



For a sustainable & happy Life

Integrated Report

2022

Fiscal year ended
February 28, 2022





Corporate Philosophy

Through “reliable management with noble aspirations” contribute towards the realization of a sustainable and flourishing society

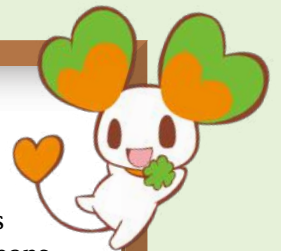
As a supermarket that handles an extensive range of products, LIFE CORPORATION has been supporting people's lives with sincere service and making trusting relationships with customers its top priority since 1961. We now have 285 stores in Japan (as of the end of February 2022).

In December 2021, we revised our corporate philosophy. The phrase "improving societal development" encapsulated the strong will of our founder, Nobutsugu Shimizu, whose life path ran parallel to Japan's post-war reconstruction and growth. However, having reflected on our corporate philosophy in terms of the current social environment, we changed the phrase to "realization of a sustainable and flourishing society." Although we face a variety of challenges, such as climate change and the spread of COVID-19, we have made it clear that we are firmly committed to tackling these challenges and will continue to create new value by promoting initiatives aimed towards the realization of a sustainable and flourishing society.

Our goal is to be a supermarket that remains trusted by customers, society, and employees as an essential part of the social infrastructure in local communities.

Vision | LIFE CORPORATION's Long-Term Vision

All LIFE stores will remain the stores most trusted by customers in their local communities. “Trusted” means “believed in” and “relied on.” Our goal is to be Japan’s best supermarket that remains trusted by customers, society, and employees.



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Editorial Policy

LIFE CORPORATION has issued Integrated Report 2022, our first integrated report, to further strengthen communication with all its stakeholders, including our shareholders and investors, customers, business partners, employees, local communities, etc. To contribute to the realization of a sustainable and flourishing society, Integrated Report 2022 presents information on LIFE CORPORATION's policies and initiatives toward improving our medium- to long-term corporate value, including the values and vision we regard highly, and future management plans. During the editing process, we focused on content with a high level of importance while aiming for a concise and easy-to-understand structure. For more detailed information, please refer to our website in addition to various disclosure materials*.

*Mostly in Japanese. We will release more English resources in due course.

Cautionary Note Regarding Forward-Looking Statements

In this report, statements concerning performance forecasts and business plans for March 2022 and beyond are forward-looking projections and are assumptions and judgments based on currently available information. Accordingly, actual results, performance, and other information may differ from our forecasts.

Scope of Reporting

- Applicable period: March 2021 to February 2022 (some information from March 2022 onward is included)
- Scope: Activities of Group companies centered on LIFE CORPORATION (in cases where the main subject companies are different for each field of activity, the scope of coverage is described)
- Publication date: November 2022

Reference Guidelines

- The Integrated Reporting Framework (International Financial Reporting Standards Foundation)
- Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation (Ministry of Economy, Trade and Industry)

In line with our corporate philosophy, we have continually provided various value to all our stakeholders
We will continue to create new value for our customers and other stakeholders, while adapting flexibly to changes in the external environment



Top Message

Becoming Japan's number one supermarket that remains trusted by customers, society, and employees

As people's lifestyles become increasingly diverse, we will differentiate ourselves from the homogeneous competition and refine our "True to LIFE" concept to reflect customer needs, while also taking on the challenge of achieving further growth.

Takaharu Iwasaki

Representative Director and
President





We want all LIFE stores to remain the most trusted in their local communities

The prolonged COVID-19 pandemic has caused significant changes in people's values and lifestyles. It has also impacted the LIFE Group's business environment in various ways. We have responded to this situation by clarifying the Group's vision through the "True to LIFE Declaration." We are determined to become Japan's number one supermarket through initiatives based around the following three goals.

First, we aim to realize our vision of all LIFE stores remaining the stores most trusted by customers in their local communities, and becoming Japan's number one supermarket that remains trusted by customers, society, and employees. "Trusted" means "believed in" and "relied on" and it can't be achieved without one or the other. We believe that the Group can achieve growth if each of our stores remains the most trusted in their local communities.

Second, we are determined to put the "LIFE Pledge" into practice. The "LIFE Pledge" requires each LIFE employee "to think and act from the customer's point of view," "to show consideration for their co-workers and to respect diverse values," and "to fulfill both their team commitments and personal responsibilities." We will maintain a corporate culture in which all of our actions are guided by the following three ideas: putting the customer ahead of our own interests, such as profits and efficiency, doing the best work possible by aligning our efforts with those of our co-workers while accepting diverse ideas, and always fulfilling our commitments and doing what needs to be done.

Third, we are determined to offer something extra in addition to providing high-quality products and services in nice stores. Good stores situated in attractive locations and offering excellent products and service are expected nowadays, so are not enough to ensure success in a

fiercely competitive market. Under the circumstances of rapid advances in information systems, we need to create high-value-added and attractive environments for both our customers and employees to achieve further growth by taking advantage of digital and technology, etc.

Review of 2021

Record-high operating revenue, and second-highest results ever for ordinary profit and profit attributable to owners of parent

The Group's financial results for FY2021 show operating revenue reaching a new record of ¥768,335 million (up 1.2% year on year), marking our 18th consecutive year of revenue growth. Factors that contributed to this achievement include continuing demand for eating at home due to COVID-19, opening new stores, expansion of our online supermarket business, and the promotion of our Company credit card. Other growth drivers included the expansion of our lineup of private brand products, including "BIO-RAL," and initiatives to enhance the deliciousness of our products. While our operating profit did not match the result for FY2020, which saw a massive increase in demand for eating at home, it still reached ¥22,932 million (down 16.3% year on year). We achieved our second-highest results ever for ordinary profit at ¥23,695 million (down 15.8% year on year), and also for profit attributable to owners of parent at ¥15,208 million (down 14.7% year on year). In FY2021, we invested over ¥6 billion in large-scale renovations at 32 of our existing stores. Our latest results indicate that this investment is pushing us in the desired direction.

In FY2021, we focused on safety and security initiatives and capital expenditure. Going forward, we will also prioritize measures to address increases in the cost of raw and processed materials, energy, logistics, and other inputs. When conditions are right, we will also



work to resume in-store events and other Company activities that were postponed in response to COVID-19, which led to a decline in opportunities for customer-employee interactions.

Progress on the 6th Medium-Term Plan

Differentiating ourselves from the homogeneous competition

Numerous mid- and upper-level members of management participated in lively discussions as part of the formulation process for the 6th Medium-Term Plan, which was launched in FY2018. One of the conclusions to emerge from this process was that the "True to LIFE" concept is a vital source of strength for the Group and the key to our future growth. This philosophy is reflected in the emphasis placed on investment in employees, investment in stores, and investment in products as stated in the action plans under the medium-term plan.

Investment in employees is a particular priority for the Group. I want LIFE to become a company that helps improve employees' chances of achieving job

Top Message



satisfaction, at which diverse people succeed in a stress-free environment without being pressed for time, among other things. To achieve these goals, we have expanded authority and responsibilities at the individual store level and raised awareness of the importance of independent thought and action. We have also enhanced our personnel systems to ensure proper personnel evaluation for employees who work proactively and are ready to take up new challenges. Another measure is training and education for future management, including a management seminar run by the president.

In terms of investment in stores, in FY2021 we opened eight new stores, including stores in large commercial facilities, small urban stores, and BIO-RAL natural supermarkets. We also responded to changing customer needs by providing a more comfortable shopping environment through large-scale renovations at 32 stores. The aim of these renovations was to create sales display areas consistent with LIFE's brand that meet customer needs, including the establishment of online supermarkets, enhancing product lineups that meet high demands for eating at home and regional needs, and

the implementation of BIO-RAL corners. In FY2022, we plan to open 11 new stores, most of which will be large stores. Our flagship CENTRAL SQUARE YEBISU GARDEN PLACE Store opened in April.

For investment in products, we worked to differentiate LIFE from its competitors by offering original products. We strengthened product development of four private brand products—LIFE PREMIUM, BIO-RAL, Smile Life, and star select. Our investment in BIO-RAL products for customers interested in health and natural products was especially successful. We expanded the product range and established more BIO-RAL corners, resulting in an extremely pleasing trend in sales, which surged by 60% year on year to ¥2.9 billion.

We are also working to build our online supermarket and credit card businesses, which we see as key sources of strength for the Group.

Based on the needs and goals of our customers, we offer both our online supermarket and LIFE's online supermarket service through Amazon. We have developed apps and systems to improve customer convenience of our online supermarket and improve the efficiency of store operations. Our priorities for the Amazon-based online supermarket service are to expand its scope as soon as possible. By using data and technology, we aim to create a seamless environment in which customers can enjoy online or in-store shopping at any time.

The development of our card business is being driven by LIFE FINANCIAL SERVICE. Established in April 2015, this subsidiary issues the company credit card LC JCB Card, which offers the greatest benefits to our customers, as well as the e-money point card, LaCuCa. In addition to enhancing customer convenience at checkout, our card business also enables us to offer loyalty points and other benefits, and to utilize sales data to better respond to customer needs, thereby enhancing customer support for our stores. In the second half of FY2021, we stepped

up our efforts to increase membership of the LC JCB Card. As of the end of February 2022, the combined membership of the LC JCB Card and the LaCuCa e-money point card was approximately 4.9 million, a year-on-year increase of around 340,000 people. We will continue to adapt to the ongoing trend toward a cashless society by offering cards with the highest customer benefits and usability.

We are using digital systems and technology suited to each customer to establish digital relationship through one-to-one marketing. These technologies are also contributing to the improvement of efficiency in working environments. This is leading to further improvements in store service levels, since employees have more time to spend on improving the sales space and serve customers.

Although our commitment to initiatives under our 6th Medium-Term Plan has not wavered in the face of unexpected environmental changes triggered by COVID-19, we have become even more aware of how important it is to ensure the safety and security of both our customers and employees, and of our vital mission as a lifeline for the community.

For more than 2 years, the supermarket industry as a whole has been able to maintain an upward trend in its business performance without resorting to excessive price competition, in part because of external factors such as increased demand for eating at home. However, in 2022, we have seen growing uncertainty regarding the global economy, consumer spending trends, and business environments due to heightened geopolitical risks, soaring prices for resources and grain, and other uncertainties. In this environment, supermarkets need to fulfill their basic role as part of society's food infrastructure, while also responding to the diverse needs of customers. I believe that if individual supermarkets shift their mindsets toward pursuing policies characterized by originality, we can transform the industry by not only addressing product pricing

issues, but also by improving the quality of products and services. Therefore, a key goal for the Group will be "to differentiate itself from the homogeneous competition." Simple price competition weakens companies and can frustrate efforts to achieve sustainable growth. Our priority is to ensure that all LIFE employees are firmly committed to this transition away from homogenous competition, so that we can pursue strategies leading to the provision of high added value, including strengthening development of original products, proactively investing in new stores and renovations, expanding our online supermarket business, promoting our card business, and utilizing digital systems and technology.

FY2021 was meant to be the final year of the 6th Medium-Term Plan. However, the impact of COVID-19 forced us to postpone some of our policies and initiatives, and because of this, we decided to extend the plan by one year so that we can fully complete all of our initiatives. The efforts of our entire organization will be focused on achieving this goal in FY2022, which we have designated as the "year of completion" for the 6th Medium-Term Plan.

Under the 7th Medium-Term Plan, which we will launch in FY2023, we will follow the same direction and strategies as under the 6th Medium-Term Plan. As with the previous plan, we will again identify and analyze current priorities through discussions involving executives at the middle management level and above. The new plan will be announced to the public in early 2023.

Sustainability Initiatives

Towards the realization of a sustainable and flourishing society

Sustainability is a key priority for the LIFE Group, reflected in our corporate philosophy, "through reliable management with noble aspirations, contribute towards

the realization of a sustainable and flourishing society."

In particular, we have started to become more directly aware of the effects of climate change in recent years, leading to the realization that practical action is needed to protect the environment and address environmental issues. For example, the biogas power generation at the Tempozan Food Process Center in Minato-ku, Osaka, which started fully-scale operation in March 2022, simultaneously reduces food residue waste and generates electricity, and is an example of an initiative to solve environmental problems. We estimate that using the food residues produced at the process center in this way will reduce waste by over 4,000 tons and generate approximately 700,000 kWh of electricity per year, which is enough to power around 160 households.

Our BIO-RAL business, which I mentioned earlier, is an initiative that helps customers enjoy healthy and fulfilling everyday lives through a lineup of products that are safe, secure, and healthy for both people and the environment. The business will also contribute to the realization of a sustainable society. Other sustainability initiatives include a switch from plastic straws and spoons to paper and wooden ones, food education and food loss activities, and support for producers.

In addition, our Toyosu Store in Koto-ku, Tokyo, which is scheduled to open in Autumn 2022, is the Group's first ever outlet to acquire the "ZEB Ready" certification, reflecting its status as an energy-saving building.

The majority of LIFE's in-store customers are women. We believe that reflecting the views of our female employees in various policies will help us to achieve customer satisfaction, and in 2012 we launched a women's advancement project under the direct supervision of the president. Our goal is to create workplace environments where female employees can work comfortably and play an active role.

In 2019, we established the Office for Diversity

Promotion to create a corporate culture in which a diverse range of talent can reach their full potential and play an active role, regardless of gender, nationality, age, or employment status. We are continually striving to provide a highly motivational working environment for all of our employees.

We believe that our online supermarket business can help to address social challenges linked to the shift in more women entering the workforce, demographic aging, and other trends. LIFE launched its online supermarket in 2011, and established a partnership with Amazon Japan G.K. in 2019. Users of these services are expanding steadily thanks to support from customers including busy families with children, and elderly individuals who can find it difficult to carry heavy shopping. COVID-19 has made online supermarkets increasingly useful. We aim to further expand our business in this area by developing new systems to enhance customer convenience, and by establishing in-house Group distribution services to improve the capacity and quality of our distribution systems.

Becoming trusted and Japan's best supermarket

Supermarkets play an essential role in people's lives, but a store that cannot attract customers will not survive. We will further refine our "True to LIFE" concept, as symbolized by the words "delicious," "exciting," and "happy," to continue providing original products and services. We will also work with sincerity to address environmental and social challenges as we move toward our goal of becoming Japan's number one supermarket that remains trusted by customers, society, and employees.

We look forward to the continued support of all of our stakeholders.

History of LIFE

As a supermarket that handles an extensive range of products, LIFE CORPORATION has been supporting people's lives with sincere service and making trusting relationships with customers its top priority since 1961. We now have 285 stores in Japan (as of the end of February 2022).

1956	Nobutsugu Shimizu separates Shimizu Store's trading department from the food wholesale business, establishes Shimizu Jitsugyo Co., Ltd., which becomes LIFE CORPORATION's parent organization.	
1961	Decides to operate supermarkets. Opens first Toyonaka store (in Toyonaka, Osaka Prefecture). Makes start on what would become LIFE CORPORATION.	
1971	Sets up a district head office in Tokyo and opens Itabashi store (Itabashi Ward, Tokyo) as long-awaited first store in Tokyo Region.	
1983	Listed on Second Section of Tokyo Stock Exchange.	
1984	Listed on First Section of Tokyo Stock Exchange.	
1985	Opens Nanko Logistics Center in Osaka Region (Suminoe Ward, Osaka City).	
1986	Chairman Nobutsugu Shimizu appointed chairman of Japan Chain Stores Association.	
1991	Relocates head office to in front of JR Shin-Osaka Station.	
1992	Enters into business alliance with Mitsubishi Corporation.	
1993	Initiates a surging wave of store openings. Opens Kurihashi Comprehensive Logistics Center (Kuki City, Saitama Prefecture) as strategic logistics base for Tokyo Region.	

1995	Great Hanshin-Awaji Earthquake. Including Itami store, seven stores temporarily closed, 39 damaged. Resumes operations as soon as possible, plays important role as lifelines for local communities.	
1999	Chairman Nobutsugu Shimizu establishes Japan Supermarkets Association, an industry group, appointed its first chairman.	
2006	Appoints Takaharu Iwasaki as president. Holds joint labor-management seminar to commemorate 45th anniversary of launch of supermarket operations.	
2009	Relocates Tokyo head office to Taito Ward, Tokyo.	
2010	In Tokyo Region, proudly opens Matsudo Comprehensive Logistics Center (Matsudo City, Chiba Prefecture), one of the largest logistics centers in Japan.	
	Launches private brand products.	
2011	Starts own online supermarket business. Celebrates 50 years since opening of its first store.	
2012	Enters into business alliance with Yaoko Co., Ltd.	
2013	Relocates Osaka head office to Yodogawa Ward, Osaka.	
2014	Opens Funabashi Food Process Center in Tokyo Region (Funabashi City, Chiba Prefecture).	
2015	Establishes LIFE FINANCIAL SERVICE.	

LIFE's history of supporting local communities even during major disasters

Great Hanshin-Awaji Earthquake (1995)

Tilting buildings, homes reduced to rubble, elevated sections of expressway toppled over, etc. In the midst of all this, most of LIFE's stores resumed operations the day after the earthquake struck.

Great East Japan Earthquake (2011)

On the day of the earthquake, we closed stores in consideration of the safety of our employees, but operations resumed at all stores the following day. We also began providing relief supplies to areas affected by the earthquake.

	Creates LALAPI, LIFE's original mascot.	
2016	Opens Kazo Food Process Center in Tokyo metropolitan area (Kazo City, Saitama Prefecture).	
2017	Opens Kawasaki Comprehensive Logistics Center in Tokyo Region (Kawasaki City, Kanagawa Prefecture).	
2018	Opens Osaka Hirabayashi Comprehensive Logistics Center in Osaka Region (Suminoe Ward, Osaka City).	
2019	Launches LIFE Online Supermarket on Amazon Japan.	
2020	Opens Sakai Food Process Center in Osaka Region (Sakai City, Osaka Prefecture).	
2021	Establishes LIFE HOME DELIVERY.	

No. of stores

(Stores)

400

350

300

250

200

150

100

50

0



Nobutsugu Shimizu

Honorary Chairman

Message from the Honorary Chairman

In November 1961, we opened the very first LIFE supermarket, the Toyonaka Store, in Osaka, Japan. Thanks to the support of all our valued stakeholders, we have grown to become Japan's largest food supermarket chain* and have celebrated our 60th anniversary.

In May 2022, I retired as Director after fulfilling my role as a founder and nurturer of the LIFE CORPORATION. Going forward, I will continue to support LIFE from a position one step removed from management. We look forward to your continued support of LIFE CORPORATION.

*Japan's largest food supermarket chain in terms of operating revenue in FY2021.



Operating revenue

Operating revenue
¥700
billion!(million yen)
800,000Operating revenue
¥600
billion!Operating revenue
¥500
billion!Operating revenue
¥400
billion!Operating revenue
¥300
billion!Operating revenue
¥100
billion!200
stores!100
stores!

20 stores

50
stores!

1961 1974

1980

1985

1990

1995

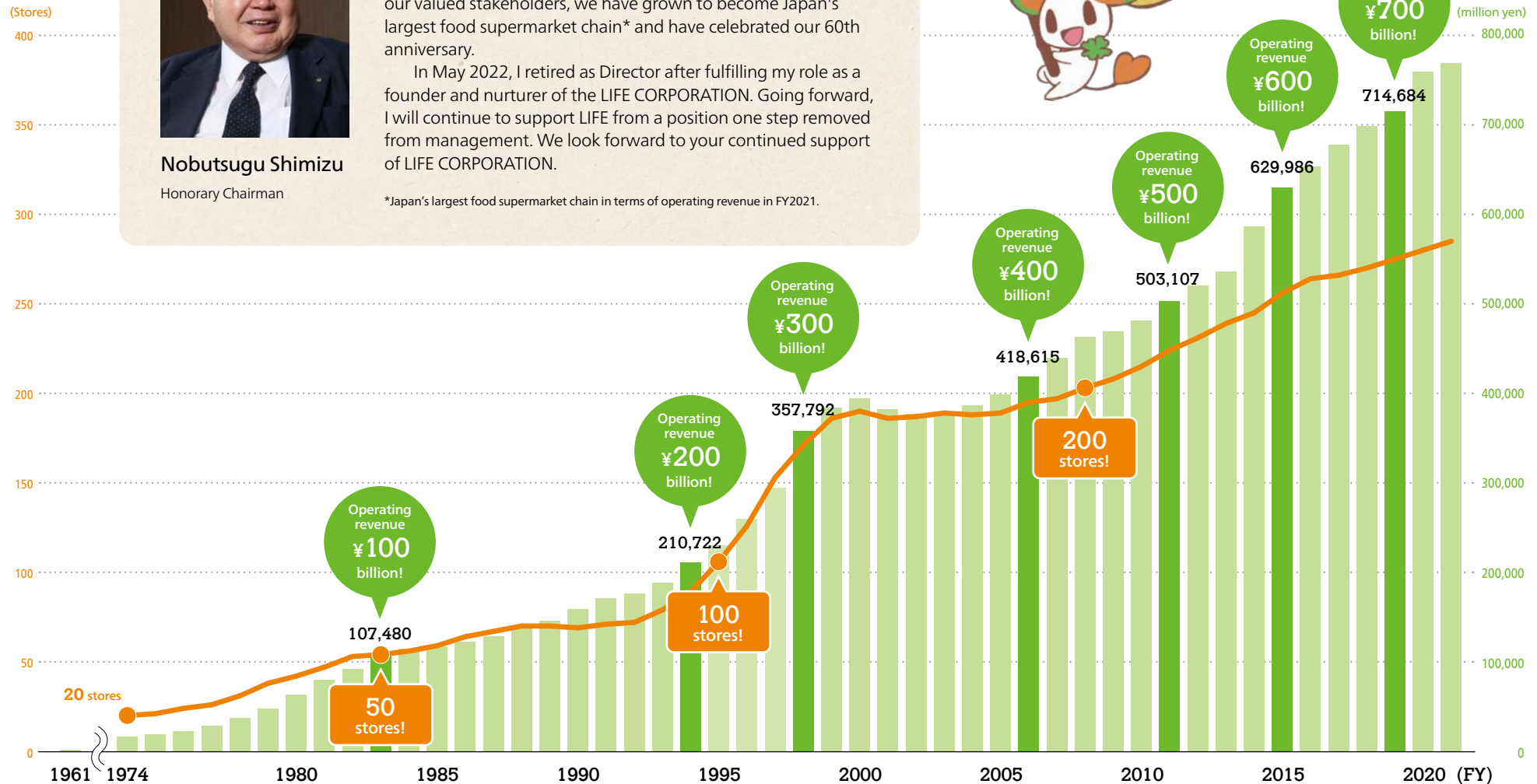
2000

2005

2010

2015

2020 (FY)



External Environment and Social Issues

In considering the issues that we should address to realize a sustainable and flourishing society, we recognize changes in the external environment and social issues as set out below.

1. Changes in Social Environment

(1) Changes in Household Structure

Due to the effects of the trend toward nuclear families and the aging of society, the proportion of small households is increasing year by year. In 2019, the proportion of one- or two-person households had expanded to over 60%. In the supermarket industry, we are seeing changes in customer purchasing patterns, such as increased demand for products sold in subdivided or small amounts, and for frozen foods that can be stored for long periods of time.

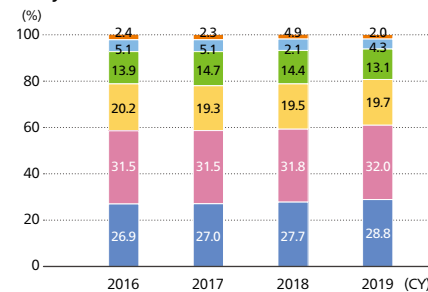
(2) Supermarket Trends

Supermarket industry sales have been hovering at around the ¥13 trillion mark for the past few years. In FY2020 and FY2021, however, the market grew in scale to ¥15 trillion due to higher demand for eating at home resulting from the spread of COVID-19 which placed restrictions on going out and encouraged teleworking.

