onwards Served in various positions including Managing Director of the Company, Senior Managing Director of the Company, and Representative Senior Managing Director of the Company
1991 Deputy President and Representative Director of the Company
1993 President and Representative Director of the Company
2025 Chairman and Representative Director of the Company (current position)

President and Representative Director
Shigeki Machida
(Born April 23, 1967)
Number of shares held: 75,663

1991 Joined the Company
2010 Household Goods Department Manager of the Company
2013 onward Served in various positions including Executive Officer, Department Manager of Kyushu Zone, and Clothing Business Department Manager of the Company
2021 Director and Corporate Planning Department Manager of the Company
2023 Deputy President and Director of the Company
2025 President and Representative Director of the Company (current position)

Deputy President and Director
Daisuke Yamanishi
(Born September 25, 1979)
Number of shares held: 2,242,485

2005 Joined the Company
2017 General Affairs Department Manager of the Company
2020 onward Served in various positions including Senior Executive Officer, Chuo Business Department Manager, and Operating Process Reform Division Manager of the Company
2022 Senior Executive Officer and Administration Division Manager of the Company
2023 Director and Corporate Planning Division Manager of the Company
2025 Deputy President and Director of the Company (current position)

Director
Hideki Tahara
(Born August 25, 1968)
Number of shares held: 17,919

Before joining the Company, served as Executive Officer, General Manager of Public Relations Department, Deputy Head of Corporate Advisory Division, and other positions at Sumitomo Mitsui Banking Corporation
2024 Senior Managing Executive Officer and Administration Division Manager of the Company
2025 Director, Senior Managing Executive Officer and Administration Division Manager of the Company (current position)

Director
Takayuki Aoki
(Born July 18, 1967)
Number of shares held: 14,436

Before joining the Company, served as General Manager of Development Department and other positions at Sumitomo Corporation
2024 Managing Executive Officer, Development Division Vice Manager and Tenant Division Manager of the Company
2025 Director, Managing Executive Officer and Development Division Manager of the Company
2026 Director, Managing Executive Officer and Developer Division Manager of the Company (current position)

Outside Directors (4 members)

Director (Outside Director / Independent Director)
Masahiro Nishikawa
(Born December 9, 1948)
Number of shares held: -

1986 Representative Director President & Chief Executive Officer of NISHIKAWA RUBBER CO., LTD.
2006 Outside Audit & Supervisory Board Member of Utsumiya Co., Ltd. (current position)
2023 Outside Director of the Company (current position)
2025 Chairman of the Board of NISHIKAWA RUBBER CO., LTD. (current position)

Director (Outside Director / Independent Director)
Izumi Yano
(Born April 14, 1967)
Number of shares held: -

2015 Professor of the Faculty of Commercial Sciences of Hiroshima Shudo University (current position)
2020 Head of Center for the Co-Creation of Hiroshima's Future of Hiroshima Shudo University Director (current position) and Councilor of SHUDO GAKUEN
2022 President of Hiroshima Shudo University (current position)
2023 Director of The Hiroshima Shinkin Bank (current position)
2024 Outside Director of the Company (current position)

Director (Outside Director / Independent Director)
Naomi Aoyama
(Born May 27, 1966)
Number of shares held: 300

2004 Established Stylebis Inc., Representative Director (current position)
2021 Outside Director of the Company (current position)
2022 Outside Director of ASKUL Corporation
2023 Visiting Professor at iU Professional University of Information and Management for Innovation (current position)

Newly appointed

Director (Outside Director / Independent Director)
Takeshi Kamigochi
(Born July 13, 1964)
Number of shares held: -

