

Integrated Report 2024 Fiscal year ended February 29, 2024

For a sustainable & happy Life

⊗LIFE

INTRODUCTION

SCHAPTER

We are developing a community-based supermarket business based on our Corporate Philosophy, "through 'reliable management with noble aspirations,' contribute towards the realization of a sustainable and flourishing society." In this chapter, we explain our philosophy and corporate culture, which we have regarded highly since our founding, in order to continue to provide unique value for our customers and all other stakeholders in an era of rapid environmental change and difficulties in forecasting the future.

CHAPTER 03 N OUR STRATEGY

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Editorial Policy

We have issued Integrated Report 2024 to further strengthen communication with all our stakeholders, including shareholders and investors, customers, business partners, and employees. Integrated Report 2024 presents information on our initiatives in the first year of the 7th Medium-Term Plan, which began in FY2023, including the use of digital technology in our various initiatives toward customers and employees. 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.

Cautionary Note Regarding Forward-Looking Statements

In this report, statements concerning performance forecasts and business plans for March 2024 and beyond are forward-looking projections and are assumptions and judgments based on currently available information. Actual results, performance, and other information may differ from our forecasts.

Scope of Reporting

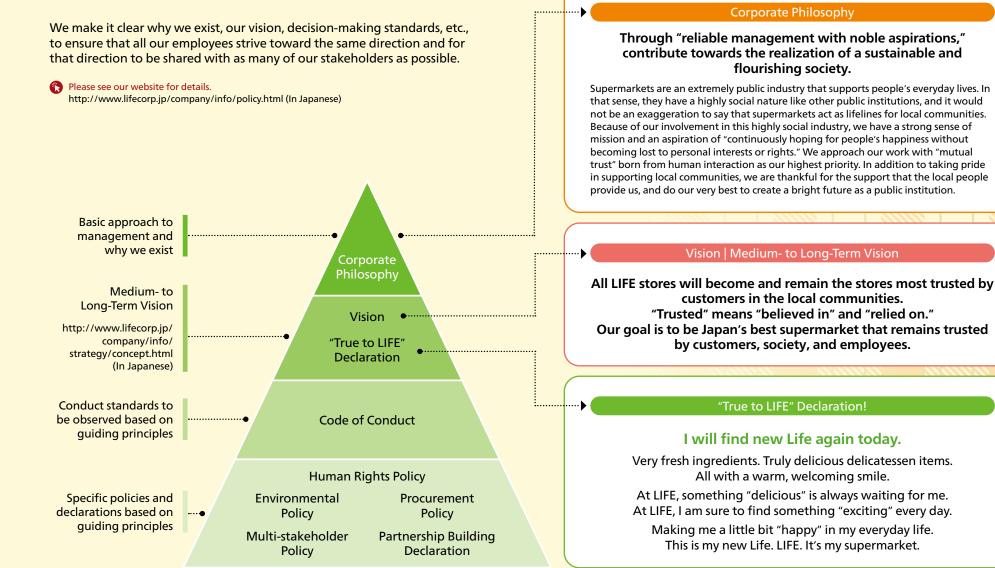
- Applicable period: March 2023 to February 2024 (some information from March 2024 onward is included)
- Scope: Activities of Group companies centered on LIFE CORPORATION (in cases where the main subject companies are different for each field of activity, the scope of coverage is described)
- Publication date: November 2024

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)

CHAPTER 03 ON OUR STRATEGY

Illustration of Our Philosophy



Corporate Culture

Culture of LIFE

Teamwork

We have created a culture in which employees come together to work on innovative ideas regardless of their positions or affiliations.

> "True to LIFE" Concept

A Sense of Mission to be the Lifeline for the Community

03

As part of the infrastructure that supports local communities, we work to run stores stably while engaging in various social contribution activities.



To Think and Act from the Customer's **Point of View**

We are working to realize a comfortable shopping environment by taking an honest look at our customers' needs and updating our product lineup and sales floor layouts.

The Company has continued to value the philosophy carried on from our founding of first being a "company that remains trusted by customers, society, and employees." Based on this philosophy, we have built a corporate culture in which employees think and act independently while also engaging in teamwork that goes beyond the traditional boundaries of positions and affiliations. We also have a sense of mission to be the lifeline for the community. Additionally, even in a complex age of extreme volatility, uncertainty, complexity, and ambiguity (VUCA), our strength is our strongly rooted corporate culture that allows us to sensitively understand customers' needs and respond with a sense of speed.



We undertake initiatives aimed at problem resolution that go beyond the traditional boundaries of positions and affiliations. At each of our stores and business sites, full- and part-time employees engage in close communication, evaluate solutions to issues when identified, and implement countermeasures. We also share successful case studies internally to contribute to expanding our results. By formulating our medium-term plans, we share our objectives and direction as a company with our employees, which fosters even better teamwork.

To Think and Act from the Customer's Point of View 02

By collecting and analyzing diverse data including sales data, business region research, online guestionnaires, and customer interviews, we work to realize product lineups and sales floor layouts that meet customers' needs.

(>P.28) Creating Sales Spaces Supported by Local Customers in Each Region

Furthermore, to provide warm and welcoming customer service, all our employees constantly strive to improve customer service.

P.14) Emotional Value We Provide

A Sense of Mission to be the Lifeline for the Community 03

Even in extraordinary circumstances involving natural disasters or the spread of infectious diseases, we have maintained our sense of mission to be the lifeline for the community and have worked to maintain normal business as much as possible. To run stores stably, based on our accumulated experience, we update our business continuity plan as necessary. Furthermore, through food education activities, product donations to children's cafeterias, etc., we are actively engaged in contributing to local communities.

>P.45-48 OUR FOUNDATION (Social)



¥800.0

billion!

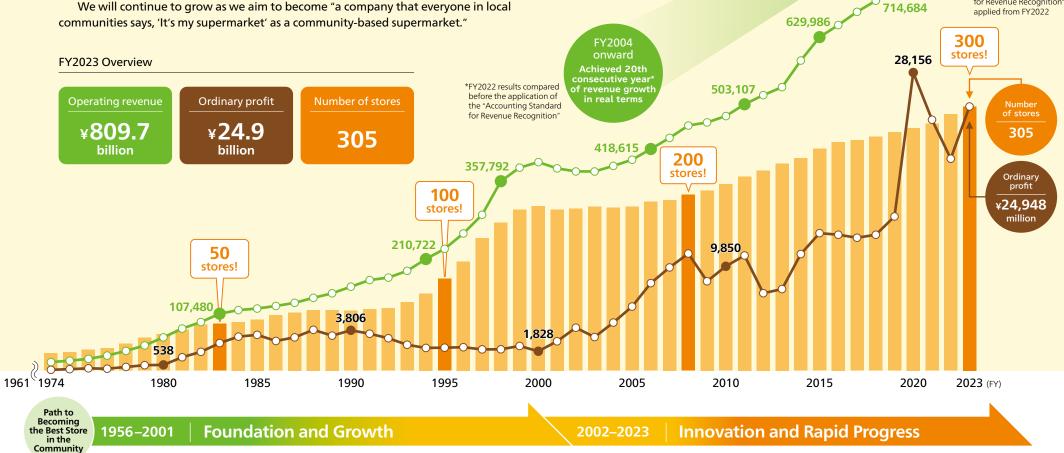
4809.709 million

* "Accounting Standard for Revenue Recognition*

Our History

For more than 60 years, LIFE CORPORATION has taken the needs of our customers seriously and continuously supported local communities as an essential part of social infrastructure in the form of supermarkets. In 1961, we opened our first LIFE store, the Toyonaka Store (Toyonaka, Osaka Prefecture). In 1971 we opened our first store as part of our expansion into the Tokyo region, the Itabashi Store (Itabashi Ward, Tokyo). We now operate a total of 305 stores throughout Japan (as of the end of February 2024).

We will continue to grow as we aim to become "a company that everyone in local



Since our founding, our mission has been "to be a company that contributes to creating a happy 'Life' for everyone." To be able to provide our products and services to as many customers as possible, during this period we focused on the expansion of our business scale and building infrastructure.

The process of formulating our medium-term plans has resulted in significant development by aligning the direction of the entire Company and creating a culture that allows employees to freely make suggestions. We will continue to challenge ourselves to provide new products and services in line with the changes in society.

1956-2001

956	Founder 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.								
961	 Decides to operate supermarkets. Opens first Toyonaka Store (Toyonaka, Osaka Prefecture). Makes start on what would become LIFE CORPORATION. 								
971	Sets up a district division in Tokyo and opens Itabashi Store (Itabashi Ward, Tokyo) as long-awaited first store in Tokyo region.								
985	 Opens Nanko Logistics Center in Osaka region (Suminoe Ward, Osaka City). Opens Nanko Food Process Center in Osaka region (Suminoe Ward, Osaka City). Opens Kawaguchi Food Center in Tokyo region (Kawaguchi City, Saitama Prefecture). 								
991	Relocates Headquarters to in front of JR Shin-Osaka Station.								
993	 Initiates a surging wave of store openings. Opens Kurihashi Comprehensive Logistics Center (Kuki City, Saitama Prefecture). 								
995	 Great Hanshin-Awaji Earthquake struck. Including Itami Store, seven stores temporarily closed, 39 damaged. Resumes operations as soon as possible, plays important role as lifelines for local communities. 								

Foundation and Growth

Nobutsugu Shimizu establishes Japan Supermarkets
 Association, an industry group, and appointed its first chairman.



CHAPTER ()

2002-2023

015 Establishes LIFE FINANCIAL SERVICE.

Stores Products/Services Infrastructure Other Creates LALAPI, LIFE's original mascot. Opens BIO-RAL Utsubo Store (Nishi Ward, Osaka City), the 2016 first BIO-RAL format store. Opens Kazo Food Process Center in Tokyo region (Kazo City, Saitama Prefecture). Opens Kawasaki Comprehensive Logistics Center in 2017 Tokyo region (Kawasaki City, Kanagawa Prefecture). Opens Osaka Hirabayashi Comprehensive Logistics 2018 Center in Osaka region (Suminoe Ward, Osaka City). 2019 Launches LIFE Online Supermarket on Amazon Japan. Opens Sakai Food Process Center in Osaka region 2020 (Sakai City, Osaka Prefecture). 2021 Establishes LIFE HOME DELIVERY. Tempozan bio-gas power generation plant begins full operation. Opens flagship Central Square 2022 Yebisu Garden Place Store (Shibuya Ward, Tokyo). Listed on Prime Market of Tokyo Stock Exchange. Opens 300th store. Relocates Tokyo Headquarters to Shinagawa Ward, Tokyo. 2023 Appoints Takaharu Iwasaki as chairman of the Japan Supermarkets Association.

CHAPTER 04

Innovation and Rapid Progress

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🎨 CHAPTER **OUR VALUE CREATION**

Through our business activities as a supermarket, we create three forms of value in the economy, society, and the environment, and contribute towards the realization of a sustainable and flourishing society. To provide these three forms of value, we provide a shopping experience that meets the various needs of our customers, ensures a work environment that respects our employees' individuality, and pursues efficient business activities utilizing data. In this chapter, we will present our approach to value creation along with specific examples of our initiatives.

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INTRODUCTION

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Top Message

Our goal is to be Japan's best supermarket that remains trusted by customers, society, and employees.

Amid a large turning point in time, we will respond flexibly with an eye on the present and the future as we continue to pursue the challenge of achieving our FY2030 targets.

Takaharu Iwasaki Representative Director and President

The Business Environment Surrounding the Group

Recent trends in the world economy continue to leave little room for optimism given the current geopolitical tension and conflict, the unstable political systems in many countries, etc. However, the business environment in Japan is gradually improving as consumer purchasing behavior is becoming more active, inbound demand has recovered to levels prior to the COVID-19 pandemic, and The Nikkei Stock Average has recorded new highs against the backdrop of strong results by Japanese companies. The transition from 30 years of deflation to inflation in particular represents an extremely significant turning point for the Japanese economy. With the rise in prices, we expect customers' needs to diversify further in terms of quality and price. However, our goal is breaking away from the homogenous competition. By having all our employees constantly remember to maintain a customer perspective and to pay close attention to the balance between guality and price, I believe that it is possible for us to use inflation as a positive tailwind.