With regard to lifestyle changes, including the shift from eating out to eating in, the increased demand for eating at home is expected to remain to some extent even in a post-COVID era, and thus at LIFE the belief is that, going forward, the overall market size will be at a higher level than before COVID-19.



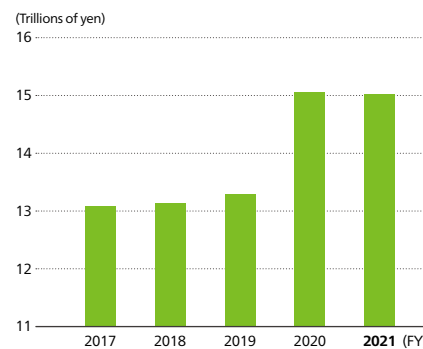
◆ Trends in Household Member Ratios by Fiscal Year



Legend:
■ Households with six or more members
■ Five members ■ Four members ■ Three members
■ Two members ■ Single occupant

Source: Ministry of Health, Labour and Welfare website (statistics suspended in 2020)

◆ Supermarket Sales Trends

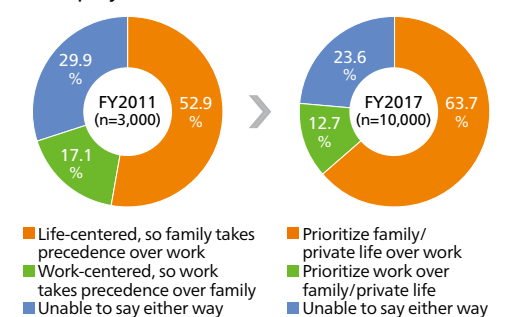


Source: Ministry of Economy, Trade and Industry's Commerce Statistical Survey (2022)

2. Diversification of Work Styles

The number of workers is declining following the onset of the aging society. It is therefore becoming increasingly important to secure a diverse labor force, including addressing the needs of those who want to work while balancing childcare and nursing care or at favored times and places, while understandably promoting the active participation of seniors. In addition to introducing, for example, flexible working hours and half-day leave systems in response to such needs, the designing of new systems, such as those to accommodate the further expansion of teleworking or sideline jobs, is being demanded.

◆ Young People's Attitudes Regarding Employment, etc.



Legend:
■ Life-centered, so family takes precedence over work
■ Work-centered, so work takes precedence over family
■ Unable to say either way

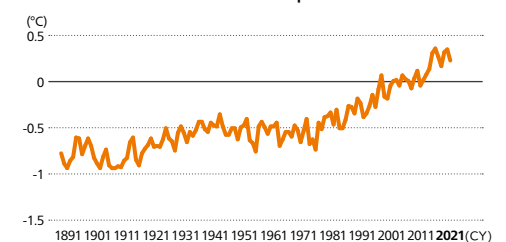
Source: Created by the Company using data from the Cabinet Office, Government of Japan website

3. Worsening Environmental Issues

(1) Decarbonization

In December 2015, the Paris Agreement was adopted as a new international framework for reducing greenhouse gas (mainly CO₂) emissions from 2020 onwards at the 21st Conference of the Parties to the United Nations Framework Convention on Climate Change (COP21) held in Paris, France. Among the adopted goals was to keep the global average temperature rise well below 2°C above pre-industrial levels, and to strive to limit the rise to 1.5°C. In response, the Japanese government announced a policy to reduce greenhouse gas emissions, which are a contributory factor in the rise in temperatures, to virtually zero by 2050. In the years to come, it is expected that the public and private sectors will work together in promoting a switch to other forms of power generation—such as solar, wind, hydroelectric, and biomass—to break away from fossil fuel dependence with the goal of decarbonization and work toward the proliferation of renewable forms of energy.

◆ Global Annual Mean Temperature Deviation



Note: The deviation reference value from the mean temperature reference value for each year is the 30-year average from 1991 to 2020.
 Source: Created by the Company using data from the Japan Meteorological Agency website.

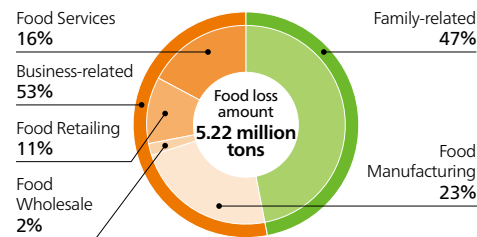
(2) Eliminating Plastics

Lightweight and inexpensive, petroleum-derived plastics are often used for packaging. However, as they are not naturally degradable, the impact they have had on the environment has been immense, and thus efforts to eliminate plastics are progressing on a global basis. Under these circumstances, charging customers for plastic shopping bags started in July 2020 in Japan, and efforts designed to eliminate plastics are gathering pace. To promote initiatives, such as resource recycling for plastics, from product design to waste disposal, the Act on Promotion of Resource Circulation for Plastics, which included in its requirements the curtailment or replacement of plastic spoons and forks provided in supermarkets, was newly enacted in April 2022.

(3) Food Loss

Food loss in Japan amounts to 5.22 million tons per year (2020 estimate). In July 2019, the target set as a basic policy under the Food Loss Act was the halving of business-related food loss by 2030 (compared with 2000). Not only a waste in terms of resources, food loss also leads to the unnecessary emissions of CO₂ generated during the manufacturing, sale and disposal processes, and thus represents an important issue to be addressed from the perspectives of resource management and decarbonization.

◆ Food Loss (Estimated value for 2020)

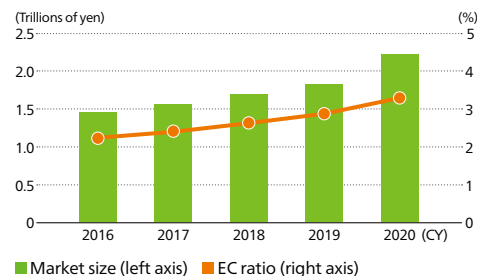


Source: Created by the Company using data from the website of the Food Industry Bureau, Ministry of Agriculture, Forestry and Fisheries

4. Technological Advances

Advances in technology are being made on a daily basis, and the speed of the progress being made in digital technologies is particularly fast. It is thought that factors including the evolution of AI and further improvements in the communication speed, and their utilization, will exert a significant impact on corporate management. In the supermarket industry, we believe that there will be more situations where technology is used not only for improving operational efficiency but also at points of contact with customers. In particular, e-commerce (EC), the market for purchasing products and services via the Internet using personal computers and smartphones, is expanding year by year. We believe that it will be increasingly important in the years ahead to accurately conceptualize and respond to the progress being made with these technologies as a means to support corporate management reform.

◆ Size of EC Food/Beverage/Alcohol Market

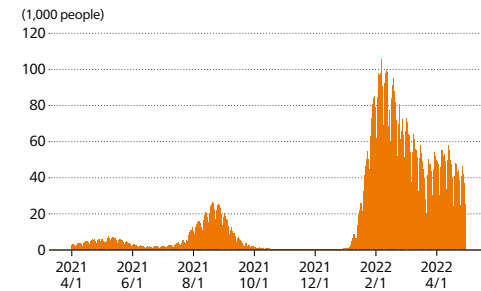


Source: Created by the Company using data from the Ministry of Economy, Trade and Industry website

5. Spread of COVID-19

Following the infectious spread of COVID-19 since January 2020, case numbers in Japan reached a record high from January to February 2022. Since the start of the pandemic, sales at LIFE increased due to the higher demand for eating at home brought about by the restrictions placed on going out and the increase in teleworking. In the meantime, it became essential to take measures to prevent infections at stores, and we installed acrylic screens near cash registers, suspended sales of loose items, such as of delicatessen and bread, and installed alcohol disinfectant dispensers at store entrances.

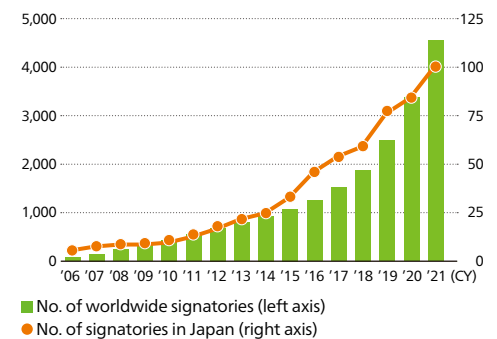
◆ Trends in Numbers of People Infected with COVID-19 in Japan over Past Year



6. Growing Emphasis on Environmental, Social, and Governance (ESG) Initiatives

The importance of ESG is being recognized for the stable, long-term growth of companies. In addition, Japan's Corporate Governance Code requires companies to disclose the status of their ESG initiatives. The Sustainable Development Goals (SDGs) adopted by the UN to build a sustainable society also set goals for social efforts toward 2030. Under these circumstances, in terms of ESG, among the items being demanded of companies are a climate change response, the construction of a society in which diverse talent can play active roles, and corporate governance with enhanced management transparency through appropriate information disclosure. It is becoming increasingly important for companies to always recognize that their activities are underpinned by the sustainability of the global environment and society and to act accordingly at all times.

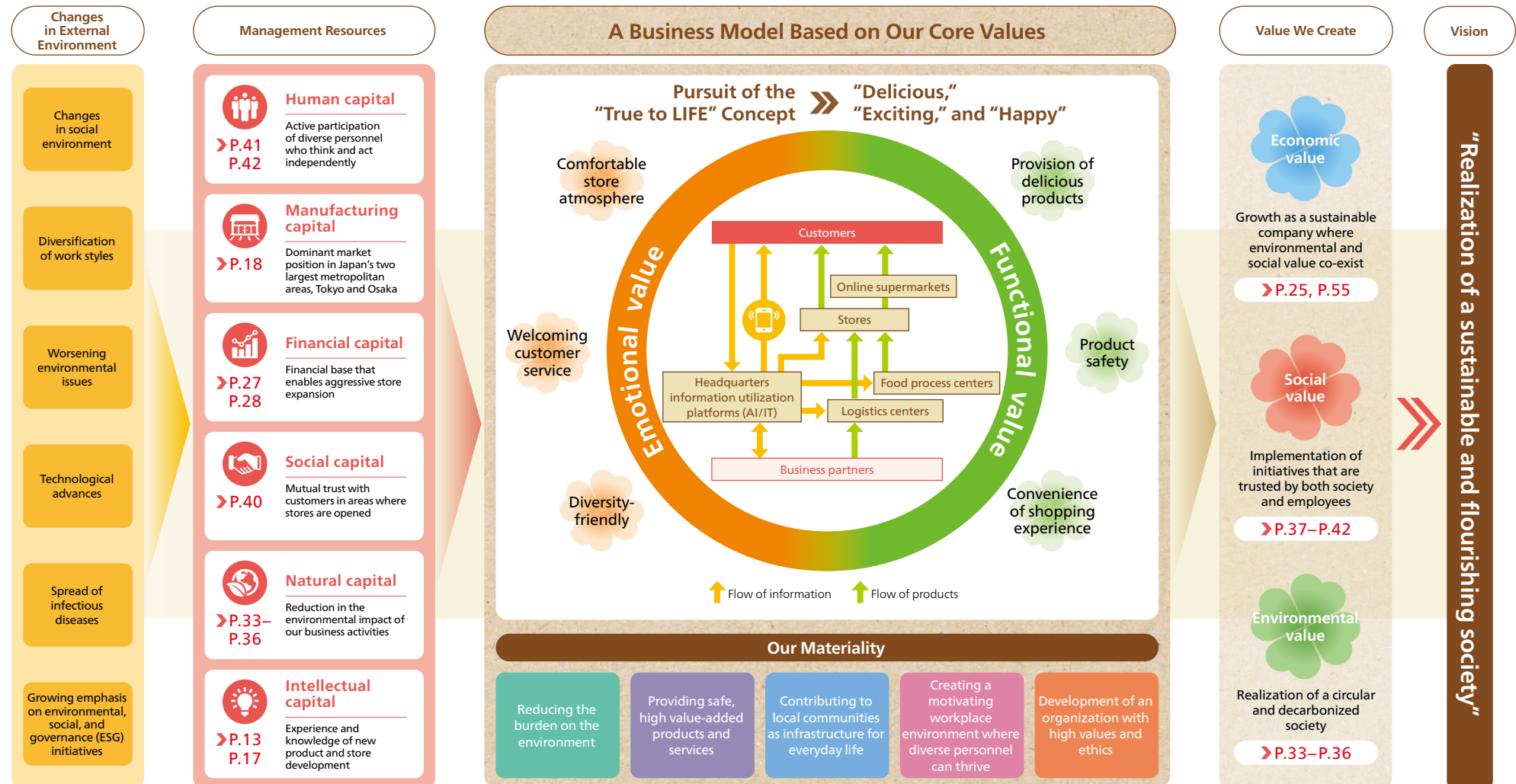
◆ Trends in Numbers of PRI Signatories



Source: Created by the Company using data from the Principles for Responsible Investment (PRI) Association website

Value Creation Process

In the LIFE Group, we are pursuing the concept of "True to LIFE" symbolized by three keywords, "delicious," "exciting," and "happy," while utilizing our Group's management resources and responding to customer needs and changes in our external environment. We will continue our efforts towards the "realization of a sustainable and flourishing society" by providing value that can only be created by our Group.



Pursuit of the “True to LIFE” Concept

At LIFE, each of us are personally invested in thinking and acting on how best to provide functional value such as the safety, security, and deliciousness of our products, as well as emotional value such as comfort, reassurance, and having a little fun. We will enhance our business continuity and contribute towards the “realization of a sustainable and flourishing society” through our contributions to the environment and society, by being a company that remains trusted by customers, society, and employees.

Emotional Value We Provide

Comfortable store atmosphere

We pride ourselves on attention to detail in designing our supermarket interiors—down to the level of sales floor layout and individual lighting—to ensure our customers can have a comfortable and easy shopping experience.



Welcoming customer service

We are striving to improve our customer service, such as by enhancing product knowledge, with the aim of having all our customers feel comfortable with our smiles and greetings.



Diversity-friendly

We are working on transforming our corporate culture and creating workplaces whereby all employees, regardless of gender, nationality, or disability, can thrive and make full use of their diverse skills and abilities.



Functional Value We Provide

Provision of delicious products

We are proactively developing food supply sources and our private brand products to ensure we can always deliver new “deliciousness” to our customers.



Product safety

We are working to strengthen our quality management by establishing a department dedicated to quality management and ensuring all employees have a high level of quality awareness to make sure we deliver safe and secure products to our customers.



Convenience of shopping experience

We provide a shopping environment whereby customers can choose according to their needs between shopping in-store or online.



Our business departments are working to provide new value to our stakeholders by further refining the "True to LIFE" concept summarized by the keywords "delicious," "exciting," and "happy"

Product Development

We develop private brand products to meet a diverse range of needs in terms of taste, quality, and price. We also produce our own delicatessen items and other products that focus on ingredients, recipes, and freshness. By offering our customers value that our competitors cannot match, we are realizing the "True to LIFE."



Department in Charge: **Product Division**

■ Roles and responsibilities of the Product Division

- The provision of products that embody the "True to LIFE"
- The procurement and selection of products that reflect the "True to LIFE" concept, as well as the development of products unique to LIFE across each of its departments, which cover agricultural produce, marine and meat products, delicatessen items, produce and groceries, lifestyle products, and apparel
- The planning and development of various private brand (PB) products to meet customer needs
- Product development activities, as well as sales promotion initiatives to inform customers about the attractiveness of LIFE products

■ Strengths and advantages

- Four distinct PBs developed through a customer-orientated perspective to accommodate diverse customer needs in terms of taste, quality, price, etc.
- An extensive product lineup, to support customers interested in health and natural products, centering on the BIO-RAL brand
- Original LIFE delicatessen items and handmade baked goods

■ Challenges

- Maintaining LIFE's uniqueness by continuing to differentiate ourselves from the homogenous competition

■ Future goals

- Further expanding PB product lineups and increasing their ratio of contribution to total sales
- Using food process centers to enhance the originality of our marine and meat products, and delicatessen items

FOCUS 1

Pursuing uniqueness: Developing private brand products

Our Brands



Smile Life

An affordable brand developed with a focus on safety, security, deliciousness, and ease of use



BIO-RAL

A brand that uses healthy ingredients and production methods that are kind to the body, targeting customers interested in health and natural products



LIFE PREMIUM

A brand that pursues delicious flavors using consciously selected ingredients and production methods



star select

A brand jointly developed by LIFE and Yaoko Co., Ltd. to enhance customer lifestyles

◆ Positioning of the Four Brands



◆ Totals for all private brands in FY2021

Net sales	YoY increase	Ratio of total sales
¥65.2 billion	+2.7%	8.9%

Product Highlight

LIFE PREMIUM

A sumptuous dashi soup stock that contains flying fish extract and is delicious to drink straight out of the pack



The concept behind this product is to make a stock that could be delicious to drink "as is"

Conscious
selectiveness to
ingredients

All ingredients are sourced within Japan

Commitment
to flavor

Taste sensors are used alongside conventional taste testing to provide a scientific basis for the product's umami flavor and other characteristics

LIFE's private brands and unique products such as delicatessen items received extensive media coverage in fiscal 2022

- LIFE special episode: TBS/MBS *Sakagami & Sashihara no Tsuburenai Mise* (May 15, 2022)
- LIFE tomato ketchup taste test ranking No.1: TBS/MBS *Saturday Plus* (May 14, 2022) and LIFE roast ham taste test ranking No.4: TBS/MBS *Saturday Plus* (April 30, 2022)
- YGP* live broadcast: TBS *Hiruobi* (April 18, 2022)
- YGP feature: TV Tokyo/TV Osaka *WBS* (April 15, 2022)
- LIFE special episode: Kansai Television *Ura Mayo!* (September 25, 2021)



*YGP: CENTRAL SQUARE
YEBISU GARDEN PLACE Store

Product Development

FOCUS 2

Pursuing deliciousness: Developing delicatessen items that focus on ingredients and production methods

Product Highlight

Winner of the Karaage* Grand Prix gold award or higher for four consecutive years!

Junwa Akadori chicken breast, salt flavor (Tokyo Region)
(Japan Karaage Association, 10th-13th Karaage Grand Prix)

*Japanese-style fried chicken



1. Commitment to ingredients

- Chicken breasts from *Junwa Akadori*, a rare breed unique to Japan. *Junwa Akadori* chicken is the first in Japan to be certified under the Japan Agricultural Standard (JAS) for sustainable poultry in recognition of cyclical production methods, including the use of rice fodder and recycled chicken manure. The meat is highly regarded for its delicious *umami* flavor and excellent quality.

2. Commitment to salt

- Salted rice malt is added to season the chicken to give it a delicate sweetness and mellow flavor.
- Nagasaki flower algae sea salt (*hanamoshio*) is mixed into the coating to lock in the flavor and make the chicken juicier.

3. Commitment to product development

- Potato starch is sprinkled on the chicken before it is deep fried to create a craggy and powdered appearance.
- The chicken is prepared using a double frying method, in which it is fried once, left to rest until the residual heat cooks through inside, and then refried to ensure a crispy finish.



Cross-departmental initiatives

Development of delicatessen items using products from different departments

- Marine Products Department: Arctic salmon (Osaka Region), red sea bream with functional claims (Tokyo Region)
- Meat Products Department: *Junwa Akadori* chicken (Tokyo Region)

Use functions of food process centers

- Creation of original products by development staff
→ Simmered foods produced using LIFE PREMIUM *dashi* soup stock containing flying fish extract
- Supply of ingredients for foods produced in stores (collaboration with food process centers)

Satellite Delicatessen Center

- Expansion of product lineup through the supply of *bento* boxed meals and breads to stores in city centers

FOCUS 3

CENTRAL SQUARE: Embodying the keywords "delicious," "exciting," and "happy"

What is CENTRAL SQUARE?

- Stores that turn the convenience of daily shopping into a fun experience by disseminating new, interesting and highly sensitive information for the enjoyment of local customers
- Each store serves an area with a radius of around ten kilometers, offering diverse and extensive product selections, including items that are only available at the store, as well as ideas for special occasions
- Feature special corners that are continually evolved, enhanced, and updated

CENTRAL SQUARE Nishimiyahara Store (Osaka Region)



Marine products

- Live fish are taken from in-store tanks and prepared on the spot
→ Sushi (*Uozushi*) is made by a fishmonger in the "extremely fresh" corner of the store
- Fresh fish from the morning catch is brought in from Kagoshima on the *Shinkansen* bullet train

CENTRAL SQUARE YEBISU GARDEN PLACE Store (Tokyo Region)

- Offers a wide selection of seasonal fruits and vegetables
- Fresh salads made in-store using tomatoes, turnips, and other seasonal vegetables
- Deployment at sales space for locally grown vegetables by offering a selection of produce certified under the Good Agricultural Practices (GAP) in Tokyo (local production for local consumption)



Agri-cultural produce



Meat products

- Extensive range of meats available in four grades. Top-grade products include *Iki* beef and *Anno Kurobuta* pork
- Delicatessen meat items made using LIFE's original *Amani* pork and *Amani* chicken brands

Center Operations

The role of center operations is to ensure reliable daily deliveries of safe, secure, and trusted products to stores and to enhance store operating efficiency and attractiveness by processing agricultural, marine and meat products, and producing delicatessen items.



Department in Charge: Logistics Centers

■ Roles and responsibilities of logistics centers

- Delivery of goods to stores according to plan
- Ensuring the safety and security of goods through effective quality and temperature control and the maintenance of accurate product history management
- Improvement of store operating efficiency and reduction of logistics costs through the administration of our unique logistics center network
- Efficient acceptance, inspection, and sorting of incoming goods using automated center systems designed to reduce labor requirements

■ Strengths and advantages

- Our unique logistics center network serving our store network in the Tokyo region and Osaka region
- Centralized control of pickups and deliveries to maintain logistics costs at an appropriate level and ensure efficient handling of incoming goods at stores
- Excellent delivery efficiency thanks to aggressive store openings at key locations in eastern and western Japan

■ Challenges

- Addressing the logistics problem in 2024 (imposition of limits on the working hours of delivery drivers and labor shortages)
- Reduction of future CO₂ emissions through further streamlining of the delivery system and a transition from fossil fuel vehicles to electric vehicles (EV)

■ Future goals

- Further improvements in accuracy of delivery (reduction of delivery delays and errors)
- Initiatives that use AI to improve delivery efficiency and environmental responsiveness

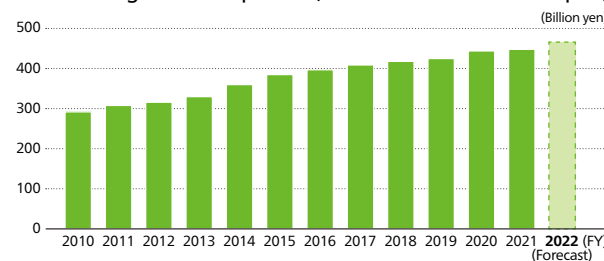


FOCUS 1

Maintaining reliable daily deliveries to 285 stores across eastern and western Japan

A fleet of approximately 760 trucks delivers high-quality goods to our 285 stores in eastern and western Japan at the same time every day according to operating plans that reflect traffic conditions and many other factors. We have reorganized our logistics infrastructure to keep pace with continual increases in delivery volumes resulting from yearly sales growth by opening the Kawasaki Comprehensive Logistics Center in the Tokyo region in 2017, followed by the establishment of the Hirabayashi Comprehensive Logistics Center in the Osaka region in 2018. We will explore further efficiency improvements in anticipation of a future 400-store network.

