

Fiscal year ended February 20, 2024

Financial Results Presentation Material

OKUWA Co., Ltd. (8217)

April 3, 2024

Consolidated Sales Results



(Million yen, %)	Fiscal year ended February 20, 2023	Fiscal year ended February 20, 2024	Forecast	Year-on-year change	Comparison against forecast
Operating income	246,877	247,378	253,000	100.2	97.8
Operating profit	2,927	2,888	3,400	98.7	85.0
Ordinary profit	3,148	3,098	3,600	98.4	86.1
Profit attributable to owners of parent	928	1,000	1,200	107.7	83.3
Basic earnings per share (yen)	21.18	22.79	—	+1.61	—

• Treatment of fractions in this material: Fractions less than one million yen are rounded down and percentage points for year-on-year changes, comparison against forecast, etc. are rounded off.

Consolidated Operating Income by Company



(Million yen, %)	Fiscal year ended February 20, 2023	Fiscal year ended February 20, 2024	Year-on-year change
OKUWA	241,174	245,933	102.0
Hiramatsu	4,337	—	—
OAK FOODS	1,339	1,305	97.4
Retail Backoffice Support	314	287	91.4
SUNRISE	5,076	5,120	100.9
Consolidation adjustment	(5,364)	(5,267)	—
Consolidated total	246,877	247,378	100.2

- Treatment of fractions in this material: Fractions less than one million yen are rounded down and percentage points for year-on-year changes, comparison against forecast, etc. are rounded off.
- Hiramatsu was merged into OKUWA on November 21, 2022.

Consolidated Ordinary Profit by Company



(Million yen, %)	Fiscal year ended February 20, 2023	Fiscal year ended February 20, 2024	Year-on-year change
OKUWA	3,222	2,990	92.8
Hiramatsu	(66)	—	—
OAK FOODS	86	76	88.4
Retail Backoffice Support	50	45	90.3
SUNRISE	66	67	101.4
Consolidation adjustment	(207)	(98)	—
Share of loss (profit) of entities accounted for using equity method	(4)	16	—
Consolidated total	3,148	3,098	98.4

- Treatment of fractions in this material: Fractions less than one million yen are rounded down and percentage points for year-on-year changes, comparison against forecast, etc. are rounded off.
- Hiramatsu was merged into OKUWA on November 21, 2022.

Consolidated Management Indicators



	Fiscal year ended February 20, 2022	Fiscal year ended February 20, 2023	Fiscal year ended February 20, 2024
Operating profit/Operating income (%)	1.96	1.19	1.17
Ordinary profit/Operating income (%)	2.05	1.28	1.25
Return on equity (ROE, %)	1.96	1.19	1.28
Return on assets (ROA, %)	4.03	2.37	2.34
Basic earnings per share (EPS, yen)	34.74	21.18	22.79
Dividend per share (DPS, yen)	26	26	26
Book value per share (BPS, yen)	1,775.94	1,769.22	1,785.12
Dividend payout ratio (DPS/EPS, %)	74.84	122.78	114.09
Equity ratio (%)	58.33	58.57	59.14
Debt-to-equity (D/E) ratio (times)	0.26	0.27	0.27
Net D/E ratio (times)	0.04	0.07	0.06

Consolidated Cash Flows



(Million yen)	Fiscal year ended February 20, 2023	Fiscal year ended February 20, 2024	Year-on-year change
Cash and cash equivalents at beginning of period	16,668	15,386	(1,282)
Operating CF	5,931	9,692	+3,761
Investing CF	(6,678)	(7,942)	(1,263)
Financing CF	(535)	(954)	(418)
Cash and cash equivalents at end of period	15,386	16,182	+796

- Treatment of fractions in this material: Fractions less than one million yen are rounded down and percentage points for year-on-year changes, comparison against forecast, etc. are rounded off.

Non-consolidated Sales Results



(Million yen, %)	Fiscal year ended February 20, 2023	Fiscal year ended February 20, 2024	Forecast	Year-on-year change	Comparison against forecast
Operating income	241,174	245,933	252,000	102.0	97.6
Net sales from direct operation	234,820	239,439	—	102.0	—
Gross profit	66,602	66,992	—	100.6	—
Gross profit margin	28.4	28.0	—	—	—
Selling, general and administrative expenses	73,066	73,640	—	100.8	—
Operating profit	2,824	2,723	3,300	96.4	82.5
Ordinary profit	3,222	2,990	3,500	92.8	85.4
Profit	1,031	991	1,200	96.2	82.6

