



**Creating New Values for Local Communities**

# **2024 Annual Report**

Fiscal Year Ended March 31, 2024





## Creating New Values for Local Communities

### Corporate Philosophy

The Valor Group has defined its philosophy, **“Creation, Advance & Challenge”** in mission statements.

Shared with all the employees since 1958, they have been considered as guiding principles in management.

### Mission Statements

All the employees of the Valor Group should be aware of its social responsibilities for advancement of local communities and culture. To fulfill them, we perform our duties sincerely; set challenging goals in the spirit of the philosophy “Creation, Advance & Challenge”; and put together our wisdom and power.

There is only one truth, “Pursuing prosperity is good”.

“Valor” is derived from a Late Latin word meaning ‘a person of courage’. We believe in courage as essential to fulfill our social responsibilities.

**On our way to becoming a destination company\*  
that continues to provide new value to local communities**

\*Destination company ... a company that is chosen by society.





## CONTENTS

### About valor

- 2 The Path of the Valor Group's Growth

### Growth Strategy

- 4 Message from CEO
- 8 Message from President
- 12 The Valor Group Business Models for Sustainable Growth
- 14 Results and Challenges of Previous Medium-term Three-Year Strategic Plan
- 15 New Medium-term Three-Year Strategic Plan
- 16 Four Key Strategies of New Medium-term Three-Year Strategic Plan

### Results

- 18 Segment Overview/Segment Information
- 20 Segment Financial Review

### Foundation for Value Creation

- 22 Sustainability Management
- 24 Global Environment
- 26 Local Communities
- 28 Diversity of Human Resources
- 30 Corporate Governance
- 33 Compliance and Risk Management Systems

### Financial and Corporate Data

- 34 11-year Summary of Financial Results
- 36 Consolidated Balance Sheet
- 37 Consolidated Statement of Income
- 38 Consolidated Statements of Cash Flows
- 39 Consolidated Statements of Changes in Net Assets
- 40 Corporate Data/Shares Information



# The Path of the Valor Group's Growth

## We will create new values in response to changing social needs by strengthening our connection with customers leveraging Group management resources.

The Valor Group has met the diverse needs of local communities by rolling out multi-format retailing which comprises supermarkets, drugstores and home improvement centers, while maintaining business models that optimize the entire process from sourcing to retailing. We will achieve medium- & long-term growth by making a transition to a more competitive format and strengthening our connection with customers.

### Our vision to aim for amidst significant social and environmental changes

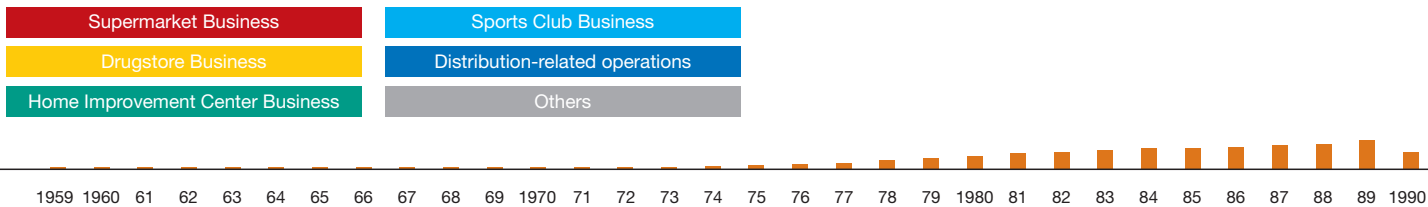
In response to market uncertainty, labor shortages, and increasing expectations for sustainability, the Valor Group has launched a new growth strategy toward 2030 under the banner of “Structural Reform Toward a One-Trillion-Yen Company.”

Under the new medium-term three-year strategic plan, we are advancing initiatives based on four key pillars: Growth Strategy, Profitability Strategy, Sustainability Strategy, and Differentiation Strategy. These efforts include further strengthening our supermarket business, restructuring group companies, aggressively expanding into the Kansai region, and improving operational efficiency through digital technology.

By deepening our coexistence with local communities and maximizing synergies across the group, we will uphold our management philosophy of “Creativity, Advance, and Challenge” while striving for sustainable growth and enhanced corporate value.

## Revenues Growth

(Revenues from operations)



### 1958 – Startup of Supermarket and Related Businesses of Manufacturing, Wholesale & Logistics



In 1958, we established Shufu-no-Mise Co., Ltd. (changed the company name to Valor Co., Ltd. in 1974) and opened the first supermarket in Ena-shi, Gifu. We subsequently established Chubu Yakuhin Co., Ltd., a drugstore subsidiary, and Chubu Foods Co., Ltd., a prepared food manufacturing subsidiary, and started a materials wholesale business through Chubu Ryutu Co., Ltd. We entered into the logistics business through Chubu Kosan Co., Ltd., a logistics subsidiary, and in 1989, established the first distribution center in Tajimi-shi, Gifu.

### 1995 – Rolling out of Multi-format Retailing and Establishment of Distribution Network

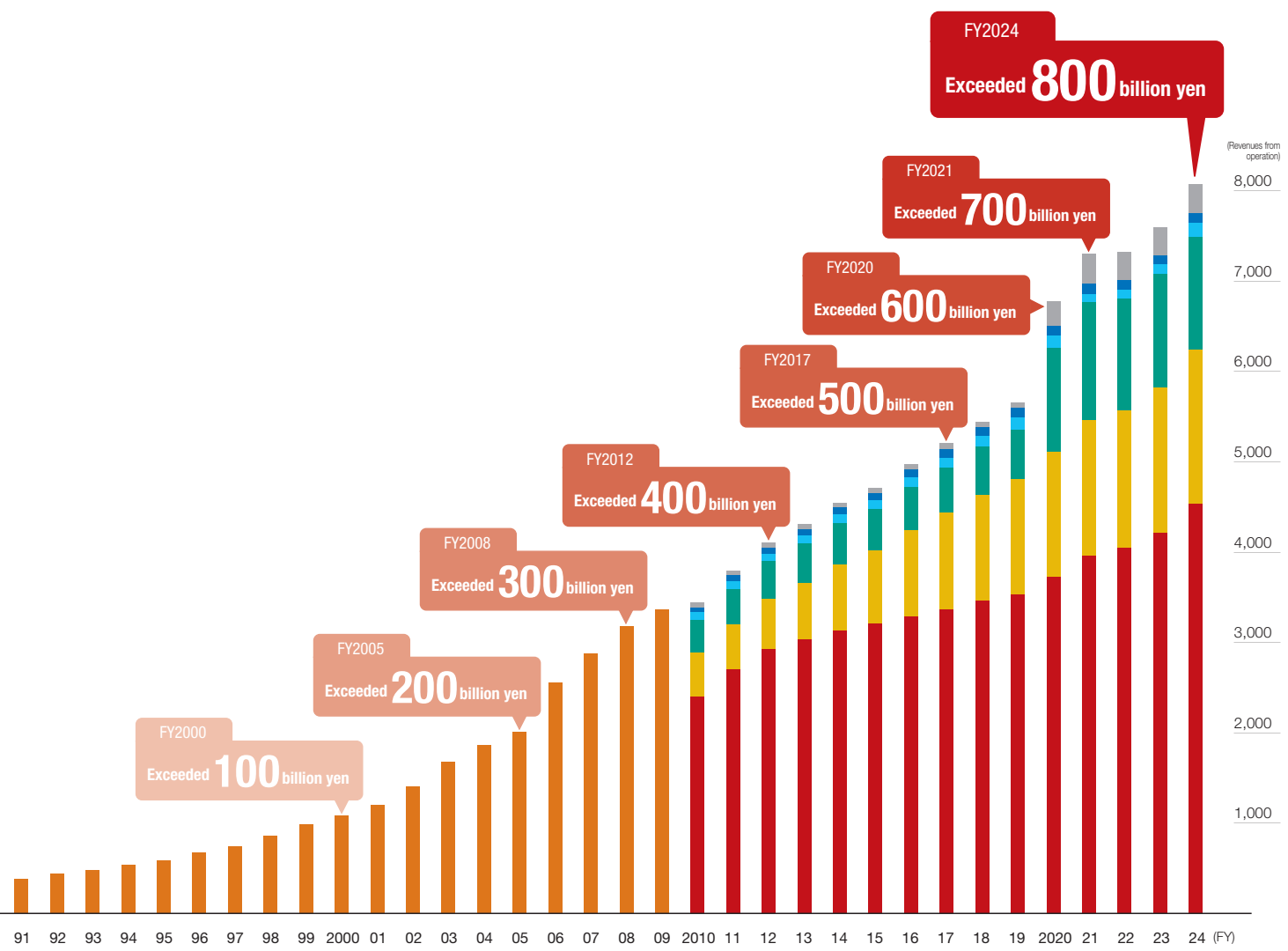


While expanding the scale of our supermarket business, we solidified our foundations for multi-format retailing. We merged with Fujiya Co., Ltd., a home improvement center company, and then established AXTOS Co., Ltd. and spun off a sports club business. We also established a distribution network in Hokuriku region in response to expanding business areas.

### Changing Objectives of Capital and Business Partnerships

In the past, we executed M&As centering on the supermarket business to expand the size and scope of our business. Since 2015, we have acquired food manufactures with unique products and have concluded capital and business partnerships that lead not only to product sourcing and development improvements, but also to comprehensive approaches.

### Pursuit of Economies of Scales 1995 ▶



### 2005 – Expansion of Supermarket Business and Challenge to Integrate Business Processes



In the supermarket business, we expanded our scale through organic growth and M&As. The major companies acquired are as follows: Tachiya Co., Ltd., Youth Co., Ltd. and Sun-Friend Co., Ltd. (currently Shokusenkan-Taiyo Co., Ltd.). We also integrated the entire process from sourcing to retailing via our manufacturing and wholesale subsidiaries, and developed production bases and distribution centers.

### 2015 – Business Process Integration and Growth Gained from Multi-format Group Management



In October 2015, we made a transition to a holding company to promote the growth of business companies and improve corporate governance. We took the next step for growth by integrating home center businesses as of April 1, 2019 through a share exchange agreement between Alleanza Holdings Co., Ltd. and Home Center Valor Co., Ltd.

Expansion of Operational Areas 2005 ▶

Increase in Market Share 2005 ▶

Enhancement of Product Appeal/ Evolution of Business Models 2015 ▶



*Masami Tashiro*

Chairperson & CEO

# Through our efforts to become a one-trillion-yen company, we will further enhance our functions in supporting daily life.

## Outlook for the Retail Industry and the Goals of the Valor Group

From this fiscal year, we have launched a new medium-term three-year strategic plan. Under the theme of “Structural Reform Toward a One-Trillion-Yen Company and an Approach to Growth,” this plan has been formulated by backcasting from our envisioned future, considering changes in society, market conditions, and developments in the retail industry. Our goal is to achieve 1.2 trillion yen in operating revenue by the fiscal year 2033.

The environment surrounding our group has undergone significant changes in recent years, driven by factors such as a declining birthrate and aging population, regional depopulation, and stagnant economic growth. In today's retail industry, it has become increasingly difficult for average chain stores across all business formats to survive. Only companies with established winning strategies can continue to thrive. As depopulation progresses, retailers are being forced to enter larger and more competitive commercial areas. In these markets, the key to survival lies in whether a company possesses a business format capable of attracting customers away from competitors. The gap between those who have such formats and those who do not is becoming more apparent. Additionally, opening stores in urban areas presents challenges due to the limited availability of properties that meet requirements such as sufficient sales floor space and parking. As a result, companies that can adapt their store formats to fit available properties—such as operating fresh food supermarkets or suburban-style stores—have a competitive advantage.

We see these changes as a major opportunity for rapid expansion. As we move forward with an aggressive expansion strategy nationwide, the number of competing companies will continue to decrease, while competition among the remaining players will become even more intense. Currently, it seems that only about ten companies in Japan's retail industry have established “winning strategies.” In recent years, our group has successfully transformed its supermarket business into a “destination store” model, where customers are drawn by unique

products and category structures. This shift has yielded positive results. However, in our drugstore business and home improvement center business, we have yet to establish a proven “winning pattern.” Moving forward, we must develop and solidify a successful format in these sectors.

In the retail industry, the restructuring of drugstores and convenience stores began earlier, while supermarkets lagged behind. However, over the past two years, supermarkets have also entered a full-fledged era of restructuring. Recognizing this as a critical turning point for future success, we have decided to concentrate our management resources on the supermarket business in the near term, driving expansion with a focused approach.

As a key focus area for future expansion, we have begun a full-scale entry into the Kansai region. Our goal is to continuously establish ourselves as the top retailer in each market while maximizing sales per store in highly competitive commercial areas. We believe that gaining strength through competition with strong rivals and overcoming challenges is essential for sustained growth. In the past, supermarkets typically set their trade areas within a 2-kilometer radius, and customers chose stores based on the convenience of proximity. However, looking ahead, expanding the trade area will be crucial, and the ability to operate stores that can thrive in a broader market will be key to success. By further refining our group's “winning strategy,” seizing opportunities, and driving expansion, we will lay the foundation for becoming a one-trillion-yen company.

## Responding to the Needs of Local Communities and Maximizing Group Synergies

Our group is responding to regional depopulation and changes in people's lifestyles by leveraging the assets of each business to implement diversified operations. Through this approach, we aim to meet diverse needs and create a multi-layered market structure, with physical stores serving as the foundation.

Our primary focus is on business development in collaboration with local governments. Under

## Message from CEO

comprehensive partnership agreements with municipalities, we are expanding our initiatives to maintain essential living infrastructure for local communities. These efforts include food and pharmaceutical delivery services, stores on wheels, the provision of medical services through in-store clinics, disaster relief support, and contracted swimming lessons at sports clubs. In May 2024, we strengthened our commitment to community healthcare by entering into a capital and business alliance with M-aid Co., Ltd., a provider of medical services. This partnership has further reinforced our framework for building a healthcare infrastructure that supports the well-being of local residents.

Led by Chubu Kosan Co., Ltd., our group has leveraged its in-house logistics capabilities to reduce delivery costs, enabling us to manage logistics operations not only for our own online supermarket “ainoma” but also for other supermarket chains. Moving forward, we will implement a group-wide restructuring of our four distribution-related companies—Chubu Ryutsu Co., Ltd., which functions as a trading company; Chubu Foods Co., Ltd., which specializes in food manufacturing; Mentex Co., Ltd., which provides comprehensive maintenance services; and Chubu Kosan Co., Ltd., which oversees logistics. Through this restructuring, we aim to establish a solid investment foundation for sustained growth.

This restructuring aims to enhance the profitability of our distribution business while strengthening support for each group company. As we expand our government-partnered initiatives, we will be able to provide greater value through more advanced distribution functions. Until now, many of our initiatives have been carried out separately, but moving forward, we expect to maximize group synergies and create a more unified and efficient business structure.

### Structural Reforms and Growth Strategy Led by our Holdings Company

As part of our structural reforms to achieve a one-trillion-yen company, our group must reorganize the business portfolio across all formats to enable more capital-efficient management. It is essential to allocate more funds to business formats with faster capital recovery, but with significant changes in the cost environment—such as rising construction and labor costs—our previous approaches are no longer effective. Therefore, we will move forward by continuously formulating and testing new hypotheses to adapt to these evolving conditions.

Looking at the current home improvement center business, we see that core product categories are

increasingly being taken over by other retail formats. For example, when a new graduate rents an apartment and starts living alone, their shopping behavior typically includes purchasing furniture and daily necessities. In the past, home improvement centers played a key role in this process, but now, they are often no longer part of the equation.

As core products continue to evolve, it is crucial to identify which categories will remain and truly be competitive within each business format. In supermarkets, fresh products and prepared foods (delis) will undoubtedly continue to be the core categories.

For home improvement centers, the key will be offering products that cannot be replaced by 100-yen shops, such as disaster preparedness supplies, home repair materials, and caregiving products. These categories, which inherently involve a consultative or advisory element, are likely to become the final core product segments for each business format.

In the past, home improvement centers emerged by bringing together products that were difficult to handle in general merchandise stores and that had lower sales floor efficiency, creating an entirely new retail format. With ongoing societal changes, I believe that all retail formats must once again develop innovative, previously unseen business formats to adapt to the evolving market landscape.

The key to achieving growth on the path to becoming a one-trillion-yen company lies in increasing sales per store. This is an essential condition for absorbing rising costs and securing profitability. To achieve this, we will focus on expanding store sizes through new store openings and renovations. For existing stores with smaller sales floors, we will enhance their destination store appeal or transition them into other business formats to drive higher sales per store. Furthermore, by increasing sales floor space, we aim to boost the sales volume of private-brand products manufactured by our distribution subsidiaries, ultimately leading to higher profits.

Above all, the most important role of our Holdings Company is to firmly grasp the growth strategy of the entire group and clearly define the direction of what we aim to achieve. Building on this foundation, we will work closely with each operating company to translate our strategy into concrete initiatives, ensuring the precise allocation of management resources while driving human development and organizational growth. This, I believe, is the fundamental role of the Holdings Company in realizing our vision of becoming a one-trillion-yen company.