◆ Value of goods transported (total for east and west Japan)



FOCUS 3

Support for store operation efficiency

- (1) **Delivery by category**
By sorting goods not only by store, but also by department and product type, we ensure efficient sorting and shelf-stacking operations at stores.
- (2) **Delivery of loose items (required quantities)**
To avoid excessive inventory levels at stores, containers are unpacked at logistics centers, sorted as loose-item inventory, and shipped.
- (3) **Use of automation and labor-saving equipment**



Product sorter (conveyor)



Wearable inspection devices



Automatic oricon stacker

*Oricon: A type of collapsible container box

FOCUS 2

Deployment of logistics centers in eastern and western Japan

We place our logistics centers in optimal locations based on our store opening strategy to ensure on-time deliveries of goods to our 285 stores in eastern and western Japan while maintaining high standards of freshness.

Center name	Temperature category	Location
Osaka Hirabayashi Comprehensive Logistics Center	Normal, low	Suminoe-ku, Osaka
Suminoe Logistics Center	Normal	Suminoe-ku, Osaka
Shintempoan Low Temperature Logistics Center	Low	Minato-ku, Osaka
Kawasaki Comprehensive Logistics Center	Normal, low	Kawasaki, Kanagawa Prefecture
Matsudo Comprehensive Logistics Center	Normal, low	Matsudo, Chiba Prefecture

* Normal temperature: Processed foods, confectionary, etc.
Low temperature: Products that require refrigeration, such as milk

Center Operations



Department in Charge: Food Process Centers

■ Roles and responsibilities of food process centers

- Production of safe, secure, and high-quality agricultural produce, marine and meat products, and delicatessen items, as well as the delivery of these goods to stores
- Development and production of original LIFE products in the areas of agricultural produce, marine and meat products, and delicatessen items
- Recycling of 100% food residue (installation of biogas power generation systems, see p.34)
- Acquisition and maintenance of ISO 22000 and FSSC 22000 certification in recognition of appropriate quality, hygiene, and production control, as well as product history management
- Reduction of processing costs through the implementation of manufacturing cost management and improvement measures
- Planning and introduction of new equipment and production lines to improve the efficiency of processing and production systems

■ Strengths and advantages

- Achievement of high quality and low cost through centralized production at food process centers, especially for mass-market products in the four areas of agricultural produce, marine and meat products, and delicatessen items
- Stable realization of increasingly attractive products and sales space by focusing in-store production and processing capabilities on items requiring high standards of freshness and high-value-added items
- Ability to offer unique and competitively-priced LIFE products, which cannot be sourced from other manufacturers, through collaboration among the agricultural produce, marine and meat product, and delicatessen businesses
- Improvement of freshness and reduction of store order lead times through 24-hour operations

■ Challenges

- Need for accelerated introduction of automation as part of efforts to address shortages of labor for processing and production operations
- Reduction of food residue and plastic waste

■ Future goals

- Improvement of product competitiveness and expansion of the range of delicious original LIFE products
- Research leading to the introduction of equipment to reduce labor inputs

FOCUS 1

Examples of products developed at food process centers



Hors d'oeuvres
to enjoy with
wine



Miso-marinated silver salmon
using BIO-RAL's long-fermented
additive-free organic *miso*



Healthy *bento* boxes made
with multi-grain rice



Meat-filled *Sukiyaki* hotpot
(with *udon* noodles)

FOCUS 2

Deployment of food process centers in eastern and western Japan

Our food process centers in eastern and western Japan process and ship over 1.2 million items every day. In addition to the centers listed below, LIFE also operates various production centers, including bakery goods centers and satellite delicatessen centers.

Center name	Goods handled	Location
Tempozan Food Process Center	Delicatessen items, bakery goods	Minato-ku, Osaka
Nanko Food Process Center	Marine products, sliced vegetables	Suminoe-ku, Osaka
Osaka Hirabayashi Food Process Center	Bagged vegetables	Suminoe-ku, Osaka
Sakai Food Process Center	Meat products	Sakai, Osaka Prefecture
Kazo Food Process Center	Marine products, sliced vegetables	Kazo, Saitama Prefecture
Kurihashi Food Process Center	Meat products, bagged vegetables	Kuki, Saitama Prefecture
Funabashi Food Process Center	Delicatessen items, bakery goods	Funabashi, Chiba Prefecture

FOCUS 3

Workplace improvement measures: Striving for efficiency through good work practices

1. Objective: To ensure operational stability and improve productivity in food process centers
2. Goals: (a) The reliable supply of safe, secure, and delicious products, and (b) the development of diverse talent who can think and act on their own initiative
3. Specific initiatives
In addition to classroom lectures designed to impart knowledge and techniques to attendees, we also implement improvement activities on a small-group basis. Participants are placed into teams according to their work categories and take part in four-month courses. Activities include the identification of issues, the verification and evaluation of improvement measures, and the standardization of work. Team members include not only LIFE employees, but also staff from business partners and foreign technical interns, who bring a wide range of different opinions to these improvement activities.



Store Development

We are focused on purchasing properties for stores in Japan's two major metropolitan areas, Tokyo region and Osaka region. We design and manage construction of stores to be easy to shop and ensure that the facilities, interiors, and exteriors are comfortable for customers.



Department in Charge: Development Division

■ Roles and responsibilities of the Development Division

- Collect information on potential locations for new stores, information around our existing stores and information on opening stores of competitors
- Propose store opening strategies and comprehensive project management from property acquisition to store opening
- Develop construction plans for new stores and renovation plans for existing stores, and project management of the construction process
- Interior and exterior design for new stores and store refurbishments; planning of store zoning and layouts to be easy to shop

■ Strengths and advantages

- A powerful information network covering our priority areas for store openings
- Diverse proprietary store formats (based on the scale and concept of the store) that allow us to open stores according to the size and conditions of the property

■ Challenges

- Responding to intensifying competition for acquisition of potential prime store locations across business sectors
- Responding to soaring costs in real estate in general, including building materials and labor costs
- Adopting eco-friendly building materials, such as with a lower CO₂ emissions footprint, and building stores that reduce energy consumption

■ Future goals

- Continuous store openings in our priority areas for store opening
- In addition to the business model of regular supermarkets, develop stores in unique formats, such as Central Square and BIO-RAL, that induce even greater excitement and happiness

FOCUS 1

Designing stores that embody the "True to Life" concept with the feature of "easy to shop" and "exciting"

We are designing our stores according to the market and business formats, such as regular stores, Central Square Stores, small stores, and BIO-RAL stores.

LIFE Sakurashinmachi



We have designed a warm and cozy store interior with curvy layouts, warm-colored lighting, and interior decorations using wood grains and shades of green.

LIFE msb Tamachi



Delicatessen section at station side entrance



Agricultural produce section at the entrance on the residential side

Located on the first floor of a high-rise office building with a direct connection to Tamachi Station, we have made a bold statement with our msb Tamachi building store in tune with its location and in pursuit of convenience for local customers. We positioned delicatessen items on the side nearest the station and fresh produce on the side near the residential area.



We have also provided areas for customers to have fun, relax, and feel at ease with an 83-seat eat-in resting space area and a kids play area on the mezzanine floor.

LIFE Benteicho



We designed this store to be stylish and to convey high-quality products by highlighting to emphasize the presentation of sales items.

Store Development

FOCUS 2

Developing stores in a range of formats

We select the most suitable store format according to not only the size of the store, but also the lifestyles and needs of local customers.

1. Classification by concept

Format: **LIFE**

Our standard store



Sakurashinmachi

Format: **BIO-RAL**

A natural store with a focus organic, local, and healthy products that brings us closer to lifestyles in tune with nature



BIO-RAL Utsubo

Format: **Central Square**

"Going beyond convenience to make our daily grocery shop fun." A lifestyle store that disseminates information



CENTRAL SQUARE Nishimiyahara

Format: **Miniel**

A small-scale supermarket format focused on inner-city living



Miniel Nishihonmachi

FOCUS 3

Opening new stores:
How we set priority area

We are formulating store opening plans by defining priority areas for opening new stores.

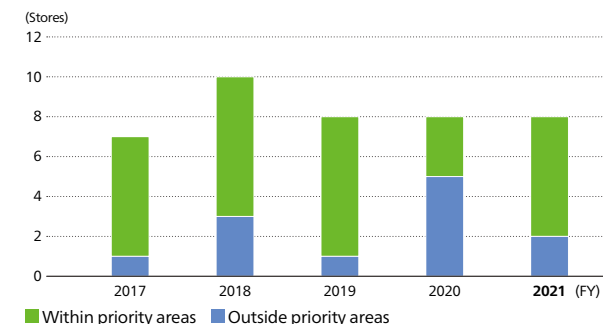
(1) Priority areas in the Tokyo Region:

23 special wards of Tokyo, Kawasaki, and Yokohama

(2) Priority areas in the Osaka Region: Osaka, Kobe, Kyoto

Note: Of the 41 newly opened stores in the past five years, 29 (about 70%) were opened in priority areas

◆ Trends in new store openings inside and outside of priority areas



2. Classification by sales floor size

Format: **Supermarket (SM)**
Does not sell clothing

Nakaharada

Format: **Super Supermarket-II (SSM-II)**
Sales floor area of less than 1,800 m²

Nakanosakaue

Format: **Super Supermarket-I (SSM-I)**
Sales floor area of 1,800 m² or more

Taiyui

Format: **Combination Store (Cbs)**
Sales floor area of 3,000 m² or more

Nijo Station

Format: **General Merchandise Store (GMS)**
Sales floor area of 4,500 m² or more

Minamisenju

Smallest

Largest

Online Supermarket

We offer our online supermarket service, which enables customers to shop without being bound by time or place, as a convenient option that can respond to the lifestyles and day-to-day circumstances of customers, such as being unable to go shopping due to bad weather or poor health.



Department in Charge: E-Commerce Department

Roles and responsibilities of the E-Commerce Department

- Business planning for online supermarket business
- Operation and management of website and app of "Life Online Supermarket," which enables all customers living in our existing supermarket sales areas to shop online with the same convenience and comfort as in our brick-and-mortar stores
- Delivery of LIFE products to a wider range of customers by developing two services, one operated through our Company website and the other through Amazon

Strengths and advantages

- Delivery of products from brick-and-mortar stores trusted by customers
- Extensive range of original LIFE products (private brand, delicatessen items)
- Expanded sales area through collaboration with Amazon
- High-quality and stable delivery through joint venture with Maguchi Group Co., Ltd.

NPS Benchmark Survey 2021
Claimed top spot in the online
supermarket category



Challenges

- Responding to intensifying competition resulting from the growing e-commerce market
- Securing the workforce required for the expanding online supermarket business
- Securing the delivery network as the delivery area expands

Future goals

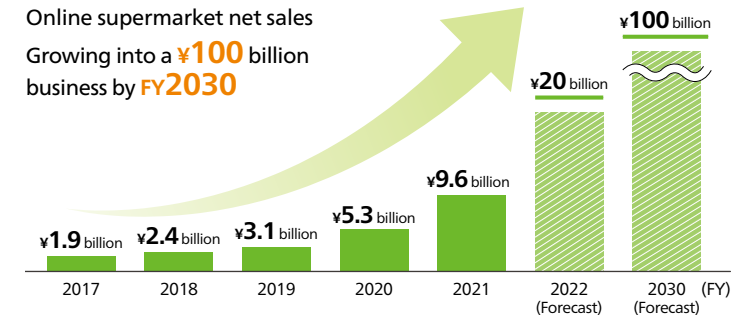
- Development of a more convenient system adapted to increased online shopping demand

FOCUS 1

Expansion of online supermarket business

We are establishing new logistics centers and enhancing our delivery capacity from existing stores. Net sales from the online supermarket business progressed mostly to plan at approximately ¥9.6 billion in FY2021. In FY2022, we aim to further expand our capacity with a net sales target of ¥20 billion and a target of ¥100 billion in FY2030.

Online supermarket net sales
Growing into a **¥100 billion**
business by **FY2030**



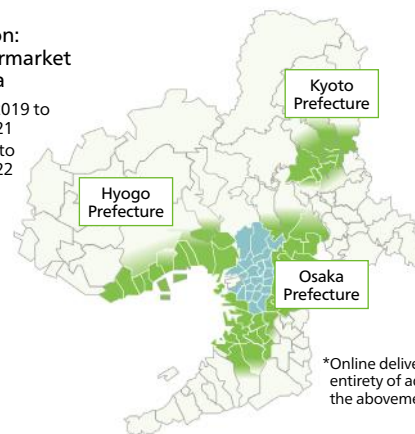
FOCUS 2

Expansion of our in-house and Amazon online supermarket delivery areas

We are working to expand the delivery area of our online supermarket business to enable more customers to utilize it. In FY2021, in addition to expanding the delivery area in Osaka, Tokyo, and Kanagawa Prefecture, we began to expand into Kyoto, Hyogo, Saitama, and Chiba prefectures.

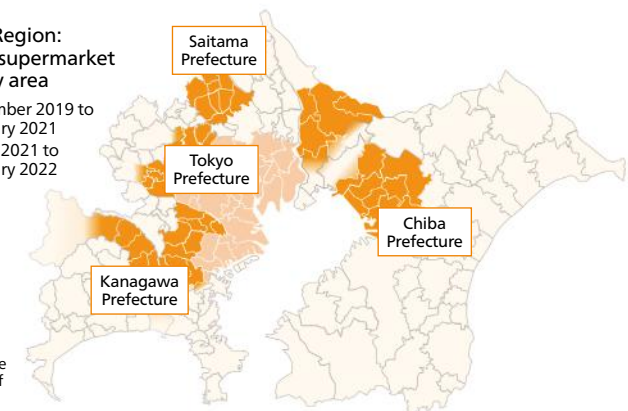
Osaka Region: Online supermarket delivery area

- September 2019 to February 2021
- March 2021 to February 2022



Tokyo Region: Online supermarket delivery area

- September 2019 to February 2021
- March 2021 to February 2022



*Online delivery does not cover the entirety of administrative areas of the abovementioned prefectures

Online Supermarket

FOCUS 3

LIFE Online Supermarket App launched in March 2021

Online supermarket purchases via the app are growing steadily due to fast and smooth operability and providing a convenient shopping experience in a wide range of products. In collaboration with the developer, 10X Co., Ltd., we will continue updating and improving this app to make it even easier to use.



FOCUS 5

Launched delivery service company LIFE HOME DELIVERY in June 2021

We set up a joint-venture delivery service, LIFE HOME DELIVERY, with Maguchi Group, and launched the business on June 1, 2021. We will strive to provide a service that exceeds our existing high customer satisfaction standards through excellent customer service and stable and reliable delivery.



LIFE HOME DELIVERY delivery car



LIFE HOME DELIVERY logo



Delivery driver

FOCUS 4

Earn customer trust by enhancing human resource systems and training of staffs

We are strengthening our efforts to secure human resources and building a system that can meet demand. We will earn the trust of our customers by enhancing the skills of staffs and ongoing efforts to improve quality such as by utilizing video manuals and conducting training.



Employee training



Employee training

FOCUS 6

Dark store trial launched

In the spring of 2021, we started trialling dark stores (stores dedicated to online supermarkets with no over-the-counter sales) in Tokyo. We will continue expanding our capacity to respond to increased orders by developing new logistics centers to meet growing online supermarket demand.



Sakurashinmachi Distribution Center

Card Business

By promoting the use of the Group's co-branded credit card (LC JCB Card) that doubles as a points rewards program, and our e-money card, (LaCuCa), we will improve customer convenience at checkout and will utilize the acquired sales data to improve our product range and services, as well as develop new products.



Department in Charge: Card Business Department

Roles and responsibilities of the Card Business Department

- Strategic planning for our Group's cards (LC JCB Card, LaCuCa) and cashless payments
- Improve customer convenience by promoting the use of cashless payments
- Coordinate utilization of sales data with departments in charge of product development and sales promotions

Strengths and advantages

- Reduction of settlement fee expenses through use of our Group's credit cards
- Utilization of sales data accumulated through use of our Group's cards for marketing strategies

Challenges

- Responding to intensifying competition from credit cards of other companies, QR code payments, and various other payment methods

Future goals

- LC JCB Cards: Improve convenience by supporting contactless payments, card applications via mobile devices, and enhance benefits and campaigns such as double points
- LaCuCa: Introduce new charge terminals compatible with mobile devices and realize cardless payments



FOCUS 1

Expand use of the Group's cards

Purpose of strengthening use of the Group's cards

1. Improve customer loyalty (convenience and value)
2. Reduce transaction fee expenses
3. Increase the ratio of cashless payments



Measures to promote the use of the Group's cards

1. Strengthening of incentives
 - New membership points reward
 - Settlement points reward
 - Exclusive events such as campaigns
2. Promoting membership through mobile van advertisements, in-store promotions, etc.
3. Improvement of convenience
 - LC JCB Card: Shift to paperless statements
 - LaCuCa: Mobile LaCuCa (App payment functions)

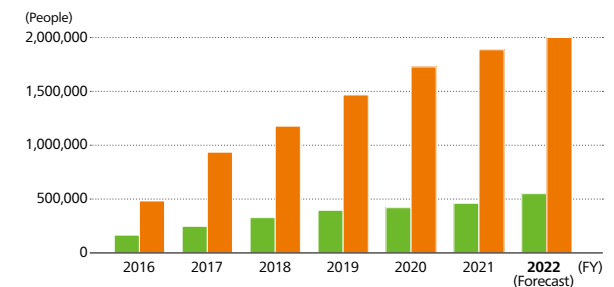


FOCUS 2

Increase in LC JCB Card and LaCuCa members and cashless settlement

The number of cardholders of the Group's card and the ratio of cashless payments are both growing steadily. By the end of FY2021, the number of LC JCB Card members reached approximately 460,000, the number of LaCuCa users reached approximately 1.9 million, and the cashless payment ratio increased to 56.1%.

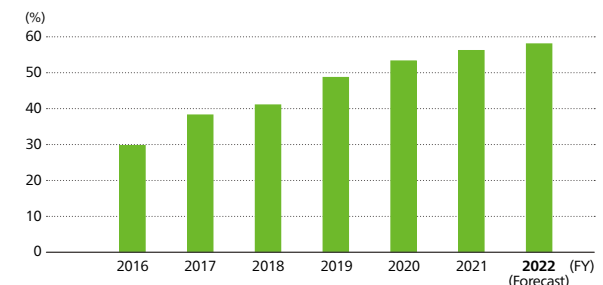
◆ Number of LC JCB Card and LaCuCa members



■ LC JCB Card members ■ Number of LaCuCa e-money users (total)

*The above figures are the number of users of the e-money function. LaCuCa can also just be used as a point card (i.e. paying in cash, not e-money)

◆ Cashless payment ratio



Digitization Strategy

We aim to utilize digital technology to create an environment in which brick-and-mortar stores and the Internet are seamlessly connected. This enables efficient shopping regardless of whether a customer is online or offline, while also improving the efficiency of working environments for our employees.



Department in Charge: CX Co-Creation Promotion Office and Information Strategy Division

Roles and responsibilities of the CX Co-Creation Promotion Office

- Propose ways of engaging customers to connect them with LIFE and promote efficiency in store operations
- Utilize digital technology to enhance customer experience value and build an environment for providing products and services by utilizing various data from both online and offline sources

Roles and responsibilities of the Information Strategy Division

- Develop a system infrastructure to support digitization strategy
- Improve the working environment of employees with digital technologies to increase work productivity
- Develop and maintain a secure system environment where the system can be used with peace of mind

Strengths and advantages

- Product development and product range based on sales data analysis, classified by product characteristics uniquely set by the Company
- Improve work efficiency through AI automated order processing, automated order processing, electronic shelf labels, multifunctional devices, and allocate the time created by this to sales floor maintenance and management tasks

Challenges

- Developing and securing talent to promote digitization
- Securing resources, including those of our suppliers, to respond in a timely manner to ever-evolving digital technology

Future goals

- Expand the number of stores that have adopted electronic shelf labels and the scope of AI automated order processing
- Further functional enhancement of the smartphone app, and full adoption of smartphone and shopping cart self-checkout systems
- Develop web applications for store employees and promote paperless operations

LIFE certified as a
DX Certified Business
Operator in July 2021



What is the Digital Transformation (DX) Certification System?.....The DX Certification System is an initiative by the Japanese government that certifies companies that comply with the basic items of the Digital Governance Code based on the Act on Facilitation of Information Processing. It certifies businesses that are implementing excellent initiatives to promote digital transformation.

FOCUS 1

Utilizing digital technology to enhance the customer experience

1. Sales promotions utilizing the LIFE app and expansion of functions (customer-centric app coupons)



2. Enhancing customer shopping experiences (trailing smartphone and shopping cart self-checkout systems)



FOCUS 2

Utilizing digital technology to improve business operations

1. Inventory management system for single item products
 - Grasp store inventory information in real time
 - Utilize captured inventory information for more precise ordering and responding to customer inquiries
2. Adoption of AI automated order processing
 - AI-based automation of order processing, which accounts for a large proportion of store working hours
 - Achieving highly accurate AI automated order processing by linking with the inventory management system for single item products
3. Adoption of electronic shelf labels
 - Reduces manual labor of replacing point of purchase advertising in stores
 - Eliminates sales price errors at stores



4. Introduction of devices for store employees
 - Improve employee work efficiency with smart devices



In light of the future management environment and our medium-term direction and financial condition, we are developing a strategy that continues to provide new value to investors, customers, and other stakeholders

Review of the 6th Medium-Term Plan

The Company started the 6th Medium-Term Plan in FY2018, with its final year set in FY2021. Under the plan, we have been aiming to realize the "True to LIFE" concept through investment in employees, investment in stores, investment in products, an online supermarket strategy, and a card business strategy.

1. Investment in employees

In terms of investment in employees, we aim to become a company where all employees can demonstrate their abilities, provides great job satisfaction to its employees, and where diverse people succeed in a stress-free environment without being pressed for time.

Specifically, to lift employee job satisfaction, we have improved the working conditions for regular employees and part-time employees, and promoted store-led management by expanding authority at the individual store level. We have also put in place a personnel framework that supports these initiatives, expanded training, and updated the employee appraisal system.

From the diversity viewpoint, we are actively engaged in putting to use the diverse skills and expertise of individual talent. Initiatives include promoting women to management roles, support at work for employees with disabilities, technical training support for foreign technical intern trainees, and the hiring of experienced mid-career employees.

2. Investment in stores

Investment in new and existing stores was as follows:

1. Remodeled existing stores with record-high investments (over ¥20 billion) during the medium-term plan.
2. Opening of new stores achieved at steady progress and mostly on schedule with about 10 stores per year, including multiple store openings using the Central Square and BIO-RAL formats.

◆ 6th Medium-Term Plan—Stores opened

(Stores)

Region	FY2018	FY2019	FY2020	FY2021	FY2022 (planned)
Tokyo Region	6	3	2	4	7
Osaka Region	4	5	6	4	4
Total	10	8	8	8	11

3. Investment in products

Regarding investment in products, we have proactively worked on the development and production of original products such as delicatessen items and bakeries, etc., and the development of production areas for perishables as well as development of private brands. In particular, under the theme of "organic, healthy, local, and sustainability," BIO-RAL has experienced growth to the point where it can be rolled out into many stores.

◆ No. of private brand (PB) items

(items)

PB name	Smile Life	LIFE PREMIUM	BIO-RAL	star select
No. of items	800	153	189	207

*as of February 28, 2022

4. Online supermarket strategy

In order to deliver our products as easily to as many online customers as we do in our brick-and-mortar stores, we have added our own online supermarket as well as our online supermarket service through Amazon. Also, the Company grasped the opportunity afforded by the drastic changes in the market environment caused by COVID-19 to strengthen its recruitment of service staff. As a result, we have achieved growth in both the number of stores and sales. Further, as we move toward ¥100 billion in sales by FY2030, we will continue to expand the number of stores, obtain delivery vehicles, secure service staff, and strengthen sales promotions.