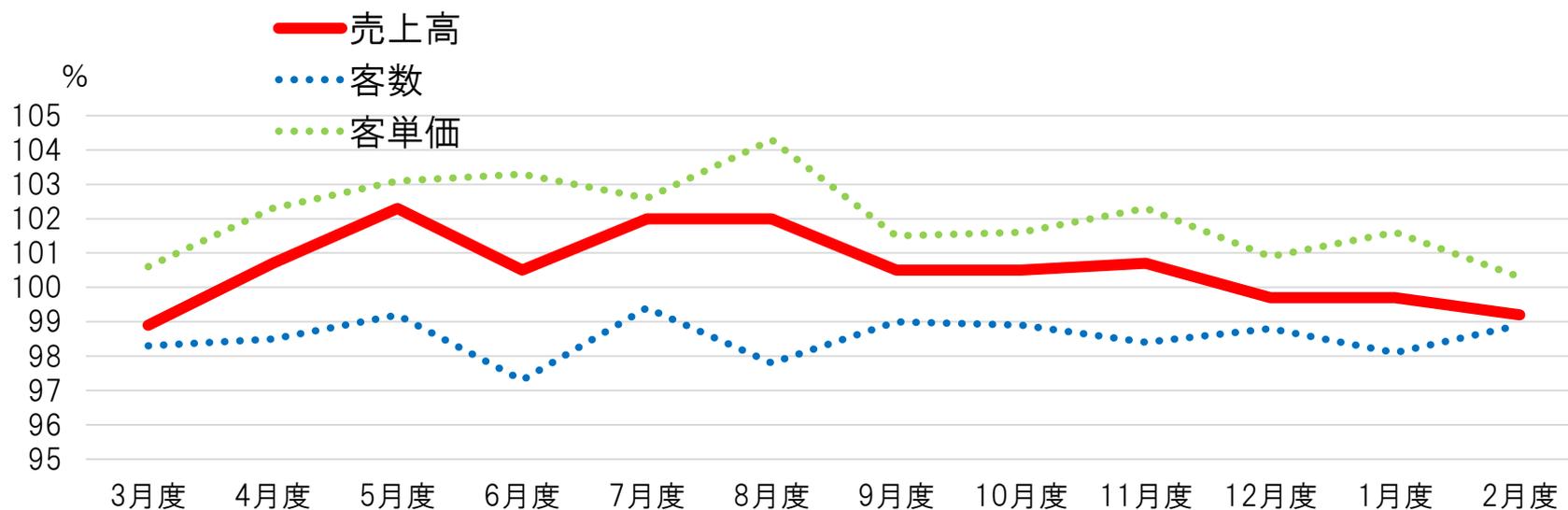
• For changes in gross profit margin, differences between gross profit margins for the previous fiscal year and the current fiscal year, which were rounded off to the nearest two decimal place, were calculated for each product category. There may be calculation errors caused by the rounding off.

• Net sales from direct operation, gross profit amount, and gross profit margin represent figures before the application of the “Accounting Standard for Revenue Recognition.”

Non-consolidated Net Sales from Existing Stores



Year-on-year change for existing stores (%)	Net sales	Number of customers	Average sales per customer	Number of products purchased	Unit price per product
1H	101.1	98.4	102.7	97.6	105.3
2H	100.0	98.7	101.3	96.8	104.7
Full year	100.5	98.5	102.0	97.2	105.0

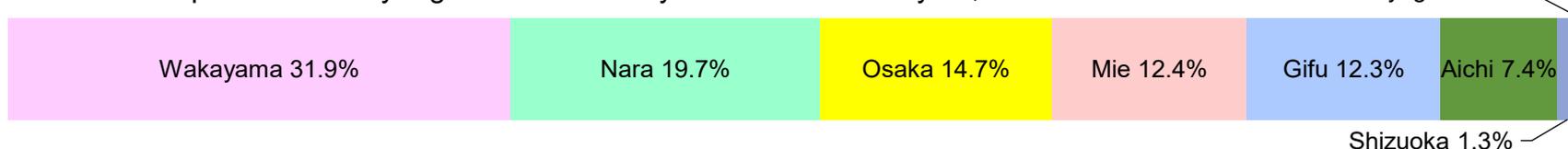


Non-consolidated Net Sales by Region



(Million yen, %)	Fiscal year ended February 20, 2023	Fiscal year ended February 20, 2024	Year-on-year change	Year-on-year change for existing stores
Wakayama	72,583	76,383	105.2	100.1
Nara	47,699	47,072	98.7	99.7
Osaka	33,823	35,236	104.2	100.7
Hyogo	720	619	86.0	92.9
(Kinki area)	154,826	159,312	102.9	100.1
Mie	29,830	29,630	99.3	101.0
Gifu	28,974	29,495	101.8	101.7
Aichi	16,118	17,640	109.4	102.0
Shizuoka	3,164	3,217	101.7	101.7
(Tokai area)	78,088	79,984	102.4	101.5
Total	234,820	239,439	102.0	100.5

Net sales composition ratio by region for the fiscal year ended February 20, 2024



Non-consolidated Net Sales by Business Type



(Million yen, %)	Fiscal year ended February 20, 2023	Fiscal year ended February 20, 2024	Year-on-year change	Year-on-year change for existing stores
SC	9,568	9,746	101.9	101.9
SSM	110,296	113,286	102.4	100.2
SM	8,567	8,703	101.6	101.4
Regular	128,432	131,737	102.3	100.4
Super Center	79,291	79,851	100.7	100.7
Price Cut	13,868	15,272	112.8	99.3
MESA	11,321	12,435	109.8	102.1
Total	234,820	239,439	102.0	100.5

Net sales composition ratio by business type for the fiscal year ended
February 20, 2024



SC: Shopping center
SSM: Super supermarket (1,000 m² or larger)
SM: Supermarket (smaller than 1,000 m²)
Super Center: Allows one-stop shopping on one floor
Price Cut: Discount store
MESA: High quality supermarket (four MESA stores and three Pare Marche stores)

• These are figures before the application of the “Accounting Standard for Revenue Recognition.”

Non-consolidated Net Sales by Department



(Million yen, %)	Fiscal year ended February 20, 2023	Fiscal year ended February 20, 2024	Year-on-year change	Year-on-year change for existing stores
Fresh foods	99,106	101,813	102.7	100.3
Processed foods	101,910	103,871	101.9	101.3
Foods	201,017	205,685	102.3	100.8
Household supplies	26,826	26,498	99.3	98.7
Clothing	6,975	7,254	102.0	99.4
Total	234,820	239,439	102.0	100.5

Net sales composition ratio by department for the fiscal year ended February 20, 2024



Fresh foods represent a total of agricultural products, livestock products, marine products, delicatessen foods, and in-store bakeries.

• These are figures before the application of the “Accounting Standard for Revenue Recognition.”

Non-consolidated Gross Profit Margin by Department

(Million yen, %)	Fiscal year ended February 20, 2023	Fiscal year ended February 20, 2024	Year-on-year change
Fresh foods	32.6	32.1	(0.4)
Processed foods	23.8	23.3	(0.5)
Foods	28.1	27.7	(0.4)
Household supplies	28.4	28.4	+0.0
Clothing	35.4	35.1	(0.3)
Total	28.4	28.0	(0.4)

Product gross profit amount composition ratio for the fiscal year ended February 20, 2024



Fresh foods represent a total of agricultural products, livestock products, marine products, delicatessen foods, and in-store bakeries.