## Continuous Efforts in Human Development Nurture Corporate Culture

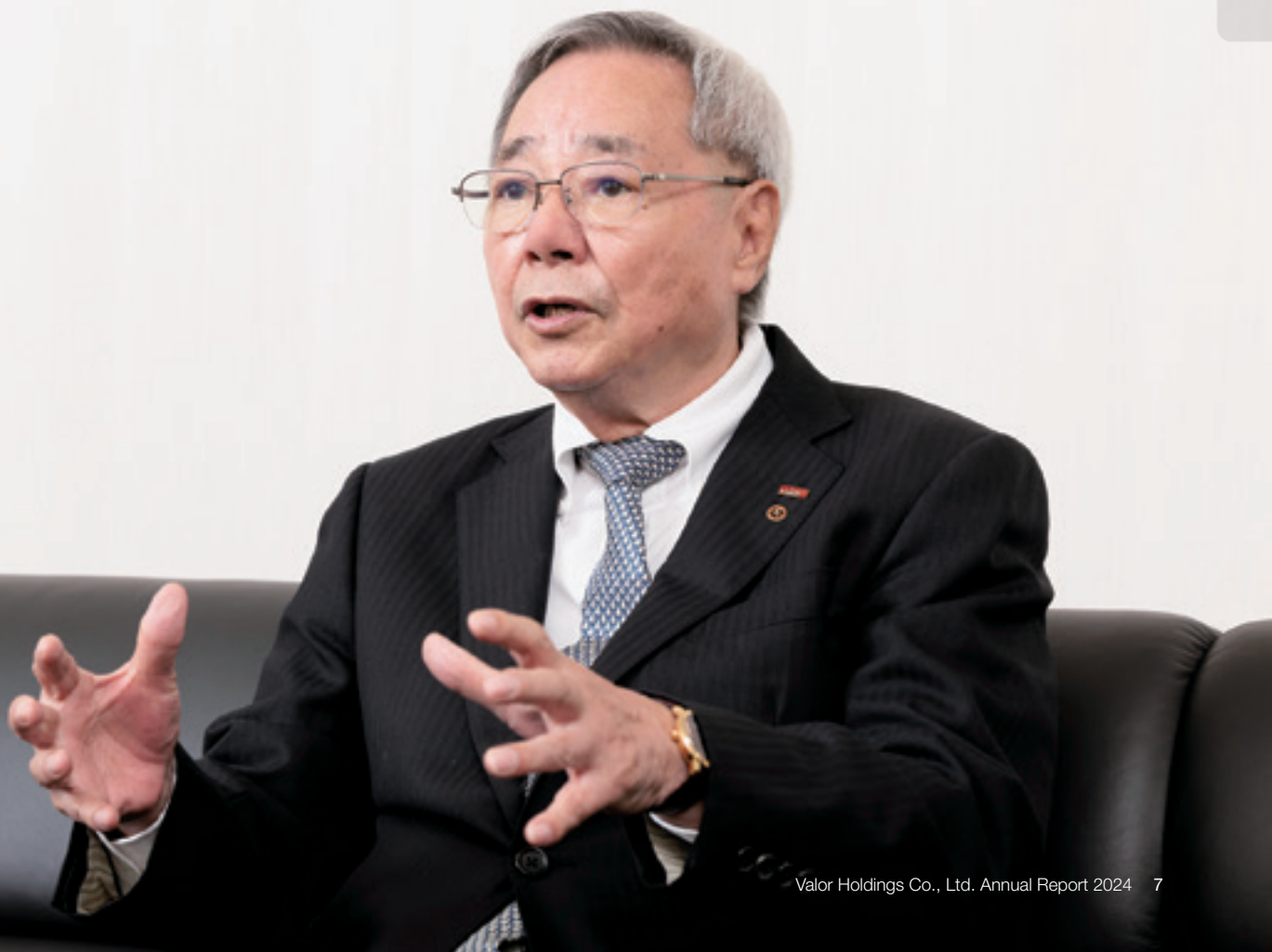
In our approach to human resource development, we place great importance on the ability to formulate hypotheses independently. When individuals develop their own hypotheses, they can clearly recognize the successes and failures of their efforts. However, if they are merely imitating others, they will never truly reach their own conclusions.

Another essential quality we seek is strong communication and expression skills. In today's world, while more people have excellent receptive and comprehension skills, we have noticed a growing lack of expressiveness and the ability to articulate ideas clearly. To drive an organization forward, the ability to communicate ideas effectively is indispensable. This is especially crucial in leadership development, where individuals must cultivate a clear vision—such as what kind of store they want to create and how they want customers to perceive it. Leaders must not only have these intentions but also be able to articulate them clearly,

gain buy-in from others, and inspire action.

Our group operates the Human Resource Development Center (Donyosha) and our Corporate University (Ensougakusha), where we conduct a variety of training programs, including practical education in handling fresh products. These learning experiences not only enhance employees' knowledge and skills but also drive a transformation in mindset. For example, many employees who complete our new employee training program actively seek assignments in the fresh fish department, a role that is generally avoided in the industry. This demonstrates how our human resource development efforts have contributed to shaping our corporate culture. It has taken us nearly a decade to cultivate this approach, and we remain committed to building a strong foundation for human resource development.

Going forward, the Valor Group will accelerate its efforts toward becoming a one-trillion-yen company, but our commitment to supporting our customers' daily lives will remain unchanged forever. We will continue to enhance this role, ensuring that we remain an indispensable company in society for generations to come.



## Message from President



*Takayuki Koike*

President and Director

# We will transform our group management to align with the vision of what we aspire to be in 10 years.

## Three Years of Leveraging Our Strengths and Adapting to Environmental Changes

The previous medium-term three-year strategic plan (FY2022–FY2024) was launched amid the ongoing COVID-19 pandemic. As the situation gradually stabilized, restrictions on outings were lifted, and foot traffic, including inbound tourism, began to recover, leading to an improved economic outlook. However, these positive developments were outweighed by global geopolitical instability, yen depreciation, and rising inflation, which further heightened consumer awareness of cost-saving and financial security. As competition in the retail industry intensifies, we came to a strong realization that, as a “change-responsive industry,” we must constantly ask ourselves: Are we truly meeting customer expectations and remaining a company they rely on? These past three years have reinforced the importance of continuously adapting to evolving market needs.

In FY2024, which marked the conclusion of the previous medium-term three-year strategic plan, our operating revenues reached 807.7 billion yen, a 6.3% increase year-over-year, achieving a record high for the 29th consecutive fiscal year. On the profitability side, we recorded a double-digit increase in all key profit indicators, significantly exceeding our initial forecasts. Operating income rose to 22.8 billion yen (+13.9% YoY), ordinary income reached 25.6 billion yen (+11.1% YoY), and net income attributable to parent company shareholders surged to 11.9 billion yen (+57.1% YoY).

In the supermarket business, we have focused on transitioning to a destination store model that attracts customers for specific purposes, while also pursuing new store openings in the Kansai region, our next key target market, and striving to become the top retailer in each region. Within our fresh food specialization, the seafood department—particularly sushi made from freshly prepared fish on the spot—performed strongly, alongside differentiated delicatessen and bakery offerings. Additionally, the enhancement of product capabilities, centered on private-brand and vertically integrated products, contributed significantly to sales growth. As a result, same-store sales in FY2023 increased by 5% year-over-year. This sales growth led to improvements in back-office functions and infrastructure efficiency, enabling us to invest in automation and labor-saving technologies.

In the drugstore business, we focused on improving cash flow while strengthening our private-brand offerings, healthcare, and beauty segments. Healthcare, in particular, has been positioned as a strategic category, with initiatives such as integrating dispensing pharmacies and attracting clinics to enhance medical collaboration. This approach has enabled us to capture diverse regional needs and drive customer traffic growth. Additionally, stores converted from Toho Store, which we acquired in October 2023, have successfully adopted a new drugstore model that increases the proportion of fresh and grocery products to approximately 70%. Moving forward, we plan to apply this model to existing urban stores and areas with declining populations, integrating it into our long-term strategic direction.

The home improvement center business has faced continued challenges due to rising prices, leading to a decline in same-store sales compared to the previous year. In response, we have been implementing full-scale and department-specific renovations to enhance store capabilities, while also expanding product assortments in specialized categories such as gardening and bicycles. Regarding the pet category, we have consolidated our three brand operations under Amigo Co., Ltd., a subsidiary of Aleanza Holdings, and as of September 2024, we have added “Pet Store Business” as a new reporting segment.

As part of our efforts to build the “Valor Economic Zone,” our financial services business has been expanding its prepaid and point card, “Lu Vit”, steadily increasing both membership numbers and app registrations. Additionally, the “Lu Vit Credit Card,” which began accepting applications in April 2023, has progressed largely in line with our initial plan. As of September 2024, Lu Vit membership has reached 4.81 million, app registrations total 1.17 million, and credit card accounts have grown to 240,000. Moving forward, we plan to leverage this foundation to enhance merchandising through the utilization of customer data.

As a result, despite the environmental changes mentioned earlier, we successfully achieved the final-year target of 780 billion yen in operating revenues under the previous plan. We believe this was made possible by fully leveraging our strengths in “securing profitability through in-house production” and “all-weather operations through group management”—a corporate management approach designed

## Message from President

to maintain stable revenues under any economic conditions. Additionally, a major achievement in strengthening our corporate structure was the reorganization of policy priorities based on urgency and importance.

### Launching the New Medium-Term Three-Year Strategic Plan with a Vision Toward a One-Trillion-Yen Company

Our group has launched a new medium-term three-year strategic plan covering the period from FY2025 to FY2027. This plan is based on the long-term vision, “Valor Group Vision 2030,” which aims to elevate our destination store model into a “Destination Company” and establish the “Valor Economic Zone.” It is positioned as a period for structural reforms and corporate culture transformation, laying the foundation to achieve 1.2 trillion yen in operating revenues by FY2034. Through this initiative, we will build a stronger value chain group, establish the organizational structure required of a one-trillion-yen company, and define a clear path for sustainable growth.

A key element of this plan is strengthening the Holdings Company's leadership and oversight. Traditionally, our group has prioritized the independence and specialization of each business while emphasizing individual operational capabilities rooted in a strong sense of autonomy. Moving forward, we will leverage these strengths in a unified, all-out effort to generate greater synergies, with the Holdings Company taking the lead in establishing a cohesive and aligned organizational structure. Additionally, the Holdings Company must play a central role in the strategic development of group talent and in prioritizing investment decisions to ensure long-term growth.

Next, to support the growth of the supermarket business, which serves as the driving force of the group, we will restructure and strengthen approximately 60 group function companies. Specifically, the four key revenue-generating pillars—logistics, procurement, facility management, and prepared food manufacturing—will be enhanced to improve their operational capabilities and overall resilience. By strengthening these functions, we aim to establish a scalable model that amplifies group profitability in tandem with the expansion of our core businesses.

Another key factor is creating dynamism through heterogeneous competition. While our group continues to expand its business scale through M&A, our goal is not merely to pursue harmonious integration. Instead, we aim to foster a culture of mutual influence, cross-company stimulation, and continuous learning within the group. By implementing mechanisms that encourage active engagement and knowledge-sharing among group companies, we seek to drive bottom-up innovation led by on-the-ground operations,

ensuring that integration strengthens rather than homogenizes our collective capabilities.

### The Four Key Management Strategies Driving Plan Achievement

The new medium-term three-year strategic plan sets performance targets for FY2027, aiming to achieve 910 billion yen in operating revenues, 27.2 billion yen in operating profit, and 30 billion yen in ordinary profit. To reach these goals, we will implement four key strategies: growth, profitability, sustainability, and differentiation.

To drive growth, we will focus on creating dynamism by strengthening core businesses while expanding them through new revenue models. This approach will be replicated across multiple commercial areas, including the Kansai region, to drive continuous expansion. Given future demographic trends, entering the Kansai region—where population density remains high—is essential. At the same time, in areas experiencing population decline, we will work to balance our role as a vital lifeline with achieving profitability.

Enhancing profitability will involve group restructuring to strengthen the foundational capabilities of each company, ensuring they are well-prepared for worsening cost conditions while forming a highly capable and competitive organization that contributes to overall profitability. At the same time, we will invest in infrastructure and digital transformation to improve productivity, while also establishing a group-wide procurement structure that leverages economies of scale to enhance cost efficiency.

Sustainability efforts will be centered on human resource development, with a strong emphasis on cultivating the next generation of leaders, improving employee engagement through better working environments, and implementing recruitment strategies that align with evolving workforce trends. Additionally, investment management and financial control, led by the Holdings Company, will play a crucial role in ensuring long-term stability and resilience.

Differentiation will be achieved by positioning the “Lu Vit” business and digital transformation as core pillars, laying the groundwork for “distribution technology,” which will serve as a key competitive advantage in the future. Building on the system infrastructure established in the previous plan, we will further advance DX-driven inventory optimization to reduce the group's total inventory holdings—currently around 60 billion yen—while increasing turnover rates to enhance cash flow efficiency.

Our group will steadily execute these four strategies over the next three years, ensuring tangible results and building a solid

foundation to overcome the significant milestone of one trillion yen in operating revenues.

## Key Focus Areas for Achieving a Sustainable Society

Our initiatives toward achieving a sustainable society, based on the “Sustainability Vision 2030,” will continue under the new medium-term three-year strategic plan while building upon our existing activities. Moving forward, we will further accelerate efforts in environmental conservation through our group businesses, addressing social challenges within local communities, and advancing diversity initiatives.

In terms of environmental conservation, we have installed self-consumption solar power systems with a total generation capacity of 38 megawatts across approximately 350 facilities within the group, producing the equivalent electricity needed to power 10,000 households. This achievement positions us as a leading player in the retail industry. In FY2025, we plan to expand installations to an additional 10 to 30 facilities, with the goal of reaching a total generation capacity of 40 megawatts.

To address social challenges in local communities, we are building a “Community Co-Creation Model” that fosters close

relationships with residents and consumers while collaborating with local governments. This model encompasses a wide range of initiatives, including providing food and daily necessities to those in need, supporting residents facing shopping difficulties, and maintaining educational infrastructure through pool operations and other programs. As part of our sustainability strategy, one of the four key strategies of our medium-term three-year strategic plan, these efforts will further enhance our group’s social value and long-term contribution to society.

Regarding diversity initiatives, we are committed to fostering an inclusive work environment that enables employees with disabilities, women, and seniors to thrive, in line with the principles of human capital management. By promoting diverse talent within the group and creating workplaces where individuality and strengths can be fully utilized, we aim to enhance corporate value and drive sustainable growth.

Through the initiatives outlined above, we are committed to working together with all our stakeholders—including our shareholders, customers, business partners, local communities, and employees across our stores and offices—to create a brighter future and share prosperity. We sincerely appreciate your continued support and look forward to your lasting partnership in the years to come.



# The Valor Group Business Model, Advancing Process Integration between

### Social Issues

**Imbalance between Food Supply and Demand**

- Intense competition between formats
- Aging and lack of successors in regional agriculture
- Possible impact of trade policies on local suppliers



**Changes in Labor Market**

- Aging and decline in workforce
- Changing labor-related policies
- Labor shortage and increasing labor costs



**Accelerating Change in Consumer & Retail Market**

- Aging and declining population
- Impact of IT innovation on shopping behavior
- Decreasing local suppliers serving local communities



**Changing Global Environment**

- Impact of global warming and climate changes on supply of produces

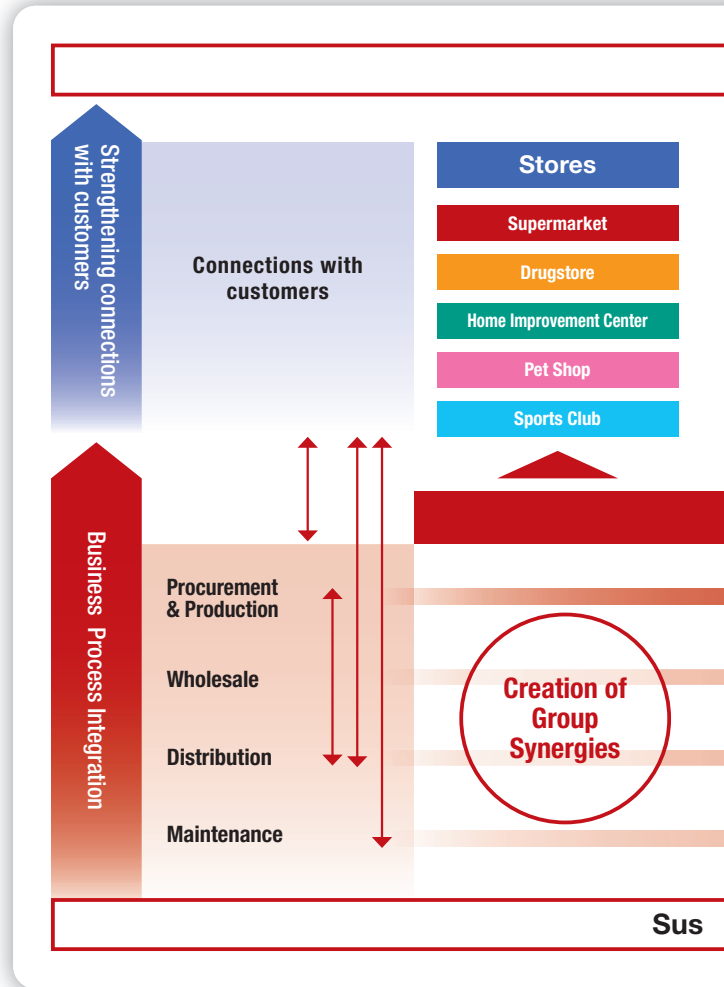


**Rise in oil prices**

- Rising energy cost
- Coexisting with COVID
- Rising food prices



## The Valor Group Business Models



## The Valor Group Business Model, Advancing Process Integration between Manufacturing and Retailing

### Manufacturing / Procurement

<p style="text-align: center; background-color: #f4a460; margin: 0;">Agricultural products</p> <ul style="list-style-type: none"> <li>• Chubu Agri Co., Ltd. Agricultural business</li> <li>• Shiroishikandumekouzou Co., Ltd. Manufacturing canned root vegetables in water</li> <li>• Agri Trade Co., Ltd. Manufacturing &amp; sales of rice seeds</li> </ul>	<p style="text-align: center; background-color: #f4a460; margin: 0;">Delicatessen</p> <ul style="list-style-type: none"> <li>• Chubu Foods Co., Ltd. Delicatessen, cut vegetables, manufacturing Japanese sweets</li> <li>• Furuya Sangyo Co., Ltd. Manufacturing Japanese sweets</li> </ul>
<p style="text-align: center; background-color: #f4a460; margin: 0;">Marine products</p> <ul style="list-style-type: none"> <li>• Daien Foods Co., Ltd. Seafood processing</li> <li>• Honda Suisan Co., Ltd. Seafood processing</li> </ul>	<p style="text-align: center; background-color: #f4a460; margin: 0;">Bakery</p> <ul style="list-style-type: none"> <li>• Chubu Foods Co., Ltd. Bakery</li> <li>• SEORO FOOD Co., Ltd. Bakery</li> </ul>
<p style="text-align: center; background-color: #f4a460; margin: 0;">Livestock products</p> <ul style="list-style-type: none"> <li>• Chubu Meat Co., Ltd. Livestock business</li> <li>• Nomotochikusan LLC. Livestock business</li> </ul>	<p style="text-align: center; background-color: #f4a460; margin: 0;">Food &amp; Daily necessities</p> <ul style="list-style-type: none"> <li>• V-Solution Co., Ltd. PB development &amp; sales</li> </ul>
<p style="text-align: center; background-color: #f4a460; margin: 0;">Daily Delivery</p> <ul style="list-style-type: none"> <li>• Keirinkaku Co., Ltd. Manufacturing Chinese delicatessen</li> <li>• VARO Co., Ltd. Manufacturing kimchi (Korea)</li> </ul>	<p style="text-align: center; background-color: #f4a460; margin: 0;">Materials</p> <ul style="list-style-type: none"> <li>• Chubu Ryutu Co., Ltd. Wholesale imports materials &amp; equipment</li> </ul>
<p style="text-align: center; background-color: #f4a460; margin: 0;">Seasonings</p> <ul style="list-style-type: none"> <li>• Daitoh Shokken Co., Ltd. Manufacturing seasoning</li> </ul>	<p style="text-align: center; background-color: #f4a460; margin: 0;">HC items</p> <ul style="list-style-type: none"> <li>• Alleanza Japan Co., Ltd. Import of HC items</li> </ul>

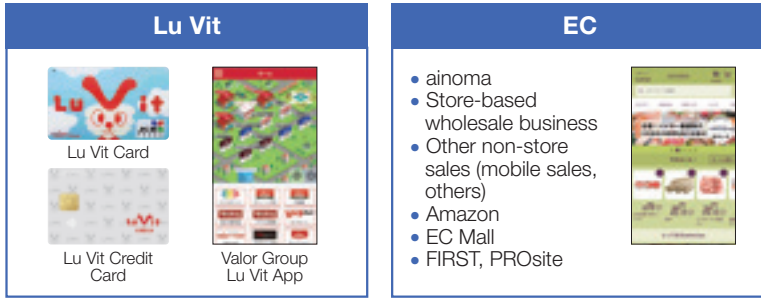
Developers (Valor Max Co., Ltd.)