◆ Online supermarket net sales

(billion yen)

	FY2018	FY2019	FY2020	FY2021	FY2022 (planned)
Net sales	2.4	3.1	5.3	9.6	20

5. Card business strategy

In this time of expanding cashless payments, COVID-19 has increased the need for contactless transactions and further accelerated its rollout speed. Amid this drastically changing environment, we launched a new Card Business Department to further promote our own card initiatives. We also took aggressive measures to acquire card members and promote their usage. As a result, we reached 4.9 million cardholders at the end of FY2021, an increase of 340,000 from the previous fiscal year.

Management Strategy in FY2022

In FY2022, with an eye on the development of the upcoming 7th Medium-Term Plan, we will aim to complete the 6th Medium-Term Plan.

Polices for FY2022

The period of the 6h Medium-Term Plan (FY2018 to FY2021) was a time of unforeseen major changes in the business environment, such as COVID-19, that could not have been anticipated when it was formulated. On the one hand, progress on some initiatives exceeded the plan, but as there are still outstanding issues, we have positioned FY2022 as a "year of completion" for the 6th Medium-Term Plan, and we are working toward its completion.

The major initiatives focused on in FY2022 are as follows.

(1) Differentiating ourselves from the homogenous competition

To differentiate ourselves from the homogenous competition, we will clarify the role of each product department and advance measures that create a balance between price and value. We will also develop original products and a health-driven product lineup centered on BIO-RAL, while also enhancing the lineup in accordance with the special characteristics of the areas in which we operate.

(2) Improving employee satisfaction

We will promote diversity to enable diverse talent to demonstrate their abilities, and also focus on raising job satisfaction by expanding authority at the individual store level and improving the working conditions for employees. Also, by improving work efficiency through the introduction of AI automated order processing and electronic shelf labels, we aim to become a company where employees can have more time and energy to serve customers.

(3) Connecting to customers through digitization

We will further promote "True to LIFE" to customers by developing products using ID-POS data based on our unique cluster settings, the Company strength, by developing new ways to approach customers, by building a system that enables one-to-one marketing with customers using a smartphone app, etc.



Group discussions for medium-term plans



Toward Formulation of 7th Medium-Term Plan

Regarding the 7th Medium-Term Plan starting in FY2023, while continuing the initiatives focused on in FY2022, we are also proceeding with the plan formulation based on the following.

(1) Direction of the plan formulation

The 7th Medium-Term Plan is being developed based on the following.

1. Aiming for continuous stable growth while holding a medium- to long-term viewpoint
2. Align our vision and initiatives vectors throughout the Company
3. Making agenda items that come up through the plan formulation process one's own issues for employees to solve
4. Proactively take on challenges even in uncertain times

(2) Supermarket 4.0

The Company views its own progress as below.

- Supermarket 1.0 (1953-) → First self-service supermarket to open in Japan
- Supermarket 2.0 (2000s-) → Companies enter the online supermarket space
- Supermarket 3.0 (2010s-) → Organic product offerings expanded

We are taking on the challenge of growing the next generation of supermarkets, positioning Supermarket 4.0 as a new form that transcends barriers and seamlessly connects the features of brick-and-mortar stores, online supermarkets, and organic products that characterized Supermarket 1.0 through to Supermarket 3.0.

COLUMN

Initiatives on the CENTRAL SQUARE YEBISU GARDEN PLACE Store

As a model for Supermarket 4.0, we opened the CENTRAL SQUARE YEBISU GARDEN PLACE Store in April 2022. The store seamlessly connected the following initiatives, which enabled it to conduct promotions tailored to the needs of each and every customer.

- Expanding our sales area by integrating online and brick-and-mortar stores (online supermarkets, Amazon)
- Rolling out BIO-RAL to cater to customers interested in health
- A wide selection of products (premium to standard brands) to make the sales space not only more convenient but also more enjoyable



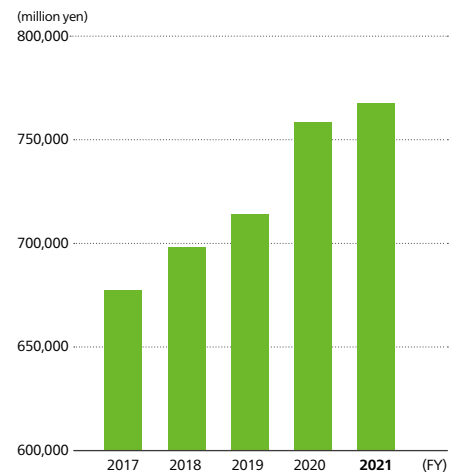
Marine products:
Fresh fish in a tank/a corner
selling whole fish



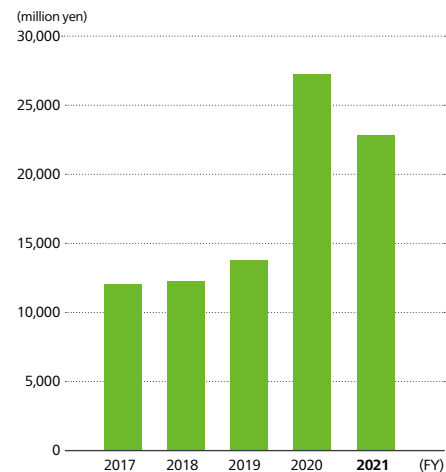
Agricultural produce:
Fruits gift corner

At a Glance — Financial Highlights

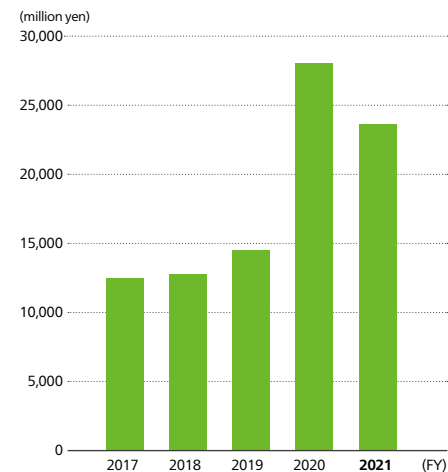
Operating revenue



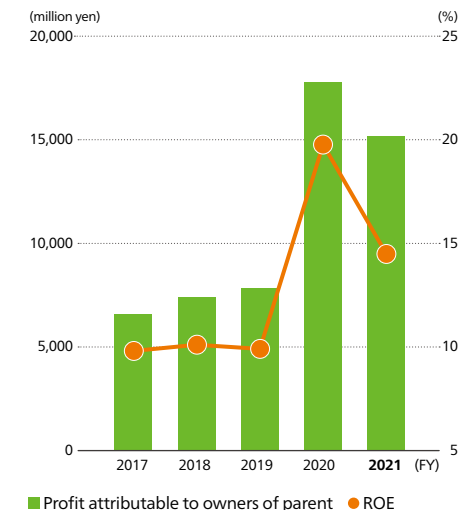
Operating profit



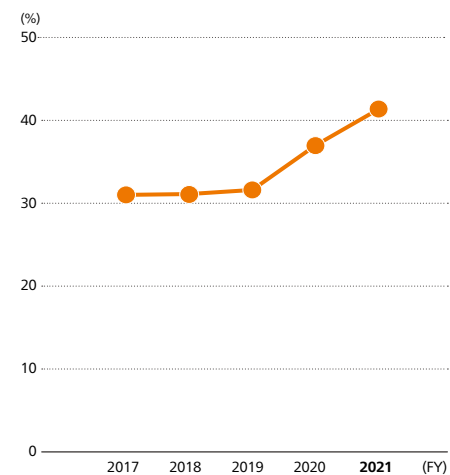
Ordinary profit



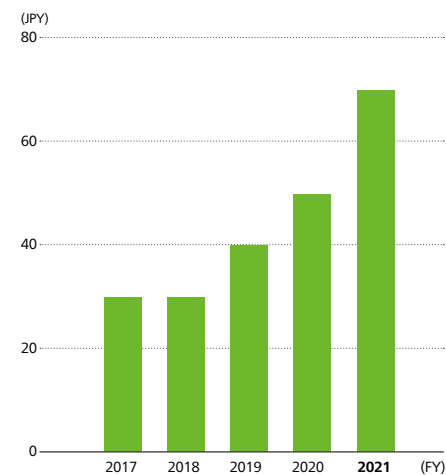
Profit attributable to owners of parent/ROE



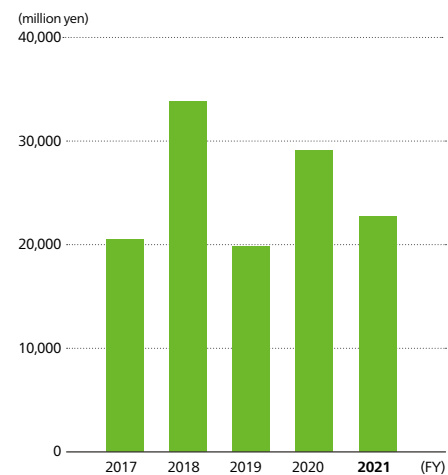
Equity ratio



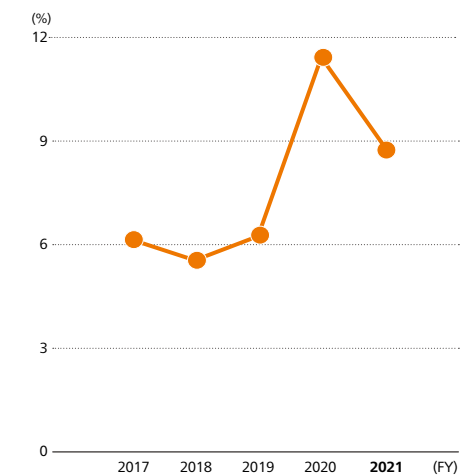
Dividend per share



Capital expenditures

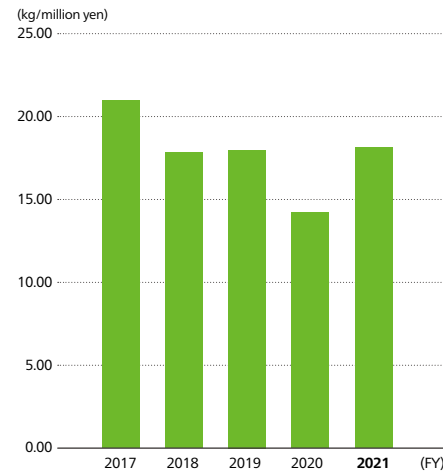


ROIC

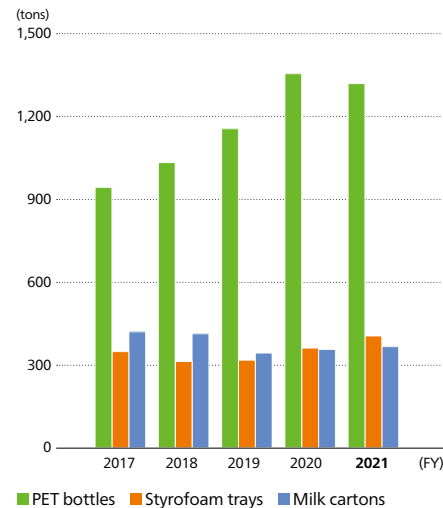


At a Glance — Non-financial Highlights

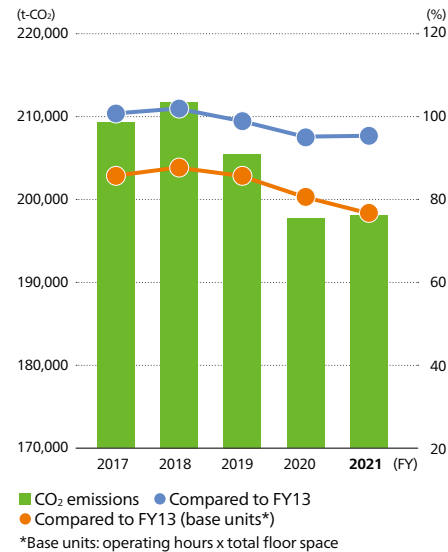
Final amount of food waste (per sales)



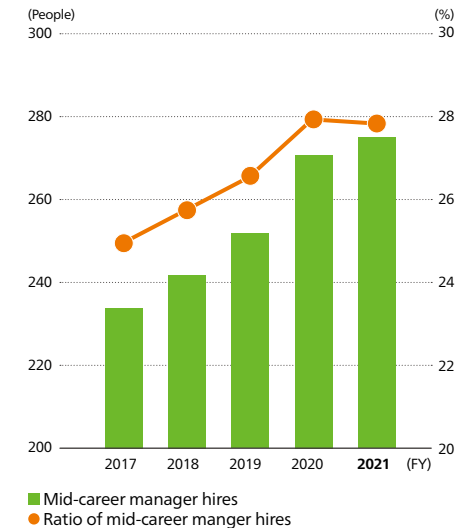
Store recycling and collection



CO₂ emissions



Number and ratio of mid-career manager hires



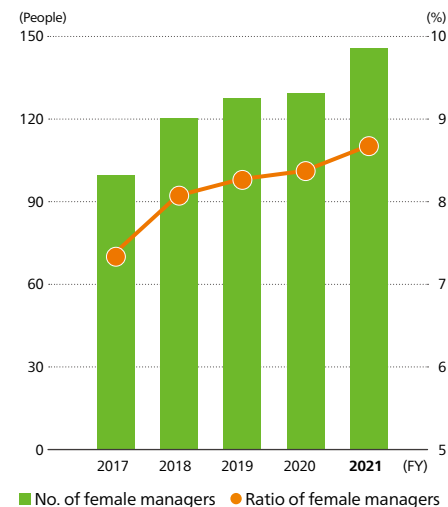
5 A Day Association-Japan: Food education training results

Company	FY2019		FY2020		FY2021	
	Classes	Participants	Classes	Participants	Classes	Participants
A	659	17,588	378	9,721	390	10,070
LIFE CORPORATION	200	9,666	199	7,047	737	24,466
B	50	1,526	35	1,037		
C	23	621	13	176		
D	63	1,777	3	90		
E	3	119	2	110		
F	1	30	2	40		
G	4	128	1	51		
H	95	2,937	1	24		
I	4	125	1	20		

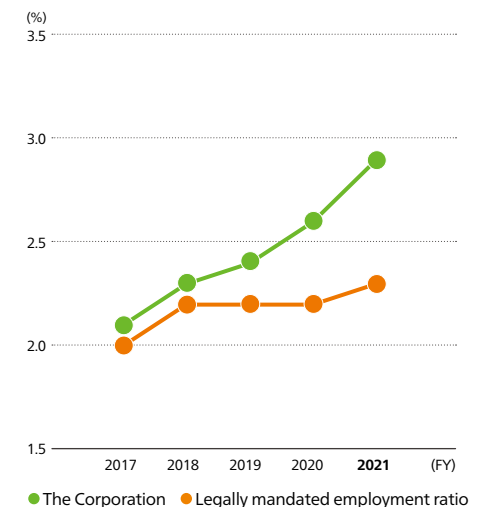
*No. of participants in FY2019 and FY2020 food education programs. For FY2021, the unit of counting was classes conducted, not schools, and a single program consisted of social studies and food education. As a result, there was a large increase in the number of participants.

*5 A DAY Association-Japan: An NPO that conducts social contribution activities which contribute to health and good eating habits

Number and ratio of female managers



Ratio of employees with disabilities



Financial Capital Strategy



Nobuyuki Kawai

Director & Managing Executive Officer
Deputy Group CEO of Corporate Functions HQ and
COO of Corporate Finance and Accounting Division

Aiming to raise corporate value by improving the soundness of our financial foundation and aggressive investing in business growth

Balancing financial efficiency and soundness

The Company has established its current position in the food supermarket industry by taking on various challenges to grow and expand the business.

The 1990s was the era of "aggressively opening new stores" when we rolled out our strategy of dominating urban centers. In the 2000s, we opened new stores and remodeled existing stores with highlighting our merchandising (MD) strategy that made our stores more attractive, and expanded and reorganized our food process centers with the aim of improving products and productivity. In recent years, we have been investing proactively in a variety of initiatives, such

as the online supermarket business and digitization, to improve customer convenience, and creating greater operational efficiency. The necessary funds for investing are mainly financed by loans from financial institutions and our own funds. As a result of dynamic fund procurement and high financial efficiency, we have been able to achieve stable, low-level borrowing costs, while keeping our equity ratio around 30% over a long period. From the perspective of financial soundness, there are just a few issues remaining. Meanwhile, from FY2020 to FY2021, we were able to achieve significant earnings growth by creating sales spaces and developing products to meet the increased demand for eating at home and customers' needs. During these

two years, we were able to reduce interest-bearing debt and raise the equity ratio to 40% while maintaining a high level of investment.

Looking ahead to the future, we plan to continue making investments that lead to improved corporate value, while keeping an eye on return on invested capital (ROIC). To respond accurately to these types of funding needs, I will strive to provide financial functions while also examining ways to diversify our procurement of financing.

Investment leading to business growth

The Company's capital expenditures can be divided into four main categories: (1)

» Highlights of the
fiscal year ended
February 28, 2022

Increased equity ratio

Record high
40.8%

Rejuvenated stores with enhanced remodeling

Record high
in remodeling investments
Over ¥20 billion

6th Medium-Term Plan period
FY2018–2022

Increased dividends

Record high
¥70
(per share)

Strengthened IR activities

- Held financial results briefings
- Small meetings with analysts and investors
- English disclosures
- Published an integrated report

opening new stores, (2) remodeling existing stores, (3) IT and digitization, and (4) others (including logistics centers, food process centers, and maintenance). During the 6th Medium-Term Plan (FY2018 to FY2022), in order to further strengthen our dominant position, we have been opening new stores at prime locations in urban centers in the Tokyo and Osaka regions, while remodeling sales space to reflect the latest merchandising (MD) in existing stores. In addition, we have been working on IT and digitization for the purpose of strengthening our sales power and increasing customer convenience, together with expanding and reorganizing the logistics center and food process center functions to realize stable production and uninterrupted delivery. We aim to open about ten new stores each year, but under an environment characterized by fiercer competition for potential sites and escalating construction costs, we are not particularly fixated on

the store count. Rather, we decide store openings by examining the investment recovery plans and store profitability at development strategy meetings. In the 6th Medium-Term Plan, we have focused our efforts more than before on remodeling investment in existing stores, where we have invested over ¥20 billion during the plan period. The initiatives we have carried out not only address the issue of aging facilities, but also the creation of sales spaces and expansion of product lineups that meet customers' changing needs. The rejuvenation of existing stores, in addition to opening new stores, takes on a significance in solidifying the business foundation to support future growth.

In order to verify how well the funds allocated to investment are contributing to steady improvement in profitability, we utilize ROIC as an internal management metric as it helps to promote appropriate investments and increase corporate value.

Shareholder returns

The Company regards the return of profits to shareholders as a major management priority and has set a basic policy of continually paying a stable dividend. In accordance with this policy, as a result of considering from a comprehensive perspective the strengthening of its management structure and future business development, the Company has successfully striven to pay stable dividends without once lowering them since listing. From now on, we will continue this basic policy while keeping a careful eye on financial and market conditions. We will also consider implementing flexible returns to shareholders, including share buybacks.

Strengthened IR activities

To deepen the understanding of the Company's businesses, and with the aim of enhancing our information disclosure ability,

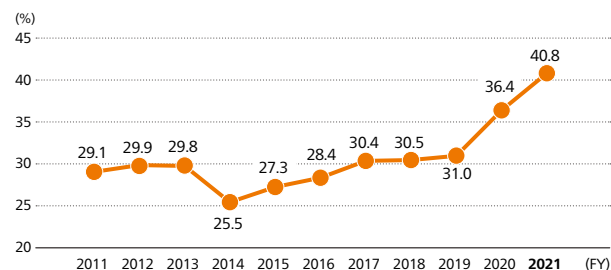
we established an IR Department in March 2021 and are strengthening our IR activities.

In addition to holding biannual financial results briefings for institutional investors and analysts as well as small meetings for quarterly results, we hold one-on-one meetings as needed, in order to increase the opportunities for dialogue with shareholders and investors.

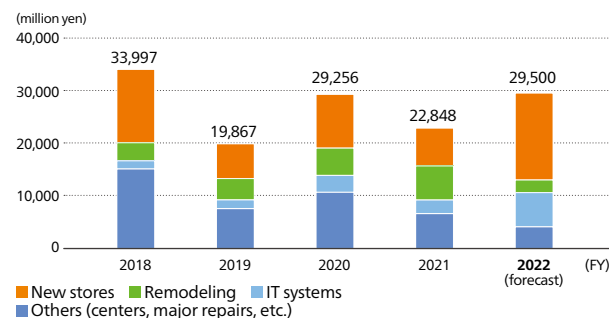
Also, as a result of moving to the Prime Market of the Tokyo Stock Exchange in April 2022, our response to foreign investors is becoming increasingly important. As a result, we are starting to make various disclosures available in English as we take steps to improve our information disclosure.

In publishing this first integrated report, our chief aim is to provide content that deepens the understanding of the Company for all stakeholders, including our customers, suppliers, and employees, as well as our shareholders. We hope this report increases your familiarity with our Company.

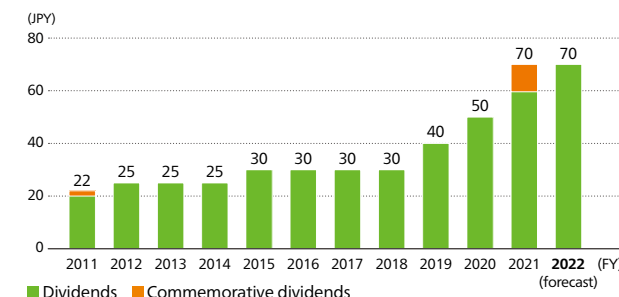
◆ Equity ratio



◆ Capital expenditures



◆ Dividend per share



Our corporate philosophy, "contribute towards the realization of a sustainable and flourishing society" sums up the Company's approach to sustainability. Moving ahead on initiatives to realize this philosophy are based on five materialities

Sustainability Management

How we approach sustainability at the Company



Tomehisa Morishita

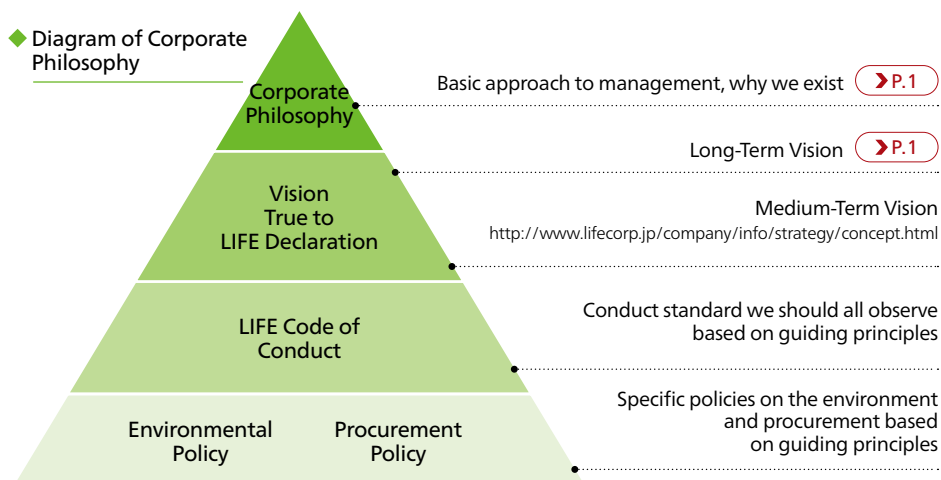
Director & Senior Managing Executive Officer
Group CEO of Corporate Functions HQ and
COO of Information Strategy Division
Chair of the Sustainability Promotion
Committee

As expressed in our Corporate Philosophy, 'through "reliable management with noble aspirations" contribute towards realization of a sustainable and flourishing society,' and as a company trusted by all of its stakeholders, we strive to solve issues facing the global environment, which lies at the root of our business activities. Finding such solutions will also help solve issues in society.