Review of the Fiscal Year Ended February 29, 2024 (FY2023)

In FY2023, to respond to the diversifying needs of our customers, we analyzed in a timely manner the feedback received from customers at our stores, questionnaires, sales data, etc., and continuously reviewed both the product lineups at every store and the quality and prices of our products. As a result of these efforts, operating revenue largely exceeded our initial plans, setting an all-time record at ¥809.7 billion and marking the 20th consecutive year of revenue growth in real terms. This growth is the result of our successful steady growth investment, including the development of food process centers and satellite delicatessen centers, which has

OUR VALUE CREATION

Top Message

allowed us to open new stores in compact spaces, facilitating consecutive new store openings mainly in urban areas, and aggressive renovation of our stores, which has energized our existing stores. Ordinary profit was ¥24.9 billion, our second highest since FY2020 during the COVID-19 pandemic, and our second-half ordinary profit was the highest ever at ¥12.0 billion. Our gross profit ratio improved by 0.3 percentage points compared to the previous fiscal year, against the backdrop of changes in the external environment such as the calming of the market for marine products, as well as the incorporation of the know-how developed through our 6th Medium-Term Plan within the Company, which resulted in the growth in original products, expanded use of our food process centers, etc. Cost awareness has also increased thanks to all employees engaging in our Kaizen (improvement) activities, and even in a business environment with soaring procurement costs, our ability to control our SG&A ratio versus net sales made a large contribution to boosting profits.

It has been a successful start for the first year of the 7th Medium-Term Plan. However, given the everincreasing challenges of our competitive environment, we will remain focused as we continue to carry out our plan.

Progress of the 7th Medium-Term Plan

Our 7th Medium-Term Plan was formulated through back-casting to achieve our qualitative target of "what we want to be in FY2030," to "become a company that everyone says, 'It's my supermarket' as a communitybased supermarket," as well as our FY2030 financial and non-financial quantitative targets. In the age of VUCA (volatility, uncertainty, complexity, and ambiguity), we see the following four phenomena as certainties, and will respond appropriately: "accelerated population decline and aging," "intensifying competition," "growing awareness of sustainability," and "increase of various costs." During FY2023, the first fiscal year of the 7th Medium-Term Plan, we did everything possible to take the time to properly explain the specific details of the plan and to create awareness among all our employees, including part-time employees. If we are able to share our desired goals among all our more than 60,000 employees and have each one of them make these goals their own while building an environment that allows the Company to challenge ourselves to achieve them, this will give us the best chance for success.

Investment in Employees

Although the business environment in Japan is improving, labor shortages are also becoming a serious issue. It is certain that it will become more and more difficult to secure human resources given Japan's declining birthrate and aging society, making investment in employees one of the Company's most important management issues.

We believe that increasing employee satisfaction levels through investment in employees will help alleviate labor shortages. Based on this belief, we set a goal for FY2030 of an employee satisfaction level of 4.0 (out of a maximum of 5.0) and are engaged in companywide efforts to achieve this goal. The "employee satisfaction level" is assessed through two main factors: "workplace comfort," which is based on working conditions, etc., and "job satisfaction," where employees identify with our Corporate Philosophy and are selfmotivated to take action for the growth of the Company and for themselves as individuals. We are implementing policies to improve both.

As part of our efforts to improve "workplace comfort," we have continuously improved employee treatment. In FY2024, we decided to increase wages by 5-6%, our highest pay rise ever. However, due to the so-called "annual income barrier," wage hikes have produced the negative result of an increasing number of part-timers aiming to reduce their working hours and thereby accelerating labor shortages. To address this phenomenon, together with awareness-building activities to promote understanding of Japan's social security system, we make active use of the government's "Enhanced Support Package to Help Overcome the Annual Income Barrier." Active initiatives are also underway to promote diversity including promoting the active participation of women and hiring people with disabilities, as human resource systems are being revised to facilitate diverse work styles.

We are working to alleviate labor shortages by proactively using digital technologies such as Alautomated ordering and electronic shelf labels at stores. Furthermore, in February 2024, together with the relocation of the Tokyo Headquarters, by creating an environment for digitization, we are working to improve our headquarter operations.

To improve "job satisfaction," with the review of the results of past employee satisfaction surveys, I believe that it is extremely important to create an environment in which employees can learn for themselves, utilize what they have learned, and get a real sense of their personal growth. In FY2023, in addition to our past focus items of developing candidates for management and skills training for store employees, we began to hold openapplication study sessions for mid-level employees with management aspirations. Many more employees than initially expected expressed interest in taking the study sessions, reconfirming the increasing desire for learning among our employees.

We will continue to actively promote "investment in employees," and by creating an environment in which employees can grow as well as opportunities in which they can exercise their capabilities to the greatest extent, we will work toward our goal of "creating a motivating workplace environment where diverse personnel can thrive," one of our materialities.

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OUR VALUE CREATION

Top Message

Breaking Away from the Homogeneous Competition

The competitive environment is intensifying with more food products being sold both by other industries and online and more supermarkets bolstering their lineups of original products. This kind of competitive environment is precisely why we are working toward breaking away from the homogenous competition to pursue sustainable growth.

Specifically, we will provide products that only we offer to our customers through a comfortable shopping environment that makes use of the power of digital technology. As part of this initiative, in FY2023 we enjoyed significant growth particularly in our BIO-RAL business and our online supermarket business. **P.24**

Our BIO-RAL private brand products have been supported by many customers, with net sales for the brand increasing by around four times to ¥7.0 billion in the past four years. As a result, net sales for the overall BIO-RAL business, including net sales of private brand products, have already surpassed our initial target of ¥10.0 billion. Naturally, private brand products occupy an important position in our goal of breaking away from the homogenous competition, and based on our concept of "being kind to our planet and everyone to live healthy lives," we aim to further expand our business to deliver products and services based on the BIO-RAL concept to as many people as possible. To do so, in March 2024, we established the BIO-RAL Business Division. In addition to developing human resources with specialized knowledge, launching BIO-RAL stand-alone stores, and focusing on product development, we are also challenging ourselves to carry out new initiatives aimed at increasing the number of BIO-RAL fans. We will finalize a detailed roadmap in the near future, but we have set a target for tripling net sales in the BIO-RAL business by FY2030 and are working diligently to achieve it.

Net sales for our online supermarkets, which offer convenience to our customers, have also already

surpassed our initial goal of ¥20.0 billion. We were able to retain the increased demand experienced during the COVID-19 pandemic while also expanding our delivery areas and boosting our order-receiving capabilities on an individual store level, leading to these positive results. There has been a dramatic increase in the number of players in the online food product sales space. While using our know-how accumulated over a decade as well as our dominant store network to maintain high delivery efficiency, we are ensuring that our stores and headquarters work together to achieve our FY2030 net sales goal of ¥100.0 billion.

CHAPTER 02

Contribution Towards the Realization of a Sustainable and Flourishing Society

To contribute towards the realization of a sustainable and flourishing society, we have established five materialities and are advancing various initiatives to address them according to our Action Plan. In the current fiscal year, we have focused on the "Logistics 2024 problem"-an expected shortage of truck drivers caused by new overtime cap regulations-related to our materiality of "Contributing to local communities as infrastructure for everyday life." With caps applied to overtime hours for truck drivers in April 2024, without revising the traditional logistics system that integrates manufacturing, delivery, and sales, it could become challenging to maintain stable product supply, thereby inconveniencing customers. In addition to using our delivery reservation system at our own logistics centers, we are optimizing our logistics network with a sense of urgency, including reducing the number of trucks required by levelling the volume of goods handled during store deliveries and reducing truck driver working hours by expanding the time frame in which stores receive deliveries. We have also established a "Supermarket Logistics Study group" aimed at streamlining the entire supply chain. As part of the Supermarket Logistics Study

Aiming to break away from the homogenous competition through a comfortable shopping experience and developing unique products that make use of the power of digital technology.

group's activities, 16 supermarket chains that view the logistics field as an area for cooperation worked for a year on a wide range of issues including securing lead times for sale items, easing delivery deadlines, and encouraging pallet-based deliveries. The Supermarket Logistics Study group plans to continue its research on topics including joint deliveries and reducing truck waiting times at logistics centers.

Environmental issues also represent shared issues for groups engaged in economic activities regardless of



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OUR VALUE CREATION

Top Message

corporate scale, industry, or business format, making them an area for cooperation like logistics. In March 2022, we launched full operation of a bio-gas power generation facility in the Osaka region. Because both food residue waste reduction and power generation at the facility are proceeding according to plan, in FY2025, we plan to build similar facilities on the grounds of our food process centers in the Tokyo region. If we are able to actively share information and create awareness about these successful case studies, I believe that the initiative



Responding flexibly to the dramatic changes taking place in the external environment is also required. First, we will steadily advance our 7th Medium-Term Plan. could spread beyond the supermarket industry to the retail industry and produce significant results.

CHAPTER 02

Kaizen Activities

Through our company-wide efforts to boost our gross profit ratio in our 6th Medium-Term Plan, it rose by 3.2 percentage points in five years, driving profit growth. In the 7th Medium-Term Plan, in addition to continuing to work to increase our gross profit ratio, we will also work to optimize our SG&A ratio. We have set a specific target of reducing our SG&A to net sales ratio by 1.5 percentage points by FY2030 compared to FY2022 levels.

To achieve the above goals, both increased productivity and further optimization in non-personnel expenses are essential, and our Kaizen activities represent the companywide actions being undertaken toward these ends. In the past, we had established an operational innovation activities project, which produced a certain level of results through headquarters-led initiatives to improve productivity and the streamlining of operations at our stores. However, the Kaizen activities involve every employee from headquarters all the way to part-time employees at our stores and are based on the concept of "not being satisfied with the status quo, and recognizing and solving problems on our own." By having every employee become personally involved in the Company's plan and take a proactive approach to our Kaizen activities, we have produced extremely practical and diverse ideas. There have been some especially eye-catching proposals from our stores, with many success stories being presented at our "The Smile Workshop" program held for the first time in around four years in the Tokyo region. With other stores horizontally rolling out similar initiatives at their own locations by referencing these successful case studies, the scope of our Kaizen activities is truly expanding. Our Kaizen activities are not limited to a single year and will continue beyond FY2024, and I am confident that they will connect to even greater results.

Message to Stakeholders

Expectations are mounting for Japanese companies, which are now recovering their strength. To achieve our goals for FY2030, we are first steadily advancing our 7th Medium-Term Plan. There are also dramatic changes taking place in the external environment, toward which I believe that we must respond flexibly without being bound by precedent or convention. For example, with new store openings, the challenge of recovering our investment is increasing due to recent soaring labor and real estate costs. Using the knowledge that we have accumulated thus far, while promoting low-cost store building and the streamlining of store operations, we must make even more careful decisions than ever before on the profitability of our stores. Specifically, we use ROIC as a business management indicator, and we will continue with our careful evaluations to ensure that we are securing appropriate returns from our invested capital.

Furthermore, in terms of shareholder returns, we have maintained stable dividends since our listing without ever reducing our dividends. In FY2023, we created a new shareholder return policy. Our FY2023 annual dividend increased by ¥20 from the previous fiscal year to ¥90 per share with a DOE of 3.3%, both high levels. We will continue to properly invest in our future growth while also focusing on returns to our shareholders.

The large changes taking place in society mean that the future remains difficult to predict. Through the innovation in our corporate culture and the delegation of authority that we have carried out thus far, our organization has developed into one in which our front lines are able to think for themselves and respond to change. We will continue to be aware of "linking" with all our shareholders and strive to be a trusted company, so that everyone continues to say, "It's my supermarket." We humbly ask for your continued support. CHAPTER 01

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Recognition of External Environment

Toward the realization of our Corporate Philosophy, we recognize the following issues in the external environment and consider it important to address risks to our Company. We also maintain a constant awareness of establishing businesses within the reality of the global environment and a sustainable society and pursuing our business activities.