• These are figures before the application of the “Accounting Standard for Revenue Recognition.”

Non-consolidated SG&A Expenses



(Million yen, %)	Fiscal year ended February 20, 2023	Fiscal year ended February 20, 2024	Year-on-year change	Ratio to net sales	Ratio to net sales (fiscal year ended February 20, 2023)
Net sales	229,087	233,694	+4,606	100.0	100.0
Selling expenses	2,000	2,087	+87	0.9	0.9
Personnel expenses	31,275	32,751	+1,476	14.0	13.7
Rent	7,277	7,515	+237	3.2	3.2
Depreciation	6,149	6,280	+130	2.7	2.7
Utilities expenses	5,690	4,663	(1,026)	2.0	2.5
Other general and administrative expenses	20,672	20,341	(330)	8.7	9.0
Total SG&A expenses	73,066	73,640	+574	31.5	31.9

SG&A expenses composition ratio for the fiscal year ended February 20, 2024



Non-consolidated Capital Expenditures



(Million yen, %)	Fiscal year ended February 20, 2023	Fiscal year ended February 20, 2024	Year-on-year change
New stores	2,078	1,846	88.8
Existing stores, etc.	4,457	4,026	90.3
Systems	963	1,210	125.6
Construction basis	7,500	7,083	94.4

Key descriptions

New stores Investment in new store openings

Existing stores, etc. Investment in renovation of existing stores

System investment Replacement of the O-CARD point system, replacement of cash registers

Non-consolidated Store Distribution



(As of Feb. 20, 2024)



Total by region

Wakayama	31	7	8	3	49
Nara	21	5	5	1	32
Osaka	17	2	1	—	20
Hyogo	—	—	1	—	1
(Kinki area)	69	14	15	4	102
Mie	14	3	5	—	22
Gifu	4 (PM: 1)	10	—	1 (PM: 1)	15
Aichi	9 (PM: 3)	1	—	2 (PM: 2)	12
Shizuoka	1 (PM: 1)	1	—	—	2
(Tokai area)	28	15	5	3	51
Total by business type	97	29	20	7	153

Priority Measures (1) Store Strategy



New store openings: 2	April 12	Kasugai Store	(Aichi)
	April 28	Yao Korigawa Store	(Osaka)
Major renovation: 1	June 9	Oyodo-nishi Store	(Nara)
Business type change: 1	December 8	Kozaki Store	(Wakayama)
Closed store: 1	February 20	Okazaki Inter Store	(Aichi)

- Opened two new stores in areas adjacent to large cities
- Carried out the first business type change in approx. seven years (Price Cut Kozaki Store ⇒ OKUWA Kozaki Store)



OKUWA Brand

Four years have passed since the brand launch, and sales have been steadily growing



*Fiscal 2023
sales results
24.7 billion yen*

Kurashi More

Offer highly satisfactory products at affordable prices



*Fiscal 2023
sales results
27.3 billion yen*

Accounted for approx. 25% of foods at the end of fiscal 2023

⇒ Aim for a larger share going forward

Labor strategy

- Laying the foundation for human capital management by establishing the Personnel Strategy Department
- Effective use of senior employees
- Promotion of active participation by women (three-year plan)

Personnel policy

- Offered a training program for 180 female employees to motivate them to assume management positions
- Development of executive candidates (two-year plan)
Launched a training program offered by an external consultant

<Training results>	Fiscal year ended February 20, 2023	Fiscal year ended February 20, 2024	Fiscal year ending February 20, 2025 (plan)
Number of training programs	71	81	95
Number of training days	180	228	243
Total number of participants in training	5,126	7,882	9,107
Total hours of training	29,100	43,670	50,060

Prediction of assignment of staff to cash registers

Increased the number of AI-supported stores to 139, where AI is used to calculate the number of cash registers that need to be in operation and assign staff to the cash registers.

Reduced total working hours for cash registers to 96.3% year on year, which offset the increase in personnel expenses. (Personnel expenses decreased to 99.8% year on year)



Measures to reduce GHG emissions from business activities

- Expanded the installation and operation of solar power generation facilities
- Disclosed “Response to the TCFD recommendations.” <July 2023>

Achieved approx. 30% reduction from the fiscal 2017 level

Response to the CDP climate change questionnaire

Responded to international non-profit environmental organization CDP’s questionnaire

Plan to include Scope 3 in our response for fiscal 2024



株式会社オークワは持続可能な開発目標 (SDGs) を支援しています。

Management Policy for Fiscal Year Ending February 20, 2025

Date of opening	Store name	Prefecture	Business type (directly-operated sales floor area)
Mid-July	SuC Chita Store	Aichi	SuC 4,298 m ²
Late July	Nishiyamato Store	Nara	SSM 1,967 m ²

(SuC Chita Store)

- The second Super Center type store in Aichi
- Continue to open new stores in urban areas and their vicinities where the population is growing
- Contribute also to the improvement of delivery efficiency at Tokai Food Center (Kasugai-shi)



(Nishiyamato Store)

- The 33rd store in Nara
- Open a regular (SSM) store, which is our mainstay business type, and enhance area dominance