The sustainable and flourishing society that we aim for is one characterized by a healthy planet and a healthy community. Through our supply of goods and services, we want a society where as many people as possible can lead fun, safe, and healthy lives. Based on this approach, we will make a sincere effort to tackle the issues of the environment, society, and its own governance.

Moreover, in order to contribute to the realization of a sustainable and flourishing society together with all its stakeholders, we updated our philosophy and policies in December 2021, including our corporate philosophy, to incorporate the concept of sustainability. We are also updating our code of conduct, environmental policy, and procurement policy based on the same concept.

◆ Diagram of Corporate Philosophy



LIFE Code of Conduct

In 2007, we set out a specific set of behaviors that employees should comply with as the LIFE code of conduct. Then in 2021, we updated the LIFE code of conduct to incorporate thorough compliance, our aspirations for sustainable growth, and the goal of contributing to society as a supermarket trusted by all of its stakeholders.

Under a Corporate Philosophy, "through "reliable management with noble aspirations" contribute towards realization of a sustainable and flourishing society," we will ensure thorough compliance and carry out steady implementation of this code, in order to pursue the sustainable growth of the Company and contribute to society as a supermarket trusted by all of its stakeholders.

1. We honor the character, individual personality, and diversity of all people associated with the Company, and we respect the human rights and human dignity of each and every person.
2. We sincerely respond to our customers' opinions and by providing safe and secure products and services through fair sales activities; we aid the health of our customers and their flourishing lifestyles.
3. We seek coexistence and mutual prosperity as a good partner of our suppliers through fair, impartial, and free competition along with appropriate transactions throughout the supply chain.
4. We strive to create a safe, healthy, and comfortable workplace environment where talent is fostered, and a rewarding corporate culture where individuals think and act for themselves.
5. Toward preservation of the global environment, we aim to reduce the environmental impact generated by our business activity and to help bring about a circular and decarbonized society.
6. To earn a reputation for trust and fairness, we strive to foster constructive dialogue with shareholders and investors through appropriately timed disclosure of a variety of corporate information, including management strategy and financial information.
7. We seek to broaden our communication with society, and strive to earn a reputation for trust and propriety through appropriate public relations activities.
8. Regarding confidential information that we acquire or learn about in the course of business, including personal information, customer information, and insider information, we will develop safety measures and provide necessary and appropriate protection and oversight.
9. We reject all relationships with anti-social forces and take all such action in a resolute manner.

Environmental Policy

Environmental issues, including action on climate change and reduction of waste, have become major social challenges. We established "the LIFE Environmental Charter" in 2001 to respond to environmental problems that relate to the Company. Based upon the 2021 update to the corporate philosophy, we made full-scale revisions of our environmental policy and have set as a central guideline our aspiration to realize a circular and decarbonized society.

Toward preservation of the global environment, we aim to reduce the environmental impact generated by our business activity and to help bring about a circular and decarbonized society.

1. To reduce food loss and plastic waste, we are promoting the 3Rs of reduce, reuse, and recycle.
2. To reduce CO₂ emissions, we will promote energy conservation and creation, and make full use of renewable energy.
3. Looking at environmental issues from the standpoint of a supermarket, we promote environmental measures together with local communities.

Procurement policy

We consider it important to conduct business activities—not only for the products we handle and its quality, but also the entire supply chain that handles these products—with integrity and cleanliness. To this end, in 2018 we established a procurement policy covering human rights, compliance, and other matters for our suppliers. The 2021 revisions to this policy aim for coexistence and mutual prosperity with suppliers, incorporating our intent that procurement takes into account the reduction of our environmental burden and the impact on ecosystems.

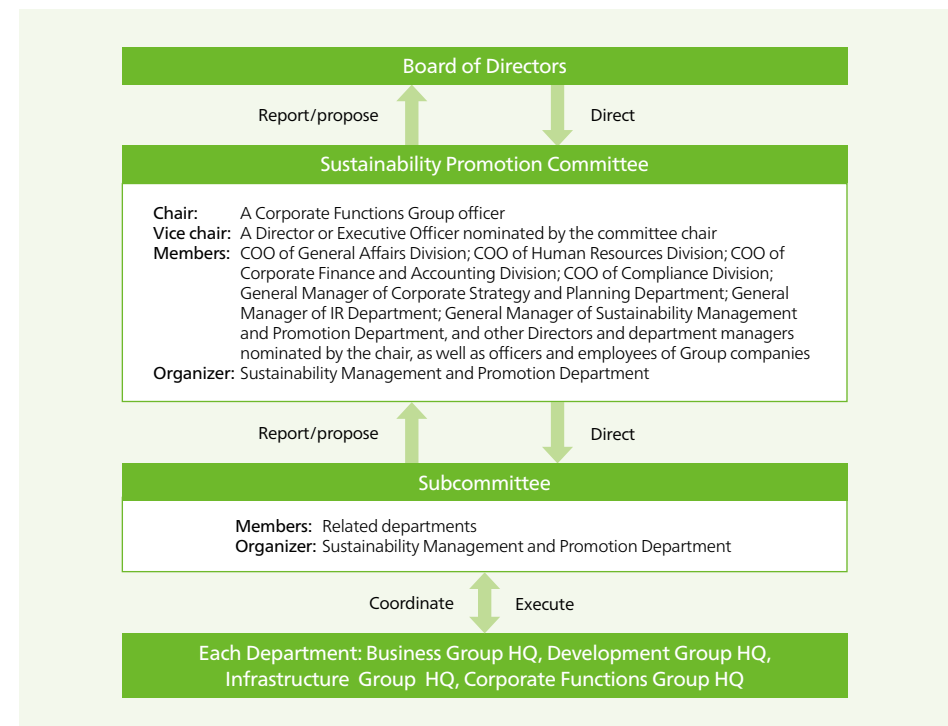
We seek coexistence and mutual prosperity as a good partner of our suppliers through fair, impartial, and free competition along with appropriate transactions throughout the supply chain.

1. We will strive to procure products with respect for human rights and the labor environment.
2. We will strive to procure products that comply with laws and regulations, and social norms.
3. We will strive to procure products in consideration of reducing the burden on the environment and the impact on ecosystems, in order to contribute to the realization of a sustainable and flourishing society.
4. We will strive to procure products in consideration of safety verification and health by thorough application of quality management.

Sustainability Promotion Framework of the Company

In order to respond to social and environmental issues, the Company has set up an internal project, which has organized the initiatives carried out by each department within the Company. We also established the Sustainability Promotion Committee in March 2022 in order to strengthen sustainability efforts. The purpose of this committee is to oversee and promote the Company's sustainability activities from a company-wide perspective. Specific activities include proposing measures and managing their progress, reviewing information disclosure, as well as drafting regulations and necessary measures. The results of these deliberations are then reported to the Board of Directors.

◆ Diagram of Sustainability Promotion Committee





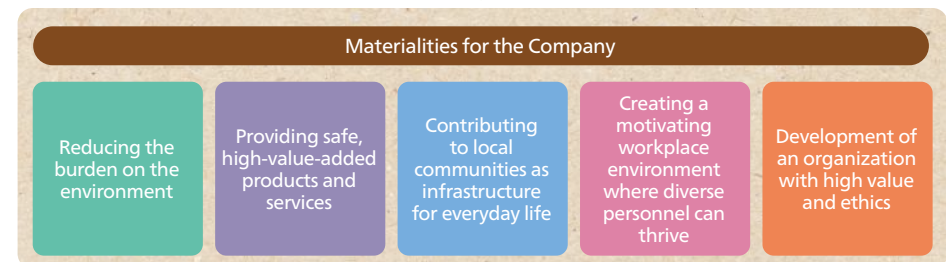
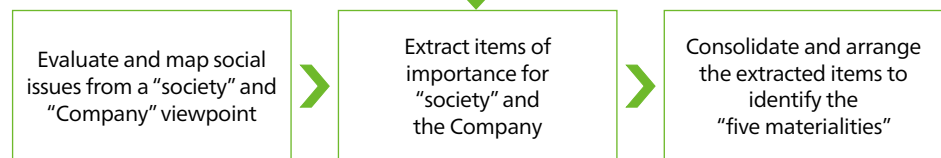
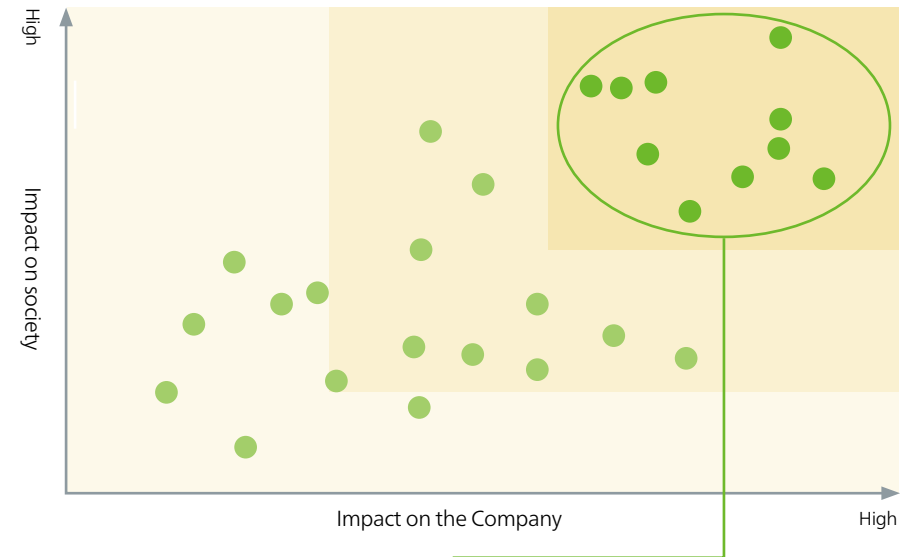
Materiality

Identifying Materialities






















The Company has identified five materialities according to the process shown below.

In the domains related to the identified materialities, we are engaged in activities to increase sustainability and raise corporate value.

Process for Identifying Materialities



Initiatives of the Company

ESG category	Materiality	Initiative theme	Description	SDG targets
	Reducing the burden on the environment	(1) Reduce food waste	Reduce, reuse, recycle Final amount of food waste: 2030: -50% (compared to 2017)	    
		(2) Reduce plastic waste	Restrict emissions from stores and centers, strengthen resource collection and recycling, change containers, trays, and packaging	
		(3) Reduce CO ₂ emissions	Promote energy conservation, conduct energy creation initiatives, use renewable energy CO ₂ emissions (Scope 1 & 2): 2030: -50% (compared to 2013)	
	Providing safe, high-value-added products and services	(1) Ensure safety and security	Supply chain quality assurance inspection system Introduce a food safety management system at food process centers	   
		(2) Promote responsible procurement	Procurement that takes into account human rights and the labor environment; procurement that complies with laws, regulations and social norms; procurement that takes into account safety verification and health	
		(3) BIO-RAL business	Enhance product development and store openings, introduce across existing stores, build operations, strengthen education BIO-RAL business: Quickly reach 20 stores and sales of ¥10 billion	
	Contributing to local communities as infrastructure for everyday life	(1) Run stores stably	Use hazard maps to ascertain risk levels at each of our business sites Formulate, update, practice, and implement business continuity plans (BCPs)	   
		(2) Diversification of shopping options	Delivery services, online supermarket services through our own website and Amazon, and enhanced "last mile" delivery through LIFE HOME DELIVERY Online supermarket business: ¥100 billion in net sales by 2030	
		(3) Contribute to local communities	Food education activities, food bank contributions	
	Creating a motivating workplace environment where diverse personnel can thrive	(1) Diversity	Promoting active participation of women, foreign technical interns, and part-time employees	 
		(2) Health management	Promote initiatives focused on health and safety management and health maintenance and enhancement	
		(3) Human resource strategy	Develop talent systematically and strategically through a cycle of recruitment, placement, training, and evaluation	
	Development of an organization with high value and ethics	(1) Corporate governance	Strengthen the corporate governance structure and meetings, establish the Nomination & Remuneration Advisory Committee, strengthen IR activities	
		(2) Compliance	Exercise thorough compliance, steadily implement the LIFE code of conduct Carry out employee training, set up an appropriate whistle-blowing system	



Reducing the Burden on the Environment

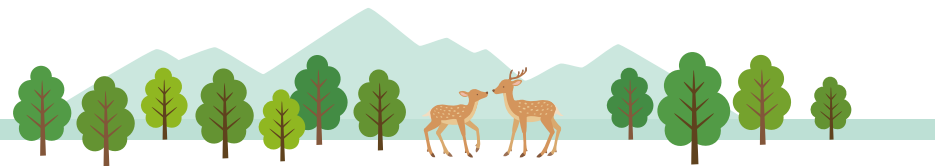
Basic Philosophy

With the rapid global destruction of the environment, frequent abnormal weather events, and the exhaustion of natural resources, one of our greatest challenges is reducing the burden on the environment. We aim to realize a circular and decarbonized society by reducing "CO₂ emissions," cutting "food loss," and reducing "plastic waste"—actions for which our own business activity has a large impact upon the environment—as we endeavor to lower the environmental burden arising from our business activity.

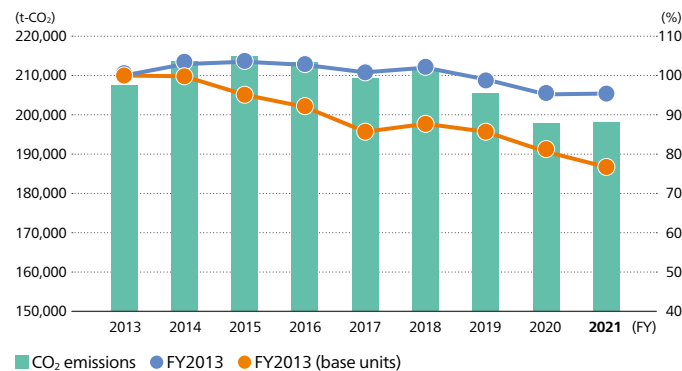
Addressing Climate Change

"Electric power" accounts for 93% of our CO₂ emissions, and if you look at the breakdown by business site, most of this is used for "stores." The breakdown within stores shows that approximately 80% of this usage is accounted for by "refrigeration equipment" such as refrigerator and freezer cases, "air-conditioning" facilities, and interior "lighting."

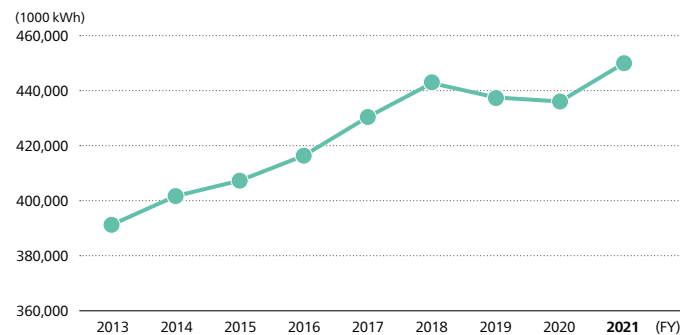
In view of these conditions, we have taken important steps to reduce electricity usage at stores. By doing so, we aim to reduce our total CO₂ emissions.



◆ CO₂ emissions

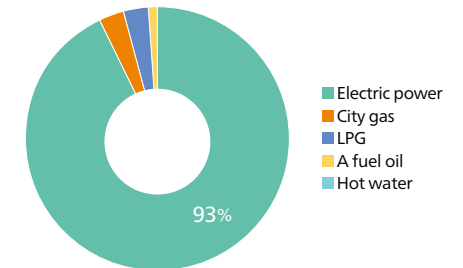


◆ Electric power usage

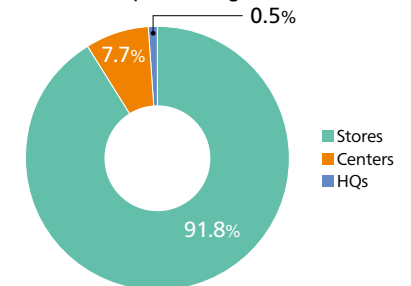


◆ Electric power usage, breakdown comparison (FY2020)

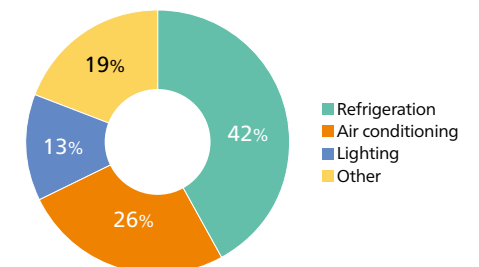
CO₂ emissions by energy source



Electric power usage



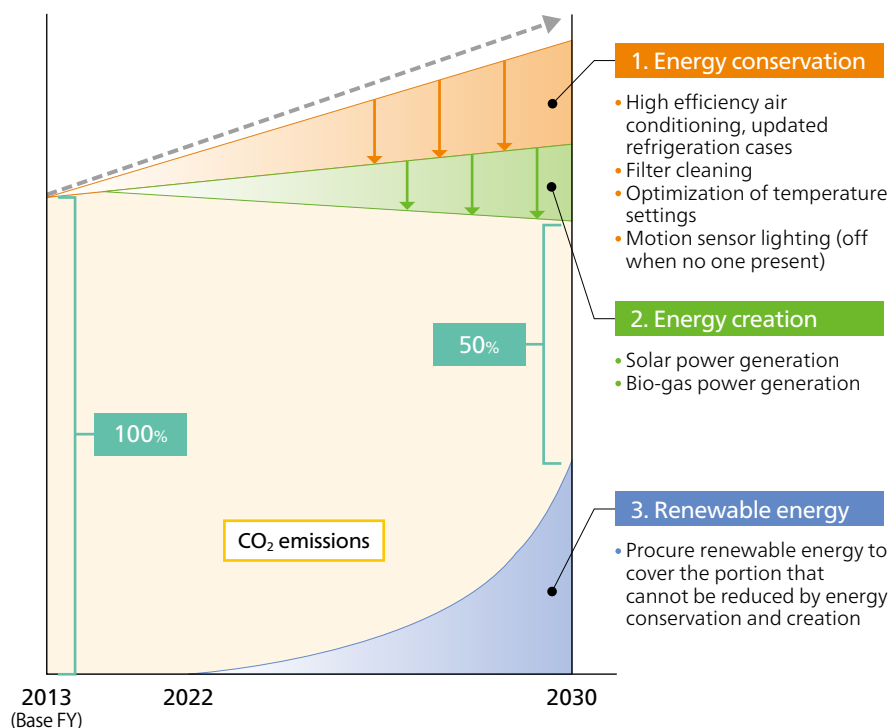
Electric power usage within stores



Efforts to Reduce CO₂ Emissions

To curb electric power consumption at stores, which accounts for the bulk of our CO₂ emissions, we take the following steps with the goal of cutting Scope 1 & 2 emissions in half by 2030 (compared to 2013):

1. Improve maintenance of refrigeration, air conditioning, and lighting equipment to promote energy conservation
2. Create energy through solar panel and bio-gas power generation installed mainly at newly constructed stores
3. Make greater use of renewable energy



*ZEB certification: A third-party certification system for buildings noted for their energy conservation performance, led by the Ministry of Land, Infrastructure, Transport and Tourism. In accordance with calculation methods set by the national government, a BEI (building energy index) value is calculated. Based on this value, up to five stars can be awarded. Among the ones receiving the highest rank of five stars, the ones that also have superior energy conservation performance receive ZEB certification.



ZEB (net-zero energy building)

In FY2022, our new Toyosu Store obtained the highest five-star ranking from the Building-Housing Energy-Efficiency Labeling System (BELS). It also obtained ZEB Ready certification, with energy savings of 50% or more.

Solar power generation

Set up solar power generation facilities at 15 locations in stores and food process centers in the Tokyo and Osaka Regions, in order to generate power. At some stores, solar power and energy management systems are used in parallel, as we build more environmentally friendly stores.

Bio-gas power generation

We have invested approximately ¥900 million into the Tempozan Food Process Center and newly established one of the largest bio-gas power generation facilities in Japan as a retail business. By utilizing the remaining food residue waste generated by the Tempozan Food Process Center, this initiative aims to reduce food residues and generate power.

Renewable energy

From April 2022, we have switched to electricity that is from renewable energy at the Tokyo Headquarters, Osaka Headquarters, and neighboring CENTRAL SQUARE Nishimiyahara Store.



Reducing the Burden on the Environment

Response to TCFD

The Company recognizes the social and environmental issues attributable to climate change as urgent issues. We comply with the approach of the Task Force on Climate-Related Financial Disclosures (TCFD), while collecting and analyzing the necessary data.



Please see our website for details.*

*Mostly in Japanese. We will release more English resources in due course.

Governance

The Board of Directors and the Sustainability Promotion Committee monitor climate-related risks and opportunities. For details on the structure of the Committee, see p.29–30.

Strategy

We have examined "physical risks" such as abnormal weather brought about by climate change and "transition risks" such as the introduction of policy regulations and changes in market requirements. While keeping an eye on 2030, the year set for internationally established science-based targets (SBTs), we have conducted a scenario analysis and estimated the financial impact.

◆ Scenario-specific assumptions

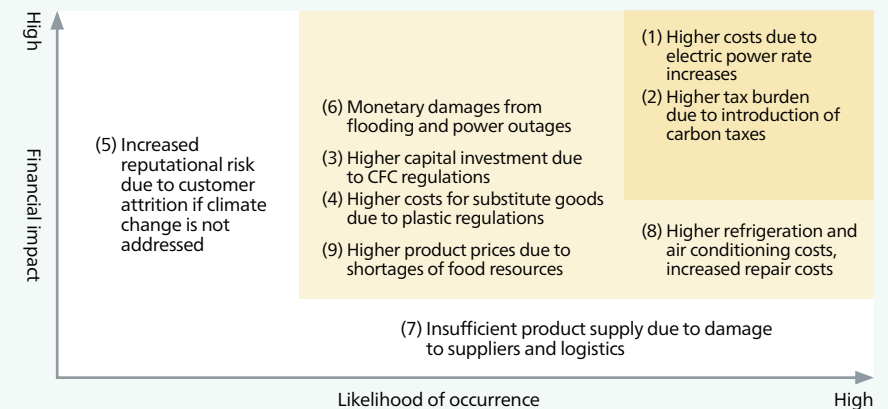
Scenario	Assumptions
Less than 2°C	Regulations and policies toward decarbonization are strengthened, and progress is made on measures to combat climate change. There is an escalation of costs such as those created by various regulations and policies and business investment related to measures to fight climate change. Customers have increased desire for decarbonized and low-carbon approaches to products and services. Action on climate change is strongly desired, and if not addressed, customer attrition gains momentum and reputational risk increases, leading to greater transition risks. Meanwhile, the greater severity and increase of natural disasters caused by climate change will be kept in check to a certain extent, so physical risks are assumed to be relatively low.
4°C	Measures to fight climate change are inadequate, abnormal weather increases, and sea-level rise and natural disasters become more severe, leading to increased physical risks. There is greater impact on operation and management of stores and food process centers, which in turn could have an impact on finances. Due to the effects stated above, demand for BCP-compliant products and services will increase, and the cost of purchasing and introducing them will also increase. On the other hand, policies and regulations to reduce greenhouse gases (GHGs) do not make much headway, and we estimate that the transition risks are low.

Indicators and targets

Regarding the medium-term target of lowering Scope 1 & 2 GHG emissions by 50% by 2030 (compared to FY2013), the Company has set targets from FY2022.

◆ Risk map envisioned for 2030

We have prepared a risk map that assesses "likelihood of occurrence" and "financial impact" on its two axes. Given the nature of the supermarket business, we believe that risks are quite prevalent based on our scenario-specific assumptions. By enhancing and prioritizing responses to risks while steadily seizing opportunities, we believe we can lessen the impact on operations as much as possible.