1987 Joined Nippon Lever K.K. (currently Unilever Japan K.K.)
1999 CFO of Nippon Lever K.K.
2003 Senior Vice President of Finance, Unilever Asia Food Division
2006 President and Representative Director, COO and Vice President of Finance (Japan & Korea) of Unilever Japan
2012 Senior Vice President, Store Operations Division of Walmart Japan (Seiyu)
2015 CEO of Walmart Japan
2018 CEO, Global Consumer Goods Division of Sunstar Suisse SA
2021 Executive Fellow, Corporate Management Division of J-OIL MILLS, INC.
2022 Director and Senior Managing Executive Officer, Head of the Oils and Fats Business Division of J-OIL MILLS, INC.
2023 Director and Senior Managing Executive Officer, COO of J-OIL MILLS, INC.
2025 Advisor of J-OIL MILLS, INC.
Outside Director of JTB Corp. (current position)
2026 Representative Director & Senior Vice President Executive Officer, Global COO, and Japan COO (current position) of Mandom Corporation
Outside Director of the Company (current position)

Audit & Supervisory Board Members

Internal Audit (1 member)

Audit & Supervisory Board Member (Full-time)
Hideaki Hisanaga
(Born January 11, 1961)
Number of shares held: 1,050

1984 Joined the Company
2010 onwards Served in various positions including Department Manager of Chuo and Sanin Zones and Kaizen Promotion Department Manager of the Company
2021 General Manager of Yumesaito of the Company
2023 Associate Director of Audit & Supervisory Board Member's Office of the Company
Audit & Supervisory Board Member of the Company (current position)

Outside Audit (2 members)

Audit & Supervisory Board Member (Outside Auditor / Independent Auditor)
Tomoko Horikawa
(Born March 9, 1966)
Number of shares held: -

1991 Certified public accountant, joined Century Audit Corporation
1999 Audit & Supervisory Board Member (full-time) of Chugoku Mokuzai Co., Ltd.
2015 President of Chugoku Mokuzai Co., Ltd.
2020 Audit & Supervisory Board Member of the Company (current position)
2024 Chairman of the Board of Chugoku Mokuzai Co., Ltd. (current position)

Audit & Supervisory Board Member (Outside Auditor / Independent Auditor)
Hirotaka Okada
(Born February 15, 1957)
Number of shares held: -

2009 District Director of Takehara Tax Office
2014 Chief Internal Inspector, Hiroshima Regional Taxation Bureau, Commissioner's Secretariat of the National Tax Agency
2016 Assistant Regional Commissioner, Large Enterprise and Criminal Investigation Department, Hiroshima Regional Taxation Bureau
2017 Established a tax accountant office (current position)
2020 Audit & Supervisory Board Member of the Company (current position)

Executive Officers

Masamichi Yamano
Senior Executive Officer of the Company and President and Representative Director of Youme Mart Kumamoto Co., Ltd.

Atsushi Kobayashi
Senior Executive Officer and Sales Division Manager

Kozo Okubo
Senior Executive Officer and Planning Division Manager

Tadatoshi Yanai
Senior Executive Officer and Food Division Manager

Keishi Okamoto
Executive Officer and Information System Division Manager

Tomohiro Kawasaki
Executive Officer and Group SM Sales Division Manager

Kojiro Sanada
Executive Officer and Lifestyle Division Manager

Kenji Miura
Executive Officer and Developer Division Vice Manager

Kiminari Taira
Executive Officer and Corporate Planning Department Manager

Taikou Miyatsugu
Executive Officer and Personnel Department Manager

Mutsuo Abe
Executive Officer and Delica Business Department Manager

Tomohiro Teramoto
Executive Officer and Fresh Food Department Manager

Manabu Tanabe
Executive Officer and Operation Management Department Manager

Hideki Umeda
Executive Officer and Grocery Department Manager

Shin Katayama
Executive Officer and Chain Store Management (CSM) Promotion Department Manager

Naoko Tomachi
Executive Officer and Group Corporate Management Department Manager

Shinsaku Hirose
Executive Officer of the Company and President and Representative Director of Izumi Food Service Co., Ltd.

Susumu Mizoguchi
Executive Officer of the Company and President and Representative Director of Dailymart Co., Ltd.

Hideo Kouchiyama
Executive Officer of the Company and President and Representative Director of Youme Mart Kitakyushu Co., Ltd.

Ryuichi Kimura
Executive Officer and Lifestyle Division Transformation Project Leader

Financial and Non-Financial Data

The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) was applied from the beginning of the 62nd period (FY2/2023), so the main management indicators for the 62nd period and beyond represent the values of the indicators after the accounting standard and other relevant standards have been applied.