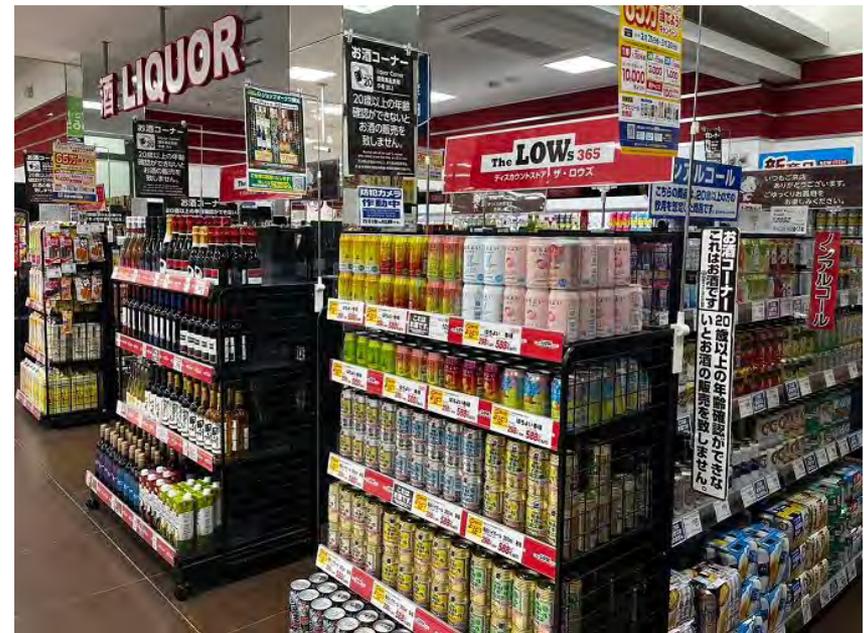
Carrying out minor renovations

Plan to carry out minor renovations at approx. 20 stores a year according to the annual schedule.

In addition to the conventional measures of adopting reach-in showcases, fishmonger's sushi, and new scratch bakeries, as well as changing the layout of sales floors for household supplies and clothing, employees solely in charge of renovation will be assigned to the grocery department from fiscal 2024, aiming to boost sales by working on space allocation.



SuC Gose



LOWs Ota

Consolidated Financial Results Forecast



Full year	(Million yen)	Fiscal year ended February 20, 2024	Fiscal year ending February 20, 2025	Growth rate (%)
Operating income		247,378	259,000	104.7
Operating profit		2,888	3,500	121.2
Ordinary profit		3,098	3,550	114.6
Profit*		1,000	1,200	120.0

*Profit represents profit attributable to owners of parent.

2Q cumulative		Fiscal year ended February 20, 2024	Fiscal year ending February 20, 2025	Year-on-year change (%)
Operating income		121,520	126,500	104.1
Operating profit		706	1,050	148.6
Ordinary profit		819	1,100	134.3
Profit*		399	500	125.2

*Profit represents profit attributable to owners of parent.

Non-consolidated Financial Results Forecast



Full year	(Million yen)	Fiscal year ended February 20, 2024	Fiscal year ending February 20, 2025	Growth (%)
Operating income		245,933	258,000	104.9
Operating profit		2,723	3,400	124.9
Ordinary profit		2,990	3,500	117.0
Profit		991	1,200	121.0
2Q cumulative				
		Fiscal year ended February 20, 2024	Fiscal year ending February 20, 2025	Growth (%)
Operating income		120,801	126,000	104.3
Operating profit		609	1,000	164.2
Ordinary profit		711	1,100	154.5
Profit		335	500	149.0

Key points in financial results forecast

Operating income: 258.0 billion yen

- Net sales from existing stores: 103.9% year on year
 - Net sales from direct operation: 105.0% year on year
 - Three stores to newly open
 - Small- or medium-scale renovation planned for around 20 stores
-

Ordinary profit: 3.5 billion yen

- Selling, general and administrative expenses: Approx. 76.3 billion yen (up 3.6% year on year)
 - Gross profit margin: 27.3% (planned at the same level year on year)
*Gross profit margin after the application of the Accounting Standard for Revenue Recognition
-

Profit: 1.2 billion yen

Medium-Term Management Plan

Formulation of a new Medium-Term Management Plan

Target for the fiscal year ending February 20, 2025 (Consolidated)

Medium-Term Management Plan (announced in April 2022)	Plan for the fiscal year ending February 20, 2025	
Operating income	270.0 billion yen	259.0 billion yen
Ordinary profit	6.5 billion yen	3.55 billion yen

- Plan for the fiscal year ending February 20, 2025 falls short of the target in the Medium-Term Management Plan announced in April 2022
- Formulated a new Medium-Term Management Plan for the three years up to fiscal 2027 and set new targets

Main reasons for revising the Medium-Term Management Plan (April 2022)

- Failure to achieve sales plans for existing stores
- Decrease in gross profit margin due to soaring raw material prices
- Revision of new store opening plans
- Postponement of major renovations due to soaring construction material prices
- Increase in personnel expenses
- Changes in the social environment during and after the COVID-19 pandemic, etc.

⇒ Premises for the April 2022 outlook have changed significantly.
We therefore judged that the Medium-Term Management Plan itself needs to be revised



OKUWA's New Medium-Term Management Plan

March 2024–February 2027 (Three Years)

- 1. Policies and Numerical Targets in the New Medium-Term Management Plan**
- 2. Capital Policy and Financial Strategy**
- 3. Key Issues and Measures in the New Medium-Term Management Plan**
- 4. Store Strategy**
- 5. Product Strategy**
- 6. Sales Promotion Measures**
- 7. Marketing Strategy**
- 8. Organizational Reform**
- 9. Promotion of IT Strategy (DX)**
- 10. Maximization of the Value of Human Capital**
- 11. Sustainability Management**
- 12. Corporate Governance**