◆ Financial impact regarding risks envisioned in 2030

Scenario	Assumptions	
Carbon tax	Cost increases associated with a carbon tax (annual)	¥1,425–1,852 million
Electricity rates from renewable energy	Higher procurement costs for electricity derived from renewable energy (annual)	¥170–680 million
Damage from flooding and power outages	Decline in gross profit from temporary store closures (per store per day)	¥2–4 million
	Decline in gross profit from service interruptions at centers (all centers per day)	¥80–120 million

Initiatives for a Circular Society

Approach

As a supermarket business, we recognize that the reduction in "food loss" and "plastic waste" are critical issues. We have undertaken initiatives to utilize the world's limited resources with maximum efficiency by promoting reduce, reuse, and recycle in every process ranging from the design and purchase of private brand and all other products and their manufacturing at food process centers, to their preparation, sale, and disposal at the store.

Food recycling

Even though we do our best to minimize food waste when preparing and processing food products at stores and food process centers, we still generate waste (food residues). We recycle these food residues into fertilizers, animal feeds, detergents, and other products.

Annual food
recycling amount
17,350 tons

Food recycling
ratio
56.3%

Bio-gas power generation

At the LIFE Tempozan bio-gas power generation plant, vegetable residues from the Nanko Food Process Center and residues from delicatessen items at the Tempozan Food Process Center are used to generate renewable energy.

Annual reduction
in food residues

Approx.
4,380 tons

Environmentally-friendly cutlery

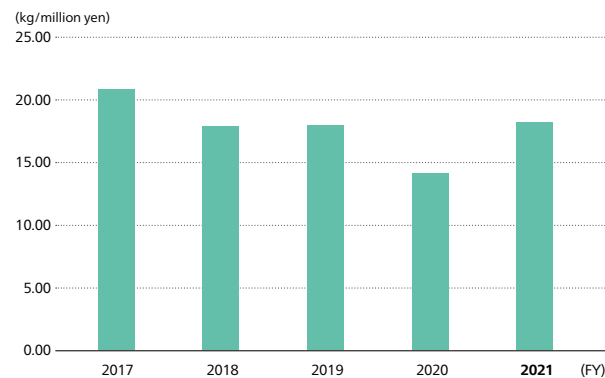
As an initiative to reduce plastic, we have been gradually switching from plastic to paper and wood straws and spoons at all stores in the Tokyo and Osaka regions since April 2022.



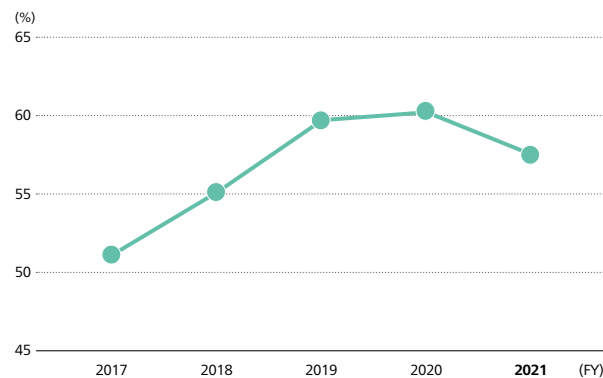
Annual reduction
of plastic

17 million pieces
Approx. **30 tons**

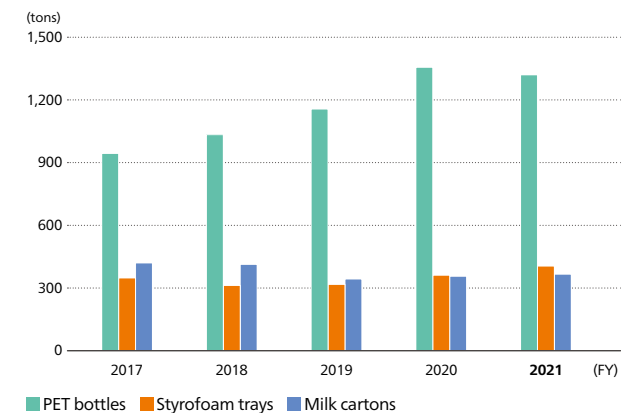
◆ Final amount of food waste (per sales)



◆ Food recycling ratio



◆ Store recycling and collection





Providing Safe, High Value-Added Products and Services

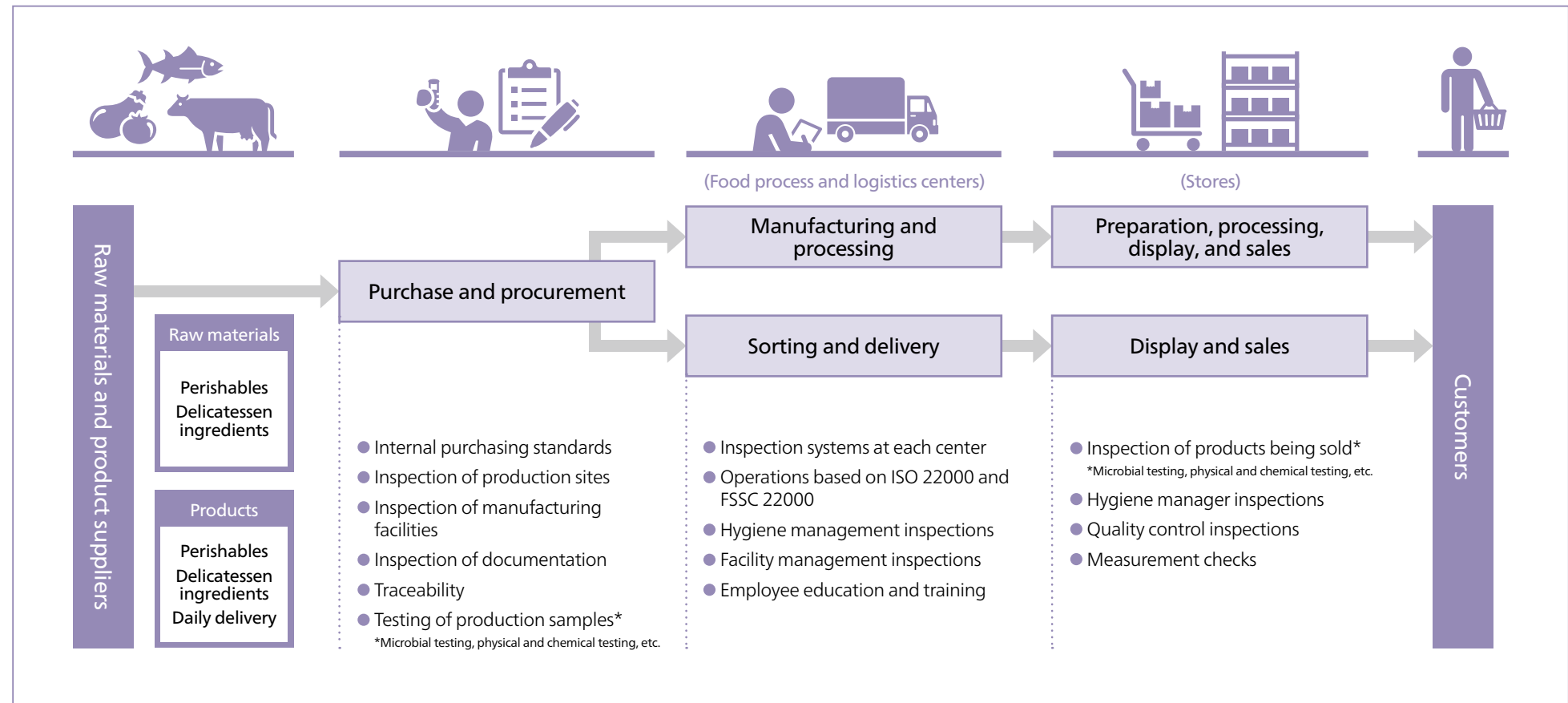
Basic Philosophy

The supply of safe, secure, and high-quality products and services is fundamental to the food supermarket business and one of our highest priorities. All our employees have a strong awareness of quality management in order to provide customers with safe and secure products.

Supply Chain Quality Assurance Inspection System

The Company's efforts to supply safe and secure products to consumers are supported by a robust quality assurance system spanning all stages of the supply chain that links suppliers of raw materials and products to consumers, including purchasing, procurement, manufacturing, processing, sorting, delivery, display, and sales.

◆ Flow chart of quality assurance system



Food Safety Management Based on ISO 22000 and FSSC 22000

The Company is fully committed to making fresh and safe products. Our food process centers carry out extensive quality control and employee hygiene management activities that cover all stages from the receipt of raw materials to the shipment of finished products. We have established reliable quality maintenance systems, including product inspection areas that monitor the quality of items produced in food process centers.

To ensure the highest possible level of quality management, we have also obtained certification under ISO 22000, the international standard for food safety management systems, for the Kurihashi and Kazo Food Process Centers, and for the marine products business at Nanko Food Process Center. We have also obtained certification under the FSSC 22000 standard for operations at the Funabashi and Tempozan Food Process Centers.



Purchasing and Procurement

Before ingredients are purchased, expert buyers check labeling information about specifications, quality of raw materials, additives, microbial test results, and other data, to ensure that all products are safe and meet our standards. In addition, all private brand products are checked by the Quality Assurance Department which verifies analysis results, ingredient and food additive data, raw material certificates of origin, and any other information submitted to the Company before the start of business transactions with the suppliers. Our staffs also carry out inspections at production sites to ensure that manufacturing processes comply with our quality standards. Based on the results of these inspections, we then determine whether we can ensure product safety, and whether the company or facility concerned is a suitable choice for production outsourcing.



Food Safety Measures

In our stores, to ensure that only high-quality products are supplied to customers, we implement highly effective hygiene management and check freshness and expiration date, using our hygiene management manual, which is based on the Hazard Analysis and Critical Control Point (HAACP) system. In-store hygiene inspections are carried out to ensure that all products manufactured comply with our in-house standards. We take particular care to prevent contamination or mislabeling of ingredients causing allergies, and have strengthened our food hygiene management systems in an effort to eliminate the risk of food poisoning. In addition, we encourage not only Quality Assurance Department staff, but also buyers and other staff at food process centers and other facilities to become qualified as food labeling inspectors.





Contributing to Local Communities as Infrastructure for Everyday Life

Basic Philosophy

At the Company, we see supermarkets as "infrastructure that supports food and lifestyle for local communities." We are working to run stores stably and diversify shopping options so that we can continue to provide local customers with daily necessities, especially safe and secure food products. Through our food supermarket business, we will also continue to engage actively in social contribution initiatives that help people to enjoy good health and fulfilling lives in their local communities.

Our Role as Infrastructure for Everyday Life

As a social infrastructure that supports people, we are determined to continue operating as long as possible in the event of disasters, such as earthquakes and typhoons, or in emergencies such as epidemics. We have prepared BCPs in advance for this purpose. In addition, we are responding to growth in the number of dual-income households and demographic aging by diversifying our shopping options so that customers can have our products delivered without needing to physically visit our stores.



◆ Arakawa River Basin Hazard Map (Reference)



Run stores stably

We use hazard maps produced by local governments to ascertain risk levels at each of our business sites. By formulating, updating, practicing, and implementing BCPs, we ensure business continuity and enable stores affected by adverse events to resume operations as early as possible.

Diversification of shopping options

We are actively expanding the areas covered by our "same-day home delivery service" for goods purchased at our stores, as well as the areas covered by our own online supermarket and our online supermarket service through Amazon. In addition, we have established LIFE HOME DELIVERY in an effort to enhance our "last one mile" delivery capabilities.

The Company's shopping options	Details
① In-store shopping (standard)	Customers shop in the store and take shopping home themselves
② Online (via our own and/or Amazon)	Customers shop online and have shopping delivered
③ Same-day delivery service	Customers shop in the store and have shopping delivered



The same safe and secure products sold in our stores are also available online



Delivery services are also subject to our thorough quality management

Contributing to Local Communities

The Company contributes to local communities through its food supermarket business by prioritizing initiatives that can provide continual benefits relating to food and other daily necessities to communities and stakeholders in the areas where our supermarkets are located. Specifically, we are promoting "food education classes," which we have run for many years, and "contribute to food banks" for local residents and their children.

Food education (Classes)

The Company provides classes on topics such as balanced diets and food loss, primarily for third grade students from local elementary schools. These educational programs are run at our stores or schools, as well as online.

According to surveys carried out by the 5 A DAY Association-Japan in both FY2019 and FY2020, these classes were ranked second among initiatives by member organizations in terms of both the frequency of classes and the number of participants. In FY2021, we held a total of 737 food education classes, which were attended by over 24,000 people. Comments from participants were very positive including, "My children couldn't go on field trips because of COVID-19, so it was great that they could deepen their knowledge through classes run at their school by the Company," and "Children at our school have started talking about the need to prevent food losses. This has resulted in a reduction in the amount of food wasted at lunch time." We will continue our efforts to inform as many local residents as possible about the importance of food, while also taking steps to prevent the spread of COVID-19.



Despite COVID-19, and the resulting declaration of a state of emergency and enforcement of infection prevention measures, the Company was still able to expand its activities in FY2021 compared to previous normal years by developing and implementing online food education classes.



Food bank contributions

Our stores donate products that are no longer available at stores to local food banks, children's cafeterias, and other institutions. In FY2021, we donated a total of 167 kg of food on 12 occasions. As a supermarket operator, we will continue to contribute to the improvement of nutrition in local communities through initiatives based on our unique capabilities.

◆ 5 A DAY Association-Japan Member Organizations—Food Education Training Results

Company	FY2019		FY2020		FY2021	
	Classes	Participants	Classes	Participants	Classes	Participants
A	659	17,588	378	9,721	390	10,070
LIFE CORPORATION	200	9,666	199	7,047	737	24,466
B	50	1,526	35	1,037	*No. of participants in FY2019 and FY2020 food education programs. For FY2021, the unit of counting was classes conducted, not schools. As a result, there was a large increase in the number of participants, and due to having a single program for social studies and food education	
C	23	621	13	176		
D	63	1,777	3	90		
E	3	119	2	110		
F	1	30	2	40		
G	4	128	1	51		
H	95	2,937	1	24		
I	4	125	1	20		

*5 A DAY Association-Japan: An NPO that conducts social contribution activities which contribute to health and good eating habits

Food Education Activities During COVID-19

Sustainability Management and
Promotion Department
Deputy Section Manager

Mami Taniguchi



The Company began its food education activities in 2005. At first, we only ran a few events each year, but our programs have since expanded and are now among the most extensive in the retail sector. The situation changed drastically as a result of COVID-19. However, we explored ways to continue our programs through a trial-and-error approach that led to the creation and implementation of online programs and classes that can be completed within schools in a short period of time. As a result of this success, we received a greater than average number of "thank you" letters from children and schools. Our efforts to contribute to local communities do not yield results overnight, but it is very satisfying to receive feedback from those who have participated in our activities. In the future, we intend to expand the number of programs, so that we can provide activities that people of all ages can enjoy.



Creating A Motivating Workplace Environment where Diverse Personnel Can Thrive

Basic Philosophy

The company has over 50,000 full-time and part-time employees working at almost 300 stores and centers across the Tokyo and Osaka regions. We believe that the diversity of individual employees and their ability to take the initiative in their work are essential to the achievement of sustainable growth. In Japan, where the workforce continues to shrink, labor shortages have become a chronic problem, particularly in the retail sector. We are responding to this situation by stepping up our efforts to create comfortable working environments so that we can attract and retain the numbers of quality personnel that we need to maintain our business activities.

Developing Comfortable Working Environments for Diverse People

We want the Company to be a "company that helps improve every employee's chances of achieving job satisfaction, at which diverse people succeed in a stress-free environment without being pressed for time." This vision is reflected in our emphasis on "diversity," "occupational safety and health management," and "human resource strategy."

Diversity

By encouraging diverse personnel to play active roles, we aim to help all our employees to flourish at work and in their personal lives. We want the Company to be a company in which all employees have fair opportunities for career development and can enjoy comfortable working environments.

• Promoting active participation of women

As a "company that makes the most of its diverse personnel," the Company aims to (1) provide working environments where female employees can play an active role based on their own career plans, and (2) where they can enjoy autonomy.

One of our initiatives toward the realization of these goals is a "women's advancement promotion project," which was launched in 2012 under the direct supervision of the president. In 2013, we created a dedicated department to realize this initiative with the establishment of the "Smile Support Office" as an organization dedicated to promoting advancement for female employees. In 2019, this department was rebranded as the Office for Diversity Promotion in line with our vision for the Company as a company in which diverse personnel, including women, can play an active role.



We are determined to create a corporate culture in which highly capable and motivated employees can take on greater responsibilities, regardless of their educational background or gender. To achieve that, we are proposing systems and mechanisms that will lead to the development of "comfortable working environments for women," and a "culture in which female managers can grow." In addition, given that the majority of our customers are women, we are determined to reflect the views of our female employees, including part-time and casual workers, in the various measures we take to meet the expectations our customers.

Specific initiatives

- ① Expansion of opportunities for women to play an active role in the workplace, and increase in the range of departments and duties to which women are assigned
- ② Distribution of guidebooks to improve understanding of the systems that can be accessed when life events occur, such as nursing care, childcare, etc.
- ③ Support measures for employees returning to work after childcare leave, including individual interviews and gatherings for staff who are working reduced hours due to childcare obligations, and the provision of training in preparation for a return to work
- ④ Regular management training programs to facilitate career advancement for female employees
- ⑤ Regular training sessions designed to raise awareness for both men and women with regard to the importance of female advancement

Number of female managers

- ① No. of female managers (including those responsible for the management of working hours)
FY2021: 146 (8.7% of the total), FY2022 target: 160 (10% of the total)
- ② No. of female store managers, department managers, and above
FY2021: 25 (4.4% of the total)

• Promoting employment of people with disabilities

The Company is working to create a corporate culture in which people can support each other and play active roles in the company, regardless of disability. We regularly visit various support schools and manage job experience programs at our workplaces with the aim of helping people find jobs that suit their abilities. As of the end of FY2021, we had 582 employees with disabilities, which is 2.89% of the total workforce. In FY2021, we received the "Human Resource Development and Training Contribution Award" and "Job Matching Award" from the Osaka Career Support & Talent Enhancement Plaza (C-STEP). We were also recognized by the Tokyo Metropolitan Government Board of Education as a significant business contributor for our efforts.

• Opportunities for mid-career hires

The Company employs a diverse array of people, regardless of age or gender, with specialist skills in our stores' sales division, as well as in product development at food process centers, store building design, new store property development, and both general and tax accountancy. As of the end of FY2021, mid-career hires made up 27.4% of our managerial positions above the store and section manager level.

• Foreign technical intern trainees

With regard to our non-Japanese employees, we employ foreign technical intern trainees at our food process centers and in some of our stores. As of the end of February 2022, a total of 395 foreign technical intern trainees were undergoing training in the Company. Technical intern trainees from Thailand, Vietnam, and Myanmar are working in our food process centers. We hope that these technical intern trainees will utilize the skills they have acquired from us to contribute to the industrial development of their home countries upon their return.



• Promoting active participation of part-time employees

The majority of our employees work part-time and are at the heart of our store operations. Newly employed part-time workers are trained under our "Welcome Program," which includes support systems designed to enable even inexperienced employees to work with confidence. Other support mechanisms include a skill-based grading and promotion system, a system for appointing department leaders, and a system for promotion to full-time status. These systems help those who work hard take on more responsibility.



Health management

We consider the health of our employees to be a vital management resource. We implement initiatives focused on health and safety management with the aim of maintaining and enhancing employees' health.

Specific initiatives

- ① Prevention of physical and mental health issues through regular health examinations and stress checks
- ② Provision of "specific health guidance" in collaboration with the LIFE Health Insurance Society
- ③ The establishment of an "occupational physician consulting service" to address physical and mental health concerns, and a "mental and physical health helpline" in collaboration with the LIFE Health Insurance Society
- ④ The establishment of a harassment helpline
- ⑤ The development of a teleworking environment that allows people to work at any time and from any location

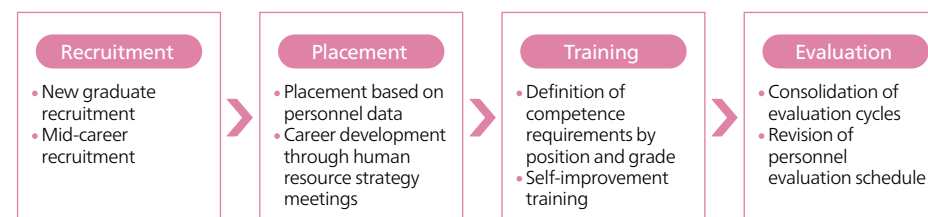
Human resource strategy

We will secure talent for our future activities and ensure organizational diversity by continuing to hire new graduates, while also actively recruiting mid-career personnel whose experience, skills, and qualifications enable them to make immediate contributions.

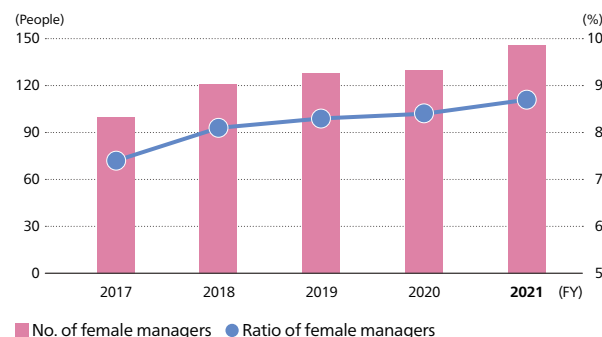
We will create educational systems that accommodate the aspirations of our employees and support their growth. By providing high-quality education, we will create an environment in which talent with diverse knowledge and experience can achieve growth through autonomous learning.

• Personnel management

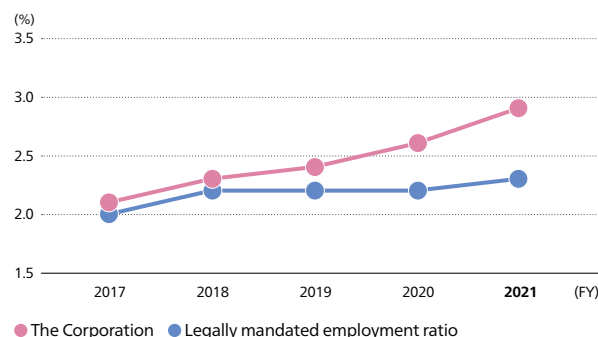
Develop talent systematically and strategically through a cycle of recruitment, placement, training, and evaluation.



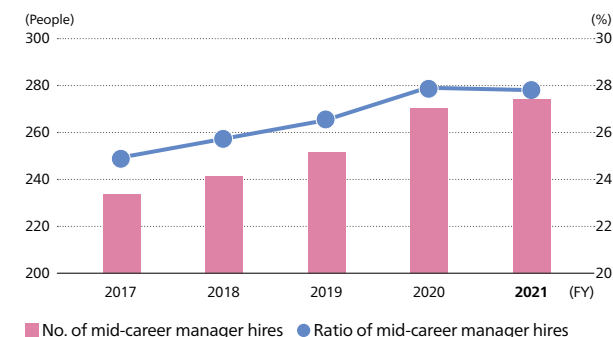
◆ Number and ratio of female managers



◆ Ratio of employees with disabilities



◆ Number and ratio of mid-career manager hires



In FY2021, we contributed to society through our business in a manner consistent with the Company's brand such as by operating our supermarkets as an essential part of the local infrastructure that remained open throughout COVID-19, and by aggressively developing BIO-RAL business that are both environmentally and people friendly

Initiatives during COVID-19

Our mission of providing an infrastructure that supports food and lifestyle for local communities

As we explained in our materiality "contributing to local communities as infrastructure for everyday life," we believe supermarkets are "infrastructure that supports food and lifestyle for local communities," and we are endeavoring to operate our stores stably. Even since the outbreak of COVID-19 in 2020, we have undertaken a range of measures to ensure continuity in our operations while prioritizing customer and employee safety and security to fulfil our vital mission as a lifeline for local communities.