	FY2/2016	FY2/2017	FY2/2018	FY2/2019	FY2/2020	FY2/2021	FY2/2022	FY2/2023	FY2/2024	FY2/2025*1	FY2/2026
Operating results (units: million yen)											
Total operating revenue	-	-	-	-	-	-	-	700,824	726,281	795,503	847,950
Operating revenue	668,784	702,121	729,857	732,136	744,349	679,778	676,800	460,140	471,166	524,142	569,312
Net sales	638,754	670,253	696,266	697,679	709,455	645,672	643,280	406,857	415,633	467,345	510,942
Operating profit	31,912	35,670	38,487	35,273	31,888	35,781	34,717	33,644	31,425	25,735	27,236
Ordinary profit	31,102	35,688	38,208	35,099	31,979	36,078	34,696	34,396	32,322	26,009	27,361
Profit attributable to owners of parent	18,766	17,015	26,932	23,488	19,953	23,053	23,204	23,188	20,485	12,304	16,834
Cash flows from operating activities	13,553	33,104	42,592	33,642	57,681	48,320	18,577	38,313	31,563	40,323	64,515
Cash flows from investing activities	(26,071)	(19,938)	(29,067)	(19,101)	(16,693)	(6,633)	(14,246)	(10,045)	(24,747)	(91,636)	(19,613)
Cash flows from financing activities	12,956	(16,252)	(15,477)	(14,793)	(40,142)	(25,361)	(18,016)	(29,557)	(5,149)	55,032	(32,531)
Cash and cash equivalents at the end of the period	13,429	10,342	8,389	8,136	8,982	25,306	11,621	10,331	11,997	15,717	28,088
Depreciation	15,044	15,691	16,171	15,862	16,164	15,872	16,138	15,997	16,641	18,430	19,167
Amortization of goodwill	454	1,078	997	822	785	737	532	532	532	1,654	2,212
EBITDA	47,412	52,440	55,657	51,959	48,840	52,392	51,388	50,174	48,599	45,822	48,616
Capital investment (construction basis)	21,435	27,727	15,869	21,507	17,514	12,450	14,118	17,615	26,293	14,976	21,771
Financial status (units: million yen)											
Total assets*2	468,026	476,885	479,867	484,876	490,106	489,692	468,798	478,541	489,509	575,963	595,383
Net assets	157,851	171,963	194,851	211,546	226,264	245,411	262,433	278,104	294,233	299,603	307,939
Equity	147,648	160,566	182,956	199,897	214,345	232,495	248,689	265,035	280,554	285,907	294,008
Interest-bearing liabilities	193,018	182,146	171,995	162,974	128,928	109,414	99,366	76,552	77,730	140,410	123,225
Financial indicators											
Operating profit margin (based on total operating revenue)	-	-	-	-	-	-	-	4.8%	4.3%	3.2%	3.2%
Operating profit margin (based on operating revenue)	4.8%	5.1%	5.3%	4.8%	4.3%	5.3%	5.1%	7.3%	6.7%	4.9%	4.8%
Return on equity (ROE)	13.3%	11.0%	15.7%	12.3%	9.6%	10.3%	9.6%	9.0%	7.5%	4.3%	5.8%
Return on invested capital (ROIC)	5.9%	6.7%	7.4%	6.7%	6.0%	7.1%	6.6%	6.4%	6.1%	3.9%	4.0%
Equity ratio	31.5%	33.7%	38.1%	41.2%	43.7%	47.5%	53.0%	55.4%	57.3%	49.6%	49.4%
Net debt-to-equity ratio (unit: times)	1.2	1.1	0.9	0.8	0.6	0.4	0.4	0.2	0.2	0.4	0.3
Dividend payout ratio	24.4%	27.8%	20.0%	24.4%	28.7%	25.8%	26.5%	26.8%	31.1%	52.3%	37.8%
Dividend on equity (DOE)	3.2%	3.1%	3.1%	3.0%	2.8%	2.7%	2.5%	2.4%	2.3%	2.2%	2.2%
Price-to-book ratio (PBR) (unit: times)*3	2.1	2.2	2.7	1.8	1.0	1.2	0.9	0.8	0.9	0.8	0.7
Per-share indicators (units: yen)											
Book-value per share (BPS)*4	2,060.44	2,240.66	2,553.14	2,789.58	2,991.24	3,244.56	3,479.26	3,706.99	3,922.84	1,331.90	1,399.38
Earnings per share (EPS)*4	261.96	237.45	375.83	327.79	278.45	321.72	324.45	324.36	286.47	57.33	79.40
Dividend per share (DPS)*4	64.00	66.00	75.00	80.00	80.00	83.00	86.00	87.00	89.00	30.00	30.00
Non-financial information											
Total number of issued shares at the end of period (unit: shares)*4	78,861,920	78,861,920	71,665,200	71,665,200	71,665,200	71,665,200	71,665,200	71,665,200	71,665,200	214,995,600	214,995,600
Number of treasury shares at the end of period (unit: shares)*4	7,203,273	7,201,306	5,676	6,700	7,346	8,106	187,562	168,894	146,909	333,495	4,897,260
Number of stores at the end of the period (Group) (unit: stores)*5	217	198	200	202	197	194	194	190	190	265	266
Year on year change in net sales of existing stores (Izumi Co., Ltd. only)	101.4%	101.5%	99.2%	99.4%	99.1%	89.7%	101.1%	103.5%	103.0%	100.7%	102.0%
Cumulative total of Youmeca e-money cards issued (unit: 10,000 cards)	551	617	684	752	811	852	899	974	1,023	1,067	1,117
Number of full-time employees (unit: individuals)	4,164	4,072	4,189	4,358	4,455	4,443	4,399	4,407	4,400	4,938	5,025
Part-time employees (unit: individuals)*6	10,225	10,761	11,263	11,234	11,457	11,149	10,945	10,930	11,048	12,496	13,560