Credit cards (Valor Financial Service Co., Ltd.)

Lu Vit Card / App

# Manufacturing and Retailing

## Local Communities



Digital transformation (DX)



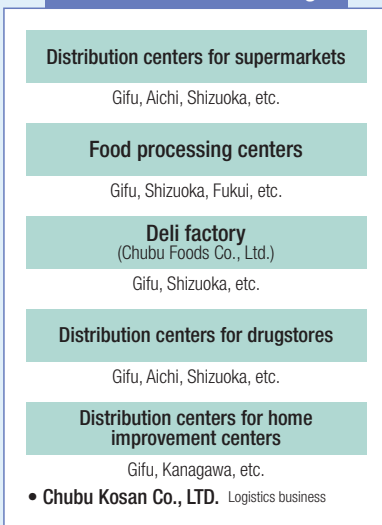
Valor Group's product appeal

Information linkage

Sustainability management

### Distribution / Processing

### Retail / Services



Customers

Cleaning (Seiso Co., Ltd.)

Facility maintenance (MENTEX Co., Ltd.)

Back office and related areas

## Performance Trends

	FY15 Results FY11-15 Plan Final Year	FY18 Results FY16-18 Plan Final Year	FY21 Results FY19-21 Plan Final Year	FY24 Results FY22-24 Plan Final Year	FY27 Plan FY25-27 Plan Final Year
Operating revenues	470,564	544,020	730,168	807,795	<b>910,000</b>
Operating income	15,000	13,470	25,648	22,844	<b>27,200</b>
Ordinary income	16,108	14,937	28,397	25,604	<b>30,000</b>
Net income	9,214	7,570	12,592	11,945	<b>14,000</b>

## Review of the Previous Medium-term Strategic Plan

### Achieved Sales Revenue Plan

The target of “¥780 billion in sales revenue” was achieved. However, “¥31 billion in ordinary profit,” and “ROIC of 6.3% or higher” was not achieved. Revenue improvement in the supermarket business by transformation into the destination store has progressed.

### New Strategic Plan, “Strengthening HD function”

- Promotion of group-wide Private Brand development
- Establishment of a group cross-functional investment committee (aimed at reducing impairment losses)
- Promotion of new business models leveraging group resources (e.g., Introducing in-store delicatessens in drugstores)

### Internal Environment

#### • New Management Structure

From 2023,  
Chairperson & CEO  
Masami Tashiro

President  
Takayuki Koike

### External Environment

- Post-COVID era
- From deflation to inflation
- Growing awareness of cost-saving and financial security

### 2030 Vision

#### Valor Group Vision 2030

Becoming a “Destination Company, and building a “Valor Economic Zone” in our dominant areas.

#### Sustainability Vision 2030

Contributing to the realization of a sustainable society, the development of local communities, and the enhancement of social and cultural values

### Strategic Goal

**Connect 2030 : Businesses for “Connecting Products, Customers, and Society”**

For more details on the new medium-term three-year strategic plan, please refer to the following.

[https://valorholdings.co.jp/wp-content/uploads/published/wp\\_re\\_2025-2027-mid-plan\\_20240514.pdf](https://valorholdings.co.jp/wp-content/uploads/published/wp_re_2025-2027-mid-plan_20240514.pdf)





# New Medium-term Three-Year Strategic Plan

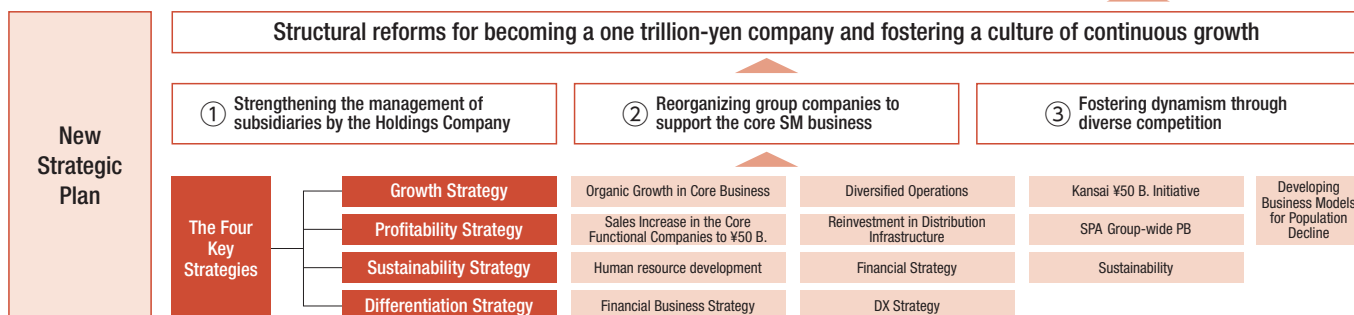
## Overview of New Medium-term Strategic Plan

The Valor Group has formulated the “New Medium-Term Three-Year Strategic Plan” based on the “Valor Group Vision 2030” and “Sustainability Vision 2030.” This plan aims to achieve 1 trillion yen in operating revenues by 2030 through strengthening the governance of the Holdings Company, restructuring group companies, and accelerating store expansion in the Kansai region. We have identified four key strategies—growth, profitability, sustainability, and differentiation as our strategic priorities, aiming to maximize synergies and advance the development of the “Valor Economic Zone.” We remain committed to enhancing sustainable corporate value and meeting the expectations of our stakeholders.

### • Positioning of the New Strategic Plan

To 1.2 trillion yen by FY 2034, 10 years from now

Structural reforms for becoming a one trillion-yen company and fostering a culture of continuous growth



## Key Management Indicators

Our key management indicators are formulated based on the four key strategies: growth, profitability, sustainability, and differentiation. In addition to our overall targets—910 billion yen in operating revenues, 27.2 billion yen in operating income, and 14 billion yen in net income—we have identified 500 billion yen in sales from the Kansai region and 200 billion yen in e-commerce sales as key growth drivers. Furthermore, we have established specific numerical targets for each segment, including the supermarket, drugstore, and home improvement center businesses, to drive business structure reforms and strengthen our growth foundation. These initiatives serve as guiding principles for sustainable growth and enhanced corporate value.

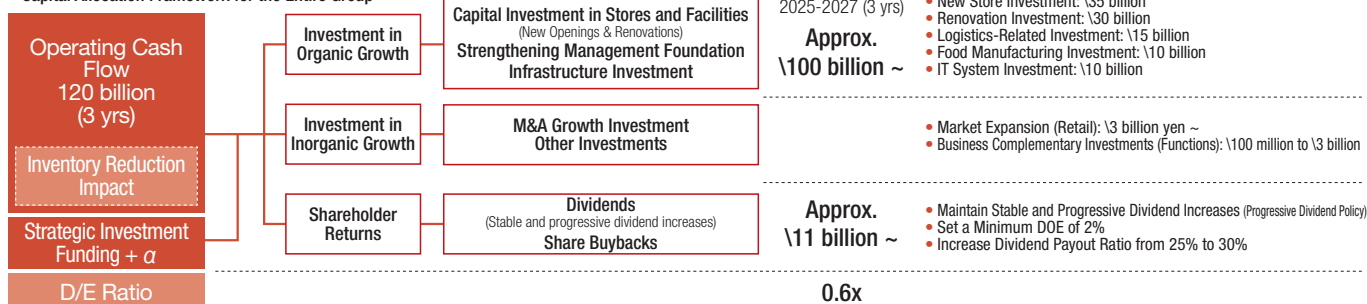
	Consolidated Performance	Expansion into the Kansai Region	Development of New Channels
Financial KGI	Operating revenues <b>¥910 billion</b>		
	Operating income <b>¥27.2 billion</b>	Sales in the Kansai Region <b>Over ¥50 billion</b>	Sales in EC <b>Over ¥20 billion</b>
	Ordinary income <b>¥30 billion</b>		
Growth KPI	Supermarket Business	Drugstore Business	Home Improvement Center Business
	Segment operating revenues <b>¥500 billion</b>	Segment operating revenues <b>¥200 billion</b> Pharmacies with prescription services 35% → 50%	Segment operating revenues <b>¥138.5 billion</b> plus Sales of Pet stores <b>¥32 billion → ¥40 billion</b>
	PB ratio <b>12% → 13%</b>	PB ratio <b>10% → 15%</b>	PB ratio <b>15% → 25%</b>

## Major Capital Investments and Cash Flow in the New Medium-Term Three-Year Strategic Plan

Over the three-year period, we plan to generate 120 billion yen in operating cash flow and allocate strategic investments as follows: 35 billion yen for new store openings, 30 billion yen for store renovations, 15 billion yen for logistics, 10 billion yen for food manufacturing, and 10 billion yen for IT infrastructure. At the same time, we will increase our dividend payout ratio from 25% to 30%, maintain a progressive dividend policy, and strengthen shareholder returns. While maintaining financial soundness with a debt-to-equity (D/E) ratio of 0.6x, we will pursue business growth and sustainable value creation.

**We will adopt a more capital cost-conscious management approach, taking into account changes in the funding balance.**

### • Capital Allocation Framework for the Entire Group



## Growth Strategy

Growth Strategy

Profitability Strategy

Sustainability Strategy

Differentiation Strategy

### Creating New Markets in the Kansai Region and Laying the Foundation for Nationwide Expansion

Our growth strategy is centered on achieving over 50 billion yen in sales in the Kansai region, a key objective in our pursuit of sustainable corporate value enhancement. The Kansai region represents a high-growth potential market for our company, where we will accelerate new store openings and renovations of existing stores to drive aggressive market penetration.

In the supermarket business, we will further advance the destination store model while refining the Neo D.S. Model, enhancing product and service offerings tailored to local market characteristics, and creating stores that become the preferred choice for customers in the Kansai region. For the drugstore business, we will expand dispensing pharmacy locations and enhance health support services, striking a balance between convenience and expertise while solidifying our role as a regional healthcare infrastructure provider. In the home improvement center business, we will expand specialized product offerings and private-brand products, strengthening competitiveness and customer satisfaction.

As a new growth area, we aim to exceed 20 billion yen in e-commerce sales by strengthening our online sales platform and leveraging digital technologies to enhance customer experiences. Additionally, we will develop new business formats tailored to depopulated areas and expand mobile sales operations, establishing a flexible and sustainable business model to capture emerging demand.

We position our Kansai region initiatives as a flagship of our growth strategy. By successfully implementing this model and scaling it nationwide, we will reinforce the growth foundation of the entire group. Through these efforts, we aim to foster strong relationships with local communities, maximize corporate value, and achieve sustainable long-term growth.



Valor Nakaotai (Nagoya, Aichi)



Takoichi Takarazuka Asahimachi (Converted from Toho Store)

## Profitability Strategy

Growth Strategy

Profitability Strategy

Sustainability Strategy

Differentiation Strategy

### Strengthening the Revenue Base Through Group Function Company Restructuring and Logistics Optimization

The profitability strategy places the restructuring of distribution function companies at its core, aiming to optimize logistics resources across businesses and enhance the overall revenue structure. By reorganizing existing distribution functions, we seek to improve profitability through centralized logistics management and streamlined operational efficiency.

The Hirakata Logistics Center, which became operational in October 2024, serves as a key hub in the Kansai region under the newly restructured distribution function companies. Through resource reallocation and integrated operations, the center enables transportation cost reduction and improved inventory turnover.

Additionally, strengthening private-brand products is a major initiative. We are working to increase the PB ratio across all segments—from 12% to 13% in supermarkets, 10% to 15% in drugstores, and 15% to 25% in home improvement centers—to enhance cost efficiency and improve profit margins.

Furthermore, the implementation of an automated ordering system and the utilization of digital technologies will enhance inventory management accuracy, standardize operations, and maximize productivity.

By restructuring distribution function companies, we will establish an efficient and flexible logistics system, laying the foundation for profit growth and a stronger revenue base.



Newly Established Logistics Center in Hirakata City



PB Product Evaluation Meeting

# Sustainability Strategy

## A Sustainable Management Foundation Evolving Together with the Community

The sustainability strategy aims to establish a sustainable management foundation by focusing on human resource development, creating a better work environment, maintaining financial soundness, and advancing sustainability initiatives. In human resource development, we are strengthening training programs for next-generation leaders and creating an environment where talent from diverse backgrounds can maximize their potential. To enhance employee engagement, we conduct employee satisfaction surveys and implement improvement measures based on feedback.

To promote a better work environment, we are expanding remote work and flexible work schedules, ensuring that employees have a flexible and supportive work environment. Additionally, we are advancing health management initiatives to support employees' physical and mental well-being while reinforcing workplace safety measures.

In terms of financial soundness, we are committed to enhancing ROE (Return on Equity) by adopting a capital cost-conscious management approach. We also ensure proper cash flow management, maintaining a balanced approach to investment and shareholder returns.

On the sustainability front, we are actively working to reduce CO<sub>2</sub> emissions and food waste, while prioritizing harmonious coexistence with local communities through various community engagement initiatives. Additionally, we ensure high transparency in information disclosure by following TCFD recommendations, fulfilling our social responsibility.



U.S. Study Tour



Next-Generation Training Program

# Differentiation Strategy

## Expanding the Valor Economic Zone Through Digital-Driven Customer Value Creation

The differentiation strategy focuses on the Lu Vit Card and App, the credit card business, and inventory reduction through digital transformation (DX) as key pillars for building long-term trust with customers and expanding the "Valor Economic Zone." Through the Lu Vit Card and Lu Vit App, we integrate and manage customer data, analyzing purchase history and behavioral patterns to provide personalized offers and benefits tailored to each customer. This enhances customer satisfaction and repeat purchases, creating a habit-forming cycle that encourages continued use of our services.

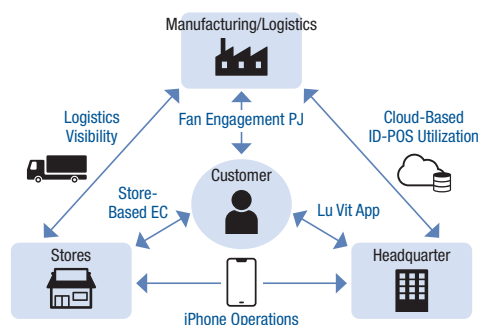
In the credit card business, we enhance the convenience of payments using the Lu Vit Card by offering point rewards, member-exclusive promotions, and special privileges. These initiatives increase customer purchasing motivation and foster long-term loyalty.

We are also optimizing inventory management through DX. By implementing an automated ordering system, we improve demand forecasting accuracy, reduce excess inventory, and minimize inventory loss. Real-time inventory management enhances operational precision, contributing to both profitability improvements and reduced environmental impact.

By organically integrating these initiatives, we are expanding the "Valor Economic Zone" with the Lu Vit Card, App, and credit card business at its core, strengthening customer relationships and driving long-term engagement.



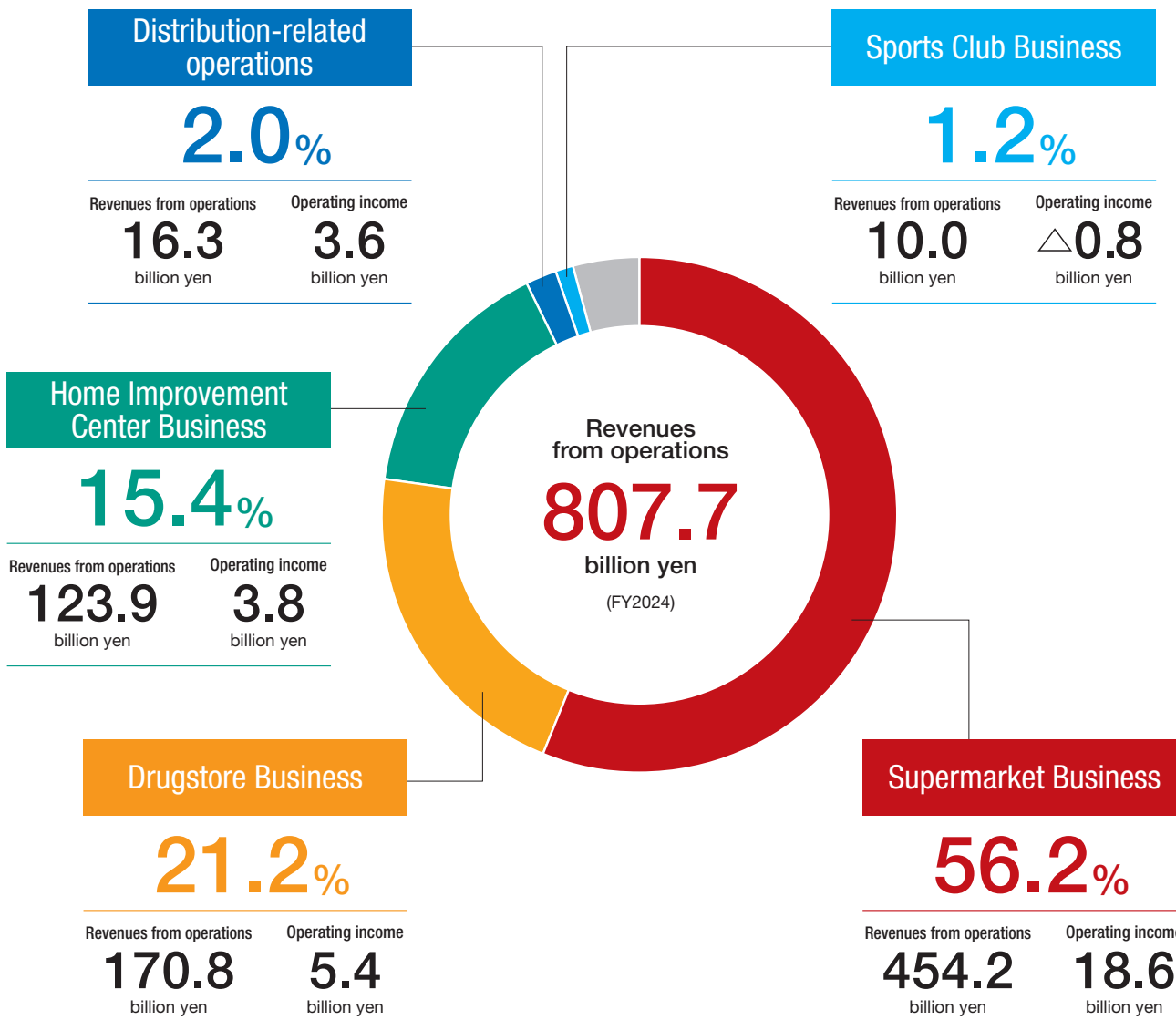
The Lu Vit Credit Card Membership Continues to Grow



Building the "Valor Economic Zone"

# Segment Overview/Segment Information

Revenues from operations by segment and their distribution



## Supermarket Business

No. of stores..... 317      Ave. floor space ..... 1,841.6<sup>m</sup><sub>2</sub>  
(Valor Co., Ltd.)