Changes in Social Environment

- Japan's population has declined for more than ten consecutive years and is estimated to fall below 100 million in 2048.*^{1,2}
- Following the global rise in prices, Japan's 2022 consumer price index (composite index) is following an upward trend, at 106.9 compared to 2020.*³
- There is increasing interest in Japan's social security system, starting with the so-called "annual income barrier" issue.



Technological Advances

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- The scale of the EC market for foods, beverages, and alcohol continues to expand, reaching around ¥2.7 trillion in 2022 (a 9% increase from the previous fiscal year) and an EC ratio of 4.16%.*7
- Cybersecurity threats are on the rise, and the number of cybersecurityrelated notifications in 2022 increased by around 8.3 times from 2015 levels.*8
- The emergence and spread of generative AI have led to a rapid increase in scenarios in which AI is used for business.

Diversification of Work Styles

- With the decline in the number of births, Japan's working-age population is estimated to fall below 70 million by 2032 and to 45.35 million by 2070.*4
- Workers with telework experience exceeded 25% of all workers in 2022, demonstrating the establishment of work styles not bound by specific locations.*5
- Growing needs to balance work with giving birth, childcare, nursing care, etc.

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Worsening Environmental Issues

 Due to the increasing severity of climate change, in 2023 the number of annual occurrences of torrential rain in Japan nearly doubled, and the number of extremely hot days each year increased by 3.8 times.*6

The number of annual occurrences of torrential rain is based on a comparison with 1980. The number of extremely hot days each year is based on a comparison of the 30 years between 1910-1939 and the most recent 30 years.

- The world's forests continue to decline each year, and the loss of the world's forests is impacting ecosystems.
- Sources *1 Ministry of Internal Affairs and Communications "Population Estimates (as of October 1, 2022)" *2 Cabinet Office website
 - *3 Ministry of Internal Affairs and Communications "Consumer Prices: Index (January 2024)"
 - *4 Cabinet Office "Annual Report on the Ageing Society: 2023"
 - *5 Ministry of Land, Infrastructure, Transport and Tourism: "2022 Teleworking Population Fact-Finding Survey"

Resource Supply Uncertainties and Cost Impacts

- Against the backdrop of increased global grain consumption, prices for certain grains have reached high levels compared to 2020.*9
- With the rise in energy prices, Japanese commercial energy costs in FY2022 have increased by around 90% compared to FY2010.*10
- Enhanced regulations and other impacts created by the Act on the Arrangement of Related Acts to Promote Work Style Reform prompted changes in the business environment that led to increased logistics costs starting in April 2024.

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

- Japan's ESG investment in 2022 increased by around 50% compared to 2020 levels.*11
- The Japanese government has established a carbon neutral goal of reducing overall greenhouse gas emissions to zero by 2050.
- Stronger corporate governance is being demanded through the establishment of and revisions to corporate governance codes, etc.
- *6 Japan Meteorological Agency website
- *7 Ministry of Economy, Trade and Industry: "2022 Digital Transaction Environment Creation Business"
- *8 Ministry of Internal Affairs and Communications "2023 Information and Communications White Paper"
- *9 Ministry of Agriculture, Forestry and Fisheries website *10 Agency for Natural Resources and Energy PR pamphlet
- *11 Research Institute for Environmental Finance website

Risks and Responses

Risks

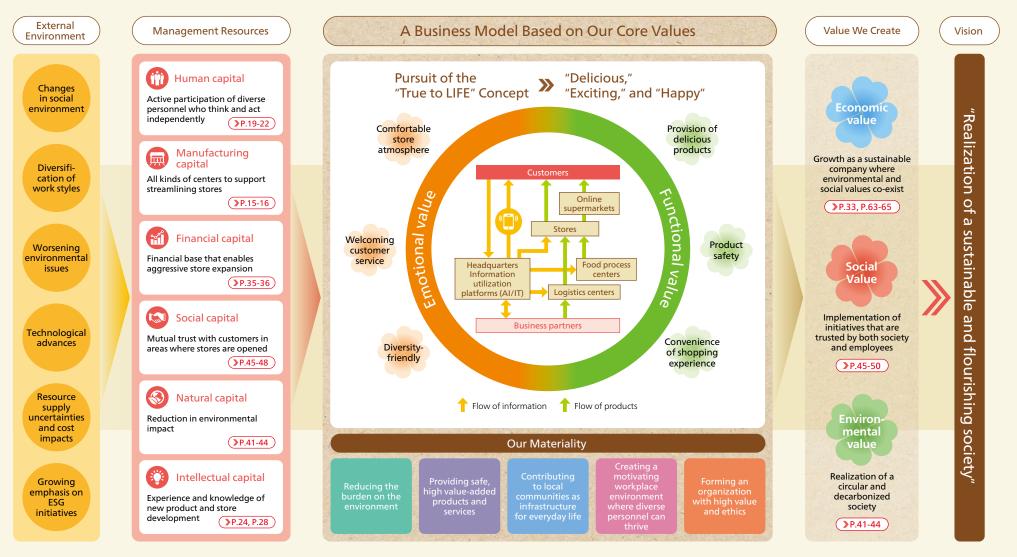
- Reduced consumer spending caused by worsening economic conditions
- Deterioration in the hiring environment caused by the reduction in the working-age population
- Business shutdowns at the Company's facilities caused by the occurrence of natural disasters
- Possible leaking of internal information due to unauthorized external access, etc.
- Increased costs for energy procurement, use, etc.
- Possibility of diminished trust from society caused by improper conduct, etc.

Responses

- Acquire and maintain competitive superiority through flexible changes in our management policies based on analysis of customer data
- Improve productivity by effectively introducing and using systems to increase store operation efficiencies
- Develop disaster response manuals, adopt in-house power generation facilities, etc., to bolster our business continuity system
- Enhance our ability to respond when incidents occur by establishing "LIFE-CSIRT"
- Reduce costs by introducing energysaving facilities and optimizing delivery routes and loads
- In addition to the implementation of compliance education and training, work toward prevention, early detection, and early correction of misconduct by establishing a point of contact for whistleblowing

Value Creation Process

In the LIFE Group, we are pursuing the "True to LIFE" concept 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 to contribute towards the "realization of a sustainable and flourishing society" by providing value that can only be created by our Group.



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Emotional Value We Provide

At LIFE, we work to provide the added value of comfort, relief, and having a little fun when our customers purchase our products. All our employees, including those at our headquarters, work to realize sales floors that provide an easy shopping experience to our customers and welcoming customer service through our smiles and greetings.



Comfortable store atmosphere

Each department produces many creative ideas to provide our customers with comfortable spaces in which to enjoy their shopping experiences. Sales floor layouts for easily shopping around, warm interior design, lighting, and background music are all part of our the "True to LIFE" concept store designs.





Warm customer service

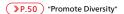
To ensure that our customers enjoy a pleasant shopping experience, we make sure to smile and greet everyone who visits our stores. We have established an in-house customer service certification system, and by having certified employees act as role models for other employees, we work to enhance the level of customer service at all our stores.





Diversity-friendly

As part of our "LIFE Pledge," we ensure that all employees think and act from the customer's point of view and respect diverse values. We respect human diversity and work to eliminate any form of discrimination.





Functional Value We Provide

By providing our unique delicious products and special products, we strive to contribute to healthy, flourishing lives for our customers. Furthermore, by building out services that make shopping more convenient, including online supermarkets and in-store purchase and home delivery services, etc., we aim to be a company that everyone in local communities says, "It's my supermarket."



Provision of delicious products

We are engaged in developing both products and production regions to constantly deliver "delicious" products to our customers. In addition to bread and delicatessen items made in-store, our private brand products such as "LIFE PREMIUM" focused on quality ingredients and preparation methods and the health-conscious "BIO-RAL" have been extremely well received.



Product safety

One of the greatest factors supporting trust in the Company is providing "safe and secure" products. At our stores, all employees maintain a strong awareness of hygiene management, based on the Hazard Analysis and Critical Control Point (HACCP) system. In May 2024, we opened a new product inspection room at our Tokyo Headquarters as we work to further enhance the safety of our products.





Convenience of shopping experience

We operate online supermarkets as a convenient way for customers to shop whenever they want. We constantly consider revisions to our product lineups and creative ways to make searching easier, and by providing personalized information to each of our customers, we offer them a new shopping experience.



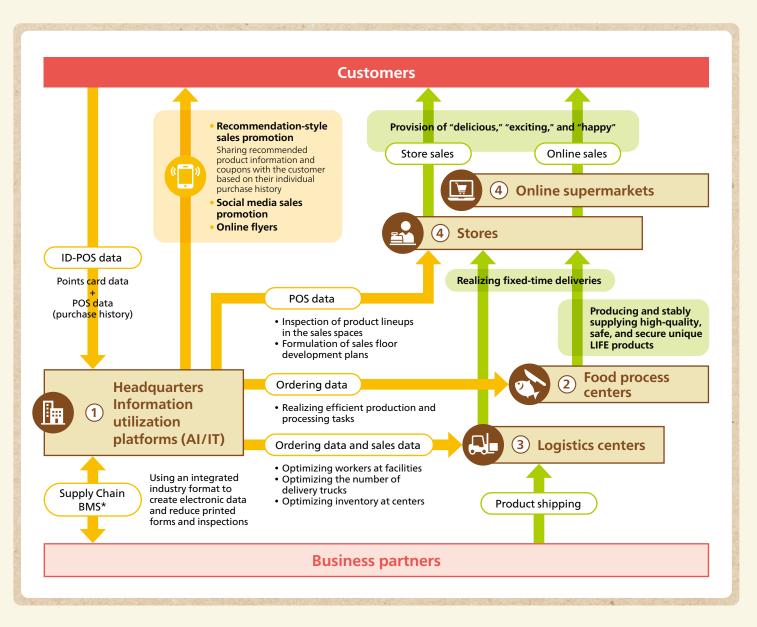
CHAPTER 02

Business Model

As a supermarket, we are trusted and relied on by our customers, and in turn we hope to continue to contribute to the customers' flourishing lives. To do so, it is important that we quickly and accurately understand the diversification and changes in the needs of our customers and that we respond appropriately. Moreover, by sharing our Company's uniqueness ("True to LIFE"), we aim to be a company that everyone says, "It's my supermarket." To achieve these goals efficiently and effectively, we are creating information utilization platforms (AI/IT) for various data and updating our digital technologies to provide greater value to our customers.

Flow of information T Flow of products

*Supply Chain Business Message Standards are a set of standards used by distributors when exchanging data





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Value Provided to Customers through Data Use

① Headquarters Information utilization platforms

Evolving our information utilization platforms that support the creation of the value we provide at our bases and developing sales promotion information for customers using social media, etc.

To create the value that we provide to our customers, we must aim to respond to diversifying customer needs and to further improve our operational efficiency. Based on the belief that decision-making using data analysis is essential toward these ends, we have introduced the latest digital technologies such as AI to make use of sophisticated analysis results and have focused on data security measures including information encryption. At our headquarters, we provide indirect support for the creation of the value provided by our food process centers, distribution centers, stores, and online supermarkets through the evolution of our information utilization platforms. Together with these efforts. through recommendation-style sales promotion using social media based on the customer purchasing data accumulated at our headquarters from ID-POS, we work to create direct value for our customers.

2 Food process centers

Producing and stably supplying high-quality, safe, and secure unique LIFE products

Through the production of safe and secure food products at our food process centers, we aim to provide stable and high-quality products to our customers. To do so, we calculate and order the appropriate quantities of raw materials based on the analysis and utilization of ordering data from our stores. These initiatives contribute to limiting food waste and to always producing and supplying food products made with the freshest ingredients. We have also introduced a "production base cost management system" to carefully calculate the production base cost of each product that we produce, including all component costs. Through these efforts, the impact of initiatives to improve processes and reduce food waste can be clearly seen in lower production base costs. These initiatives also aid in the promotion of our Kaizen activities, helping us to provide our products to our customers at attractive prices.