*1 In the interim period of the fiscal year ended February 2026, the provisional accounting treatment for business combinations was finalized, and the finalized details of this provisional accounting treatment are reflected in the related figures for the fiscal year ended February 2025.
*2 As the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) have been applied from the beginning of the fiscal year ended February 2020, the figures for the fiscal year ended February 2019 are those after retrospective application.
*3 Calculated based on stock prices and financial data as of the end of the fiscal year

*4 A three-for-one stock split of common stock was conducted with an effective date of March 1, 2026. Per-share indicators are calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended February 2025.
*5 This is the combined number of stores of Izumi on a non-consolidated basis and its five food supermarket subsidiaries.
*6 Part-time employees are presented on a full-time equivalent basis assuming an 8-hour workday.

Business and Stock Information

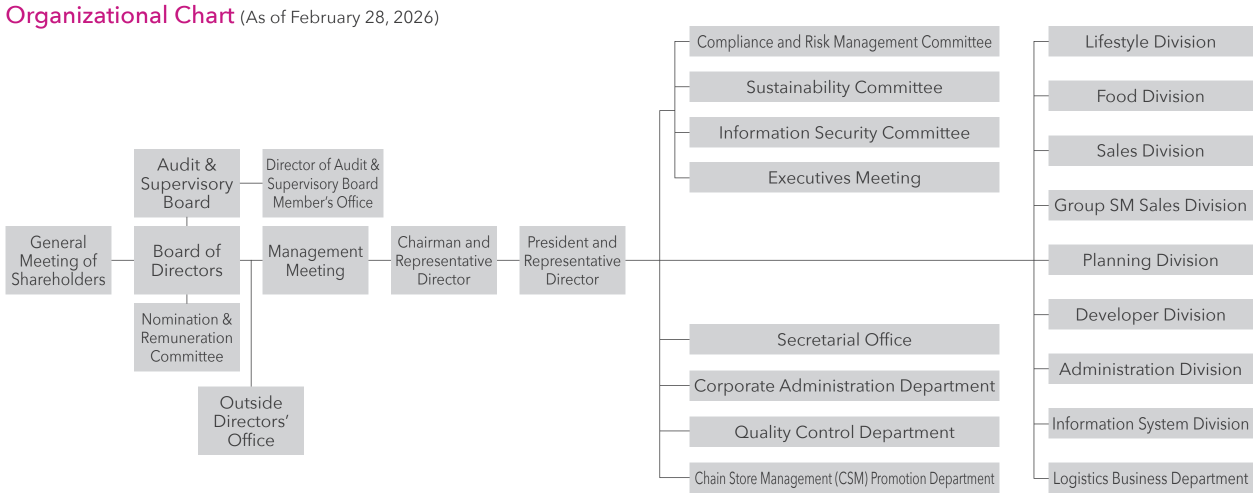
Business Information

Company Information (As of February 28, 2026)

Date of establishment	October 27, 1961
Head office	3-3-1 Futabanosato, Higashi-ku, Hiroshima, Japan
Paid-in capital	19,613 million yen
Number of employees (Consolidated)	Full-time: 5,025 Part-time: 13,560 (full-time equivalent)
Number of malls and stores	266 stores (GMS/SC: 61, SM: 191, NSC: 7, Other: 7) Chugoku area: 95 stores (GMS/SC: 35, SM: 52*, NSC: 4, Other: 4) Kyushu area: 159 stores (GMS/SC: 20, SM: 134, NSC: 3, Other: 2) Shikoku area: 9 stores (GMS/SC: 4, SM: 5) Other areas: 3 stores (GMS/SC: 2, Other: 1)

* Includes the store opening at Youme Town Hatsukaichi by Yours Co., Ltd.

Organizational Chart (As of February 28, 2026)