### ► Business summary

In the SM business, we opened four new stores and closed three, bringing the total number of SM stores across the group to 317 as of the end of the fiscal year. In October 2023, we opened “SM Valor Sakai Toyoda” (Sakai, Osaka) and “SM Valor Nakaotai” (Nishi Ward, Nagoya, Aichi), introducing high-value-added products leveraging our procurement, manufacturing, and processing capabilities. Additionally, we relocated the Fukui Marine Products Processing Center (Sabae, Fukui) and expanded the Hokuriku Livestock Processing Center (Nanto, Toyama), enabling us to offer premium products such as specialty cuts of Kuroge Wagyu beef. Furthermore, we acquired five food supermarket stores from Toho Store Co., Ltd., with plans to reopen them as new stores in the FY2025.

## Drugstore Business

No. of stores..... 507      Ave. floor space..... 736.1 m<sup>2</sup>



### ▶ Business summary

In the drugstore business, we opened 17 new stores and closed 5, bringing the total number of stores to 507 as of the end of the fiscal year, including 178 dispensing pharmacy locations. Following the downgrade of COVID-19 to Category 5, demand for pandemic-related products declined. However, increased outings led to a recovery in the cosmetics category, while inbound demand in urban areas contributed to sales growth. As a result, same-store sales increased by 5.1% year-over-year. Additionally, the expansion of private-brand products resonated with cost-conscious consumers, leading to higher gross profit margins. This, in turn, offset rising labor costs, resulting in both revenue and profit growth. Furthermore, we have acquired 11 food supermarket stores from Toho Store Co., Ltd., which are scheduled to gradually reopen by the end of FY2025.

## Home Improvement Center Business

No. of stores..... 168



### ▶ Business summary

In the home improvement center business, we strengthened our dominant presence in the Tokai region by acquiring Home Center Ant Co., Ltd. in November 2023, which operates five stores in Aichi. To adapt to changing lifestyles, we focused on developing private-brand products and opening new pro shops specializing in tools and building materials. However, while price increases due to rising raw material costs led to a 3.0% year-over-year increase in average customer spending, the number of store visitors declined by 5.1%, resulting in a 2.2% decrease in same-store sales. During the fiscal year, we opened nine new stores and closed two, bringing the total number of home improvement center stores to 168.

## Sports Club Business

No. of stores..... 176



### ▶ Business summary

In the sports club business, we implemented membership acquisition initiatives by renovating three existing AXIOS locations, upgrading machines, and opening new junior programs. Additionally, the introduction and expansion of a membership category for individuals aged 24 and under, along with the launch of new swimming schools, contributed to an increase in younger members. As a result, sales grew by 9.8% year-over-year, and despite higher labor and facility costs, gross profit margin improvements helped reduce operating losses. During the fiscal year, we opened two new and closed ten, bringing the total number of sports clubs within the group to 176, including 42 franchise (FC) clubs.

## Distribution-related Business



### ▶ Business summary

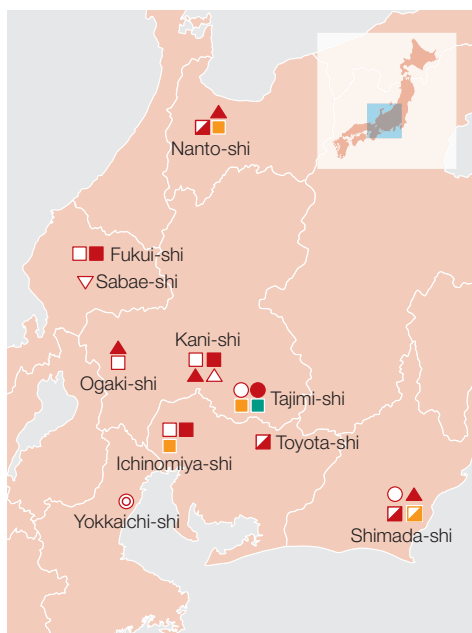
In the distribution-related business, sales increased due to the growth of the SM and drugstore businesses, which led to a rise in logistics throughput, packaging materials, and consumables handling volume. Additionally, by restructuring unprofitable logistics and delivery operations and promoting in-house production of flexible packaging materials at Showa Film Co., Ltd. and Unidopack Co., Ltd., both of which became subsidiaries during the fiscal year, we were able to offset rising selling and labor costs, resulting in both revenue and profit growth.

# Segment Financial Review

## Store Network

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY204
<b>Supermarkets</b>	251	263	266	275	281	290	298	297	312	316	317
Valor Co.,Ltd.	221	232	235	238	243	240	240	239	239	240	241
Tachiya Co., Ltd.	13	13	13	14	15	16	17	17	19	20	20
Shokusenkan-Taiyo Co.,Ltd.	15	17	17	17	17	17	17	16	16	16	16
Kohseiya Co.,Ltd.	—	—	—	5	5	5	6	6	6	6	6
Futabaya Co.,Ltd.	—	—	—	—	—	3	3	3	3	4	4
Sanko Co.,Ltd.	—	—	—	—	—	8	8	8	8	8	8
Terao Stores Inc.	—	—	—	—	—	—	4	4	4	4	4
Yamato Store LLC.	—	—	—	—	—	—	—	1	1	1	1
Yaosen Co., Ltd.	—	—	—	—	—	—	—	—	6	7	7
Yamata Co., Ltd.	—	—	—	—	—	—	—	—	7	7	7
VARO Co.,Ltd.	2	1	1	1	1	1	3	3	3	3	3
<b>Specialty Delicatessen Stores and Others</b>	—	—	—	1	2	4	8	23	33	42	51
<b>Drugstores</b>	241	271	301	337	361	379	416	449	478	495	507
<b>Home Improvement Centers</b>	35	36	37	35	36	36	148	152	158	161	168
<b>Sports Clubs</b>	54	58	65	75	95	146	192	190	193	184	176
<b>Pet Shops</b>	17	17	18	19	21	22	107	110	115	119	124
<b>Others</b>	3	3	3	3	3	3	6	5	5	5	5
<b>Total</b>	601	648	690	745	799	880	1,175	1,226	1,294	1,322	1,348

## Number of Stores by Region and Locations of Infrastructures (FY2024)



### Supermarket Business

- Distribution : □ for chilled products  
Centers ■ for ambient- temperature products  
▣ for chilled & ambient- temperature products
- Processing : ▲ for fresh meat  
Centers △ for fresh vegetables & fruits  
▽ for fresh fish
- Production : ○ for prepared food  
Bases ● for fresh bakery  
⊙ for fish products

### Drugstore Business

- Distribution Centers  
▣ Distribution Centers (Shared with the Supermarket Business)

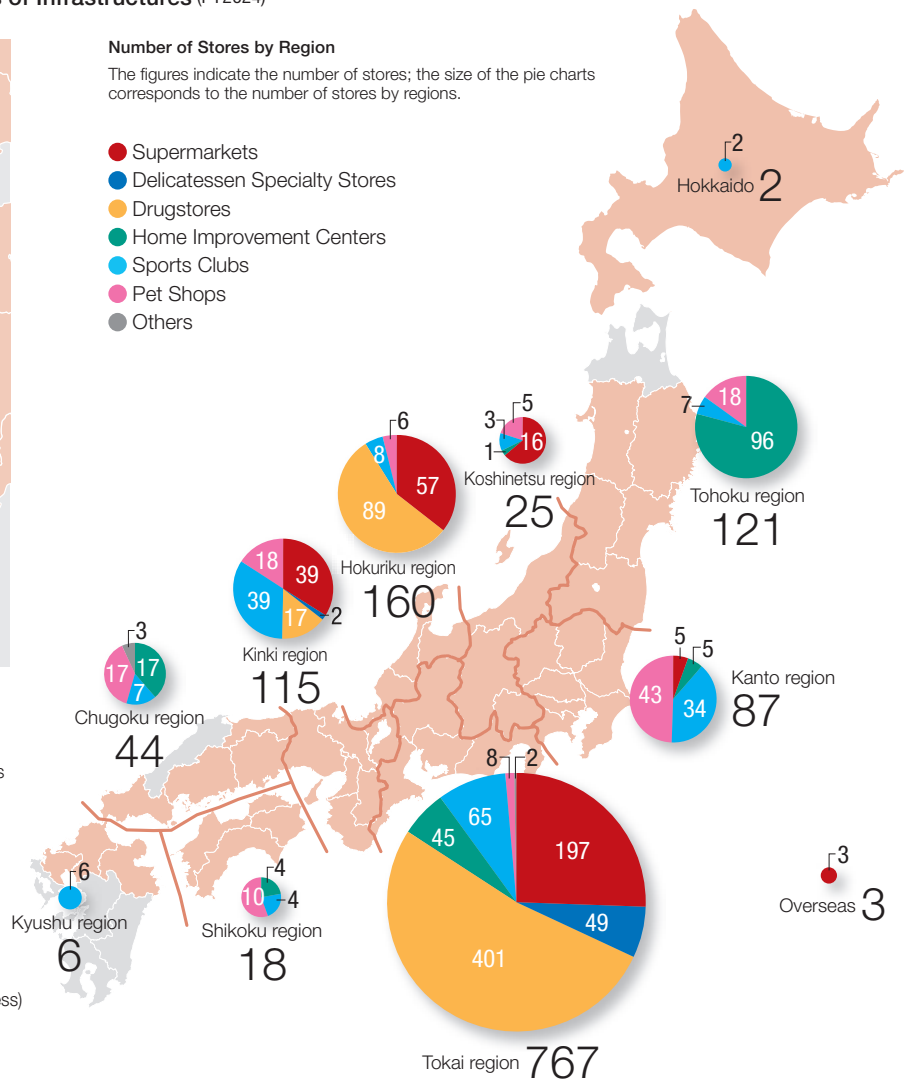
### Home Improvement Center Business

- Distribution Centers

### Number of Stores by Region

The figures indicate the number of stores; the size of the pie charts corresponds to the number of stores by regions.

- Supermarkets
- Delicatessen Specialty Stores
- Drugstores
- Home Improvement Centers
- Sports Clubs
- Pet Shops
- Others



(Millions of yen)

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
<b>Supermarkets</b>											
Revenues from operations	313,208	321,458	329,266	336,555	345,960	353,311	372,733	396,248	405,537	421,838	454,217
Operating income	8,443	9,760	9,887	9,738	8,518	9,433	9,050	16,103	14,908	13,374	18,614
Total assets	142,260	144,604	153,045	176,384	184,386	195,231	200,720	207,938	214,395	220,190	200,860
Capital expenditures	17,931	12,078	10,506	11,887	12,574	13,376	7,462	13,562	12,798	14,604	17,318
Depreciation and amortization	6,826	7,381	7,556	7,339	7,490	7,633	8,431	8,363	9,510	9,941	10,867
<b>Drugstores</b>											
Revenues from operations	73,028	80,470	95,152	107,045	117,949	127,781	139,358	150,575	152,474	160,947	170,870
Operating income	2,449	1,961	2,736	2,692	2,532	3,488	4,317	3,978	2,950	4,317	5,444
Total assets	33,649	38,557	44,602	52,019	58,849	58,725	67,755	75,511	78,702	77,286	79,513
Capital expenditures	3,893	4,333	5,776	8,087	5,359	4,622	6,135	7,123	7,274	2,547	2,830
Depreciation and amortization	1,454	1,780	2,114	2,588	2,927	3,104	3,170	3,533	3,962	3,732	3,693
<b>Home Improvement Centers</b>											
Revenues from operations	46,559	46,556	48,629	50,373	53,555	55,173	114,301	130,177	122,947	124,962	123,995
Operating income	2,330	2,011	2,450	2,302	2,149	2,616	3,465	7,327	5,061	4,620	3,844
Total assets	19,068	22,430	22,499	23,942	25,562	31,020	81,239	81,602	82,404	83,078	84,563
Capital expenditures	464	2,276	1,478	4,777	1,316	645	4,677	3,595	4,374	4,295	1,557
Depreciation and amortization	875	910	945	1,000	1,099	1,083	2,505	2,440	2,622	2,897	3,139
<b>Sports Clubs</b>											
Revenues from operations	8,955	9,271	9,838	10,459	11,397	13,157	13,597	9,146	9,847	9,439	10,072
Operating income	419	463	532	639	680	672	556	(1,933)	(559)	(1,159)	(842)
Total assets	10,382	10,611	10,634	10,776	13,059	15,175	15,768	15,331	12,260	7,403	7,140
Capital expenditures	338	527	791	1,119	3,114	2,565	1,960	140	435	739	472
Depreciation and amortization	636	655	711	785	882	1,080	1,295	1,236	1,144	1,106	676
<b>Distribution-related operations</b>											
Revenues from operations	7,228	7,638	8,590	9,610	9,075	10,265	10,687	11,269	10,451	11,373	16,348
Operating income	2,995	3,395	3,647	3,699	3,725	2,910	2,793	3,210	3,206	3,296	3,664
Total assets	22,351	24,082	23,961	24,894	27,230	28,569	29,733	32,519	29,535	27,892	31,859
Capital expenditures	2,155	624	478	2,018	3,044	384	1,050	965	785	704	523
Depreciation and amortization	784	819	716	721	758	817	846	976	1,014	1,009	1,108

Results

**The Valor Group Sustainability Management**

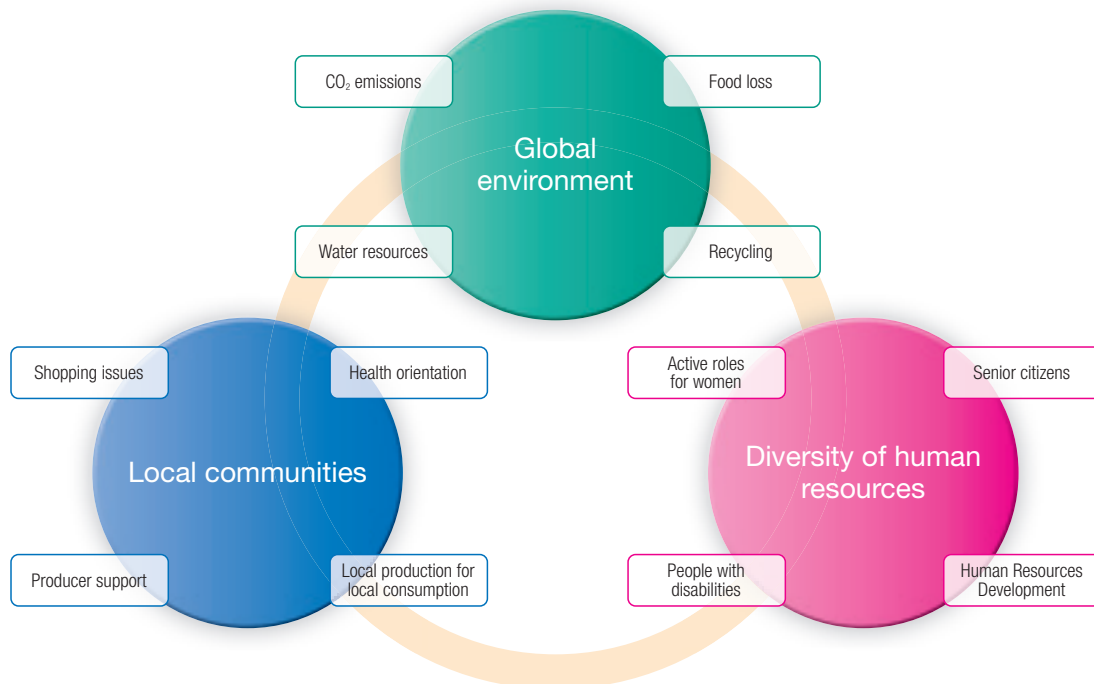
The Valor Group has established its Valor Group Vision 2030, its vision of itself for 2030, and aims to build “Valor Economic Zone” that connects local communities conveniently and prosperously with the Valor Group’s products, services, and payments. It also seeks to become a “destination company” that is chosen through the appeal of products while realizing a sustainable society through its Sustainability Vision 2030. As one basic policy under its FY2021-2023 strategic plans, the Company has the goal of management that is conscious of ties with society, and it endeavors to strengthen Group governance that underpins its business model while forging ahead on the three priority areas of “global environment,” “local communities,” and “diversity of human resources” that support sustainable business growth.

**Sustainability Vision 2030**

**“The Valor Group will contribute to the development of local communities and the advancement of social life and culture based on the efforts of all its employees, and through its business activities that lead to the realization of a sustainable society.”**

The Valor Group has established six subcommittees, namely, Food Loss, Recycling, Energy and Water, Local Communities, Shopping Issues, and Human Resource Activities, for the three priority areas of the “global environment,” “local communities,” and “diversity of human resources,” through the activities of all employees, with the promotion manager of each Group company taking the lead to carry out efforts.