Around 1,000 non-Japanese personnel, including technical intern trainees, work alongside us at our food process centers. Using e-learning that includes video manuals and simple tests in different languages, we provide personalized educational opportunities to each of our workers. Through appropriate educational opportunities, we encourage careful and accurate work practices to steadily provide safe and secure products to our customers.

3 Logistics centers

Realizing stable and efficient product supply to our stores

LIFE's logistics centers streamline operations using data related to a wide range of logistics processes including receiving, sorting, and shipping. One specific example is accelerating the transmission of ordering data for sales items to our business partners to optimize receiving volume and inventory at our centers. Another example is reducing waiting times for deliveries from our business partners by introducing our truck arrival reservation system. By also introducing a delivery management system for trucks delivering to our stores, we are streamlining deliveries and realizing stable product supply to each of our more than 300 stores.



Provision of "delicious," "exciting," and "happy"

In realizing the provision of "delicious," "exciting," and "happy," our stores are important points of contact with our customers. Using data such as sales data to plan when, where, and how much of our products to display, we aim to provide our customers with a sense of satisfaction through an enjoyable shopping experience. By making the products available on our online supermarkets easier to view and find, and by using purchase history data, we are working to provide personalized product proposals and other initiatives to each of our customers.



OUR STRATEGY

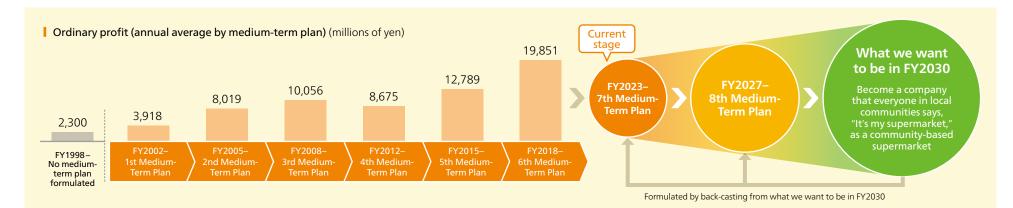
Having established "what we want to be in FY2030," we also formulated our 7th Medium-Term Plan, covering the first half of the next four years starting in FY2023, and are working toward achieving it. In this chapter, we will explain both the progress that we have made in our 7th Medium-Term Plan, which just completed its first year, and our financial capital strategy. As specific examples of our strategic initiatives, we will also explain our customer- and employee-focused initiatives that proactively use digital technologies as well as the background and results of the relocation of our Tokyo Headquarters in February 2024.

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Changes in the Medium-Term Plan

Following our "surging wave of store openings" (132 new stores opened in the eight years starting in 1993) to secure a business scale that facilitates business continuity even amid fierce competition, in FY2002 we formulated our first "Medium-Term Plan" to establish a foothold on a growth track. With each consecutive medium-term plan, we steadily continued our growth, and in the 6th Medium-Term Plan, we achieved ordinary profit levels that were ten times that of the period immediately prior to when we first began formulating our medium-term plans. The current 7th Medium-Term Plan covers the four-year period starting in FY2023 and has been formulated envisioning what we want to be in FY2030, as we continue to challenge ourselves to achieve even greater success.



Key Policies

The three main themes set forth in the 7th Medium-Term Plan are "Investment in employees," "Breaking away from the homogenous competition," and "Contribution towards the realization of a sustainable and flourishing society." To achieve these themes, we are focused on the keyword of "linking.*" Through links between customers and stores, stores and local communities, and headquarters and stores, we believe that the three main themes interact and produce effects. Furthermore, we are advancing company-wide Kaizen activities to promote the streamlining of operations and expense use at each of our locations to support these main themes. Through these Kaizen activities, we aim to realize improved productivity and cost optimization and to generate funds for further growth.

Three Main Themes and the Circle of Kaizen

1	Investment in employees P.19
2	Breaking away from the homogenous competition
3	Contribution towards the realization of a sustainable P.25 and flourishing society
	Linking the circle of Kaizen

* "Linking" refers to the links between stores and customers, stores and local communities, and headquarters and stores. As a result, we create links with customers and local communities. This keyword was chosen to symbolize linking with all our stakeholders to realize our vision of "All LIFE stores will become and 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."

Quantitative Targets (FY2030)

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Financial targets		Economic value	Social value	Environ- mental value
Net sales	¥1 trillion	*		
Ordinary profit	¥35 billion	*		
Profit	¥22 billion	*		
Number of stores	400	*	*	

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Non-financial targets	Economic value	Social value	Environ- mental value	
Employee satisfaction	4.0 (out of a maximum of 5.0)		*	
Ratio of female managers	20 % (ratio within management)		*	
Percentage of male employees taking childcare-related leave	100%		*	
CO ₂ emissions (Scope 1, 2)	50% reduction vs. FY2013			*
Final amount of food waste per sales	50% reduction vs. FY2017			*

Three Main Themes



Investment in employees

The driving force behind corporate growth is employees. From early on, we have considered and treated our employees as an important resource. In the 7th Medium-Term Plan, we will promote "investment in employees" to secure and develop human resources that connect to medium- to long-term increases in our corporate value by continuing to derive the maximum value from our employees. When looking ahead to 2030, it is almost certain that the human resource shortage will be increasingly severe amid the decline and aging of the Japanese population, and that we must work to be "the Company chosen by

Review of FY2023

In the first fiscal year of the 7th Medium-Term Plan, we placed special emphasis on employee development. In-person training was restricted during the COVID-19 pandemic, but starting in May, management training for the Store Manager and Deputy Store Manager positions became possible again directly at our sales floors. These training sessions helped us align ourselves in terms of product commercialization, sales floor development, etc., thereby increasing the ability of each store to develop its sales floors.

Additionally, through improvement in employee treatment, including wage increases that have continued since the previous medium-term plan, and through hiring by internal recruitment, we have worked to foster job satisfaction among our employees. Moreover, the relocation of our Tokyo Headquarters in February 2024 helped us to create an even more comfortable working environment.

Policies for FY2024

Strengthening recruitment and promoting diversity are two polices that we will continue to promote in FY2024. Human resource shortages have recently become evident in Japan, and we are working to build a hiring pool by expanding our channels in new-graduate recruitment and through in-house hiring plans. Moreover, given the increased activity in the midcareer hiring market, we are working to recruit mid-career employees year-round to secure excellent human resources.

We are also enhancing our recruitment of people with disabilities and non-Japanese talent. In our hiring of people with disabilities, we have built relationships of trust through frequent visits to schools and carefully explained the details of our jobs, which has led to successful recruitment. We have also greatly expanded in-store training for technical intern trainees as we aim to build a diverse organization that includes both women and seniors.

Logic Tree to Increase Employee Engagement

We will strengthen engagement by creating a system and an environment that enable the success of diverse employees and provide educational opportunities to achieve employee growth, highly productive work styles, and improved employee satisfaction (ES).



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Three Main Themes

Main Initiatives in FY2023

1 FY2023 KPI Actual Values

As KPIs to measure how we optimize employees, we monitor "employee satisfaction," "ratio of female managers," and "percentage of male employees taking childcare-related leave." The FY2023 actual values and FY2030 targets for each KPI are presented below.

	FY2030 Target	FY2023 Result
Employee satisfaction (out of a maximum of 5.0)	4.0	3.4
Ratio of female managers (ratio within management)	20.0%	10.6%
Percentage of male employees taking childcare-related leave	100.0%	79.7%

Analytical comments on FY2023 actual values

[Employee satisfaction]

The results for our employee satisfaction level were the same as last year. Using our present score as a starting point, by implementing a range of measures going forward, we aim to realize a comfortable, motivating workplace environment for our employees and to achieve an employee satisfaction level of 4.0 in FY2030.

[Ratio of female managers]

Our ratio of female managers is increasing every year. (>P.34) Not limited to the perspectives of women, a diverse organization spurs innovation through the presence of different values and ideas. Going forward, we will continue to create business environments and systems that emphasize diversity.

[Percentage of male employees taking childcare-related leave]

The ratio of male employees taking childcare-related leave has increased significantly due to improvements in our system and activities to raise awareness (P.34) (up 28.8 percentage points from the previous fiscal year). We will continue to work to realize work-life balance.

2 Initiatives to Optimize Employees

Hiring

To achieve our quantitative target of ¥1.0 trillion in net sales in FY2030, we are strengthening our new graduate and mid-career hiring and working to secure diverse human



resources, including specialized personnel. In our new graduate hiring, we explain that our business plays an important role in supporting the lives of local communities. As a result of these efforts, we have succeeded in newly welcoming university graduates with a strong sense of mission and aspiration.

Promotions

In addition to proactively discovering employees through internal recruitment, we are actively expanding educational opportunities so that employees can be successful in the



departments to which they are promoted. We encourage reskilling by subsidizing registration fees for 197 distance-learning courses and through external training and have provided support for the acquisition of specialized skills. Each employee uses the skills that they acquire to thrive in the department to which they are newly promoted.

Employees' excellent performance

As we aim to realize a corporate culture with an open atmosphere in which anyone can freely express their opinions and make suggestions, we have worked to build both the appro-





support for them in their everyday lives. In working together with special-needs schools in our hiring of people with disabilities, we have proactively incorporated work experiences to facilitate their hiring.

Trust

"Our goal is to be Japan's best supermarket that remains trusted by customers, society, and employees," and as such, we have worked to increase our employee satisfaction



level. We have also shared with all our employees an educational video to deepen their understanding with the goal of creating workplaces that are free from harassment.

Development

To encourage the growth of our employees and to facilitate the acquiring of both the knowledge and skills required for each employee's position, we have created a range of educational programs. In addition to hierarchical training based on job class and position, we hold training sessions on a departmental level for employees to improve their specialized knowledge and skills, while also utilizing external training

Three Main Themes

and seminars. Our training style includes on-the-job and offthe-job options, as well as programs such as online training, e-learning, and distance learning courses to facilitate learning during free time and to respond to employees' desire for self-improvement.

To develop the human resources that will be responsible for the future management of the Company, we hold "management seminars" led by the Representative Director & President for select management-level employees. At the management seminars, participants are able to learn about management theory, finance, and governance. The program has had 200 graduates as of the end of FY2023. The management seminars include both basic and advanced courses, and advanced course graduates act as instructors for the basic

Human Resources Development Program "Management Seminar"

courses as the Company's way of cultivating a culture of teaching and learning. We also provide learning opportunities for our foreign technical intern trainees including e-learning in multiple languages, offering full support for our diverse employees to thrive. In FY2023, we held around 2,000 different training sessions to build the skills of our employees.