Izumi Group

Retail Operations

Izumi Co., Ltd.	Sells and imports clothing, food, and household goods through shopping centers, general merchandising stores (GMS), supermarkets, and other formats
Youme Mart Kumamoto Co., Ltd.	Operates "Youme Mart" supermarkets in Kumamoto Prefecture, and "SUNNY" supermarkets mainly in Fukuoka Prefecture
Youme Mart Kitakyushu Co., Ltd.	Operates "Youme Mart" supermarkets mainly in the Kitakyushu area
Yours Co., Ltd.	Operates "Yours" supermarkets and high-quality ingredient "Avance" supermarket mainly in Hiroshima Prefecture
Dailymart Co., Ltd.	Operates "Dailymart" supermarkets in Tokushima Prefecture
Watch Business Company Co., Ltd.	Sale, repair, wholesale, and product development of watches
SUNLIFE Co., Ltd.	Operates food supermarkets in Oita Prefecture

Two other companies
Two entities accounted for using the equity method

Retail Peripheral Operations

Youme Card Co., Ltd.	Credit card business, electronic money business, non-life insurance agency business, business related to life insurance solicitation, money lending business, travel business
Izumi Food Service Co., Ltd.	Operation of restaurants including Okonomi Ichibanchi, Tako Ichiban, Aburi Ichiban, Hamburg Restaurant (Ishigamaya), Mister Donut, Baskin-Robbins, Osaka Ohsho, Italian restaurants, Japanese restaurants, Menya Ichiban
Izumi Techno Co., Ltd.	Facility management, construction, security, and cleaning services
Youme Delica Co., Ltd.	Manufacture of prepared foods

Other Operations

Yamanishi Co., Ltd.	Planning and sale of ladies' wear, nightwear, and innerwear
Maplereds Co., Ltd.	Operation of the professional handball team "Izumi Maplereds Hiroshima," based in Hiroshima

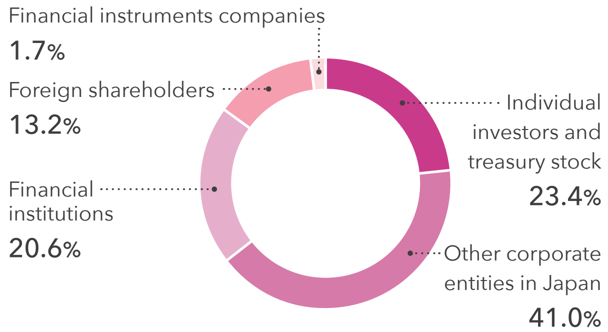
Three other companies
One entity accounted for using the equity method