<b>Initiatives taken from order of high priority throughout the Valor Group</b>	<b>Platform (shared platform) upon which actions are taken from FY2023 onward</b>
<ul style="list-style-type: none"> <li>● <b>Global environment</b></li> </ul>	<p style="font-size: small; margin: 0;">*Tackling the challenge of meeting numerical targets with the goal of delivering the connection of a sustainable global environment to the next generation</p> <ul style="list-style-type: none"> <li>● <b>Local communities</b></li> <li>● <b>Diversity of human resources</b></li> </ul>



**Subcommittee activities**

In addition to the retail business, which includes supermarkets, drugstores, and home improvement centers, in each of the operating companies involved in the sports business, manufacturing and processing business, distribution business, wholesale business, cleaning business, security business, and others, we have been working on how to ensure the sustainability of business activities and how to manage their impact on the environment and society. Based on this, we promote subcommittee activities to identify key issues and define targets for addressing these issues, and to strengthen cooperation and information sharing within the Group on matters that are strongly related to achieving the goals of each operating company and the Group. A total of 70 members that comprise the six subcommittees gather at the subcommittee meetings, which are held seven times a year (both online and offline), to promote the exchange of information that transcends business segments and responsibilities. This works to expand food bank initiatives, to accelerate the installation of solar panels, and also the development of new ways to utilize food waste and other efforts that promote activity throughout the Group. The progress of subcommittee activities is reported to the Group Management Executive Committee.



## Setting goals for key issues

Establishing goals for key issues to be prioritized under the FY2021-2023 strategic plans

### Objectives

	Three-year targets (2021-2023)	2030 challenge targets	2050 challenge targets	Initiatives
Climate change countermeasures	<ul style="list-style-type: none"> <li>● <b>10%</b> reduction of emissions of CO<sub>2</sub> from Company sites *Compared to FY2019</li> </ul>	<ul style="list-style-type: none"> <li>● <b>40%</b> reduction of greenhouse gas emissions in the supply chain *Compared to FY2019</li> </ul>	<ul style="list-style-type: none"> <li>● Greenhouse gas emissions in the supply chain gross volume of <b>zero</b> *Compared to FY2020</li> </ul>	<ul style="list-style-type: none"> <li>● Promoting EMS utilization, energy conservation activities</li> <li>● Promoting introduction of renewable energy</li> <li>● Collaboration with suppliers</li> <li>● Environmental training for all employees</li> </ul>
Food waste	<ul style="list-style-type: none"> <li>● <b>35%</b> reduction *Compared to FY2016</li> </ul>	<ul style="list-style-type: none"> <li>● <b>45%</b> reduction *Compared to FY2016</li> </ul>	<ul style="list-style-type: none"> <li>● <b>55%</b> reduction *Compared to FY2016</li> </ul>	<ul style="list-style-type: none"> <li>● Improvement of store operations, infrastructure maintenance, collaboration with suppliers</li> <li>● Environmental training for all employees</li> </ul>

## Support Activities for the 2024 Noto Peninsula Earthquake

We extend our heartfelt sympathies to all those affected by the Noto Peninsula Earthquake of January 1, 2024.

In response, the Valor Group made efforts to support the affected communities by operating nearby stores on a temporary basis to help address food shortages for local residents.

As part of our disaster relief efforts, we also conducted a fundraising campaign across Valor Group stores and business locations. Thanks to the generous support of our customers and employees, combined with our own corporate donation, we contributed 40 million yen to Ishikawa Prefecture and 10 million yen to Toyama Prefecture.

Furthermore, in a gesture of support for the region's recovery, we participated for the first time in the special Kanazawa watermelon auction, securing the winning bid at 200,000 yen, with all proceeds donated to disaster relief efforts.

The Valor Group remains committed to strengthening our ties with local communities and will continue to support the swift recovery of the affected areas.



Donation boxes set up at the stores



Participation in the first auction of Kanazawa watermelons

### Reduction of greenhouse gas emissions

At Valor Holdings Co., Ltd., we are working to calculate and reduce greenhouse gas (GHG) emissions at Group companies and to create renewable energy sources.

### Calculating Greenhouse Gas Emissions in the Supply Chain and Efforts to Reduce Them

At the Valor Group, reducing greenhouse gas (GHG) emissions is recognized as a key challenge in achieving a sustainable society. In the fiscal year 2019, we calculated our direct emissions (Scope 1 and 2), and since the fiscal year 2020, we have expanded the scope to cover the entire supply chain, conducting assessments based on the internationally recognized GHG Protocol.

We are working to reduce emissions by improving energy efficiency at stores and logistics hubs, introducing renewable energy, and strengthening collaboration across the supply chain. Specific initiatives include the introduction of LED lighting, the installation of high-efficiency refrigeration equipment, the utilization of solar power systems, and the promotion of joint delivery operations.

Our goal is to significantly reduce emissions by 2030. Through transparent information disclosure, we aim to build trust with stakeholders while balancing environmental sustainability with economic value.

### FY2024<sup>1</sup> Greenhouse gas (GHG) emissions<sup>2</sup>

Category		Calculation target	Emission volume (t-CO <sub>2</sub> )
Scope 1	Direct emissions from business operators themselves	Emissions associated with fuel combustion <sup>3</sup>	24,224
		Emissions due to leakage of CFCs <sup>4</sup>	44,236
Scope 2	Indirect emissions from the use of electricity, heat, or steam supplied by other companies <sup>5</sup>		223,594
Scope 3	Indirect emissions other than Scope 1, 2		2,025,045

### Scope 3 emissions

Scope/Category		Emission volume (t-CO <sub>2</sub> )	Ratio	
			Scope3	Scope1,2,3
Supply chain emissions volume		2,317,099		100.0%
Scope1		68,461		3.0%
Scope2		223,594		9.6%
Category 1	Purchased goods	1,789,387	88.4%	77.2%
Category 2	Capital goods	63,578	3.1%	2.7%
Category 3	Fuel- and energyrelated activities	38,399	1.9%	1.7%
Category 4	Upstream transportation and distribution	—	—	—
Category 5	Waste generated in operations	31,176	1.5%	1.3%
Category 6	Business travel	678	0.0%	0.0%
Category 7	Employee commuting	7,024	0.3%	0.3%
Category 8	Upstream leased assets	—	—	—
Category 9	Downstream transportation and distribution	—	—	—
Category 10	Processing of sold products	—	—	—
Category 11	Use of sold products	83,223	4.1%	3.6%
Category 12	End-of-life treatment of sold products	2,093	0.1%	0.1%
Category 13	Downstream leased assets	9,487	0.5%	0.4%
Category 14	Franchises	—	—	—
Category 15	Investments	—	—	—
Scope3		2,025,045	100.0%	87.4%

<sup>1</sup> April 2023 to March 2024

<sup>2</sup> Among the consolidated business operators, the following companies are included: Valor Co., Ltd., Chubu Foods Co., Ltd., Chubu Yakuin Co., Ltd., Amigo Co., Ltd., Time Co., Ltd., Daiyu Eight Co., Ltd., Home Center Valor Co., Ltd., Aleanza Japan Co., Ltd., Chubu Kosan Co., Ltd., and Valor Max Co., Ltd.,

<sup>3</sup> Usage of city gas and LP gas at each site (including tenant usage), gasoline usage by Company-owned vehicles, usage of autogas for forklifts, etc.

<sup>4</sup> Leakage of HFCs due to the use of freezing and refrigeration, as well as air conditioning equipment at each site. Converted to CO<sub>2</sub> equivalent by multiplying a global warming potential.

<sup>5</sup> Power usage at each site (including tenant usage)

<sup>6</sup> In this fiscal year, only the scope of specific shipper reporting

## Response to TCFD

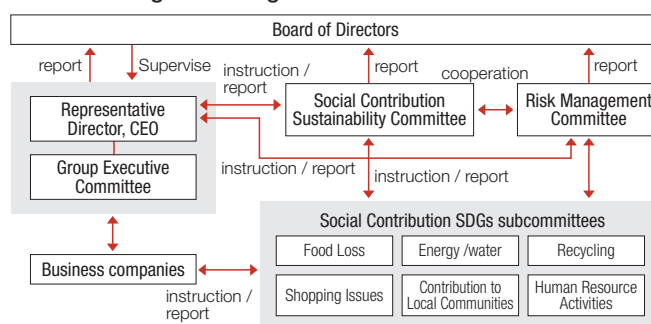
We have decided to express our support for the TCFD recommendations and have identified and assessed the risks and opportunities that climate change poses to our group's business in line with the TCFD final recommendations. We will enhance our disclosures and work toward achieving our goals by more quantitatively assessing potential impacts based on climate-related risks and opportunities using climate scenario analysis, in line with the disclosure framework recommended by the TCFD.

Note: TCFD: Abbreviation for the Task Force on Climate-related Financial Disclosures, established by the Financial Stability Board at the request of the G20.

### Governance

In March 2022, we established the Social Contribution and Sustainability Committee under the Board of Directors to build a system to address climate change issues and strengthen our efforts.

#### Climate change-related governance structure



### Strategy

We recognize climate change as a management issue, and we are committed to long-term and continuous efforts to address it in terms of both a business risk and an opportunity. In FY2021, based on the TCFD recommendations, we assessed climate-related risks and opportunities that could affect our major businesses using multiple scenarios.

Risks and opportunities identified are reflected in the medium-term management plan and incorporated into activities to reduce risks or capture profit-earning opportunities, thereby strengthening the resilience of the strategy.

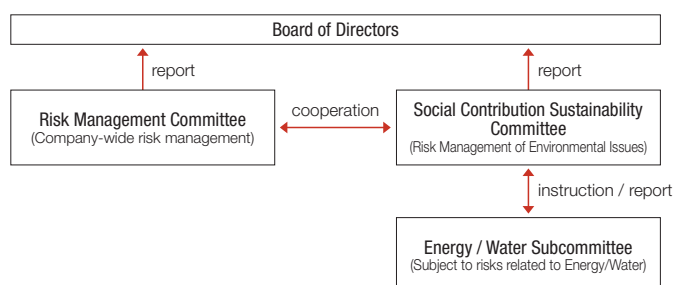
#### Possible scenarios

		Anticipated Worldview
Scenario below 2°C	A world in which average temperature increase by 2100 is limited to less than 2°C than that before the Industrial Revolution	<p>Changes related to the transition to a decarbonized society will affect businesses (transition risk)</p> <ul style="list-style-type: none"> <li>Regulations on climate change will be strengthened and carbon tax and other laws and regulations will be introduced.</li> <li>Progress in low-carbon technologies and other technological innovations</li> <li>Society as a whole is moving toward decarbonization and companies are appreciated for their efforts to achieve it</li> </ul>
Scenario 4°C	A world in which the average temperature increase by 2100 is 4°C higher than that before the Industrial Revolution	<p>Physical damages by climate change will affect businesses (physical risk)</p> <ul style="list-style-type: none"> <li>Regulations on climate change introduced but limited</li> <li>Increasingly severe extreme weather events and frequent natural disasters</li> <li>Temperature rise and water shortage cause changes in crop growth conditions and water withdrawal restrictions, etc.</li> </ul>

### Risk Management

We have established Risk Management Committee to comprehensively identify company-wide risks, including climate change-related risks, in accordance with the "Risk Management Basic Regulations," and to assess the importance of potential risks within the Group in terms of their impact and probability of occurrence. The Risk Management Committee Office shall be the Risk Management Department, which is chaired by an executive director and meets on a regular basis. Risks identified by the Risk Management Committee are managed by working groups (subcommittees), and a system for risk management during normal times and crisis management during emergencies has been established. In addition, we assess vulnerability to natural disasters and other risks and prepare for BCPs. We recognize the impact related to climate change as a risk to the Group, and in cooperation with the Risk Management Committee, we will implement measures to address the issues identified and examined mainly by the Energy and Water Subcommittee and the Social Contribution and Sustainability Committee. These efforts are management issues and are reported regularly to the Board of Directors.

#### Climate Change Risk Management System



### Indicators and Targets

We have set "Global Environment" as one of the priority areas in our "Sustainability Vision 2030" and have been working to reduce greenhouse gas (GHG) emissions as a measure against climate change by setting long-term GHG emission reduction targets in our supply chain.

2030 Target	40% reduction in GHG emissions in the supply chain	FY2019 ratio
2050 Target	Zero GHG emissions in the supply chain	FY2020 ratio

Leveraging the comprehensive strength of the Valor Group, we will strengthen our collaboration with local communities based on four key partnership principles. Our initiatives will focus on food education, a healthy society, the SDGs, and emergency support, reinforcing our commitment to regional engagement.

**1 Building the Future Together with Local Communities : Initiatives for Addressing Challenges Through Government Collaboration**

We place great importance on collaborating with local communities and actively promote sustainable regional development through comprehensive partnership agreements with municipalities. In January 2024, we signed new agreements with Nagoya City (Aichi), Gifu City (Gifu), Hashima City (Gifu), Kasugai City (Aichi), Seki City (Gifu), Nakatsugawa City (Gifu), and Okazaki City (Aichi), expanding our partnerships to a total of one prefecture and 15 cities.

In disaster preparedness, we contribute to community safety by raising awareness of disaster preparedness supplies at home improvement centers and developing emergency response plans utilizing our logistics centers. As part of our health support initiatives, we implement programs aimed at preventing hypertension, metabolic syndrome, and frailty across various age groups, helping residents maintain better health. Additionally, our stores are registered as designated heat shelters (cooling shelters), providing safe spaces for residents to seek refuge from extreme heat.

On the environmental front, we are actively working toward a decarbonized society and the achievement of SDG goals, expanding initiatives that contribute to a more sustainable future for local communities. Moving forward, we will continue to strengthen our collaboration with local governments and remain committed to fostering regional development and building a sustainable future.



	Municipality		Date of Agreement	Initiatives Implemented
1	Ena	Gifu	2022/5/25	Disaster preparedness, community welfare support
2	Tajimi	Gifu	2022/8/3	Food loss reduction, health promotion support
3	Gifu	Gifu	2023/3/17	Disaster preparedness, environmental protection, regional economic revitalization
4	Toki	Gifu	2023/6/23	Emergency stockpile cooperation, health support
5	Nanto	Toyama	2023/8/1	Regional event cooperation, health promotion
6	Mizunami	Gifu	2023/12/8	Disaster response cooperation, community contribution
7	Nagoya	Aichi	2024/1/31	Decarbonized society, SDGs promotion
8	Gifu	Gifu	2024/2/27	Disaster preparedness stockpile, disaster relief support
9	Hashima	Gifu	2024/3/14	Regional revitalization, child-rearing support
10	Kasugai	Aichi	2024/3/27	Health promotion, food waste reduction
11	Seki	Gifu	2024/4/24	Disaster preparedness, environmental protection activities
12	Nakatsugawa	Gifu	2024/5/22	Sustainable regional development
13	Okazaki	Aichi	2024/7/9	Regional collaboration, health initiatives
14	Kani	Gifu	2024/9/11	SDGs activities, community support
15	Ichinomiya	Aichi	2024/11/19	Disaster stockpile support, health support
16	Komaki	Aichi	2024/12/17	Community welfare, environmental conservation

## 2 Expansion of Food Drive Initiatives

We are committed to building a sustainable society for future generations, ensuring that children 100 years from now will benefit from our efforts today. To achieve this, we actively expand our food drive initiatives in collaboration with municipal governments, social welfare councils, local children's cafeteria networks, professional sports clubs, and other stakeholders. This initiative allows customers to donate unused food items through designated collection boxes installed at our stores, which are then delivered to local children's cafeterias and welfare organizations.

Throughout the year, we conduct over 30 food drive events, including those held at regional events and home games of J. League clubs such as FC Gifu and Nagoya Grampus. As of December 2024, we have installed designated collection boxes at 229 stores across two prefectures and ten regions. The food gathered through these activities is distributed to organizations in need of food assistance, supporting local food aid and welfare initiatives.

Beyond simple food donations, we actively strengthen partnerships with local communities and raise awareness about food loss reduction. Through posters, brochures, and other informational materials both inside and outside our stores, we promote sustainable initiatives at the community level.

Moving forward, we will continue to expand our network of partner organizations and regions, increase the variety and quantity of donated food items, and enhance our support for children and families in need. Through these efforts, we remain dedicated to accelerating the realization of a truly sustainable society.



## 3 Building a Sustainable Society Together with Schools : Valor's Outreach Classes

As part of our commitment to creating a sustainable society, we offer outreach classes focused on food loss reduction for elementary, junior high, and high schools. With growing societal interest in SDGs and sustainability initiatives, we believe it is our corporate social responsibility to educate the next generation about the importance of awareness and action in building a sustainable future.

Our classes cover themes such as "Valor's initiatives to reduce food loss," "sustainable activities utilizing discarded products," and "efforts to preserve biodiversity", tailoring topics to suit the interests and understanding levels of different regions and grade levels. To enhance engagement, we incorporate videos and illustrations, making the content more accessible and engaging. Additionally, we hold workshops at local events and school activities, encouraging students to take an active role in learning and translate their knowledge into action.





We emphasize interactive learning rather than one-way instruction. By gathering feedback, ideas, and opinions from students and incorporating them into our own initiatives, we foster sustainable activities that grow alongside the community.

Moving forward, we aim to expand the reach of our outreach classes to more schools and regions, ensuring that more students develop a deeper understanding of sustainability. Together with the next generation, we will continue to build a sustainable future.



**Supporting a diversified workforce in HR system**

We support people who are highly motivated and whose experience and backgrounds are diverse. The principal HR systems are as described below.