The Company's Basic Policy on Emergencies

We have a long track-record of responding to major disasters prior to COVID-19. During the "Great Hanshin-Awaji Earthquake" in 1995 and the "Great East Japan Earthquake" in 2011, we were keenly aware of the need to keep our stores open as a "lifeline" to protect the lives of our local communities. On the other hand, during these two earthquakes and the large typhoons that hit the Osaka Region in 2018 and the Tokyo Region in 2019, we experienced the difficulty of continuing to operate while ensuring not only the safety and security of our customers but also of our employees and their families.

Based on these experiences of past and recent disasters, we reviewed how we respond to disasters and established our "Three Principles for Disasters." Our president took the lead in personally communicating these to all our store managers and heads of departments. As a result, we believe we were able to respond faster than competitors to COVID-19 in 2020, due to our employees taking the lead in thinking and acting in line with the "Three Principles for Disasters."

1. Safety of customers and employees is our highest priority
2. Continue to make every effort to keep our stores open under our vital mission as a lifeline for local communities
3. Final decision-making is left to the store managers as the situation on the ground will be different store to store



Customer Safety and Security

In addition to installing acrylic barriers at our cash registers to help prevent infection, we also worked to promote cashless payments. We worked to ensure the safety of all our customers by ensuring social distancing in queues for cash registers and installing hand sanitizer in our stores. We also set priority times for our elderly and pregnant customers to do their shopping. As another measure to prevent the spread of COVID-19, we temporarily refrained from distributing promotional flyers and leaflets, and since restarting distribution, we have been reviewing their contents.

Employee Safety and Security

In May 2020, all our stores temporarily closed for one day to maintain store sanitation and hygiene and for the mental and physical wellbeing of our employees. We also closed all our stores on January 1-2, 2021, and January 1-3, 2022. We are also ensuring the safety and security of our employees by installing partitions and providing thermometers in break rooms, as well as paid leave to get vaccinated and access to workplace vaccination programs.

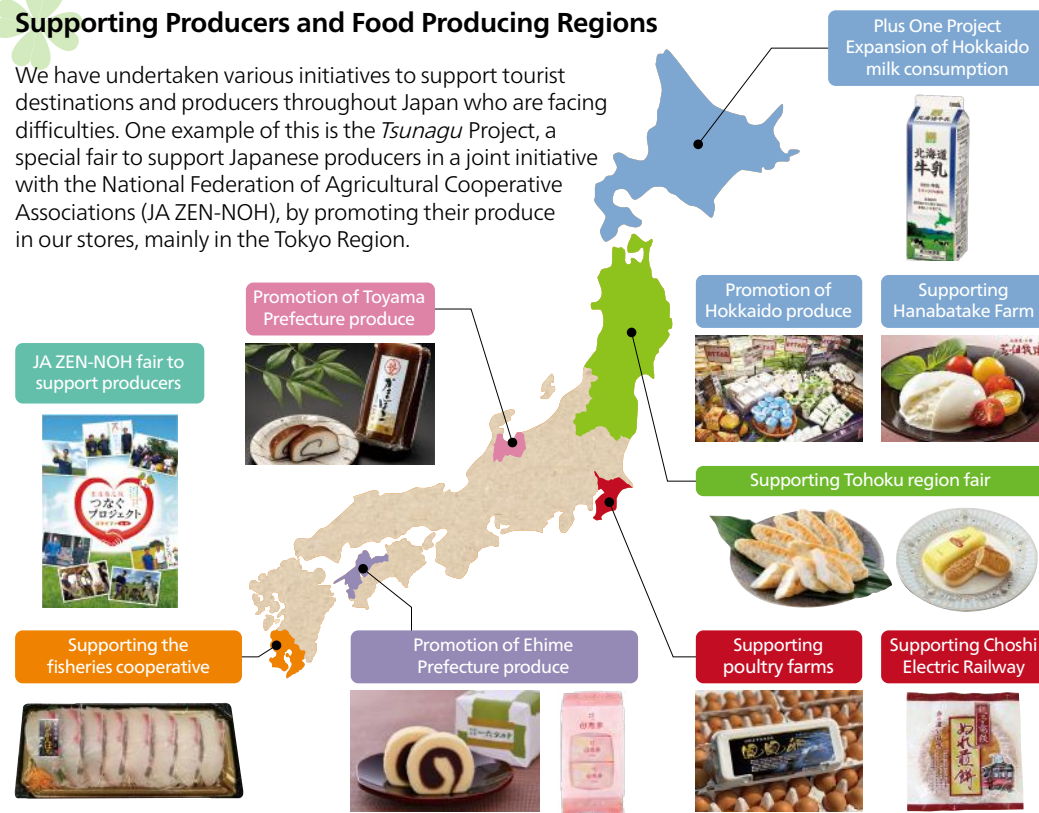


Supporting businesses and food producing regions through the sale of appealing products from all over Japan

COVID-19 has negatively impacted many agricultural producers around Japan due to the downturn in consumption of agricultural and livestock produce and products for food service and commercial uses. We have implemented initiatives to support producers and food producing regions, as well as businesses, by selling various local speciality products from throughout Japan. We will continue to support local producers by selling their appealing products from all over Japan, and ensuring our customers enjoy their delicious products.

Supporting Producers and Food Producing Regions

We have undertaken various initiatives to support tourist destinations and producers throughout Japan who are facing difficulties. One example of this is the *Tsunagu* Project, a special fair to support Japanese producers in a joint initiative with the National Federation of Agricultural Cooperative Associations (JA ZEN-NOH), by promoting their produce in our stores, mainly in the Tokyo Region.



Support of Businesses

We helped support businesses in the restaurant industry during the difficult period they faced due to the prolonged impact of COVID-19 by selling various appealing products such as those of Kyushu's largest family restaurant chain, Joyfull, and Kushikatsu Tanaka, etc.



Sekai no Yama-chan:
fried chicken wings



Ringer Hut:
Nagasaki champon and
sara udon noodles



Rikyu:
beef tongue
Hamburg steak



Tsukada Farm:
charcoal-grilled
Miyazaki chicken



Sanwa: chicken
wings and
meatballs



Kushikatsu Tanaka:
variety of deep-
fried skewers



Ginza Lion:
beer, curries,
and pizza



Min Min:
gyoza dumplings

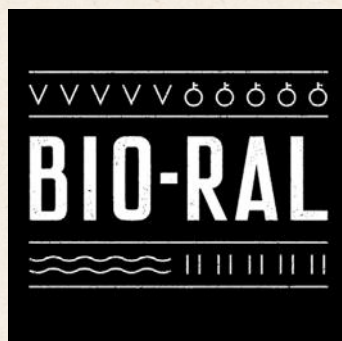


Joyfull:
regular and cheese
Hamburg steaks

CHIBO: okonomiyaki
(savory pancake with various
ingredients) in pork and cheese
and green onion flavors



BIO-RAL



Bringing us closer to lifestyles in tune with nature

Peace of mind by enjoying natural products.
The joy of discovering local delicacies.
The comfort in eating healthily at home.
BIO-RAL's wish is for a life filled with a sense
of nature while living in the city.
Let's find your new tomorrow at BIO-RAL.



Gentle on the Earth, Gentle on People

Why are we promoting the BIO-RAL business?

BIO-RAL has four concepts: Organic, Local, Healthy, and Sustainability. In other words, "let's create a world that is gentle on the Earth where everyone can live healthy lives." By designing, preparing, and selling products that use pesticides, chemical fertilizers, food additives, etc., as little as possible, we support the healthy living of people and aim to realize an environment-friendly and sustainable world. This is in line with the 17 Sustainable Development Goals (SDGs) and 169 targets for "realizing a world that leaves no one behind."

Moreover, expanding our stores and products that are health and environment-friendly is very meaningful in achieving our "Vision" and in becoming "Japan's number one supermarket that remains trusted by customers, society, and employees." By aggressively expanding our BIO-RAL business, and if we can thereby gain greater trust from our customers, we will be able to differentiate ourselves from other companies and break away from the homogenous competition. Daily meals are the most basic and important part of a healthy and secure life. We are developing our BIO-RAL business with the desire to be gentle on the Earth and for everyone to be healthy.

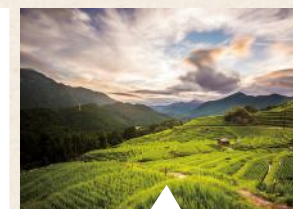


SUSTAINABLE
DEVELOPMENT GOALS



Organic

Agricultural produce and processed products are full of nature's goodness. We will communicate the value of these products to the customers and provide a place where customers know they can always get them.



Local

We will propose eating habits that are in tune with nature's blessings and appreciate delicious produce from the land and the fruits of the four seasons.

Healthy

A healthy diet nurtures a sound body and mind. We are also working to develop and offer a range of products that are gentle on the body.



Four concepts

What
BIO-RAL values
「BIO-RAL」 CONCEPT

Sustainability

We aim to realize a circular society and preserve the global environment to ensure we pass on the blessings of nature to our children's generation.



BIO-RAL Brand

POINT
01

Aggressive Development of BIO-RAL Business

Since opening our first natural supermarket BIO-RAL Utsubo Store in the Osaka region in 2016, the business and customer base has grown steadily. As of February 2022, we had four stand-alone stores, and 44 BIO-RAL corners in the Osaka region and 49 in the Tokyo Region, which includes annexed BIO-RAL stores. Going forward, we will continue to expand our BIO-RAL sales space to meet the needs of our customers interested in health and natural products by using ingredients and manufacturing methods that are gentle on the body, and bring smiles to their faces.

Number of BIO-RAL store openings

	Up to 2020	2021
Stand-alone stores	2	2
Annexed stores	—	2
BIO-RAL corners	31	60

● BIO-RAL product development formats

In addition to stand-alone stores, we are developing BIO-RAL corners at our existing stores



BIO-RAL stand-alone store



Annexed store



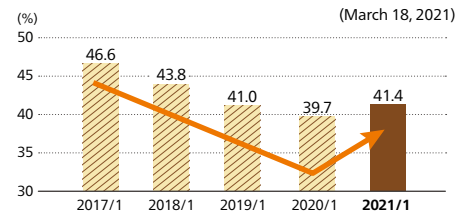
BIO-RAL corner

POINT
03

Market needs: growing health consciousness

We expect market needs related to the BIO-RAL concept to continue to grow in the future. This is based on a growing awareness of health, organics, supporting local producers, and the environment in response to a lack of exercise due to staying at home during COVID-19 and the recent sense of crisis about climate change.

Trends in health consciousness



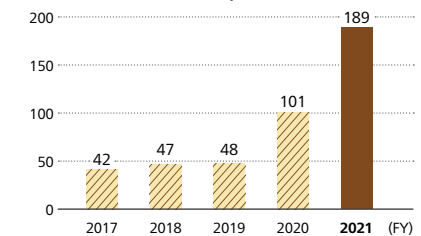
Source: Created by the Company using data from the Consumer Confidence Survey of the Japan Finance Corporation

POINT
02

Development of BIO-RAL original products

We are focusing on developing original products in line with the "BIO-RAL" concept. In December 2020, we gave our private brand "LIFE Natural" a makeover into the "BIO-RAL" brand, while launching 50 newly developed products. Currently (as of the end of February 2022), we have increased our original products to approximately 200 items. We will continue growing this range to fully meet the expectations of our customers.

Number of BIO-RAL products



● BIO-RAL product development

We offer a wide range of organic products including fruit and vegetables, and cosmetics without compromising on our values



BIO-RAL original products



Delicatessen items made with healthy ingredients and preparation methods

Message from a
BIO-RAL Store Manager

BIO-RAL Shimokitazawa
Ekimae Store
Store Manager

Taeko Kurita



In February 2022, we opened our second BIO-RAL store in the Tokyo Region, BIO-RAL Shimokitazawa Ekimae Store, on the first floor of (tefu) lounge, a commercial facility near Shimokitazawa Station on the Odakyu Electric Railway. Our delicious store-made delicatessen items with natural flavors that are gentle to the body are popular with our customers.

The BIO-RAL Shimokitazawa Ekimae Store aims to be a welcoming store that helps its customers in their healthy eating habits.

Our corporate activities are developed and administered under a sound governance system that reflects economic and social needs

Corporate Officers



Back
row

Junichi Hamahira
Outside
Corporate Auditor

Koichi Narita
Outside
Director

Naoko Miyatake
Outside
Corporate Auditor

Kaoru Sueyoshi
Full-Time
Corporate Auditor

Haruhiko Yahagi
Outside
Director

Hiroko Kono
Outside
Director

Takashi Katayama
Outside
Director

Mitsuo Maki
Outside
Corporate Auditor

Front
row

Nobuyuki Kawai
Director & Managing
Executive Officer

Tomehisa Morishita
Director & Senior Managing
Executive Officer

Takaharu Iwasaki
Representative Director and
President

Toshiaki Namiki
Director & Senior Managing
Executive Officer

Takashi Sumino
Director & Managing
Executive Officer

Message from an Outside Director



Koichi Narita
Outside Director

I have served as an outside director of LIFE Corporation for five years. When I was first appointed to this position, I did my best to understand the Group's situation and challenges by reviewing its corporate regulations, and studying the minutes of Board meetings for the five years before my appointment. In addition, I spent several months touring all LIFE stores and centers, while also observing important meetings.

The first thing that impressed me was the Group's extremely open and transparent corporate culture. My presence was readily accepted at business-related meetings, such as store manager meetings, which were attended by people from a range of departments. I next became aware that people frequently discussed the three components of the "LIFE Pledge," which serves as a code of conduct for LIFE employees, in relation to the company's vision, such as when proposing or reviewing policies. I see the increasing focus on "purpose" in recent years as a sign that company policies and employee behavior in general may be drifting away from companies' founding principles. At LIFE, however, the company's core values have become a familiar part of daily activities in the form of the LIFE Pledge, with the result being that individual employees naturally tend to behave in accordance with the corporate philosophy. When attending

People are the Heart of Our Business:

Team strength is created through good communication and a sense of personal responsibility

day-to-day meetings, I have also noticed that attempts to pass responsibility onto others are met with disapproval, and that employees, especially those at the senior management level, will often take personal responsibility for difficult situations and think carefully about what needs to be done. I have frequently encountered situations that reflect this corporate culture, including with employees who try to bring greater happiness into customers' lives, as well as a tendency for employees to exchange smiles and express gratitude in interactions with other employees, suppliers, and people involved in store operations. Sometimes in recent years, our normal activities are disrupted by various events, such as typhoons, earthquakes, rainstorms, and power outages. I have been deeply moved by the way that the Group's employees respond to these challenges through teamwork. It reminds me that behind the smiles with which they approach their daily activities, LIFE employees also have a sense of mission and pride toward their work in maintaining one of society's lifelines.

The strong commitment of LIFE employees has also been evident during the COVID-19 pandemic that began in the early spring of 2020. Despite intense anxiety and uncertainty about the future, employees were inspired by their sense of mission as people responsible for a vital lifeline and continued to work together to maintain store operations. I recall that when our President proposed all employees should receive a special bonus payment as a gesture of gratitude, the move was unanimously approved by the directors, and that LIFE was one of the fastest in the industry to take such a step. In recognition of the continuing efforts of its employees in the face of the ongoing COVID-19 pandemic, the company decided to close its stores for three days during the 2022 New Year period so that everyone at LIFE could recuperate mentally and physically.

When the company announced this move in advance and offered an apology to customers for the inconvenience, I was pleasantly surprised when many customers expressed support for the decision. It is often said that a company is its people. For a company like LIFE, which provides lifelines for local communities, it would not be an exaggeration to say that people are everything. Companies continually strive to anticipate every situation and prepare countermeasures, but it's up to the frontline staff to apply them effectively. In recent years, natural disasters have caused major localized damage. That is why LIFE delegates to store manager of individual stores decisions about emergency actions, such as the reduction of operating hours or the temporary closure of stores. Even retail chains, which have head offices that formulate strategy and tactics, rely on the ability of their frontline staff to respond flexibly in various situations. It is vital to delegate authority to frontline staff, and to enhance the ability of these employees to provide feedback to the head office and other stores. Something I am looking forward to is the resumption of the "Smile Workshop" program. Until its suspension due to the COVID-19 pandemic, this event provided opportunities to present and share case studies about successful frontline initiatives.

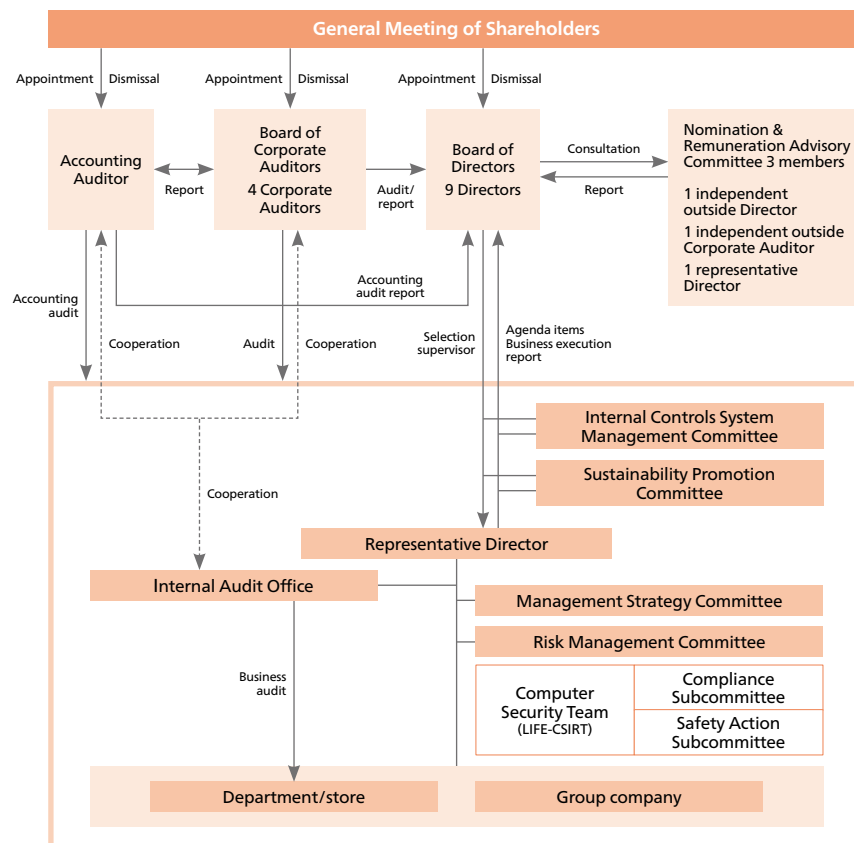
I have been an outside Director of four listed companies, and I have a feeling the roles and responsibilities of outside Directors are becoming increasingly important, as evidenced by the recent revision of Japan's Corporate Governance Code. In addition to drawing upon my past experience, I will continue my efforts to expand my knowledge. I am also determined to ensure that management remains fully focused on the perspectives of our stakeholders. I will continue to work toward sustainable value creation based on the harmonization of economic, social, and environmental values.

Corporate Governance

Basic Philosophy

Under the corporate philosophy, "through reliable management with noble aspirations, contribute towards the realization of a sustainable and flourishing society," the Group ensures compliance and achieves sustainable company growth to enhance the Group's contribution to society as a supermarket group trusted by all stakeholders. In order to achieve this, the Group continuously strive to fulfill corporate governance to realize transparent, fair, swift, and bold decision-making. As part of our corporate governance structure, we appoint four outside Directors, who act independently from the executive team while bringing outside insights to the activities of the Board of Directors. Independent outside Directors are appointed according to independence criteria to oversee management from an objective viewpoint.

Corporate Governance Structure (as of May 26, 2022)



Organizational structure	Company with a Board of Corporate Auditors	Director term of office	One year
Directors	Nine (including four independent outside Directors)	Adoption of executive officer system	Yes
Chairman of the Board	Representative Director	Voluntary Advisory Committee of the Board of Directors	Nomination & Remuneration Advisory Committee
Corporate Auditors	Four (including three independent outside Corporate Auditors)	Accounting Auditor	KPMG AZSA LLC

	Number of meetings	Total members	Internal officers	Outside officers	Chairman
Board of Directors (FY2021)	16	Ten	Six	Four	Representative Director
Overview	The number of Directors and Corporate Auditors who attend Board meetings is set at a level that will allow substantive discussions, taking into consideration various factors including the creation of an effective management structure as well as expertise and diversity.				
Main agenda items	<ul style="list-style-type: none"> Resolutions to convene a General Meeting of Shareholders, resolutions to appoint officers and Executive Officers, and resolutions regarding remuneration Business plans, financial results, earnings forecasts, dividends, and the holding and selling of cross-shareholdings New store openings, leasing and purchasing of real estate, establishment of new delivery companies, and key sales strategies Establishment and revision of policies and regulations, organizational changes, and the setting of numerical targets with regard to sustainability 				

- Nomination & Remuneration Advisory Committee:** This committee is comprised of three officers selected by a resolution of the Board of Directors, with a majority of members being independent outside Directors. To ensure the transparency and objectivity of discussions, the chairperson of this committee must be an independent outside Director. The committee held 12 meetings in FY2021. Topics discussed at these meetings included the possibility of further improvements to the officer remuneration system, the appointment and dismissal of Directors, the appropriateness of remuneration levels, and the selection of Executive Officers. Results of deliberations were reported to the Board of Directors.
- Internal Controls System Management Committee:** The role of this committee is to ensure appropriate governance by considering whether internal control systems are being administered properly, reporting the results of these deliberations to the Board of Directors, and proposing solutions to any issues.
- Risk Management Committee:** This committee was established to examine risks relating to the business activities of the Group, report the results of its deliberations to the Board of Directors, and propose courses of action. The committee also manages the Computer Security Incident Response Team "LIFE-CSIRT," a permanent unit created to help prevent incidents impacting the Group's computer security, and to minimize the harm caused by any such incidents.

Response to Japan's Corporate Governance Code

At LIFE CORPORATION, we are aiming to achieve sustainable growth of the Company and increase its corporate value over the medium to long term. These aims will be achieved by appropriately implementing each principle of the Corporate Governance Code, which was formulated by the Tokyo Stock Exchange (TSE) and summarizes the main principles that contribute to the realization of effective corporate governance.

In 2019, a Nomination & Remuneration Advisory Committee was established and a performance-linked share remuneration plan for Directors introduced, and in 2021 the ratio of independent outside Directors was at least 1:3. Having introduced support for evaluations of the Company through a third-party organization who evaluates the effectiveness of the Board of Directors, we have been making further headway in our response to the Code. For example, we have established a Sustainability Promotion Committee to address sustainability issues and disclosing the skills matrix of our Directors in 2022.

In the years to come, we will continue to promote the strengthening of governance required of a company listed on the Prime Market of the TSE.

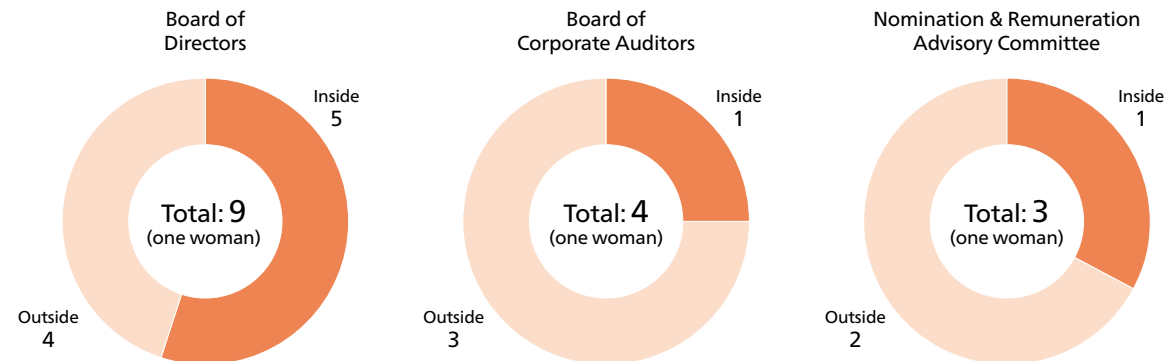
Other information concerning these efforts is disclosed in our Corporate Governance Report.