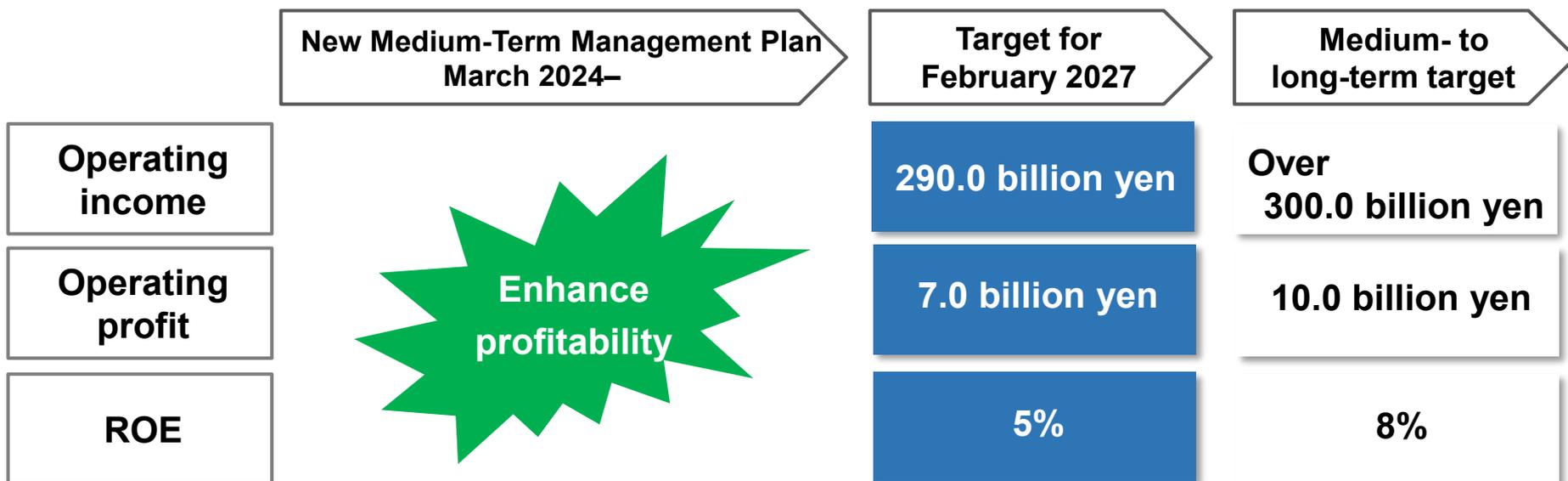
1 Numerical Targets in the New Medium-Term Management Plan

Financial results targets for the fiscal year ending February 20, 2027
(consolidated)

Operating income 290.0 billion yen

Operating profit 7.0 billion yen

ROE 5%



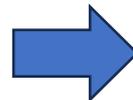
2 Capital Policy and Financial Strategy

Plan to acquire treasury shares worth 4.0 billion yen in three years

Acquisition of treasury shares

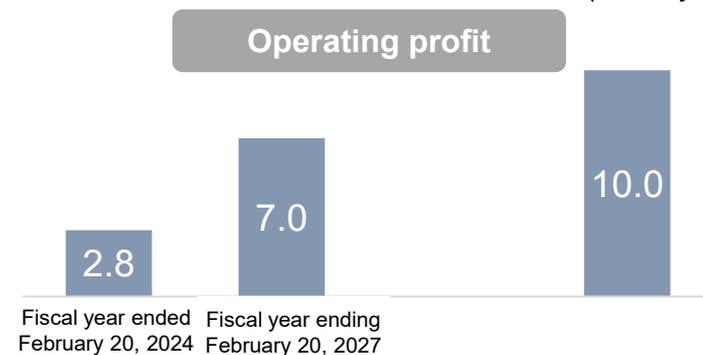
By the final fiscal year of this Medium-Term Management Plan

Aim for cumulative total of 4.0 billion yen



Target profit and capital structure

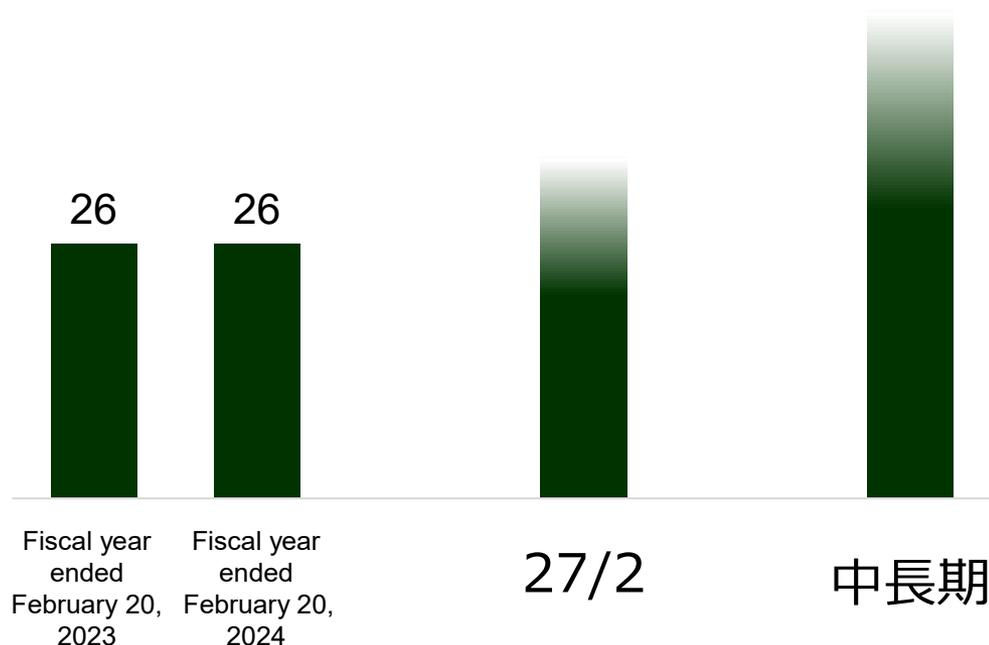
(Billion yen)



2 Capital Policy and Financial Strategy

Strive to enhance profitability and aim to increase dividends in the medium- to long-term