Stock Information

Current Stock Status (As of February 28, 2026)

Total number of authorized shares	195,243,000
Total number of issued shares	71,665,200
Number of shareholders	21,665

Distribution of Shares by Type of Shareholder
(As of February 28, 2026)

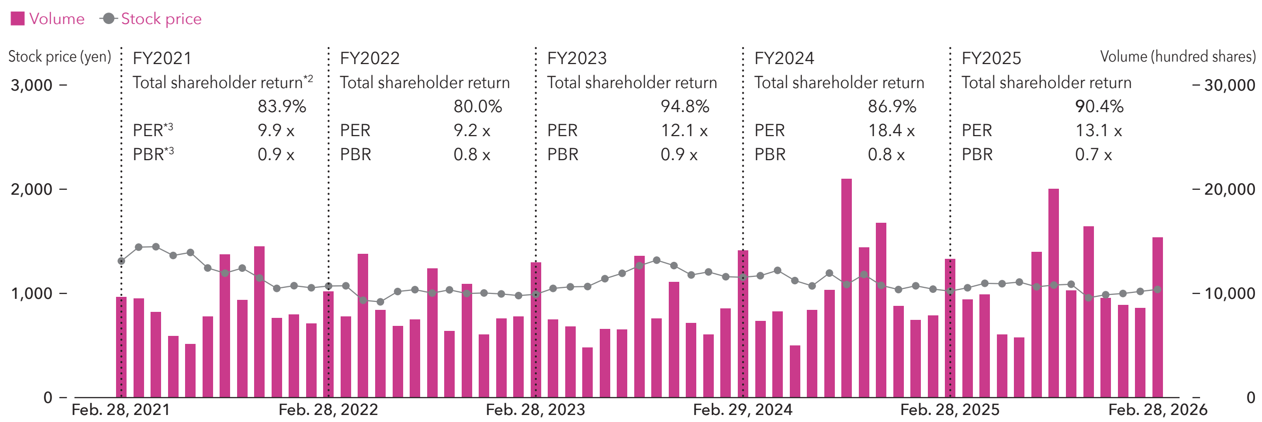


Major Shareholders (As of February 28, 2026)

Name	Number of shares held (thousands)	Percentage of total shares (%)
Yamanishi World, Ltd.	19,935	28.5
The Master Trust Bank of Japan, Ltd. (Trust Account)	4,645	6.6
DAIICHI FUDOUSAN CO., LTD.	4,208	6.0
Custody Bank of Japan, Ltd. (Trust Account)	3,155	4.5
Nippon Life Insurance Co.	2,093	3.0
The Hiroshima Bank, Ltd.	2,000	2.9
Yasuaki Yamanishi	1,979	2.8
Izumi Hiroshima Kyoeikai	1,959	2.8
CEP LUX-ORBIS SICAV	1,163	1.7
STATE STREET BANK AND TRUST COMPANY 505223	891	1.3

* Percentage of total shares excludes treasury shares (1,632,420)

Stock Price and Trading Volume*1



*1 Calculated on the assumption that a three-for-one stock split of common stock was conducted with an effective date of March 1, 2026
*2 Total shareholder return is calculated by combining share price gains and cumulative dividends, using the share price from five years ago (February 26, 2021) as the baseline
*3 PER and PBR figures are calculated based on stock prices and financial data as of the end of the fiscal year

Inclusion in Indices & Third-Party Evaluations

Added to the MSCI Japan Empowering Women (WIN) Select Index

2026 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

Added to the S&P/JPX Carbon Efficient Index

Scored a B on the CDP climate change questionnaire

Certification as a "DX-Certified Operator" by the Ministry of Economy, Trade and Industry

Received "Kurumin" certification

Received "Eruboshi" certification

"KENKO Investment for Health (Large Corporation)" certification