	Status		FY2022	FY2023	FY2024
<p><b>Promoting female workers</b></p> 	<p>Aside from offering all our employees opportunities to display their personalities and their capabilities, we also aim to enhance the workplace environment where female workers can flourish in their careers.</p>	<p>Ratio of female managerial personnel to all managerial personnel (managers or higher)</p> <p>(The number of female managerial personnel/The number of all managerial personnel)</p>	<p><b>6.0 %</b> (46people/766people)</p>	<p><b>5.2 %</b> (41people/795people)</p>	<p><b>5.4 %</b> (41people/757people)</p>
<p><b>Diverse workstyles</b></p> 	<p>We are working to improve the workplace environment corresponding to the phase of the individual's life and career, including raising awareness of maternity leave, childcare leave, and family care leave, and creation of a workplace that facilitates easy return to work.</p>	<p>Number of female workers who took maternity leave or child care leave</p>			
		<p><b>Maternity leave</b> (Employees/Part-timers)</p>	<p><b>260</b> people (104people/156people)</p>	<p><b>184</b> people (85people/99people)</p>	<p><b>249</b> people (101people/148people)</p>
		<p><b>Child care leave</b> (Employees/Part-timers)</p>	<p><b>224</b> people (85people/139people)</p>	<p><b>252</b> people (109people/143people)</p>	<p><b>317</b> people (149people/168people)</p>
<p><b>Hiring of the disabled</b></p> 	<p>We are actively recruiting people with disabilities who wish to work for regular companies and be independent. The Gifu Prefectural Government established a registration system in November 2011 to enable companies to support the employment of people with disabilities in cooperation with schools for learners with special needs. Valor registered in February 2012.</p> <p>In order to facilitate employment of people with disabilities also in other regions and support them so that they can work at Valor for a long time, we intend to promote education and training of our store staff and while facilitating collaborations with regional recruitment centers and the social welfare departments of municipalities.</p>	<p>The rate of hiring people* with disabilities</p>	<p><b>2.61 %</b></p>	<p><b>2.89 %</b></p>	<p><b>2.99 %</b></p>
		<p>Contracted by Gifu Prefecture</p>			
		<p>Adviser for people with disabilities seeking jobs</p>		<p>from FY2013 to present</p>	
		<p>Adviser for employment of people with disabilities</p>		<p>from FY2015 to present</p>	
		<p>Member of Gifu Prefecture taskforce for abolition of discrimination against people with disabilities</p>		<p>from FY2015 to present</p>	
<p><b>Post-retirement reemployment program</b></p> 	<p>Against the backdrop of population aging, Valor has introduced a post-retirement reemployment program whereby Valor reemploys all the employees who are willing to work after retirement, in principle. Eligible employees may be reemployed after they retire until they reach 65 years old if they wish to do so.</p>	<p>Usage rate of post-retirement reemployment program</p>	<p><b>88.7 %</b></p>	<p><b>90.5 %</b></p>	<p><b>81.8 %</b></p>
<p><b>Promotion to full-time employees</b></p> 	<p>16 key operating companies of the Group have programs to promote part-time workers to full-time employees. Part-time workers have periodic opportunities for promotion to full-time employees. Part-time workers who satisfy the criteria can apply for promotion and, after screening, successful applicants are promoted to full-time employees. In addition, heads of departments can recommend part-time workers as candidates for promotion to full-time employees.</p>	<p>Number of part-time workers promoted to full-time employees</p>	<p><b>141</b> people</p>	<p><b>124</b> people</p>	<p><b>97</b> people</p>
<p><b>Number of Employees</b></p> 	<p>Following the transition of important issue in human resources development to "Frontline performance development", the Company will further promote initiatives to establish an environment for better places to work including programs for human resources development and supporting diverse human resources.</p> <p>Through such policies, we aim to retain talented human resources in addition to improving productivity and organizational capabilities through developing individual abilities and skills.</p>	<p>Number of employees (Average length of service)</p>	<p><b>9,036</b> people (9.4years)</p>	<p><b>9,189</b> people (9.7years)</p>	<p><b>9,518</b> people (9.7years)</p>
		<p>Female workers (Average length of service)</p>	<p><b>2,794</b> people (6.1years)</p>	<p><b>2,926</b> people (6.2years)</p>	<p><b>3,068</b> people (6.5years)</p>
		<p>Male workers (Average length of service)</p>	<p><b>6,242</b> people (10.9years)</p>	<p><b>6,263</b> people (11.3years)</p>	<p><b>6,450</b> people (11.5years)</p>

Note: The above figures are based on the 216 companies accounting for about 88% of the Group's total employee.

\*In FY2016, we started group reporting of the rate of hiring people with disabilities for operating companies, of which voting rights are directly held by the Company.



Collective Wisdom-Based  
Human Resource Development

The Valor Group's Education System

# Enso Gakusha

(our corporate university)

To achieve the "Valor Group Vision 2030" and "Sustainability Vision 2030," which are the medium- to long-term management policies of the Valor Group, it is important to develop "leaders who can connect products, customers, and society," which forms the basis of these policies from a human resource perspective.

We are working towards creating a more comfortable work environment, including the establishment of the HD Human Resources Department.



Human Resource Development Center

## Educational Policy

To achieve the "Valor Group Vision 2030" and "Sustainability Vision 2030", our policy is to develop "leaders who can connect products, customers, and society", which forms the basis of those visions.

### Educational Policy

- 1 Building a foundation of human resources**
  - Enhancing educational opportunities / Improving training effectiveness
  - Instructor training
  - Spreading to Valor Group
- 2 Enhancing field capabilities**
  - Productivity Improvement Training
- 3 Strengthening human resources / Searching for the talented**
  - Executive Training
  - Next generation Executive Training
  - Training for the selected young employees

## Enso Gakusha (our corporate university)

In the new education system named "Enso Gakusha," meaning "a place where things gather, the center of activity," we aim to educate talents by gathering collective knowledge. Under the following educational framework, the Valor Group's joint training programs are underway.

## Education System

Position	Hierarchical Human Resource Development Program				Self-Development Support	Thematic Training	By Group Company				
	Annual and Hierarchical Training	Specialized Knowledge & Skill Training	Selected Young Employee Training	Executive Candidate Selection Training							
Executive	Corporate Philosophy Training			<div style="border: 1px solid black; padding: 2px;">Valor Management Academy</div>	Correspondence Education Support	Qualification Acquisition Support	Human Rights Awareness & Compliance	Promotion of Women's Advancement	Group Secondment	Training by Group Company, Function, and Job Type	
Department Head Level				<div style="border: 1px solid black; padding: 2px;">Executive Management</div> <div style="border: 1px solid black; padding: 2px;">Department Head Management Training</div>							
Section Chief Level			<div style="border: 1px solid black; padding: 2px;">District Manager Training</div>	<div style="border: 1px solid black; padding: 2px;">Business School Dispatch</div>							<div style="border: 1px solid black; padding: 2px;">Next-Generation Executive Management</div> <div style="border: 1px solid black; padding: 2px;">Valor Business School</div>
Leader		<div style="border: 1px solid black; padding: 2px;">Promotee (H1) Training</div> <div style="border: 1px solid black; padding: 2px;">Promotee (J4-2nd Year) Training</div> <div style="border: 1px solid black; padding: 2px;">Promotee (J4-1st Year) Training</div>	<div style="border: 1px solid black; padding: 2px;">Store Manager Training by Scale</div> <div style="border: 1px solid black; padding: 2px;">Store Manager &amp; Supervisory Manager Training</div> <div style="border: 1px solid black; padding: 2px;">New Store Manager Training</div> <div style="border: 1px solid black; padding: 2px;">Buyer Training</div> <div style="border: 1px solid black; padding: 2px;">New Chief Training</div>	<div style="border: 1px solid black; padding: 2px;">Corporate Philosophy training</div> <div style="border: 1px solid black; padding: 2px;">Young Employee Training in US</div>							<div style="border: 1px solid black; padding: 2px;">Next-Generation Buyer Training</div>
General/Staff	<div style="border: 1px solid black; padding: 2px;">3rd Year Employee Training</div> <div style="border: 1px solid black; padding: 2px;">2nd Year Employee Training</div> <div style="border: 1px solid black; padding: 2px;">New Employee Training</div> <div style="border: 1px solid black; padding: 2px;">Initial Employee Training</div>	<div style="border: 1px solid black; padding: 2px; writing-mode: vertical-rl; transform: rotate(180deg);">Mid-career Employee Training</div> <div style="border: 1px solid black; padding: 2px;">Department-Specific 3rd Year Employee Training</div> <div style="border: 1px solid black; padding: 2px;">Department-Specific 2nd Year Employee Training</div> <div style="border: 1px solid black; padding: 2px;">Department-Specific New Employee Training</div>									

**Basic Policy**

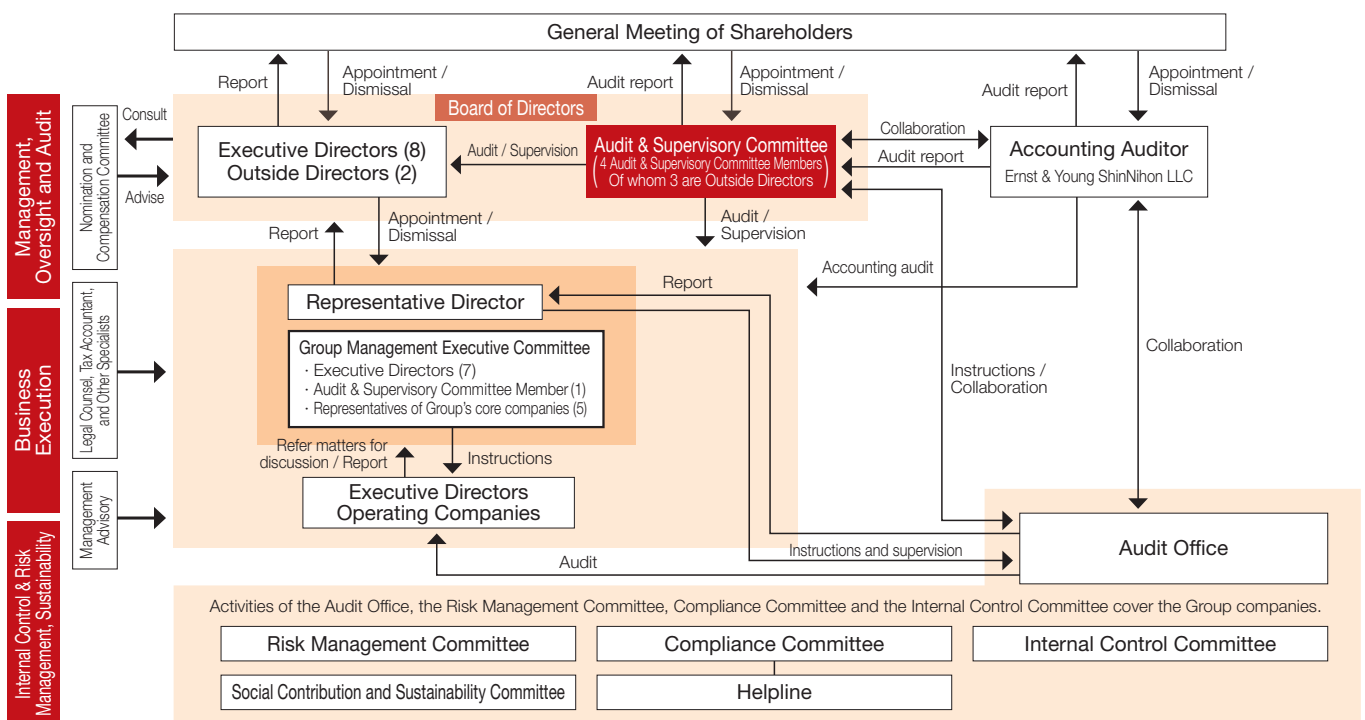
The fundamental objectives of Valor Holdings' corporate governance are to achieve efficient management and faster decision-making and enhance corporate value continuously, while ensuring management transparency and fairness, thorough risk management as well as timely and appropriate disclosure from the viewpoints of shareholders, customers, and all other stakeholders.

**Corporate Governance Systems**

**Overview of Valor's Corporate Governance Structure** (As of June 28, 2022)

On October 1, 2015, our company transitioned to a holding company structure, separating management decision-making and supervision from business execution. This has enabled us to establish an efficient management and execution system. Additionally, by appointing external directors, we are committed to building an effective and high-level supervisory system and achieving transparent management. Furthermore, on June 30, 2016, we transitioned to a company with an Audit and Supervisory Committee, placing a majority of external directors on the committee to enhance the supervisory function of the Board of Directors and further strengthen our corporate governance.

<b>Organization Form</b>	Company with Audit & Supervisory Committee System	<b>Number of Directors</b>	14 (of whom 5 are Outside Directors)
<b>Chairperson of the Board</b>	President	<b>Number of Audit &amp; Supervisory Committee Members</b>	4 (of whom 3 are Outside Directors)



**Performance evaluation on the Board of Directors**

Since FY 2016, our company has conducted an annual self-assessment survey on the effectiveness of the Board of Directors, targeting all directors. The results are comprehensively analyzed and evaluated by the Board of Directors. In particular, we focus on enhancing the overall functionality of the Board through a continuous process of taking appropriate measures, such as addressing issues and strengthening our advantages based on the evaluation results.

The self-assessment survey uses a five-point scale to evaluate aspects such as the effectiveness of the board's composition and the effectiveness of discussions and deliberations. The overall rating for FY2024 was 4.1 (cf. the previous year: 4.1), indicating that the board's effectiveness has been generally maintained.



## Policy and procedures for appointment and removal of management executives by the Board of Directors, and reasons for nomination of candidates for Director

### Reasons for appointment, removal and nomination

#### (1) Policy

- Regarding Directors who are not Audit & Supervisory Committee Members, people with specialized knowledge and excellent management & decision-making capabilities or people who execute important businesses or are responsible for key operating companies are nominated as candidates. For Outside Directors, people with abundant experience in their respective fields, excellent character, and high level of insight as well as the capability of providing objective and multifaceted suggestions about management, are nominated as candidates.
- Regarding Directors who are Audit & Supervisory Committee Members, people with abundant experience in their respective fields, excellent character, and high level of insight as well as knowledge of finance and accounting, understanding of the Group's business and diverse viewpoints about corporate management are nominated as candidates to ensure accurate auditing of compliance and appropriateness of business execution.
- The dismissal of a Director shall be deliberated at the Board of Directors meetings in the event that the Director is in violation of laws and regulations or the Articles of Incorporation, other circumstances occur that prevent the Director from properly performing his or her duties, or the Company's corporate value is significantly damaged by the Director due to negligence of his or her duties, etc.

#### (2) Procedures

- Regarding Directors who are not Audit & Supervisory Committee Members, candidates shall be determined by the Board of Directors after consideration by the Nomination and Compensation Committee chaired by Representative Director Masami Tashiro consisting of two Executive Directors and three Outside Directors.
- Regarding Directors who are Audit & Supervisory Committee Members, candidates shall be determined by the Board of Directors after consideration by the Nomination and Compensation Committee and subsequent consent of the Audit & Supervisory Committee.
- The dismissal of a Director shall be determined by the Board of Directors after hearing opinions of the Audit & Supervisory Committee, in addition to reports from the Nomination and Compensation Committee.

#### (3) Explanation about appointment, removal and nomination

- Reasons for election of each candidate for Director are disclosed in the reference document for the General Meeting of Shareholders.
- Reasons for election of each candidate for Outside Director are disclosed in [Directors] "Relations with Valor Holdings Co., Ltd. (2)" of "II Management Organization and Other Corporate Governance Systems Concerning Management Decision-Making, Execution and Supervision" in the Corporate Governance Report.
- Explanation of the dismissal of Directors (excluding non-reappointment) shall be disclosed in the reference documents for the General Meeting of Shareholders.

## Policy for determining the amount of compensation and the calculation method

#### (1) Basic policy

- Directors' compensation consists of basic compensation, performance-linked bonuses and share-based compensation, all of which shall be set separately for inside and outside directors. For Outside Directors and Directors who are Audit & Supervisory Committee members, compensation consists only of basic compensation, in view of their roles and independence.
- Basic compensation, paid monthly, shall be, in principle, provided in an amount that is adequate for securing (recruiting) excellent people as executives and shall be determined based on comprehensive evaluation of the Company's financial performance, each Director's performance of duties, achievements and degree of contribution. Regarding Directors who are also employees, the salary as an employee shall be paid in accordance with the Rules for Wages for Employees. For Directors (excluding executive directors) from a consolidated subsidiary, compensation at the subsidiary shall be paid in accordance with the subsidiary's rules for directors' compensation.
- The amount of performance-linked bonuses shall be determined within the maximum amount approved at the General Meeting of Shareholders in consideration of the previous amount of bonuses paid, the Company's financial results for the current year and the business performance that the Director is delegated. In addition, in accordance with the "Determination of Remuneration for Granting Restricted Shares to Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors)" approved at the 65th Ordinary General Meeting of Shareholders held on June 30, 2022, the compensation limit for Directors shall be reduced and restricted shares shall be granted as part of Directors' bonuses.
- Share-based compensation is an employee stock ownership plan approved at the 60th General Meeting of Shareholders held on June 29, 2017. At the time of resignation or retirement of a Director, the Company's shares are delivered to the Director in accordance with the Rules for Delivering Shares to Directors, which was approved at the Board of Directors meeting held on the same date.

#### (2) Procedures

The amount of compensation for Directors shall be an agenda item of the General Meeting of Shareholders and shall be determined within the maximum amount decided at the General Meeting of Shareholders. Regarding the amount of basic compensation and bonuses, in order to increase transparency and objectiveness, the Nomination and Compensation Committee, which is an advisory organ for the Board of Directors consisting of two Executive Directors and three Outside Directors, shall examine and review the details, after which the amount shall be determined by resolution of the Board of Directors; then the decision is redirected to the discretion of Chairman & CEO Masami Tashiro, on the condition that the report of the Nomination and Compensation Committee is emphasized.

The amount of compensation for Directors who are Audit & Supervisory Committee Members shall be determined by resolution of the Audit & Supervisory Committee.

## Independence criteria and qualifications for Independent Outside Directors

Our criteria for selecting Outside Directors are that they satisfy the requirements for independent officers pursuant to the Companies Act and as specified by the stock exchanges where the Company's shares are listed; that they are unlikely to have conflicts of interest with general shareholders; that they are not affiliated with a supplier or a customer of the Company with which transactions exceed an amount equal to 2% of the Company's consolidated net sales or exceed ¥10 million in direct individual transactions; and they have specialized knowledge about finance, accounting, law, management, etc. or experience in corporate management, etc.

### Number of meetings of the Board of Directors and the Audit & Supervisory Board held and attendance status (FY 2024)

	Meetings of the Board of Directors	Meetings of the Audit & Supervisory Board*
Number of meetings	12	12
Attendance of Outside Directors	100%	97.9%

Note: The figures are based on the number of meetings held from April 1, 2023 to March 31, 2024.

### Dialogues with shareholders in FY2024

67th Ordinary General Meeting of Shareholders (Held June 27, 2024)	156 shareholders attended	70 minutes (FY2023: 152 attendees, 72 minutes)
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### Diversity and Skill Matrix of Director Candidates

Name	Positions	Diversity		Skills that the board of directors should have						
		Sex	Age	Corporate Management and Strategy	Industry Expertise	Sustainability	Technology	Finance, Accounting	Legal	Governance, Risk Management
Masami Tashiro	Representative Director, Chairperson and CEO	Male	77	○	○	○		○		○
Takayuki Koike	President, Director	Male	51	○	○		○	○		○
Katsuyuki Mori	Senior Managing Director	Male	63	○	○	○				○
Akira Shinohana	Managing Director	Male	51	○	○	○		○		○
Morisaku Wagato	Director	Male	65	○	○	○				○
Motohiko Takasu	Director	Male	50	○	○	○				○
Naotaka Koketsu	Director	Male	60	○	○					○
Shunichi Asakura	Director	Male	74	○	○	○				○
Toshiyuki Takahashi	Outside Director	Male	73	○	○			○		○
Yoko Yamashita	Outside Director	Female	45			○			○	○

### Diversity and Skill Matrix of Director Candidates Serving as Audit and Supervisory Committee Members

Name	Positions	Diversity		Skills that the board of directors should have						
		Sex	Age	Corporate Management and Strategy	Industry Expertise	Sustainability	Technology	Finance, Accounting	Legal	Governance, Risk Management
Toshio Abiko	Full-time Director and Audit & Supervisory Committee Member	Male	57					○		○
Mutsuo Masuda	Independent Outside Director and Audit & Supervisory Committee Member	Male	79	○				○		○
Hirofumi Hata	Independent Outside Director and Audit & Supervisory Committee Member	Male	72					○		○
Tokimitsu Ito	Independent Outside Director and Audit & Supervisory Committee Member	Male	69					○		○

\*1 The above table does not indicate all of the skills and areas of expertise possessed by each director.