E,

Illustration of our Educational System

Job	Hierarchy	Positions	Certification Exam	Human Resources and Career Development Self-Development Training				opment Training		Issue-S	pecific Tr	aining		Professio	nal Expertis	e Certificatio	n Acquisition	Position-Specific Ed	cation and Division-	Specific Training
Class	Hierarchy	Positions		Human Resources Division									Depar	tments				c	ain Store Division	
VII	Corporate Management-level Education	Division COO			Нес															
VI		General Manager Store Manager S General Manager of Centers	Level VII Promotion Exam		adquarter			Platon (e-learning)										St	ore Department	
v	Departmental Management-level Education	Store Manager Section Manager	Level VI Promotion Exam	Training for employees promoted to Level V (management)	- employee				Π						-	(acqui	Knowled		e Manager training	
		Deputy Store Manager Deputy General Manager of Centers		Career training for Level IV employees	- training (bu	Distance			+	Ī			-		Health supervisor sem Type 1 & Type 2	Safety manager, etc. (acquiring the necessary certifi for store management)	wledge training t		Store Manager trair	-
IV	Assistant Departmental-level Management Education	Buyer Trainer Deputy Section Manager	Level V Promotion Exam	Training for employees promoted to Level IV	siness etiquett	learning,		New Headquarter employee training	Ť	Harassr			<u>ہ</u>	Food	visor seminars & Type 2	0	for specialized	Assistan Newly appointed mana store management pos		hing hift staff training
		Deputy Store Manager Division Manager			ie, compu	nnual sub				Harassment trai			Career pla	Food product certifications		ations	departm	Divis	on manager trainin	
					ıter skills, c	annual subscriptions (electr	5-m	Advanced calculations	6	ning, ment			n, money p	t labeling seminar			lents	Store S	upport Departm	ent
ш	Leader Education	Chief	Level IV Promotion Exam	Career training for Level III employees	ompliance, e	onic	5-minute learning series	Intermediate calculations	Compliance training	ental health trair	Diversity training		an, money plan, reskilling]			Chief tr	ining	
				Training for employees promoted to Level III	etc.)	versions),	g series (Beginner calculations	aining	ining, co	ning	6	u							-
				Third year + Mid-career hire training		recon	micro	the desidence of the second	Ť	mmu	1	mpar		Reg (lii				Third year (step	-up) training	_
Ш			Level III Promotion Exam	Second year + Mid-career hire training		nmende	(micro-learning)	Legal and regulatory knowledge		unication training		vy-wide policy		egistered d (lifestyle p				Second yea	training	
	Regular Employee Education	Staff		New graduates Mid-career hires New employee training Employee training [Time of hiring] [Time of hiring]		nded reading	ų	Labor management Personnel system	╞	training		policy dis	-	i distributor products)				+	Mid-career	Online training (educational
I			Level II Promotion Exam	[1 Wontu) [Follow-up] [2 Months] Training for full-time [3 Months] employees on [6 Months] appointment [10 Months]		lists		Basic knowledge of the distribution industry				emination		Ň				New employee training		
Associ- ate		Division Leader Deputy Leader	Full-time Employee Hiring Exam	Training for employees promoted to associate		-			Ť	Ī								Division Deputy lead		
Level P3	Part-time Employee Education		PA Promotion Exam PA Advancement						ļ	[Part-time empl (practical	oyee training edition)	
Level P2		Staff	Exam Step-Up Sheet Advancement						÷	-								New part-time en (basic e	ployee training ition)	

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Message from COO of Human Resources Division



Becoming a company where people say, 'I want to work at LIFE' and 'I want to keep working at LIFE' 99

Become a company of choice by improving workplace comfort and job satisfaction

We aim to become a company that both students and other job seekers say, "I want to work at LIFE," rather than "I want to work at a supermarket," and that our current employees say, "I chose to work at LIFE" and "I want to keep working at LIFE." In our 7th Medium-Term Plan that began last year, our first and most important theme is "investment in employees." Unless employees are motivated and have a high level of satisfaction in the Company, we cannot provide services that satisfy our customers. Because human resources

are a form of capital, maximizing their value will lead to boosting results and medium- to long-term increases in corporate value. We believe that, as a result, we will continue to be a supermarket that remains trusted by customers.

To increase employee engagement, comfortable workplaces, jobs that provide job satisfaction, and working environments in which employees feel secure in challenging themselves are all essential. For many years, we have worked to remove the invisible barriers between organizations and to be aware of working as a team. As a result, many project teams have been set up throughout the organization. We are building a corporate culture with an open atmosphere in which employees can become personally involved and share both proposals and resolutions to issues.

In our store operations, we do everything possible to limit directions from headquarters and to maximize the authority granted to stores. Because each store has its unique qualities, and the products sold at each store differ, it is important that stores are able to make flexible decisions and to change their sales floors and the products that they sell. Delegating authority to stores in this way increases their discretion and leads to motivation to work. Although our initiatives to boost employee engagement are still in process, the average length of continuous service for employees has trended stably, at 15.3 years as of the end of FY2023. ()P.34) Because our attrition rate is also less than 5.0%. I am confident that our policy is the correct one.

To further boost employee engagement and ensure employees can thrive with us over the long term, each year, we hire an external specialist firm to conduct an employee satisfaction survey that includes engagement. Our employee satisfaction score in the survey in FY2023 was 3.4 (out of a maximum of 5.0). Our goal is to increase this score to 4.0 by FY2030 by listening closely to feedback from our employees.

Initiatives to promote diversity are important

Amid a challenging hiring environment, in addition to new-graduate recruitment, we are enhancing our mid-career recruitment throughout the year. We are also working to secure human resources by promoting part-time employees to full-time employees, while simultaneously focusing on hiring people with disabilities and non-Japanese personnel.

Our goal in recruitment is not simply to hire a greater number of people with disabilities than the legally mandated employment ratio, but to provide support that matches the motivation of people with disabilities to work and to maintain continuous hiring. We have already welcomed many employees with disabilities, and our employment ratio of 3.35% as of the end of FY2023 greatly exceeds the legally mandated employment ratio of 2.3%.

We are also strengthening our recruitment of foreign personnel as technical intern trainees and for specific skills. When recruiting technical intern trainees, members of the Diversity Promotion Office travel to the locations of jobseekers to recruit them directly. After the recruits enter Japan, we welcome them as friends through recreational activities that foster communication. We have over 1,500 foreign personnel in FY2024, and we plan to expand our educational tools going forward.

Lastly, to promote the active participation of women, we have set a goal of 20% for our ratio of female managers by FY2030 (10.6% as of the end of FY2023). Although we are enhancing the environment for women to work reduced hours after giving birth, in order for female employees to not fall into the so-called "mommy track," we are making further improvements to our systems including revising our overall human resources systems to support female employees in envisioning their own careers.

Three Main Themes



2 Breaking away from the homogenous competition

When looking ahead to 2030, we expect the Japanese food retail market to contract due to Japan's declining and aging population. However, Japan has more than 300 supermarket companies, as well as convenience stores, drug stores, and e-commerce, creating increasingly intense competition that spans multiple industries. Given this environment, simply having the same products as neighboring stores and competing by selling them more cheaply is not the type of management that will lead to sustainable growth. Instead, we are focused on breaking away from the homogenous competition and delivering even greater added value to our customers.

Review of FY2023 and Challenges

In FY2023, sales of our original products, for which we have been enhancing development, grew thanks to strong support from our customers. (P.24)

In June 2023, as a new form of customer approach, we opened our first "Large BIO-RAL Café" attached to BIO-RAL Ariake Garden Store and based on our BIO-RAL brand for customers interested in health and natural products. Our online supermarkets have also enjoyed steady growth as we have worked to expand delivery areas and to improve service. With labor shortages becoming a greater issue, to prevent a decline in our service levels, we are introducing systems and improving operations to promote further operational streamlining.

New Initiatives to Strengthen Customer Relationships

Policies for FY2024

Our efforts to strengthen the development of original products focused on deliciousness and freshness are producing results, and we will continue these efforts in FY2024. Particularly for BIO-RAL, our health-conscious and natural food-oriented brand that is highly supported by customers, in March 2024 we established the BIO-RAL Business Division to accelerate growth by tackling new challenges. For our online supermarkets, we are also continuing to expand delivery areas and to improve service quality. Our goal is to operate online supermarkets that are trusted by our customers just like our brick-and-mortar stores by introducing new systems and tools to improve productivity while also increasing customer convenience.

All our employees are strongly committed to breaking away from the homogenous competition, and in addition to our proactive investment in products, logistics, and stores, we are expanding online supermarkets and using digital technology to strengthen our customer relationships even further.



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Three Main Themes

Main Initiatives in FY2023



Strengthen the development of attractive products unique to LIFE

Strengthening the development of two private brand products

Sales of our private brand products have remained strong, with total sales for the four brands reaching 110.0% of FY2023 net sales. Sales of our reasonably priced brands "Smile Life" and "star select," and "LIFE PREMIUM" focused on ingredients and production methods, etc., have all exceeded previous year levels. Of our four private brands, BIO-RAL, which focuses on health and natural products, has enjoyed particularly strong support from our customers. In FY2023, we significantly increased the number of BIO-RAL items by 94 from the previous year to 358. In FY2024, we established the BIO-RAL Business Division with the aim of further expanding and developing the brand.

Private Brand Net Sales Compared to the Previous Year



Developing original products for Delicatessen Section, Bakery Section, etc.

Net sales in the Delicatessen Section were 105.6% of FY2023 net sales year on year, and net sales in the Bakery Section were 108.6% of FY2023 net sales year on year. As a result of the development and production of products in both sections strongly focused on "deliciousness," "freshness," and "uniqueness," we have also received positive evaluations in

customer surveys. Moreover, by concentrating the primary and secondary processing of products that require significant preparation at our food process centers and satellite delicatessen centers, we are streamlining production processes and reducing the burden placed on stores. We will continue to provide delicious bento boxes, delicatessen items, and freshly baked bread that is unique to LIFE.



Addressing the logistics **PC/Logistics** "2024 problem" **P.46** Brick-and-Enhancing the attractiveness of stores mortar stores

We work to build attractive stores by deepening our understanding of the regions in which we operate and our customers. Particularly regarding our product lineups, we analyze sales data and surveys of residents in our business regions, and our individual stores and product departments at headquarters hold discussions and determine product lineups that align with our business regions. (P.28) Stores and the relevant departments at headquarters also discuss issues outside of product lineups, and by providing our customers with various "emotional value" and "functional value," (>P.14) we aim to become a company where customers in local communities say, "It's my supermarket."



Pursuing the convenience and comfort of online shopping

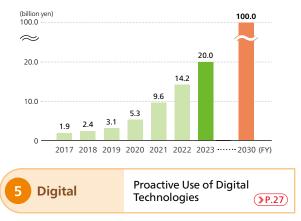
In FY2023, we carried out measures such as expanding our delivery areas, increasing the number of listed products, expanding special features in line with seasons and needs, and proactively participating in sales on Amazon. As a result of these measures, our net sales increased by 40% from the previous year to ¥20.0 billion. We are also working to improve productivity by streamlining picking operations (retrieving ordered items from sales floors) and optimizing our delivery systems.

In FY2024, we will continue to implement measures to make online shopping more convenient and comfortable including improving product information and searchability, as we work to achieve our goal of ¥100.0 billion in net sales in FY2030.

()P.47) Social: "Diversify Shopping Options"

Trends in online supermarket net sales

(LIFE Online Supermarket and Amazon-based online supermarket)



Three Main Themes



3 Contribution towards the realization of a sustainable and flourishing society

We believe that we must be successful in our Corporate Philosophy of "contribute towards the realization of a sustainable and flourishing society" to grow and develop. We must be aware that sustainability of the global environment and society are what allows our business activities in the first place. To realize our Corporate Philosophy, we have established five materialities and approach our work with the sense of responsibility of a company listed on the Prime Market of the Tokyo Stock Exchange. **Review of FY2023 and Challenges**

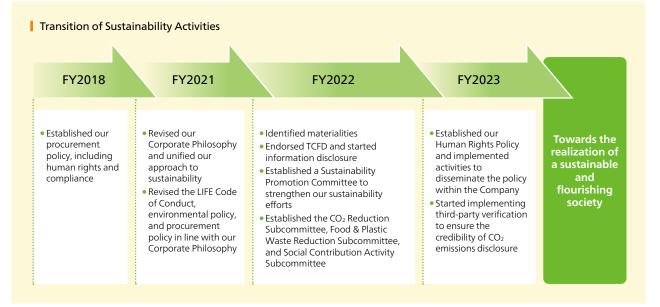
In FY2023, we carried out various initiatives aimed at reducing food loss, including donating products to local children's cafeterias and offering "on-demand classes (food education activities)" for elementary school students on food and the environment (P.47), and running our bio-gas power generation business using food residues (raw garbage, etc.) (P.41). These initiatives were well received, leading to us receiving the Grand Prize at the 2023 Osaka Environmental Awards. Additionally, to continue stably providing products to our customers, we are cooperating where possible with our competitors to resolve issues. (P.46)

Policies for FY2024

We continue to aim to reduce the amount of food waste and CO₂ emissions. (P.43) To further reduce the amount of food waste, by expanding the Al demand forecasting currently in use for daily delivery food, etc., to our Fresh Produce Departments and Delicatessen Section, we are working to increase the accuracy of our ordering and production plans. (P.29) Additionally, we will be expanding the contents of our existing on-demand classes (food education activities) and expanding locations providing support to children's cafeterias. For reducing CO₂ emissions, we are moving forward with the construction of a bio-gas power generation facility in the Tokyo region to start operations in 2025, like the one currently in operation in the Osaka region, as part of our efforts to further reduce the amount of food waste and CO₂ emissions.