Please see our website for details.*

*Mostly in Japanese. We will release more English resources in due course.

Composition of the Board of Directors, Board of Corporate Auditors, and Nomination & Remuneration Advisory Committee (as of May 26, 2022)



Directors' Skills Matrix

Name	Position(s) in the Company	Independent outside	Overall management	Sustainability and ESG	HR and labor	Finance and accounting	Legal and compliance	IT	Digital marketing	International experience	Sales	Logistics	Store development
Takaharu Iwasaki	Representative Director and President Member of the Nomination & Remuneration Advisory Committee		●	●						●	●		●
Toshiaki Namiki	Director & Senior Managing Executive Officer			●							●		●
Tomehisa Morishita	Director & Senior Managing Executive Officer			●	●	●	●	●			●		
Takashi Sumino	Director & Managing Executive Officer										●	●	
Nobuyuki Kawai	Director & Managing Executive Officer			●	●	●	●			●			
Koichi Narita	Director Chairperson of the Nomination & Remuneration Advisory Committee	●	●	●	●		●	●		●	●	●	
Haruhiko Yahagi	Director	●		●				●	●	●			
Hiroko Kono	Director	●			●	●				●			
Takashi Katayama	Director	●	●					●		●			

Corporate Governance

Nomination Policy

The Nomination & Remuneration Advisory Committee, which receives consultation from the Board of Directors, deliberates on the officer candidates, and the Board of Directors determines the candidates based on the Committee's report. The requirements for officers are that they deeply share the corporate philosophy, possess an excellent personality, strong virtue, a rich knowledge and a wealth of experience as well as the ability to perform fair and accurate business operations and management. We also require them to possess adaptability to address changes in the external environment, as well as objective decision-making ability, insight, and foresight.

Remuneration Policy

To increase the transparency and objectivity of Director remuneration, the Nomination & Remuneration Advisory Committee verifies the appropriateness of remuneration levels, remuneration components, performance-linked indicators, and performance-linked remuneration. The Committee consists of three members: A Representative Director, an independent outside Director, and an independent outside Corporate Auditor.

The basic policy for Directors' remuneration is to appropriately reflect the Company's performance and individual contribution in remuneration for each of the components described below, considering industry levels and the levels of similar sized companies with reference to survey results from external organizations. In addition, the Company has adopted performance-linked remuneration for the purpose of increasing the Directors' motivation to contribute to improving medium- to long-term performance and increasing corporate value. Remuneration for outside Directors is comprised solely of role-based remuneration in light of their role and independence.

Role-based remuneration	Remuneration paid for duties and responsibilities as Director, outside Director, or Representative Director (fixed remuneration)
Remuneration for business execution	Remuneration paid for duties and responsibilities as those in charge of business execution as well as results of business execution (individually determined commensurate with the state of business execution by each Director, etc.)
Performance-linked remuneration	Based on target figures for consolidated ordinary profit and ordinary profit margin, which are the Company's management targets, each Director is granted points. Those points are converted into shares determined for each position according to the achievement of the targets for each fiscal year, and the shares are then delivered.

Evaluations of Board of Directors' Effectiveness

To continuously improve the effectiveness of the Board of Directors, we have been conducting effectiveness evaluations by all officers, including Corporate Auditors, once a year since FY2016. Since FY2021, we have been conducting effectiveness evaluations that incorporate external perspectives and analysis by having introduced support for evaluations of the Company from an external third-party organization.

Evaluation method	Conducted anonymous online questionnaire surveys for all eligible officers, with the results aggregated and analyzed by a third-party organization
Evaluation items	(1) Composition of Board of Directors (2) Operation of Board of Directors (3) Board of Directors' discussions (4) Monitoring function of Board of Directors (5) Director performance (6) Support system for Directors and Corporate Auditors (7) Officer training (8) Dialogue with shareholders (investors) (9) Individual efforts of Directors and Corporate Auditors
Evaluation results and future issues	<p>As a result of our own evaluation, based on a third-party organization's aggregation and analysis, we self-evaluate that the effectiveness of the Company's Board of Directors is being upheld.</p> <p>Among the evaluation items, we recognize that issues include further improvement of the themes and content of discussions, as well as the quality of discussions at Board of Directors' meetings.</p> <p>To achieve the sustainable growth of the Company and increase corporate value over the medium to long term, while recognizing the need to further stimulate deliberations to fulfill the roles and responsibilities of the Board of Directors, we will further invigorate discussions, including those at the Management Strategy Committee and top management meetings.</p>

Organizational Framework Related to Compliance

Compliance Division is responsible for formulating and promoting policies, regulations, and measures related to compliance to ensure the entire LIFE Group, including affiliated companies, maintain sound business practices. We investigate compliance or potential breaches and formulate Group-wide measures to prevent recurrence of such breaches, and conduct Group-wide education and training on compliance.

Additionally, under the Risk Management Committee, which examines risks related to our Group business operations, we have established the Compliance Subcommittee. The Compliance Subcommittee is responsible for developing a framework for promoting compliance based on the Group's corporate philosophy, LIFE code of conduct, and the various regulations of Group companies, monitoring the progress of compliance promotion and making improvements to it.

LIFE Code of Conduct

The LIFE Group has established its code of conduct as an embodiment of its corporate philosophy, in which it declares our intent to contribute to society by ensuring all employees share the same commitment to thorough compliance.
(Please see page 29 for details)

Compliance Training

To raise employee awareness of compliance, we conduct compliance training through conferences and other meetings, in addition to regular training when new employees join the Company or when employees are promoted to store management positions etc. We have also rolled out systems to allow all employees to undertake training at any time by creating educational videos. Through these training opportunities, we are working to nurture a corporate culture with an emphasis on compliance.



Whistle-Blowing System

Our internal reporting system consists of the LIFE Hotline and a point of contact within the HR department for harassment complaints. The LIFE Hotline has an internal point of contact (Compliance Department) and an external one (law firm) that deals with legal violations and violations of internal Company rules and regulations. The harassment desk within the HR department is established to enable reporting of harassment and issues related to the workplace environment. We are striving to enhance the effectiveness of the system by ensuring whistleblowers are not disadvantaged and by establishing an environment whereby employees can easily report issues and seek advice.



Corporate Governance

Key Risks and Our Responses

The following are some of the risks that may affect the management, performance, and/or financial condition of the Group. Issues related to these risks are discussed at the Risk Management Committee, held twice every financial year, where the status of how we are responding to the proposed countermeasures is confirmed and reported to the Board of Directors.

Risk Factors	Specific Risks	Our Responses
Domestic market trends	<ul style="list-style-type: none"> Changes in the operating environment of food supermarkets in Japan, such as domestic economic trends, inflation, and competition 	<ul style="list-style-type: none"> Enhance our strengths and differentiate ourselves by pursuing the concept of "True to LIFE" Pinpoint and understand changes in our operating environment by analyzing societal trends and customer sales data, and flexibly change our measures in response
Store expansion	<ul style="list-style-type: none"> Potential impact from a competitor opening a nearby store Rising construction costs, construction delays due to labor shortages, and higher rents 	<ul style="list-style-type: none"> Growth strategy by continuing to open stores in Tokyo and Osaka, Japan's two major metropolitan areas Thorough research of competitor trends Store openings that enhance competitiveness, such as collaborative store openings in conjunction with other industries Proactive development in the online supermarket space to improve customer convenience Efforts to effectively introduce and use systems, comprehensively streamline store operations, and improve productivity to create a profit structure that can respond to increases in construction costs and rents
Environment and climate change	<p>Climate change risk</p> <ul style="list-style-type: none"> Supply shortages due to poor harvests of agricultural produce, marine products, and meat products domestically or overseas, higher commodity prices, and rising energy consumption costs <p>Environmental risk</p> <ul style="list-style-type: none"> Increased store operating costs and energy procurement prices due to factors such as changes in environmental laws, tax systems and energy policies, as well as heightened societal demands <p>Disaster risk</p> <ul style="list-style-type: none"> Disasters causing more damage than expected to clients involved in the operation of stores, processing/logistics centers, information systems, online supermarkets, procurement, and logistics, etc. 	<ul style="list-style-type: none"> Reduce greenhouse gas emissions by actively promoting transition to LED lighting and adoption of energy-saving and CFC-free fridges and freezers Work to reduce environmental impact and adopt low-cost energy sources in accordance with laws and regulations Make every effort to ensure stores remain open in the event of a disaster to fulfill our mission of providing infrastructure for everyday life while ensuring the safety and security of customers and employees as a highest priority Develop disaster response manuals, adopt in-house power generation facilities at processing and distribution centers, and establish a Company-wide system for supporting stores
Employment environment	<ul style="list-style-type: none"> Difficulty in securing necessary talent, rising labor costs 	<ul style="list-style-type: none"> Actively hire and train part-time workers, and intensify regular hiring of new graduates and mid-career hires Create a motivating workplace environment where employees want to work and diverse personnel can thrive (Please see page 41 for details) Improve productivity by introducing and using systems to increase store operation efficiencies and enhance store work methods

Risk Factors	Specific Risks	Our Responses
Infectious diseases	<ul style="list-style-type: none"> Group sales activities significantly restricted due to an outbreak or epidemic Closure of stores and process centers in the event of an outbreak among employees 	<ul style="list-style-type: none"> Development of response guidelines based on government policy, and thorough implementation of measures against infectious diseases by all employees Implementing antigen testing of employees and providing workplace vaccinations, and promoting COVID-19 vaccination by granting special paid leave (Please see page 43 for details)
Information systems	<ul style="list-style-type: none"> Damage to facilities due to disasters or accidents, and system failures due to unauthorized intrusion of computer viruses or employee error 	<ul style="list-style-type: none"> Installation of critical equipment for core systems in areas less susceptible to damage Outsourcing of operational management to enable 24/7 monitoring
Compliance	<ul style="list-style-type: none"> Risk of incurring additional costs such as loss of public trust and/or compensation for damages in the event of a scandal or violation of laws or regulations 	<ul style="list-style-type: none"> Promotion of compliance management and implementation of education and training Establishment of points of contact for whistleblowing both internally and for clients to work toward early detection and prevention of misconduct, corruption, or illegal or dishonest practices (Please see page 52 for details on the internal reporting system)
Leaking of personal information	<ul style="list-style-type: none"> Leaking of personal information related to customers, clients, and employees held by the Company due to human error in management or unauthorized external access 	<ul style="list-style-type: none"> Development of a management system and establishment of personal information management rules and administrative procedures, based on the Act on the Protection of Personal Information Establishment of LIFE-CSIRT as an organization to strengthen information security Constantly check for system problems and establishment of a system that can respond rapidly in an emergency
Interest rates and financial market trends	<ul style="list-style-type: none"> As of February 28, 2022, we have interest-bearing liabilities of ¥69.1 billion, and depending on future trends in interest rates and financial markets, there are risks of increases in funding costs and difficulties in raising funds 	<ul style="list-style-type: none"> Ongoing work to manage interest-bearing liabilities Take measures such as borrowing at fixed interest rates to reduce the risk of interest rates increases
Impairment of fixed assets	<ul style="list-style-type: none"> Possibility of incurring impairment losses by holding a significant amount of fixed assets, and it is determined that investment cannot be expected to be recovered within a certain period of time due to changes in the economic environment or competitive conditions 	<ul style="list-style-type: none"> Regularly check store profit (loss) status to identify signs of impairment Implement targeted profit improvement measures for stores with declining profitability
Statutory, regulatory, and systemic changes	<p>Tax reforms</p> <ul style="list-style-type: none"> Negative impact on consumer spending expected if consumption tax rate is raised again Systemic changes like the abolition of reduced tax rate causing increased burden for having to switch systems <p>Other legal regulations</p> <ul style="list-style-type: none"> New costs incurred due to responding to food safety management updates, revisions to laws and regulations such as the Labor Standards Act, changes to health insurance premium rates, and changes in traditional business practices 	<ul style="list-style-type: none"> Appropriately respond to tax system changes and tax reduction measures that may apply to the Company Work to develop systems that are as simple and low-cost as possible in response to tax reforms Appropriately respond to revisions to various laws

Financial data trends, corporate information, and stock information

Key Consolidated Financial Data

(millions of yen)

	FY2011*1	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Profit (loss)											
Operating revenue	503,107	519,941	534,923	584,984	629,986	652,974	677,746	698,693	714,684	759,146	768,335
Operating profit	11,065	7,402	7,634	10,872	12,831	12,664	12,094	12,285	13,879	27,388	22,932
Ordinary profit	10,873	7,308	7,702	11,010	12,982	12,834	12,550	12,831	14,558	28,156	23,695
Profit attributable to owners of parent	4,100	2,968	3,798	5,213	7,923	8,110	6,555	7,401	7,834	17,824	15,208
Capital expenditures	18,050	20,316	21,603	27,231	27,032	19,083	20,568	33,997	19,867	29,256	22,848
Depreciation and amortization	7,181	7,942	8,276	8,833	10,316	11,373	12,055	12,639	12,715	13,110	14,061
Financial position											
Total assets	171,231	176,542	186,079	205,743	211,533	222,421	227,552	246,812	262,053	268,307	270,229
Net assets	49,888	52,864	55,380	52,453	57,843	63,276	69,271	75,340	81,360	97,560	110,299
Equity ratio (%)	29.1	29.9	29.8	25.5	27.3	28.4	30.4	30.5	31.0	36.4	40.8
Interest-bearing liabilities balance	60,771	64,348	68,071	52,539	79,975	78,536	78,208	90,204	59,148	42,760	69,108
Cash flows											
Cash flows from operating activities	15,868	11,301	16,908	51,355	(7,688)	17,565	16,952	18,235	54,898	41,747	(7,926)
Cash flows from investing activities	(12,027)	(15,354)	(16,121)	(18,861)	(22,891)	(14,343)	(18,045)	(27,799)	(16,067)	(20,587)	(20,303)
Cash flows from financing activities	(4,548)	558	637	(25,623)	25,932	(3,886)	(2,551)	9,375	(33,521)	(19,029)	22,695
Cash and cash equivalents at end of period	9,623	7,403	8,828	15,699	11,051	11,336	7,692	7,503	12,813	14,943	9,409

*1 Figures for FY2011 and FY2015 are non-consolidated figures as there were no consolidated companies in the Group.

	FY2011* ¹	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Per share financial data											
Net profit per share (yen)	79.67	56.78	72.52	107.92	169.24	173.23	140.03	157.91	167.17	380.32	324.50
Net assets per share (yen)	969.31	1,008.64	1,060.89	1,120.35	1,235.47	1,351.55	1,477.96	1,607.47	1,735.94	2,081.61	2,353.44
Dividend per share (yen)	22.00	25.00	25.00	25.00	30.00	30.00	30.00	30.00	40.00	50.00	70.00
Management indicators											
Return on equity (ROE) (%)	8.5	5.8	7.0	9.7	14.5	13.6	9.9	10.2	10.0	19.9	14.6
Ratio of ordinary profit to total assets (ROA) (%)	6.5	4.2	4.2	5.6	6.2	5.9	5.6	5.4	5.7	10.6	8.8
Return on invested capital (ROIC) (%)	6.3	4.1	3.9	5.7	6.0	5.7	6.2	5.6	6.3	11.5	8.9
Price earnings ratio (PER) (times)	17.8	22.4	20.2	16.4	14.3	19.1	20.1	15.7	14.1	8.3	9.4
Price book-value ratio (PBR) (times)	1.5	1.3	1.4	1.6	2.0	2.5	1.9	1.5	1.4	1.5	1.3
Other											
Total number of issued shares at the end of the period (thousand shares)	53,450	53,450	53,450	53,450	53,450	53,450	53,450	53,450	53,450	53,450	49,450
Total number of employees* ²	19,168	20,356	21,002	22,487	24,313	25,064	26,099	27,512	28,159	29,489	30,819
Number of new stores	12	11	14	9	11	9	7	10	8	8	8
Number of stores at the end of the period	224	231	239	245	256	264	266	270	275	280	285
Sales floor area at the end of the period (thousand m ²)	574	589	605	621	644	660	662	669	675	676	668

*1 Figures for FY2011 and FY2015 are non-consolidated figures as there were no consolidated companies in the Group.

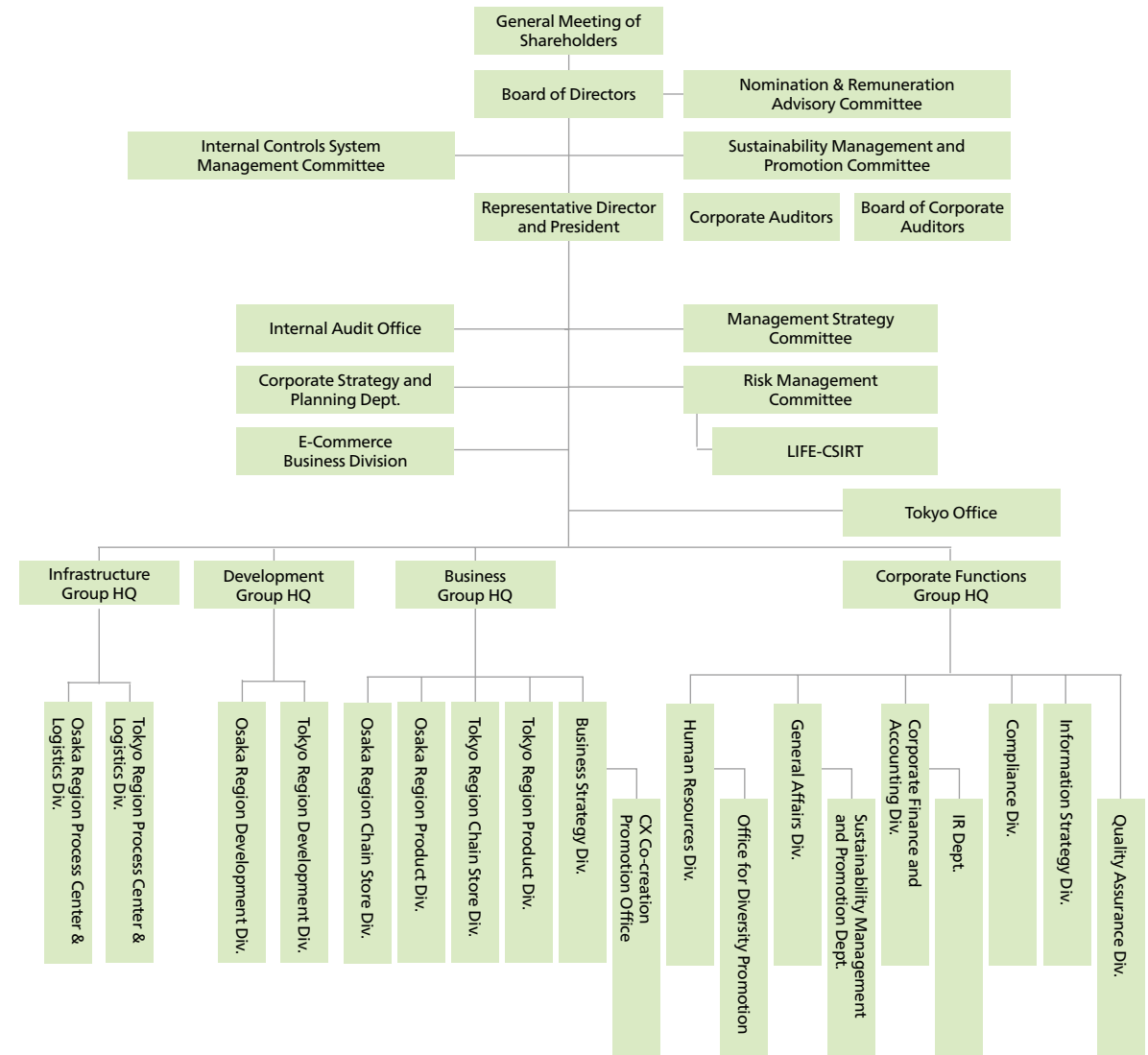
*2 Of the total number of employees, the average number of part-timers employed per year is calculated based on eight hours per day.

Corporate Information (as of February 28, 2022)

Company Overview

Company name	LIFE CORPORATION
Founded	1910 (first LIFE store opened in 1961)
Established	October 24, 1956
Head office and regional headquarters	Head Office: 3-6-2 Nihonbashi Honcho, Chuo-ku, Tokyo Osaka Headquarters: 2-2-22 Nishimiyahara, Yodogawa-ku, Osaka Tokyo Headquarters: 1-2-16 Taito, Taito-ku, Tokyo
Capital	¥10,004 million
Fiscal year	From March 1 every year to end of February of the following year
Accounting auditor	KPMG AZSA LLC
Main business	Supermarket chain
Companies subject to consolidated financial statements	1
Number of stores	285
Number of employees	30,247 (consolidated)
Website	http://www.lifecorp.jp/ (Japanese)

Organizational Chart

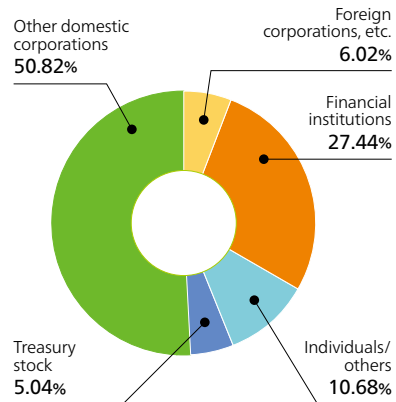


Stock Information (as of February 28, 2022)

Stock Information

Common stock authorized	120,000,000 shares
Common stock issued	49,450,800 shares (2,493,202 shares of treasury stock)
Number of shareholders	5,320
Number of shares per trading unit	100 shares
Stock exchange listing	Prime Market of the Tokyo Stock Exchange
Securities code	8194
Shareholder register agent	Sumitomo Mitsui Trust Bank 1-4-1 Marunouchi, Chiyoda-ku, Tokyo

Breakdown of Shareholders



Major Shareholders

Name	Number of shares held	Voting rights
Mitsubishi Corporation	10,562,500	22.5%
Seishin Kosan Corporation	5,382,000	11.5%
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,975,700	8.5%
Life Sports Promotion Foundation	3,229,200	6.9%
Life Mutual Prosperity Association	2,317,612	4.9%
Sumitomo Mitsui Trust Bank, Limited	2,264,000	4.8%
The Norinchukin Bank	2,100,276	4.5%
Custody Bank of Japan, Ltd. (Trust Account)	799,500	1.7%
SUMITOMO LIFE INSURANCE COMPANY	737,000	1.6%
Nobutsugu Shimizu	697,300	1.5%

LALAPI is a
Happy fairy,
who is said to make
everyone happy.



Name	LALAPI
Hometown	LIFE Island
Birthday	April 28 (Four-leaf Clover Day)
Character	<ul style="list-style-type: none"> Soft, cuddly and comforts everyone Always smiling and making everyone around happy
Favorite food	Mini croissants baked in the LIFE's bread corner "Komugi no Sato."

Our endearing and long-loved character LALAPI was created by the character designer Atsuko Nishida, who designed the famous Pokémon character Pikachu, to make LIFE a more attractive place to shop for many customers. We decided on LALAPI's design and name through an employee ballot.

To learn more about LALAPI, scan the QR codes below.*
LALAPI is waiting!



Web site



YouTube



Instagram



*Japanese only.



LIFE CORPORATION