\*2 The ages of the directors are as of June 27, 2024.

\*3 "Industry" with respect to industry expertise is defined as retail trade, food manufacturing, sports club business, and transportation business.

### Basic Policy on the internal control system and the status of its development

Our company is committed to maintaining and enhancing corporate governance by establishing and operating an internal control system based on the "Basic Policy on Internal Control Systems to Ensure the Proper Conduct of Business," as determined by our Board of Directors. Below is an overview of the operational status of the internal control system. (Our company's "Basic Policy on Internal Control Systems to Ensure the Proper Conduct of Business" was initially approved by the Board of Directors on May 8, 2006, and was most recently partially revised on March 20, 2023.)

### Overview of the operational status of the internal control system

In our company, to verify the construction and operational status of the internal control system, we have established an Internal Control Committee, which meets regularly. During these meetings, the status of the internal control system's maintenance and operation is confirmed through reports from various departments and the audit office. The Internal Control Committee is composed of executive directors as members, with director, audit & supervisory committee members attending each meeting and providing their opinions as appropriate. The results confirmed by the Internal Control Committee are reported to the Board of Directors once a year. Additionally, if any matters requiring prompt reporting are identified, a system is in place to report these to the Board of Directors as needed.

# Compliance and Risk Management Systems

## Risk management system

We have established the "Basic Rules for Risk Management" as a regulation for managing the risk of losses. This regulation allows for the comprehensive and overarching management of risks of loss across the entire company (hereinafter referred to as "risks"), clarifies the risk management structure, and includes the establishment of a Risk Management Committee to oversee risk management activities. Furthermore, the Audit Office conducts audits on the management of risks as necessary and reports the findings to the Board of Directors and the Audit & Supervisory Committee.

## Compliance

Our company positions the system that ensures the execution of duties by directors and employees conforms to laws and the articles of incorporation as the compliance system and has implemented the following framework:

1. As the foundation of our compliance system, we have established the "Corporate Ethics and Conduct Guidelines" and the "Basic Compliance Rules" that define the ethical behavior of all officers and employees, including directors. Additionally, the Compliance Committee is convened as necessary to maintain, develop, and improve the compliance system.
2. The independent Audit Office serves as the internal auditing department, conducting company-wide internal audits separate from the executive departments.
3. Directors and the Audit Office are required to immediately report to the Audit & Supervisory Committee any significant legal violations or other important facts related to compliance found within the company, and also report these findings without delay to the Board of Directors and similar bodies.
4. As part of the internal management system for compliance, including legal violations, we have established the rules for whistleblowing and operate whistleblowing system in accordance with these rules.
5. Audit & Supervisory Committee members and outside directors may express opinions and request the formulation of improvement measures when they recognize problems with the company's legal compliance system or internal reporting system.

## System to ensure the appropriateness of business operations within our company and its group of subsidiaries

The Action Guidelines for Corporate Ethics has been applied to all Group companies to foster the legal compliance awareness of all the Group's directors and employees. In addition, the Company has established the Rules for Management of Group Companies and Affiliates and the Rules of Authority of Group Companies and Affiliates, which require Group companies to report to the Company on certain matters based on these rules. Matters that meet certain criteria are submitted to the Company's Board of Directors or the Group Management Executive Committee as matters to be discussed. The Audit Office, which reports directly to the Representative Director, audits the operations of each Group company based on the internal audit plan, and reports the results of its audits to the Board of Directors, the Audit & Supervisory Committee, the Accounting Auditor and other relevant departments to ensure sound business operations.

## Risk awareness

The Company considers that the following matters may have a significant impact on investors' decisions concerning the Company's statuses of operations and accounting.

### 1. Factors that may have an impact on the Group's financial performance

- (1) External environment of the retail business (economic trends, increased price competition, competition, taxation on consumption, climate change, etc.)
- (2) Store opening policies (difficulty in securing land or premises satisfying the store opening criteria, regulatory restrictions, etc.)
- (3) Food safety (quality incidents such as food poisoning and contamination, erroneous food labeling, etc.)
- (4) Natural disasters, infectious diseases, etc. (in case that natural disasters such as earthquakes and typhoons occur or infectious diseases spread)
- (5) Entry to new businesses (in the event that anticipated results cannot be achieved because of changes in the external environment, etc.)
- (6) Interest rate fluctuations
- (7) Securing of human resources (difficulty in recruiting human resources and developing them as planned)
- (8) Security measures for information systems (in case of troubles beyond the Company's expectation)

### 2. Regulatory restrictions concerning the Group

- (1) Act on the Measures by Large-Scale Retail Stores for Preservation of Living Environment (in the event that it is not possible to open new stores or increase the floor space of existing stores as planned)
- (2) Leakage of personal information
- (3) Other regulatory restrictions

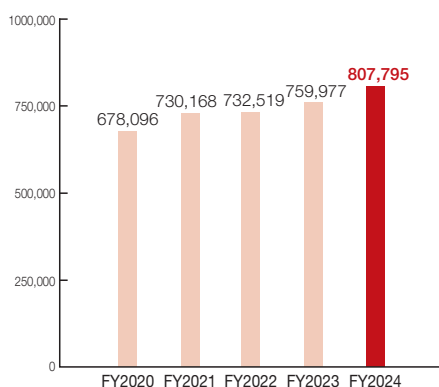
### 3. Impairment of noncurrent assets

### 4. Deferred tax assets

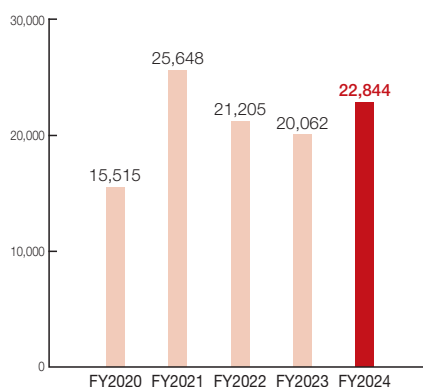
# 11-year Summary of Financial Results

	FY2014	FY2015	FY2016	FY2017
<b>For the year:</b>				
Revenues from operations	454,180	470,564	497,463	520,530
Operating income	14,287	15,000	16,683	15,439
Ordinary income	15,311	16,108	17,586	16,762
Net income	9,162	9,214	10,759	10,522
<b>At year-end:</b>				
Total assets	235,131	245,386	255,916	269,488
Net assets	82,949	90,881	99,027	107,727
Net assets (excl. subscription rights to shares and non-controlling interests)	82,395	90,301	98,408	107,057
Interest-bearing debt	87,265	86,880	84,952	87,231
<b>Cash Flows:</b>				
Cash flows from operating activities	19,198	22,257	22,991	22,270
Cash flows from investing activities	(23,746)	(15,660)	(19,045)	(21,569)
Free cash flows	(4,547)	6,596	3,945	700
Cash flows from financial activities	5,983	(3,745)	(6,758)	(3,168)
Cash and cash equivalents at the end of fiscal year	17,055	19,960	17,103	14,659
<b>Capital Expenditures:</b>				
Capital expenditures (based on payment)	25,226	20,225	20,041	24,441
Breakdown of expenditures:				
for new store openings	12,851	12,763	11,628	15,144
for refurbishing existing stores	2,306	2,237	3,650	7,709
for others	10,069	5,225	4,763	1,587
Depreciation and amortization (CF)	11,090	12,168	12,683	13,125
<b>Per Share data:</b>				
Net assets per share (BPS) (yen)	1,600.25	1,751.57	1,925.45	2,093.74
Net income per share (EPS) (yen)	177.95	178.91	208.87	205.83
Cash dividends per share (yen)	31	33	36	40
Dividend payout ratio	17.4%	18.4%	17.2%	19.4%
<b>Financial indicators:</b>				
Return on total assets (ROA)	6.8%	6.7%	7.0%	6.4%
Return on equity (ROE)	11.7%	10.7%	11.4%	10.2%
Shareholders' equity ratio	35.0%	36.8%	38.5%	39.7%
Debt equity ratio (times)	1.1	1.0	0.9	0.8

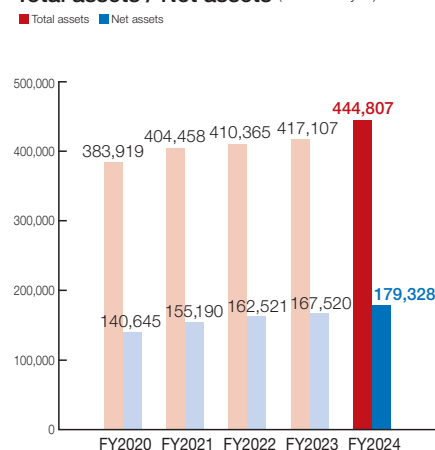
Revenues from operations (millions of yen)



Operating income (millions of yen)



Total assets / Net assets (millions of yen)

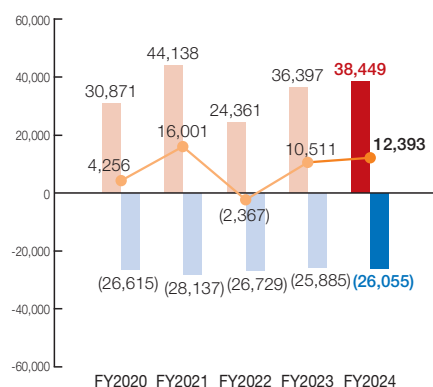
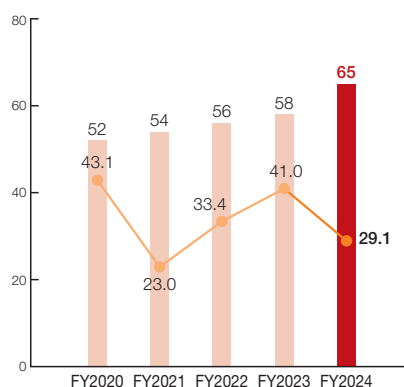


(Millions of yen)

FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
544,020	565,931	678,096	730,168	732,519	759,977	807,795
13,470	14,210	15,515	25,648	21,205	20,062	22,844
14,937	16,091	16,878	28,397	24,140	23,049	25,604
7,570	7,910	6,477	12,592	9,014	7,603	11,945
285,905	311,813	383,919	404,458	410,365	417,107	444,807
113,167	125,395	140,645	155,190	162,521	167,520	179,328
112,365	124,599	132,375	142,095	148,156	152,408	161,200
88,821	96,717	124,872	120,884	125,456	118,780	123,049
27,790	27,369	30,871	44,138	24,361	36,397	38,449
(24,258)	(31,621)	(26,615)	(28,137)	(26,729)	(25,885)	(26,055)
3,531	(4,252)	4,256	16,001	(2,367)	10,511	12,393
(3,223)	7,302	(551)	(10,472)	(4,115)	(12,329)	(4,558)
14,938	17,938	24,159	29,349	22,867	20,973	28,813
27,575	26,878	32,138	32,832	30,947	25,995	27,120
14,394	14,903	20,457	9,742	14,484	13,464	9,691
9,850	9,451	8,498	17,145	15,158	11,726	13,655
3,332	2,524	3,183	5,945	1,304	805	3,775
13,952	15,163	17,665	18,234	20,228	20,691	21,751
2,196.89	2,320.53	2,435.06	2,660.56	2,766.89	2,851.73	3,062.60
148.04	153.06	120.63	234.52	167.87	141.61	223.02
45	48	52	54	56	58	65
30.4%	31.4%	43.1%	23.0%	33.4%	41.0%	29.1%
5.4%	5.4%	4.9%	7.2%	5.9%	5.6%	5.9%
6.9%	6.7%	5.1%	9.2%	6.2%	5.0%	7.5%
39.3%	40.0%	34.1%	35.3%	36.2%	36.6%	36.9%
0.8	0.8	0.9	0.8	0.8	0.7	0.7

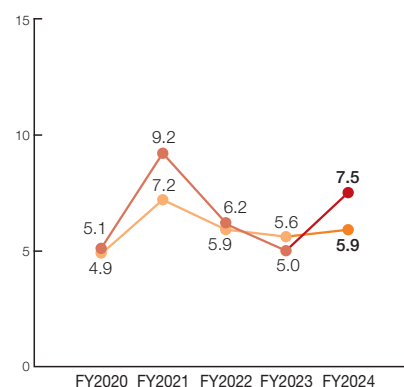
## Cash Flows (millions of yen)

■ Cash flows from operating activities ■ Cash flows from investing activities  
■ Free cash flows

Annual cash dividends per share (yen)  
Dividend payout ratio (%)

## ROE/ROA (%)

● ROE ● ROA



**V** Financial and Corporate Data  
**Consolidated Financial Statements (Summary)**

**Consolidated Balance Sheet** Valor Holdings Co.,Ltd. and Subsidiaries (As of March 31, 2023 and 2024)

	(Millions of yen)			(Millions of yen)	
	FY2023	FY2024		FY2023	FY2024
<b>(Assets)</b>			<b>(Liabilities)</b>		
<b>Current assets</b>			<b>Current liabilities</b>		
Cash and deposits	21,482	29,598	Notes and accounts payable-trade	59,911	64,662
Note, accounts receivable-trade, and contract asset	16,701	25,976	Short-term loans payable	20,041	22,793
Merchandise and finished goods	59,701	63,065	Commercial papers	19,000	19,000
Raw materials and supplies	1,418	1,454	Current portion of long-term loans payable	11,736	14,132
Other	16,379	16,041	Lease obligations	2,286	3,188
Allowance for doubtful accounts	(11)	(536)	Income taxes payable	4,744	5,267
<b>Total current assets</b>	<b>115,671</b>	<b>135,600</b>	Provision for bonuses	3,670	4,146
<b>Noncurrent assets</b>			Provision for directors' bonuses	210	228
<b>Property, plant and equipment</b>			Provision for point card certificates	519	661
Buildings and structures	318,091	332,721	Provision for loss on store closing	—	14
Accumulated depreciation	(170,491)	(181,310)	Asset Retirement Obligations	82	228
Buildings and structures, net	147,599	151,411	Other	28,230	32,596
Machinery, equipment and vehicles	14,765	16,394	<b>Total current liabilities</b>	<b>150,433</b>	<b>166,919</b>
Accumulated depreciation	(10,726)	(11,998)	<b>Noncurrent liabilities</b>		
Machinery, equipment and vehicles, net	4,039	4,396	Bonds payable	10,000	10,100
Land	54,524	53,191	Long-term loans payable	45,766	44,395
Lease assets	21,140	21,142	Lease obligations	9,950	9,439
Accumulated depreciation	(14,503)	(13,858)	Deferred tax liabilities	231	269
Lease assets, net	6,637	7,283	Provision for directors' retirement benefits	411	528
Construction in progress	2,448	1,990	Provision for retirement benefits	6,502	6,683
Other	49,669	54,037	Asset retirement obligations	18,151	19,205
Accumulated depreciation	(39,514)	(42,907)	Long-term deposits received	6,700	6,527
Other, net	10,155	11,130	Other	1,439	1,410
<b>Total property, plant and equipment</b>	<b>225,405</b>	<b>229,404</b>	<b>Total noncurrent liabilities</b>	<b>99,153</b>	<b>98,560</b>
<b>Intangible assets</b>			<b>Total liabilities</b>	<b>249,587</b>	<b>265,479</b>
Goodwill	1,807	1,828	<b>(Net assets)</b>		
Lease assets	139	111	<b>Shareholders' equity</b>		
Other	16,479	15,823	Capital stock	13,609	13,609
<b>Total intangible assets</b>	<b>18,426</b>	<b>17,763</b>	Capital surplus	20,062	20,066
<b>Investments and other assets</b>			Retained earnings	119,567	128,340
Investment securities	9,981	13,616	Treasury stock	(831)	(816)
Long-term loans receivable	1,061	1,124	<b>Total shareholders' equity</b>	<b>152,408</b>	<b>161,200</b>
Deferred tax assets	10,508	10,631	<b>Accumulated other comprehensive income</b>		
Guarantee deposits	32,482	32,954	Valuation difference on available-for-sale securities	673	3,143
Other	3,909	4,060	Deferred gains (loss) on hedges	(2)	8
Allowance for doubtful accounts	(339)	(347)	Foreign currency translation adjustment	(207)	(296)
<b>Total investments and other assets</b>	<b>57,603</b>	<b>62,039</b>	Remeasurements of defined benefits plan	(138)	(6)
<b>Total noncurrent assets</b>	<b>301,436</b>	<b>309,207</b>	<b>Total accumulated other comprehensive income</b>	<b>325</b>	<b>2,849</b>
<b>Total assets</b>	<b>417,107</b>	<b>444,807</b>	<b>Subscription rights to shares</b>	<b>19</b>	<b>19</b>
			<b>Minority interests</b>	<b>14,766</b>	<b>15,258</b>
			<b>Total net assets</b>	<b>167,520</b>	<b>179,328</b>
			<b>Total liabilities and assets</b>	<b>417,107</b>	<b>444,807</b>

## Consolidated Statement of Income

Valor Holdings Co., Ltd. and Subsidiaries (Fiscal years ended March 31, 2023 and 2024)

(Millions of yen)