Transition of annual dividends per share

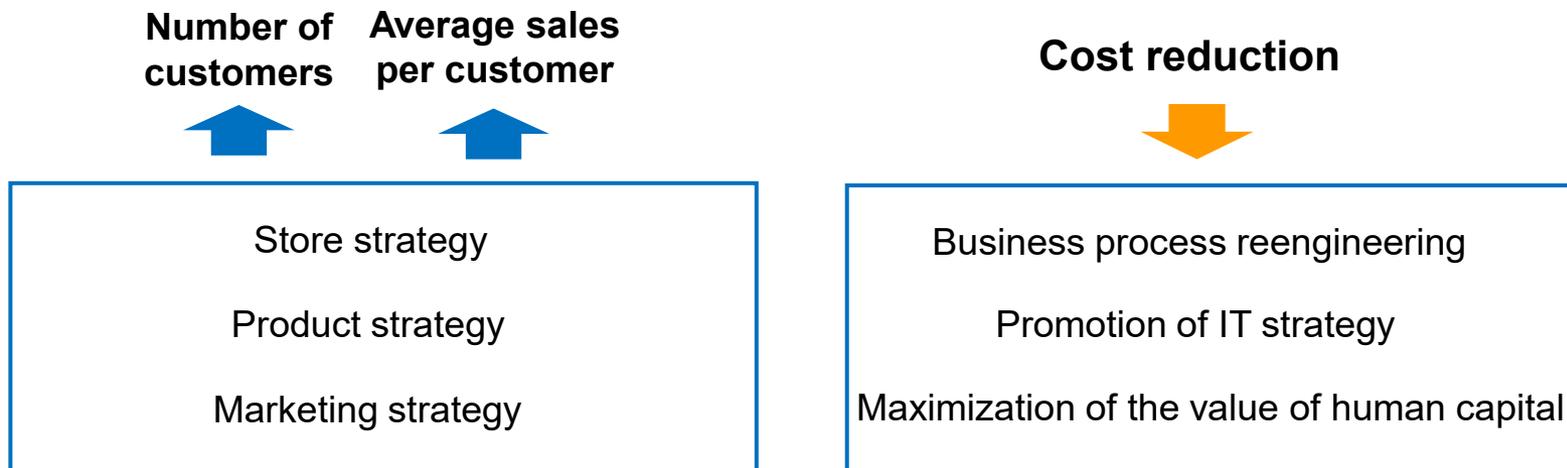


3 Key Issues and Measures in the New Medium-Term Management Plan

Key issues

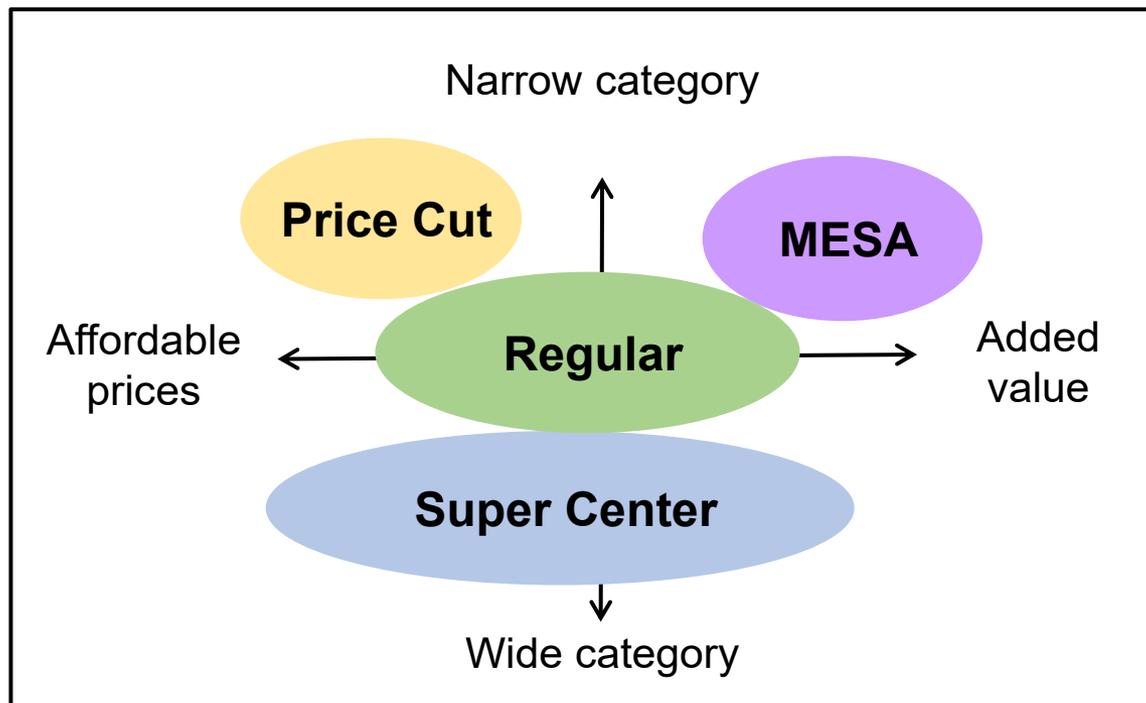
- Weakness in attracting younger generations, with 80% of sales dependent on customers in their 50s or older
- Insufficient utilization of purchase history and other data that have been accumulated
- Large room for productivity improvement through organizational restructuring and digitalization

Priority measures



4 Store Strategy (1): Optimal Rollout of Business Types According to Increase or Decrease in Population and Income

- Accelerate the opening of new stores in optimal business types, mainly in urban areas (Aim for 10 stores)
- Restructure business types, and strive to improve profitability through dominance
- Develop new business types that meet the demand for ready-to-eat meals (Stores specializing in delicatessen foods and bakery products)



4 Store Strategy (2): Initiatives for Regular Business Type

(1) Reach out to younger generations

Price cut for 1,000 items (updated every quarter)
 Arrangements and shelf space allocation for
 customers in their 20s–40s