Transition Towards the Realization of a Sustainable and Flourishing Society

To realize a sustainable and flourishing society, we are steadily advancing various sustainability efforts. In FY2023, we prepared for new developments, including the implementation of third-party verification and the establishment of our Human Rights Policy. (>P.41, >P.49)



OUR STRATEGY

Linking the Circle of Kaizen

To undertake initiatives and investments to achieve the vision for FY2030, securing funding is essential. Amid various soaring costs including food resources and energy costs, through our "Kaizen" activities across the entire Company to streamline our operations and eliminate waste, we aim to become a more robust Company.

The Circle of Kaizen

The results of self-driven "Kaizen" activities in both our operations and workplace environments boost motivation and create a virtuous cycle that leads to both improved performance and employee treatment.

Two Gears that Drive the Circle of Kaizen

We solidify Kaizen as our corporate culture through the two wheels of the "optimization" of our PDCA cycle, led by individual departments and divisions, and "reform," in which the Company comes together.

Review of FY2023 and Challenges

Initiatives at Headquarters

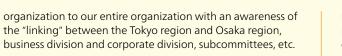
We have formulated and implemented measures for improved productivity generated by our "division subcommittees" led by our business division and for the optimization of non-personnel expenses for the "cost optimization" initiatives led by our corporate division. We also held "Welcoming Kaizen Ideas" events at our Tokyo Headquarters and Osaka Headquarters, which stimulated an awareness of Kaizen among our employees.

Initiatives at Stores

We are implementing initiatives to optimize costs centered on reducing the use of consumable goods and electricity and to increase productivity by optimizing personnel assignments at each business site.

Future Issues

In terms of the first fiscal year of the 7th Medium-Term Plan, we see the steady advancement of "Kaizen activities" as an achievement. As we move forward, we believe that it will be important to shift activities currently limited to parts of our



Policies for FY2024

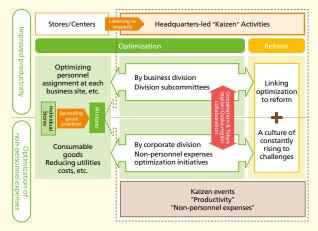
Without changing the basic policy of our Kaizen activities, we aim to clarify that the activities target "productivity" and "non-personnel expenses," to realize "optimization" in each initiative, and to develop those initiatives into "reforms" that maximize their effectiveness throughout the entire Company. To achieve these objectives with a sense of unity and a sense of speed, in FY2024, we will reorganize our overall management system and cooperate to advance various initiatives to transform our Kaizen activities into companywide activities.

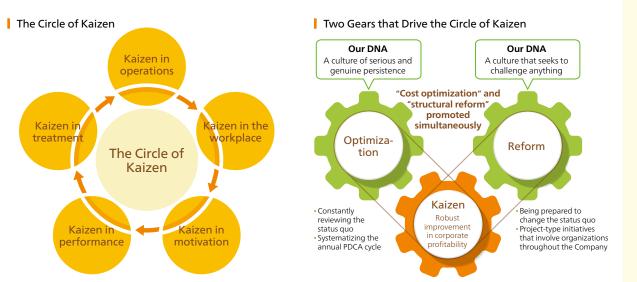
Like last fiscal year, we also plan to hold employee participation events to listen to frank opinions from the front line and formulate measures.

With our Kaizen activities positioned as a guiding principle in FY2024, we will create a process to reflect the

results of our activities in our budget, build a framework to perform annual PDCA, and work to ensure that the ingenuity of our employees properly connects to results.

FY2024 Kaizen Initiative System





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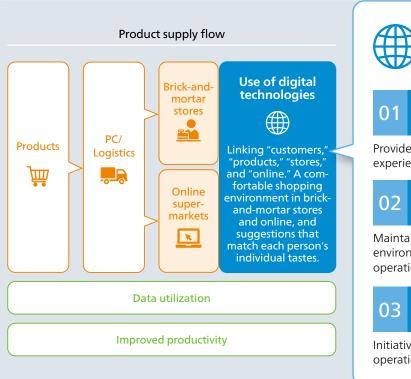
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Proactive Use of Digital Technologies

Our goal is to be a company that remains trusted by customers, society, and employees by using digital technologies to respond to customers' diverse needs and by streamlining the work environment for employees.







Approach to customers

Provide a convenient and fun shopping experience that satisfies customers

2 Approach to employees

Maintain and improve on decent working environments for employees by enhancing operational efficiency

Strengthening company-wide security

Initiatives to ensure safe and stable system operations

"Breaking Away from the Homogenous Competition" Under The 7th Medium-Term Plan and Use of Digital Technologies

Supermarkets used to be able to gain the support of customers by offering high quality products at reasonable prices. However, due to changes in society, such as widespread Internet use, demographic aging, and increase in the number of single-person and dual-income households, customer needs are becoming more diverse and complex. By using data and technology, we are taking on this challenge with customer-oriented measures, such as offering ways to access shopping at any time and place, assessing product lineups in each region, and providing information that matches each customer's individual tastes. Furthermore, to address increasing labor shortages due to population decline, we are proactively using the latest technologies to streamline our operations and improve productivity. Close-Up 1 Proactive Use of Digital Technologies

01 Approach to Customers

The diverse needs of customers are further accelerating with the widespread use of smartphones and social media. At the same time, advances in digital technology have made it possible to process and analyze large amounts of complex data. By proactively using the latest technologies, we are aiming to provide a convenient and fun shopping experience that satisfies customers.

Creating Sales Spaces Supported by Local Customers in Each Region

ID-POS data use

In 2013, we began to evaluate ID-POS data use to better understand information related to buying patterns including customer attributes, age, gender, and frequency of store visits. In 2016, we created "customer clusters" categorizing customers by their buying patterns using ID-POS data and started to promote ID-POS data disclosure services for our suppliers.

As of 2024, we have internally and externally analyzed ID-POS data from around five million of our points card members. We are using the results of this analysis to improve product lineups, store development, and services. As a concrete example, in regions with many dual-income households and many customers who want easy-to-prepare products that do not take much time or effort, we have expanded our product lineup of convenient, timesaving products in addition to our basic store development, thereby creating product lineups that align with regional demographics. Moreover, using Al and marketing automation, we are utilizing "one-to-one marketing to recommend the best products and services to each customer" through the LIFE app.

Local needs analysis

In 2012, we launched a "listening to customer feedback" initiative. Since 2016, we have been combining "customer feedback" in regions where we open stores with store data from similar regions, and started to understand the needs of our target regions and reflect them in our store development, including product lineups and services. Even after a store opening, where there are discrepancies with our initially projected regional needs, by verifying customer surveys and the data accumulated since the store opening, we make prompt adjustments to our product lineups, services, and sales floors. Moreover, to respond to customer needs that diversify each year, we conduct annual needs surveys that we use to improve and adjust our services and sales floors. Through sales of daily necessities to all customers living within one kilometer from our stores, we will provide "the joy of shopping." Additionally, to become a company that everyone says, "It's my supermarket," as a community-based supermarket, we are focusing on analyzing and understanding regional needs.

Improving Sales Promotions and Convenience that Matches Customers' Individual Tastes

Renewal of our app

To realize optimal customer experiences, we updated the design and functions of the LIFE app from the ground up and launched the updated app in July 2023. With our highest priority being the creation of "an app for our customers," we decided that the concept of our updated app would be "Your nearest and dearest neighbor. Your LIFE." Using the customer purchasing data acquired from the app and linking "customer understanding" to "comfortable experience," we provide information, coupons, and other content that match customers' individual tastes and needs. App member numbers have trended strongly since the update, surpassing 1.2 million as of the end of FY2023.

Weiter State State

Social media use

We use social media platforms such as Instagram and X as contact points where we can constantly connect with our customers and provide "True to LIFE" content. By collaborating with other companies and influencers, we have expanded the scope of our sales promotions and are now able to provide information to customers that we were previously unable to reach sufficiently through traditional media such as promotional flyers. Our younger employees play an active role in content creation, which helps improve job satisfaction and contributes to human resource development. As an important information channel used to share the initiatives in our 7th Medium-Term Plan, we will continue to enhance our use of social media going forward.





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Close-Up 1 Proactive Use of Digital Technologies

02 Approach to Employees

The increasing labor shortages due to population decline not only leads to a decrease in customer service levels, but also to a decrease in the job satisfaction and motivation of employees. We are working to boost employee satisfaction by proactively implementing the latest technologies and improving operational efficiency.

		Initiatives		Adoption Status	Results		
	Electronic shelf labels	We are using electronic shelf labels not only as an alternative for point of purchase (POP) and price cards, but to further streamline our operations by using the LED blinking function to aid in displaying products and managing product expiration dates.		As of October 2023, we have completed the introduction of electronic shelf labels at 133 stores in the Tokyo region. We are expanding our introduction of electronic shelf labels, with introduction complete in 34 stores in the Osaka region as of February 2024.	 Reduced POP rotation tasks (POP tasks reduced by 10,000 or more per store) Reduced costs related to POP paper and printed sales promotion materials Aided in product display and product expiration date management 	>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>	
Measures to improve employee	Al-driven demand forecasting and automated ordering	Automated ordering not only addresses labor shortages by reducing ordering time, but is effective in reducing food waste and out-of-stock products by eliminating discrepancies in ordering accuracy caused by different people being responsible for ordering.		Al-driven demand forecasting and automated ordering were introduced in the food division (daily delivery food) of all our stores in FY2020. We began a trial of the system in our Fresh Produce Departments in FY2023 and aim to continue to expand the departments covered by the system.	 Achieved 200,000 hours saved annually company-wide by reducing ordering time for daily delivery food Going forward, we aim to introduce the system to the Fresh Produce Departments to save an additional 100,000 hours or more annually company-wide 	>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>	Labor-saving, process improvements,
productivity using digital technologies	RPA*	RPA was introduced in 2017 as a framework to automate rote, manual entry tasks performed on personal computers. We are also working to expand the scope of RPA use to the automated entry of handwritten text in the system by linking RPA with Al-OCR.		As of February 2024, we had 167 active RPAs, mainly in our departments of corporate function headquarters. We also plan to expand the scope of development to business-related departments.	 As of February 2024, we are saving around 30,000 hours annually company-wide through RPA By automating rote tasks, we aim to further streamline operations 	>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>	improved process accuracy
	Shift to Paperless	Through a joint initiative between all divisions and the Information Strategy Division, we are using various systems to promote the shift to paperless for previously paper-based documents such as application forms, submitted documents, and meeting materials.		Digitization is progressing for a wide range of documents including circular approval forms, travel and commuting fee request forms, and personnel evaluation forms. We are also holding paperless meetings using our company- wide wireless LAN environment.	 Facilitates faster processing by allowing applications and approvals to be completed remotely As there is no need to secure storage locations, the time spent searching for documents is greatly improved 	>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>	

* Robotic Process Automation: Software used to automate clerical tasks performed on personal computers

Close-Up 1 Proactive Use of Digital Technologies

03 Strengthening Company-Wide Security

The evolution of digital technology serves to provide new value to customers and to increase productivity. At the same time, as the volume of data that includes personal information and confidential information increases, so does the need for security measures to use these new technologies, and therefore for stronger company-wide security. Here, we introduce the initiatives that we are carrying out to strengthen our security.