	FY2023	FY2024
Net sales	735,385	782,601
Cost of sales	539,963	573,352
Gross profit	195,422	209,249
Operating revenues	24,591	25,194
Operating gross profit	220,014	234,443
<b>Selling, general and administrative expenses</b>		
Advertising expenses	4,697	4,669
Packaging expenses	151	172
Supplies expenses	1,251	1,613
Distribution expenses	1,863	1,901
Provision for point card certificates	1,748	2,024
Provision of allowance for doubtful accounts	0	1,014
Directors' remuneration	964	1,115
Salaries and wages	75,264	78,888
Bonuses	6,177	7,045
Provision for bonuses	3,388	3,641
Provision for directors' bonuses	208	217
Retirement benefit expenses	1,125	1,206
Provision for directors' retirement benefits	42	63
Welfare expenses	13,231	14,138
Utilities expenses	13,691	12,081
Rent expenses	32,937	33,780
Repair and maintenance	4,942	5,630
Depreciation	18,476	19,927
Amortization of goodwill	711	690
Other	19,075	21,774
Total selling, general and administrative expenses	199,951	211,599
Operating income	20,062	22,844
<b>Non-operating income</b>		
Interest income	123	145
Dividend income	193	248
Office work fee	1,555	1,550
Rent income	683	825
Investment gain on equity method	57	—
Other	1,845	1,677
Total non-operating incomes	4,460	4,447
<b>Non-operating expenses</b>		
Interest expenses	746	730
Rent cost of real estate	492	618
Equity in Losses of Affiliate	—	70
Other	234	267
Total non-operating expense	1,473	1,687
Ordinary income	23,049	25,604
<b>Extraordinary income</b>		
Gain on sales of noncurrent assets	29	651
Gain on sale of investment securities	39	3
Gain on negative goodwill	1	15
Penalty income	263	181
Subsidy income	293	151
Gain on foreign currency translation adjustment	163	—
Gain on reversal of stock acquisition rights	101	—
Other	64	—
Total extraordinary income	957	1,003
<b>Extraordinary loss</b>		
Loss on sales of noncurrent assets	10	14
Loss on retirement of noncurrent assets	154	150
Impairment loss	5,939	4,853
Loss on reduction of noncurrent assets	221	98
Other	349	229
Total extraordinary loss	6,675	5,346
Income before income taxes	17,331	21,262
Income taxes-current	8,633	9,196
Income taxes-deferred	(578)	(959)
Total income taxes	8,055	8,237
Net income	9,276	13,025
Profit (loss) attributable to non-controlling interests	1,672	1,079
Profit attributable to owners of parent	7,603	11,945

# Financial and Corporate Data

## Consolidated Financial Statements (Summary)

### Consolidated Statements of Cash Flows

Valor Holdings Co., Ltd. and Subsidiaries (Fiscal years ended March 31, 2023 and 2024)

(Millions of yen)

	FY2023	FY2024
<b>Cash flows from operating activities</b>		
Income before income taxes	17,331	21,262
Depreciation and amortization	20,691	21,751
Impairment loss	5,939	4,853
Amortization of goodwill	711	690
Gain on bargain purchase	(1)	(15)
Increase (decrease) in allowance for doubtful accounts	(19)	508
Increase (decrease) in defined benefit liabilities	448	339
Increase (decrease) in provision for directors' retirement benefits	(110)	(188)
Increase (decrease) in provision for point card certificates	41	215
Interest and dividends income paid	(317)	(393)
Interest expenses received	746	730
Loss on retirement of noncurrent assets	154	150
Loss on reduction of noncurrent assets	221	98
Equity in losses (earnings) of affiliates	(57)	70
Gain on foreign currency translation adjustment	(163)	—
Gain on reversal of stock acquisition rights	(101)	—
Subsidy income	(293)	(151)
Penalty income	(263)	(181)
Decrease (increase) in notes and accounts receivable-trade	(1,869)	(6,729)
Decrease (increase) in inventories	(3,733)	(2,391)
Increase (decrease) in notes and accounts payable-trade	2,732	3,185
Increase (decrease) in accrued consumption taxes	87	943
Increase (decrease) in accounts payable-other and accrued expenses	903	3,978
Other	870	(1,594)
Subtotal	43,948	47,132
Interest and dividends income received	227	281
Penalty income received	263	181
Interest expenses paid	(733)	(716)
Income taxes paid	(7,477)	(8,431)
<b>Net cash provided by operating activities</b>	<b>36,229</b>	<b>38,449</b>
<b>Cash flows from investing activities</b>		
Payments into time deposits	(332)	(295)
Proceeds from withdrawal of time deposits	276	577
Purchase of property, plant and equipment	(23,177)	(23,406)
Proceeds from sales of property, plant and equipment	232	1,697
Purchase of intangible assets	(2,299)	(1,795)
Purchase of investment securities	(131)	(76)
Proceeds from sales of investment securities	39	18
Payments of loans receivable	(54)	(105)
Proceeds from collection of loans receivable	74	74
Payments for guarantee deposits	(1,294)	(1,965)
Proceeds from collection of guarantee deposits	1,498	1,537
Proceeds from guarantee deposits received	380	254
Repayments of guarantee deposits received	(497)	(576)
Payment for acquisition of shares in subsidiaries resulting in change in scope of consolidation	(112)	(1,468)
Payments for acquisition of non-consolidated subsidiary shares	—	(4)
Payment for acquisition of business	(128)	(236)
Subsidy income	293	151
Other	(484)	(438)
<b>Net cash provided by investing activities</b>	<b>(25,717)</b>	<b>(26,055)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	200	2,100
Net increase (decrease) in commercial papers	2,000	—
Proceeds from long-term loans payable	10,100	12,471
Repayments of long-term loans payable	(17,942)	(12,805)
Repayments of finance lease obligations	(2,697)	(2,564)
Proceeds from sales of treasury stock	16	17
Purchase of treasury stock	(300)	(0)
Proceeds from sale of subsidiary shares without change in scope of consolidation	—	50
Payments for acquisition of subsidiary shares without change in scope of consolidation	—	(50)
Cash dividends paid	(3,066)	(3,172)
Dividends paid to non-controlling shareholders	(577)	(603)
Other	(61)	—
<b>Net cash provided by financing activities</b>	<b>(12,329)</b>	<b>(4,558)</b>
Effect of exchange rate change on cash and cash equivalents	(76)	4
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,894)</b>	<b>7,839</b>
Cash and cash equivalents at beginning of period	22,867	20,973
Cash and cash equivalents at end of period	20,973	28,813



## Consolidated Statements of Changes in Net Assets

Valor Holdings Co., Ltd. and Subsidiaries (Fiscal years ended March 31, 2023 and 2024)

### FY2023

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Capital Stock	Capital Surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains (loss) on hedges	Foreign currency translation adjustment	Remeasurements of defined benefits plan	Total accumulated other comprehensive income			
Balance, March 31, 2021, adjusted for changes in accounting policies	13,609	20,063	115,030	(547)	148,156	559	5	132	(266)	431	121	13,811	162,521
Changes of items during the period													
Equity transaction with noncontrolling interests		(1)			(1)								(1)
Dividends from surplus			(3,065)		(3,065)								(3,065)
Net income			7,603		7,603								7,603
Purchase of treasury stock				(300)	(300)								(300)
Disposal of treasury stock		0		15	16								16
Net changes of items during the period						113	(8)	(340)	128	(106)	(101)	954	746
Total changes of items during the period	—	(1)	4,537	(284)	4,251	113	(8)	(340)	128	(106)	(101)	954	4,998
Balance, March 31, 2022	13,609	20,062	119,567	(831)	152,408	673	(2)	(207)	(138)	325	19	14,766	167,520

### FY2024

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Capital Stock	Capital Surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains (loss) on hedges	Foreign currency translation adjustment	Remeasurements of defined benefits plan	Total accumulated other comprehensive income			
Balance, March 31, 2022, adjusted for changes in accounting policies	13,609	20,062	119,567	(831)	152,408	673	(2)	(207)	(138)	325	19	14,766	167,520
Changes of items during the period													
Equity transaction with noncontrolling interests		2			2								2
Dividends from surplus			(3,173)		(3,173)								(3,173)
Net income			11,945		11,945								11,945
Purchase of treasury stock				(0)	(0)								(0)
Disposal of treasury stock		1		15	17								17
Net changes of items during the period						2,470	10	(88)	131	2,524	—	492	3,016
Total changes of items during the period	—	4	8,772	15	8,792	2,470	10	(88)	131	2,524	—	492	11,808
Balance, March 31, 2023	13,609	20,066	128,340	(816)	161,200	3,143	8	(296)	(6)	2,849	19	15,258	179,328

# Financial and Corporate Data

## Corporate Data/ Share Information

(as of March 31, 2024)

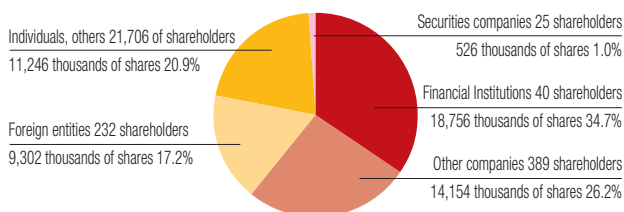
### Corporate Data

Name	Valor Holdings Co., Ltd. (Changed from Valor Co., Ltd. in 1 October, 2015)
Registered head office	180-1 Oi-cho, Ena-shi, Gifu 509-7201 Japan
Headquarters	661-1 Ohari-cho, Tajimi-shi, Gifu 507-0062 Japan
Established	July 1958
Representative	Masami Tashiro Chairperson & CEO
Paid-in-capital	¥13,609 million

### Share Information

Number of authorized shares	200,000,000
Number of outstanding shares	53,987,499
Number of shareholders	22,392
Stock exchange listings	Tokyo Stock Exchange Prime Market Nagoya Stock Exchange Premier Market

### Distribution of shareholders by Type



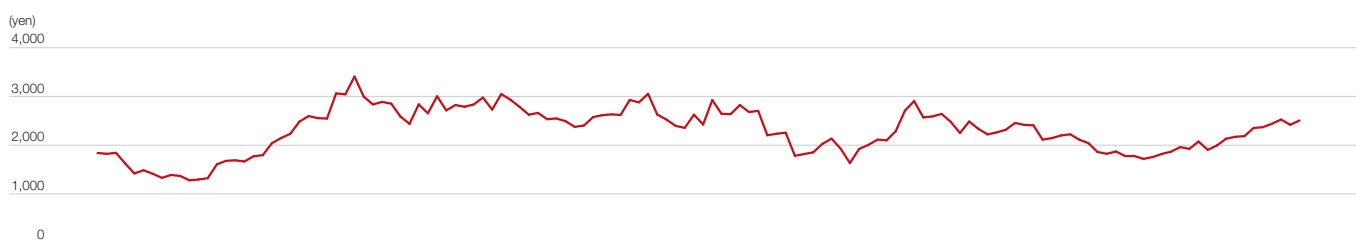
### Major Shareholders

Shareholder	Number of Shares Held (Thousands)	Percentage of* Shares Held
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,140	9.55
Custody Bank of Japan, Ltd. (Trust Account)	3,756	6.98
Ito Youth Scholarship Foundation	2,910	5.40
Shiunsha Co.,Ltd.	2,730	5.07
The Norinchukin Bank	2,542	4.72
The Juroku Bank	2,536	4.71
Masami Tashiro	1,350	2.51
Retail Partners Co.,Ltd.	1,260	2.34
Arcs Group Co.,Ltd.	1,260	2.34
MUFG Bank, Ltd.	1,223	2.27

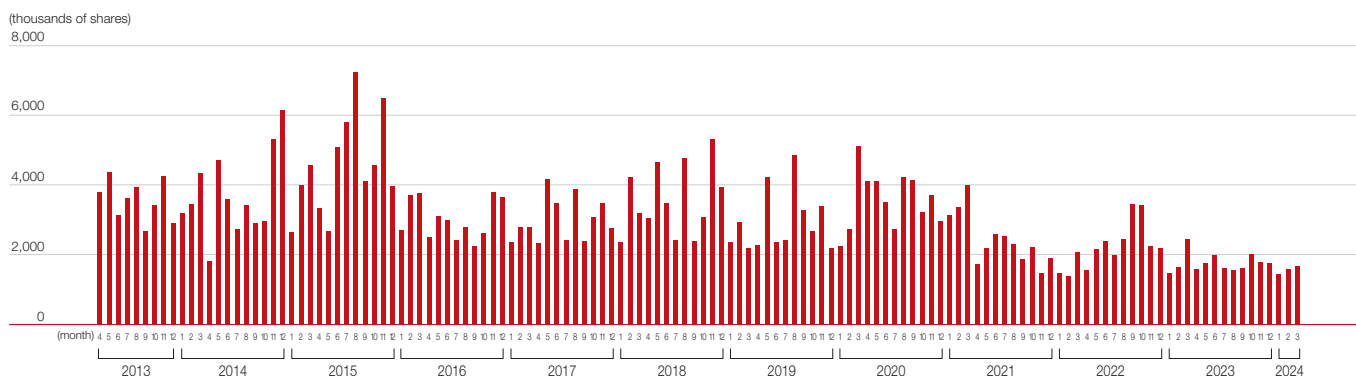
Notes: Shareholders are listed by shareholder number if they hold the same number of shares.  
\*The percentages of total outstanding shares excluding treasury stock are displayed by rounding down after the three decimal points.

### Stock price and trading volume

#### Stock price (closing price after adjustment)



#### Volume



## Valor Group (As of April 30, 2024)

Segment	Subsidiaries	
● Supermarkets	Valor Co.,Ltd. Tachiya Co., Ltd. Shokusenkan-Taiyo Co.,Ltd. Kohseiya Co.,Ltd. Futabaya Co.,Ltd. Sanko Co.,Ltd. Terao Stores Inc. Yamato Store LLC. Yaosen Co., Ltd. Yamata Co., Ltd. Chubu Foods Co., Ltd. Daiei Foods Co., Ltd.	Honda Suisan Co., Ltd. Furuya Sangyo Co., Ltd. Keirinkaku Co., Ltd. Shiroishikandumekouyou Co. Ltd. Daitoh Shokken Co.,Ltd. Shufu-no-Mise Shoji Chubu Honsha Co.,Ltd. V-Solution Co., Ltd. Chubu Meat Co., Ltd. Chubu Agri Co.,Ltd. Valor Max Co., Ltd.* VARO Co., Ltd.
● Drugstores	Chubu Yakuhin Co., Ltd.	
● Home Improvement Centers	Daiyu Eight Co.,Ltd. Home Center Valor Co., Ltd. Time Co.,Ltd. Alleanza Japan Co.,Ltd.	Nisshiki Co.,Ltd. Aguriru Co.,Ltd FIRST Co., Ltd.
● Sports Clubs	AXTOS Co., Ltd.	
● Distribution-related operations	Chubu Ryutu Co., Ltd. Chubu Kosan Co., Ltd. SHIGA CHUO PACK Inc. MENTEX Co., Ltd. Seiso Co., Ltd. Shanghai Valor co., Ltd. Valor Vietnam Co., Ltd.	Valor Agency Co., Ltd. Japan Clean Services LLC Faith Co., Ltd. Axcel Co., Ltd. Showa Film Co., Ltd. Unidopack Co., Ltd. Sagitomi Unso Co., Ltd.
● Others	Alleanza Holdings Co.,Ltd. Home Center Valor Co., Ltd.** Amigo Co.,Ltd. Joker Co.,Ltd. Agri Genki Okayama LLC	Gito Family Department Co., Ltd. Chubu Hoken Service Co., Ltd. Valor Max Co., Ltd.* Valor Financial Service Co, Ltd.

Note: \*Same company \*\*Pet Shop Business

## History

1958	Established Shufu-no-Mise Co., Ltd. in Ena-shi, Gifu and opened the first supermarket.
1969	Established Chubu Kosan Co., Ltd., a logistics subsidiary.
1970	Changed the company name to Shufu-no-Mise Valor Co., Ltd.
1974	Changed the company name to Valor Co., Ltd.
1977	Relocated the headquarters from Ena- shi to Tajimi- shi, Gifu.
1984	Established Chubu Yakuhin Co., Ltd., a drugstore subsidiary.
1985	Established Chubu Foods Co., Ltd., a prepared food manufacturing subsidiary.
1989	Established a distribution center in Tajimi- shi.
	Started a material wholesale business for stores by Chubu Ryutu Co., Ltd.
1993	Listed on the Second Section of the Nagoya Stock Exchange.
1995	Merged with Fujiya Co., Ltd., a home improvement center company.
1996	Relocated the headquarters and the distribution center to the current location in Tajimi- shi.
1998	Established AXTOS Co., Ltd. and spun off the sports club business.
1999	Established MENTEX Co., Ltd., a facility maintenance service subsidiary.
2001	Established Hokuriku distribution center in Nanto- shi, Toyama.
2005	Acquired Tachiya Co., Ltd. and Youth Co., Ltd., supermarket subsidiaries.
	Assigned to the First Section of Tokyo Stock Exchange and Nagoya Stock Exchange
2007	Acquired Sun Friend Co., Ltd (currently Syokusenkan- Taiyo Co., Ltd.), a supermarket subsidiary.
2012	Established Hokuriku processing center for fresh meat in Nanto- shi, Toyama.
	Established Kani distribution center for products stored at ambient temperatures in Kani- shi, Gifu.
2013	Established Shizuoka integrated center in Shimada- shi, Shizuoka.
	Established Kani distribution center for chilled products.
	Established Ogaki processing center for fresh meat in Ogaki- shi, Gifu and Kani processing center for fresh vegetables and fruits in Kani- shi.
2015	Made a transition to a holding company and changed the company name to Valor Holdings Co.,Ltd.
2016	Established Nagoya Headquarters in Nakamura-ku Nagoya-shi.
	Acquired Kohseiya Co., Ltd., a supermarket subsidiary.
2018	Acquired Futabaya Co.,Ltd., a supermarket subsidiary.
	Established capital and business partnership with Arcs Co.,Ltd. and Retail Partners Co.,Ltd.
2019	Acquired Sanko Co.,Ltd., a supermarket subsidiary.
	Integrated the home improvement center business by a share exchange between Home Center Valor Co.,Ltd. and Alleanza Holdings Co.,Ltd.
2020	Acquired Daitoh Shokken Co., Ltd. a food and seasonings manufacturing subsidiary.
2021	Honda Suisan Co., Ltd., one of the Valor Group, merged Ishinomaki Foods Co., Ltd.
	Acquired Faith Co., Ltd., a supermarket subsidiary.
	Acquired Yaosen Co., Ltd., a supermarket subsidiary.
	Acquired Yamata Co., Ltd., a supermarket subsidiary.
	Established Valor Financial Service Co., Ltd., a facility maintenance service subsidiary.
2022	Moved from the 1st Section to the Prime Market due to the revision to the new market classification of the Tokyo Stock Exchange.
	Moved from the 1st Section to the Premier Market due to the revision to the new market classification of the Nagoya Stock Exchange.
2023	Acquired Showa Film Co., Ltd. (currently a consolidated subsidiary) and Unidopack Co., Ltd. (currently a consolidated subsidiary).
	Acquired NSAK Co., Ltd. and Home Center Ant Co., Ltd. (Both companies were merged into Home Center Valor Co., Ltd. on March 1, 2024, and were subsequently dissolved.)



“Valor” is derived from a Late Latin word meaning ‘a person of courage’.

We believe in courage as essential to fulfill our social responsibilities.

### **Forward Looking Statement**

This report's coverage extends beyond current information and date for the Valor Group to future forecasts. These forecasts represent assumptions and viewpoint based on information available at the time of publication. The actual results may differ from the forecasts due to various circumstances and external environmental factors.

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