(2) Increase the share of fresh foods

Target share for fresh foods
 at medium-sized stores:
 50%

Revitalization
 of regular
 business type

(3) Establish a model for small- and medium-sized stores

Store operation
 Store layout

4 Store Strategy (4): Store Productivity Improvement

- Promote digitalization of stores
- Improve customer convenience through online sales and the online supermarket
- Improve labor productivity through business process reengineering
- Reduce store management costs through facility management



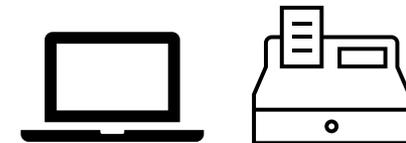
Centralization of business operations
Optimal personnel allocation

**10% reduction in the total
working hours of part-
time workers
(1,700k hours)**



Expansion of the EC business

**180% compared
with sales in 2023**



Self checkout

**End of fiscal 2023
→ End of fiscal 2026
Adoption rate 56% → 70%**

5 Product Strategy (1): Provision of Unique Products and Specialty Products

- Increase the share of OKUWA brand and other PB products that have high added value and high gross profit
- Maximize the strengths as a manufacturing retailer (delicatessen food factories, daily food factories, process centers)
- Reduce the burden of in-store preparation (time, cost, personnel) by establishing a new center

Set up the New Center Preparation Office

Expand the sales of private brand products



Target share in foods: 40%

**Boost gross profit
by over 3.0 billion yen**

Make effective use of food factories and chilled centers



- Increase handling volume and manufacturing volume
- Improve pricing
- Develop products that can yield single item sales of 100 million yen

**Boost gross profit
by over 0.5 billion yen**

5 Product Strategy (2): Spot Strategy

- Extensive price cuts on the occasion of the 65th anniversary
- Products in collaboration with Arakawa no Momo (Hakki Farm)



65周年 **第1弾**
生活応援価格 3月1日(金)~5月31日(金)

食料品・住居用品など
 店内最大約1000品目を

どど〜んと!
値下げ

※期間中に規格・売価・パッケージ等が変更になる場合がございます。※期間中に対象商品が品切れになる場合がございます。※店舗により取り扱いがない商品もございます。



65年間の感謝を込めて



5 Product Strategy (3): Younger Generation and Family Oriented Pricing Policies and EC Product Discovery

- Combine “EDLP” with “High & Low” for a hybrid pricing strategy
- Lower the gross profit margin for the agricultural product and daily food categories, and increase the number of customers by drawing attention to low prices
- Enhance the household supplies and clothing departments (space allocation, improvement of sales per square foot and gross profit)
- Discover successful EC products

To secure gross profit, increase the number of customers by drawing attention to low prices

Goal of SuC restructuring

10% customer increase × 100%+ average sales per customer

 Aim for two-digit sales growth



6 Sales Promotion Measures: Renewal of OKUWA App

- Increase the number of active members from 0.88 million to 1 million by improving app convenience
- Increase store visit frequencies and spendings by offering app coupons, extra points, and other benefits
- Accelerate new member registration by acquiring new members on the app

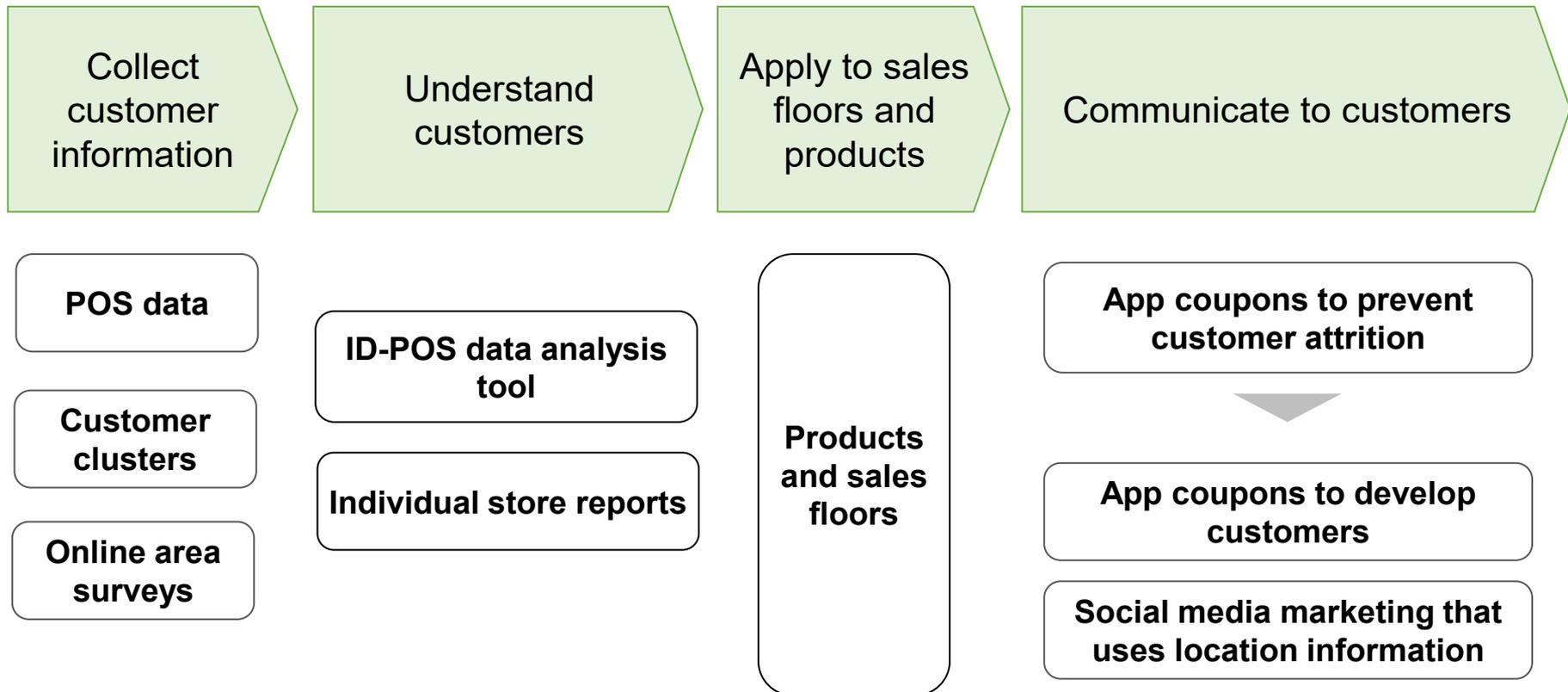


Digital O-CARD
(The image is for illustrative purposes only)