We are building a systems platform to realize our digitization strategy that responds flexibly to the changing times, and working to provide services and systems that both enhance the customer experience value and work productivity. To continue being a company that is trusted by our customers, society, and our employees, we must safely and stably provide those services and systems, and are working to strengthen security in different areas.

Prior to the COVID-19 pandemic, we completed the company-wide introduction of a virtual desktop environment in which data does not remain on devices. In addition to acting to prevent data leaks, this system has produced significant results in facilitating work styles such as telework that are not limited to specific devices or places.

Meanwhile, with the threat posed by cyberattacks changing daily, information leaks and system malfunctions can have a serious impact on our business. To respond rapidly to incidents that threaten security, in 2020, we established LIFE-CSIRT, an organization directly overseen by the President within the Risk Management Committee tasked with protecting our entire organization. In August 2023, the IT Service Department acquired the ISO/IEC 27001:2013 (JIS Q 27001:2014) certification, an international standard for information security management systems (ISMS). We are also working to acquire privacy marks (third-party certification of our security system for personal information) as part of our efforts to further enhance our information security.

Main Security-Related Initiatives

LIFE-CSIRT

By preparing daily for unforeseen incidents*, we work to be able to respond quickly internally and externally to minimize their impact when they do occur. Specifically, we perform system vulnerability investigations, collect information on security trends, conduct email attack preparedness drills with our employees, etc.



In August 2020, we joined Nippon CSIRT Association.

*Here, "unforeseen incidents" refers to information security-related incidents or attacks

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MANAGEMENT SYSTEMS

ISMS certification acquisition

build a rigorous information security

identifying, analyzing, assessing, and

information asset risks, we are working to

management system. By regularly

considering countermeasures for

eliminate and reduce risks.

The IT Service Department has acquired ISMS certification as part of its efforts to



Personal information protection initiatives

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Based on our "Personal Information Protection Policy," we take a serious approach to protecting personal information. By consolidating the customer information dispersed throughout our point cards and online supermarkets in an integrated platform, we ensure a higher level of security while realizing operational streamlining.

System updates

Continuing to use older systems not only prevents the Company from benefitting from the latest technologies, but also poses difficulties in enacting the security responses necessitated by the changing times. In addition to proactively introducing the latest technologies, we review existing systems as needed.

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Main System Updates

1 2022 (October:	Expense calculation system
2023	May:	Workflow and document management system
3 2023	June:	Customer management system
4 2024	March:	Core systems at centers

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Relocation of Tokyo Headquarters

On February 26, 2024, we relocated our Tokyo Headquarters to Shinagawa Seaside. We have positioned this relocation as an important measure in our growth strategy. As part of "Investment in employees," one of the main themes in our 7th Medium-Term Plan, we aim to create opportunities for employees to grow and thrive, and to lead to more efficient work styles and improved productivity.



Background of the Tokyo Headquarters Relocation

More efficient work styles

By creating an office environment that boosts work efficiency and concentration while stimulating communication among employees, we hope to increase productivity by improving our employee satisfaction level.

Enhancing the support system

We are accelerating our goal of breaking away from the homogenous competition by introducing facilities to strengthen our product development capabilities. Moreover, we are supporting the growth of our human resources by creating environments for training and education.

Promoting health management

In designing the layout of the new Tokyo Headquarters, to help our employees perform to the best of their abilities, we focused on a comfortable office environment and break areas to allow them to reset and refresh as needed.



Enhancing security

We set individual security levels by zone in our Tokyo Headquarters, limiting who is given authority to use confidential information, and used the Tokyo Headquarters relocation as an opportunity to further promote the shift to paperless operations.

Toward a company where employees say, "I want to work at LIFE"

We took advantage of the Tokyo Headquarters relocation to implement many different measures. We will continue to advance a wide range of possibilities so that not only our employees but also students looking for jobs and other jobseekers say, "I want to work at LIFE."







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Close-Up 2 Relocation of Tokyo Headquarters





Stimulating communication

With more departments now assigned to the same floor, in addition to work-related conversations, it has facilitated conversations through the smallest of triggers, and interaction between employees has become more active.

Improving meeting rooms and other meeting spaces

The number of meeting rooms and other meeting spaces has increased by around one and a half times. This allows for smoother communication whenever necessary.

Partially introducing free-address offices

We have introduced the free-address office system mainly for departments whose members are often out of the office and have installed personal lockers for employees to store their belongings and documents.



Enhancing the support system



We opened our product inspection room like those in our food process centers at our Tokyo Headquarters. This shortens inspection times and facilitates discussion in the early development stages, leading in turn to more efficient product development.

• Expanding our test kitchens

By expanding our test kitchens and boosting our product development capabilities at our Tokyo Headquarters, we are accelerating our goal of breaking away from the homogenous competition, while also building an environment to enhance training for our store employees.

Setting up a library

We included a library corner with a collection of industry journals, business magazines, and specialized literature to support independent learning.





• Spacious, bright break areas

The break areas have been expanded by around one and a half times. The break areas in the old headquarters were in the basement, but now we have comfortable spaces with plenty of sunlight that allow our employees to reset and refresh.

• Open, comfortable office areas

The office floors are open with high ceilings and no columns. Surrounded by large windows, the bright and comfortable environment boosts concentration.

Absence of smoking rooms

There are no smoking rooms in the new Tokyo Headquarters. By creating an environment that encourages employees to stop smoking, including subsidizing costs for smoking cessation therapy, we encourage our employees to live healthy lifestyles.





• Ensuring highly confidential office spaces

For divisions that handle confidential information such as the corporate division, we have ensured highly confidential spaces that comply with our privacy mark acquisition on an individual department level.

• Setting security levels by area

We have segmented security levels by floor including the guest reception floor, the office floors, and the executive floors and limited entry based on authorization using IC cards.

• Promoting the shift to paperless

We used the relocation as an opportunity to reduce the number of file cabinets by 140. By further promoting the shift to paperless, in addition to eliminating the risk of loss and the time spent searching for paper documents, we are promoting flexible work styles including telework.

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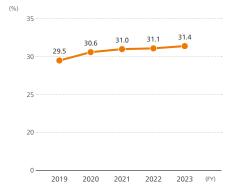
At a Glance — Financial Highlights

(million yen) 850.000 809,709 800.000 768,335 765,426 759,146 750,000 714,684 700,000 650.000 2019 2020 2021 2022 2023 (FY)

Operating revenue

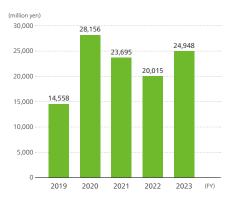
New stores and growth of existing stores contributed to a record high of ¥809.7 billion. Revenue exceeded ¥800.0 billion for the first time since the Company's founding, achieving a 20th consecutive year of operating revenue growth.

* Accounting Standard for Revenue Recognition, etc. applied from FY2022 (figures prior to FY2022 are before application).



Gross profit ratio

Gross profit ratio was driven by the Process and Daily Food Department and Marine Products Department. Price settings that are conscious of quality and price balance and the growth of value-added products resulted in an increase of 0.3 percentage points YoY.



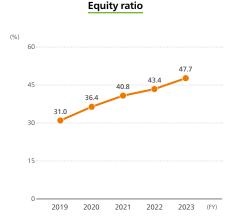
Ordinary profit

Ordinary profit performed well alongside growth in operating revenue and gross profit ratio, and was the second highest recorded since the ¥28.1 billion in FY2020 during the COVID-19 pandemic when demand for eating at home was high.

Profit/ROE

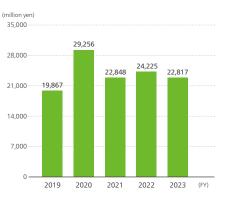


Profit increased by over 20% YoY, similarly to ordinary profit. ROE has continued to exceed 10% over the past six years.

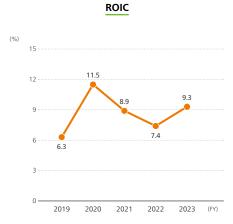


The equity ratio increased to 47.7% due to continued corporate structural improvements and increased profit levels. Financial stability increasing annually.

Capital expenditures



Capital expenditures were ¥22.8 billion, the same level as in the past two years. In addition to investments into new and renovated stores, we are also focusing investments into systems to improve productivity.



ROIC increased by 1.9 percentage points YoY due to a rise in operating profit and fall in interest-bearing liabilities. The Company monitors whether ROIC exceeds the cost of capital by 6% or higher.



(%)



PBR up 0.2 YoY, exceeding 1.0 times for the past six years, which is generally considered as undervalued.

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At a Glance — Non-Financial Highlights



Having expanded the number of stores implementing food product recycling and promoting food waste reduction initiatives at existing stores, final amount of food waste per sales reached a record low.

Final amount of food waste (per sales) Recycling amount (per sales) Recycling ratio

Store recycling and collection



Expanded the number of stores recycling clear trays to around 140. Thanks to customer cooperation, resource recycling volume has reached a record high.

Trays PET bottles Milk cartons

* Having revised the weighing method for PET bottles in FY2022, the figures for FY2021 and earlier have been adjusted according to the new method.



CO₂ emissions (Scope 1+2)

Newly installed solar power generation facilities at four sites, leading to highest ever energy creation. Having also promoted energy conservation initiatives, base units were 79.2% compared to FY13.

CO2 emissions Compared to FY13 Compared to FY13 (base units)

* Base units: operating hours x total floor space * Figures before third-party verification

(%)

100

Number and ratio of mid-career manager hires

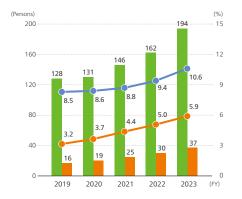


Promoting the mid-career hiring of diverse talent with various experiences, skills, and qualifications who will become immediate assets. Mid-career hires account for 34.5% of full-time employees (As of the end of February 2024).

- Number of managers (including those responsible for working hours management)
- Number of Store Managers/Section Managers and above
- Ratio of managers (including those responsible for working hours management)

Ratio of Store Managers/Section Managers and above

Number and ratio of female managers

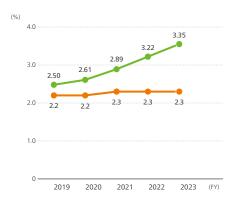


In 2012, we launched the "Women's advancement promotion project," and in FY2023, the ratio of female managers reached a record high of 10.6%.

Ratio of Store Managers/Section Managers and above

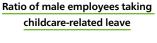
Number of managers (including those responsible for working hours management) Number of Store Managers/Section Managers and above Ratio of managers (including those responsible for working hours management)

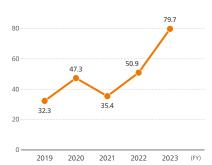
Ratio of employees with disabilities



With an understanding of the characteristics of employees with disabilities from a diversity viewpoint, and therefore creating a workplace environment in which they can demonstrate their talents and expertise, the ratio of employees with disabilities is maintained at a level above the legally mandated employment ratio.

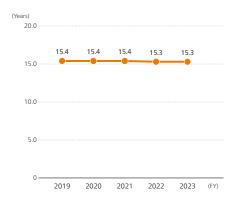
LIFE CORPORATION





By working to help employees with their work-life balance and encourage them to extend their careers with the Company, the ratio of male employees taking childcarerelated leave, etc., is increasing.

Average years of continuous service



Average years of continuous service has remained stable at 15.3 years. Aiming for further sustainable growth by becoming a company where our employees say, "I want to keep working at LIFE."

Financial Capital Strategy



Continuing growth investment and shareholder returns while strengthening our financial foundation to increase our corporate value

• Review of FY2023

My name is Harunobu Okada. I took my post as COO of Corporate Finance and Accounting Division of the Company in May 2024. I have been involved in the field of corporate finance for around thirty years, as the CFO and in positions involved with finance, M&A, and management planning of companies in Japan and overseas. I hope to use this experience to strive to further increase our corporate value.