7 Marketing Strategy: From “Customers” to “Each Customer”

Flow of customer-originated marketing activities



8 Organizational Reform: Improvement of Organizational Structure

M&A Promotion Office

Collect information, and seek deals that are expected to produce synergy effects, in both the same and different industries

Business Process Reengineering Office

Achieve productivity improvement and cost reduction through improvement, centralization, digitalization, etc. of internal business operations

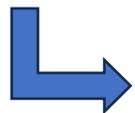
Marketing Office

Promote 1-to-1 marketing, and conduct data analysis and planning that lead to sales promotion and attract customers

9 Promotion of IT Strategy (DX)

In the medium- to long-term
30% reduction in total working hours

- Reduce working time by bringing the manufacturing planning system into operation
- Track the minimum volume on display by using the automatic ordering system
- Respond to rapid changes in demand, with the fusion of AI and work done by humans



Familiarize all employees with the new workstyle as the goal to aim for

10 Maximization of the Value of Human Capital

- Promote workstyle reform
- Create a positive cycle of recruiting, developing, and facilitating active participation of human resources



11 Sustainability Management (1): Contribution to Local Communities and Reduction of Environmental Impact

GHG emissions from business activities
(Scope 1 and Scope 2)

- Expand the installation and operation of solar power generation facilities
- Reduce power consumption by visualizing the usage

Target for the end of fiscal 2030
50% reduction from fiscal 2017

Continue to support children's cafeterias

- Kuwanomi-chan Charity
- Donation of polished rice

Around 1 million yen per year

Around 2,000 kg per year

Mobile supermarket
"Konomachi Market"



Continue with the trial
⇒ Commercialize

OKUWA Educational and Cultural Promotion
Foundation marks the 30th anniversary

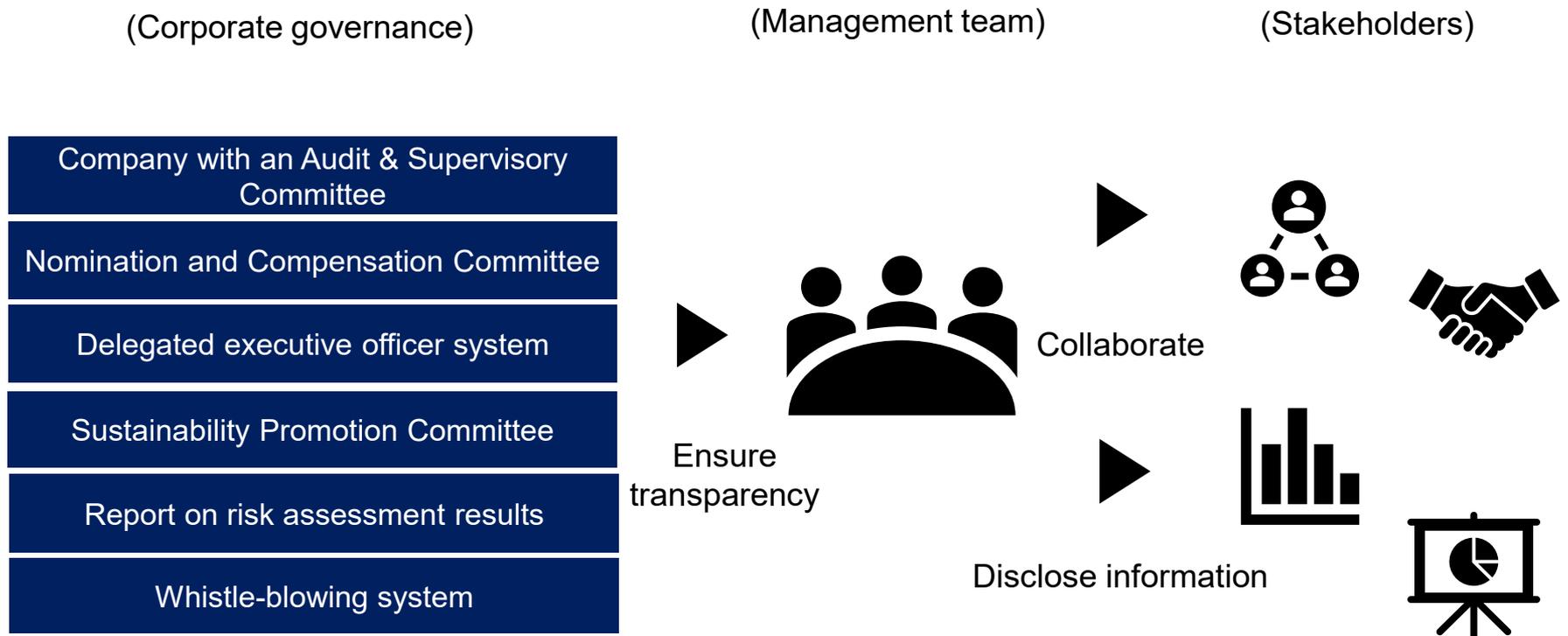
累計総額

大桑教育文化振興財団 奨学金・援助金・寄付金

10億876万円

12 Corporate Governance

- Return profits to stakeholders
- Improve medium- to long-term corporate value





“A supermarket that continues to transform, with a timeless spirit”