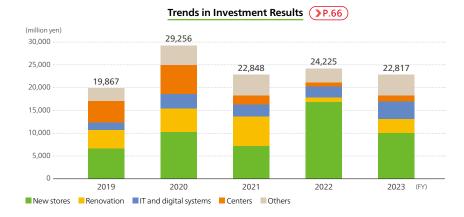
With the reclassification of COVID-19 to a Class 5 infectious disease in Japan, society at large is gradually returning to pre-COVID conditions. At the same time, the business environment surrounding food supermarkets is growing increasingly challenging, with rising procurement costs and increasing sales of food products by other industries. Given these conditions, as an existing post-COVID initiative, the Company has been opening new stores. Additionally, to respond to changes in customer needs and diversification, we have made the largest renovation investments ever to remodel existing stores. Moreover, as part of our response to the increasing difficulty in securing personnel, we have pursued systems investment in semi-self-checkout registers, AI-ordering, and electronic shelf labels. In terms of investment in employees, we also strove to improve employee satisfaction through proactive initiatives to improve employee treatment, including raising base pay. As a result of these initiatives, in FY2023 we achieved record operating revenue of ¥809.7 billion and an ordinary profit of ¥24.9 billion, our second-highest ever following the record high in FY2020 during the COVID-19 pandemic. These results marked a strong start to the first fiscal year of the 7th Medium-Term Plan.

Strengthening our financial foundation and diversifying our fundraising

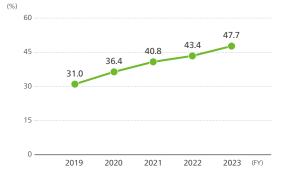
With a structure in place to produce stable, high-level profits, we are continuously generating free cash flow. As part of our cash flows from operating activities, while allocating for capital expenditures, we are also gradually paying down interest-bearing liabilities. Our equity ratio has continued to increase in recent years, rising from 31.0% at the end of FY2019 prior to the COVID-19 pandemic to 47.7% at the end of FY2023, as our financial foundation has steadily strengthened.

However, based on the belief in the importance of having diverse fundraising methods and with a view to having a way to directly access the market without being limited to traditional indirect financing, in July 2024, we acquired our first credit rating (Long-term Issuer Rating). We received an "A" rating from Japan Credit Rating Agency, Ltd. (JCR), with our strong business foundation of dominant urban centers, our ample PB product strength, and our various initiatives aimed at breaking away from the homogenous competition all being well received. The acquisition of the credit rating facilitates flexible fundraising through direct financing.

By possessing a strong financial foundation and diverse fundraising methods, we will support business growth from a financial perspective.



Trends in Equity Ratio



Receiving of a New Credit Rating

Receiving date	July 2023
Institution name	JCR
Target rating	Long-term Issuer Rating
Rating	A (Stable)

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Financial Capital Strategy

Continuing our growth potential

To achieve further growth in our businesses, we will continue to invest over ¥20.0 billion annually in capital expenditures. In addition to of course new store investments, renovation investments to rejuvenate existing stores and systems investments to effectively use our human resources are also important.

We continue to open around ten new stores each year. Our goal is to reach 400 stores by FY2030, but we are not only focused on the number of store openings. We will also carefully evaluate our investment recovery plans and store profitability in deciding to open new stores. Because we have built a product supply system using our food process centers, we are now able to open smaller stores in urban centers. Our BIO-RAL stores also allow us to differentiate ourselves from the traditional supermarket format, and because new store openings are possible in smaller spaces such as within commercial facilities or station premises, we now have more opportunities for new store openings than in the past.

Toward our goal of 400 stores, while maintaining this foundation of organic growth, we are also evaluating as another possible option M&A with companies with which we share similar corporate philosophies, compatibility, and management synergies.

Approach to the cost of capital

To evaluate whether appropriate returns are being secured on invested capital, we use the rate of ROIC (Return on Invested Capital) as a company-wide management indicator. We recognize a capital cost (Weighted Average Cost of Capital) of around 5% and have set ROIC of 6% as the minimum threshold to exceed our cost of capital. We regularly monitor these levels, and in recent years, ROIC has trended steadily above our established threshold (FY2023 ROIC: 9.3%).

Thanks to our strong financial results, our equity ratio continues to rise, and with it, our financial soundness. However, so that our stakeholders view us positively from the standpoint of capital efficiency, while continuing to invest in capital expenditures and to provide shareholder returns, to enhance our medium- to long-term corporate value, management will continue to hold discussions on the optimal capital structure, cost of capital, and ROIC levels.

How we balance financial soundness with capital efficiency will become even more important going forward, and as such we will develop a financial capital strategy with an eye on the future.

Strengthening IR activities

To realize management with an awareness of cost of capital and our share price, we are strengthening our IR activities. In addition to financial results briefings held twice every financial year, quarterly small meetings, and one-on-one meetings, we will now be disclosing our financial results reference materials quarterly instead of twice every financial year, as we expand information disclosure with a focus also on frequency. Moreover, to create broad understanding among our shareholders and investors of our medium- to long-term growth strategy, we have embarked on new initiatives including releasing the "Video Message by the President on the 7th Medium-Term Plan" and holding dialogues with our management starting with the Representative Director and President.

We are also providing English versions of our new financial results reference materials and message videos. As a company listed on the Prime Market of the Tokyo Stock Exchange, we expect the number of global investors to increase and are working to improve our English-language disclosure.

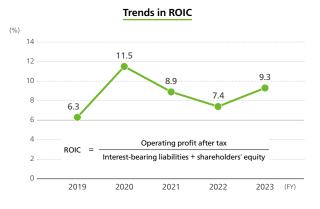
With an awareness of the connection with all our stakeholders starting with our shareholders and investors, we will continue to provide understandable, timely information disclosure and to create new opportunities for dialogue.

Shareholder returns

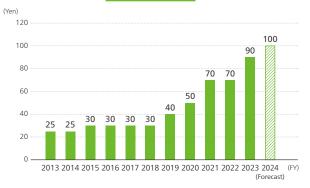
In April 2023, we announced our new shareholder return basic policy of "While maintaining a basic policy of paying dividends, targeting a dividend payout ratio of 30%, the Company will also remain mindful of continuing to pay stable dividends with a dividend on equity ratio (DOE) of 3% as a guide," with a view to emphasizing the return of profit to our shareholders in conjunction with the medium- to long-term growth of the Company. We increased our FY2023 dividend by ¥20 for our highest ever dividend totaling ¥90 per share and resulting in a DOE of 3.3%. The return of profit to our shareholders will remain one of the our most important policies, and we will continue to consider a wide range of responses.







Dividend Per Share



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OUR FOUNDATION

Companies are established on the premise of a sound society, and we advance various sustainability initiatives to fulfill our responsibility for the continuity of that sound society. Moreover, to ensure even more thorough corporate governance, in May 2024, we transitioned to a company with an audit and supervisory committee. In this chapter, we explain our approach, systems, and main initiatives related to the environment, society, and governance that act as the foundation that supports our corporate activities.

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Sustainability Management

Message from the Officer in Charge

Sustainability is at the heart of management

Tomehisa Morishita

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

We believe that the continuity of a sustainable environment and society is an essential premise in corporate growth.

We have taken steps to create a strong company-wide awareness of this management principle. In 2021, we updated our Corporate Philosophy of "contribute towards the realization of a flourishing society" to include the premise of "sustainable" and formed our current Corporate Philosophy: "Through 'reliable management with noble aspirations,' contribute towards the realization of a sustainable and flourishing society." Along with this update, we reorganized our ESG-related initiatives to form five materialities that act as the platform of our sustainability management.

So that all our employees recognize the importance of sustainability management and become personally involved with sustainability in their work, we made "Contribution toward the realization of a sustainable and flourishing society" one of our main themes in the 7th Medium-Term Plan.

Our medium-term plan was formulated through discussions and decision-making on the basic policies at the Board of Directors, followed by discussions on the individual initiatives by the front lines. Through this process of discussing sustainability-related themes, we are able to become personally involved on a company-wide basis in promoting sustainability initiatives.

Promoting sustainability management is naturally the job of companies first. However, there are also many matters that are addressed through the relationships among individual employees and local communities, etc. Rather than one specific person or group being responsible for implementing sustainability initiatives, it is important to maintain the awareness that sustainability is the job of all employees.

We will continue to take a serious approach to global environmental and social issues as well as governance, striving to be a Company that is trusted by all of its stakeholders.

Our Sustainability Promotion Framework

To respond to materialities related to society and the environment, we have established four subcommittees based on individual materiality themes. Reports and recommendations are given to the Sustainability Promotion Committee on the measures and plans prepared at each subcommittee as well as the state of progress of initiatives, and the individual initiatives are promoted from a company-wide perspective following the final decision by the Board of Directors.

Sustainability Promotion Committee Framework





Sustainability Promotion Committee Meetings (FY2023)

Meeting / Date Held		Agenda(s)
1st	March 23, 2023	Information disclosure according to the TCFD recommendations for FY2023
2nd	May 31, 2023	Plan to achieve CO ₂ emission reduction targets
3rd	July 11, 2023	Progress report on reducing CO2 emissions and food waste Plan to achieve CO2 emission reduction targets CDP information disclosure for FY2023
4th	October 2, 2023	Status report on legal compliance Future policy on supporting children's cafeterias Report on acquiring third-party guarantees
5th	November 6, 2023	
6th	November 20, 2023	Establishment of our Human Rights Policy
7th	December 4, 2023	Establishment of our Human Rights Policy
8th	December 18, 2023	

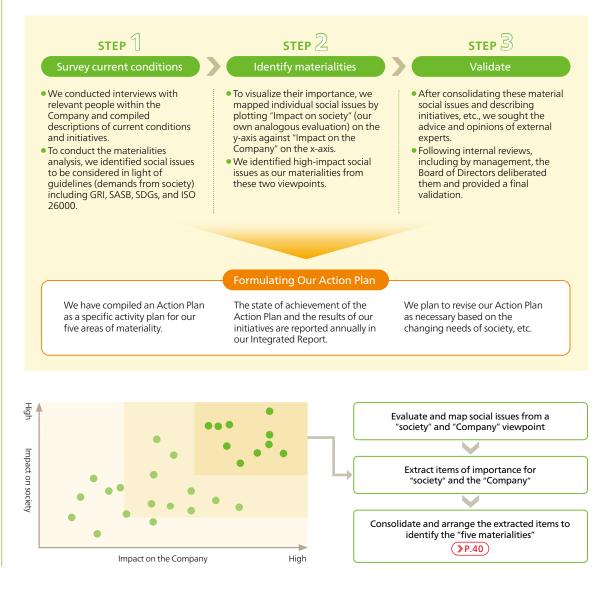
Status of Subcommittee Activities

Food Waste Reduction	Following discussions with our Process Food Departments and Quality Assurance Department, we promoted the reduction of food waste by changing the display format of our expiration dates from "year/ month/day" to "year/month," revising our sell-by dates, and changing our discount sales methods. We have also pursued the roll out of successful case studies of reducing food waste at our model stores to connect to company-wide initiatives.
Plastic Reduction	Together with the General Affairs Department, we promoted the expansion of collection locations for clear trays and expanded the use of recycled trays made using collected trays to promote the effective use of resources. Furthermore, in our private brand development at our Product Departments, we worked to reduce our plastic use by using paper packaging materials, etc.
CO ₂ Reduction	Based on our CO2 reduction plan through 2030, we have adjusted the contents of our agreements to introduce off-site corporate PPA. We also newly installed solar panels at four locations to promote the reduction of CO2 using renewable energy.
Social Contribution Activity	We established an activities policy for our local community contribution activities and proactively implemented on-demand classes and events on food and environmental learning for children in local communities in partnership with our stores. Moreover, we promoted local community contribution activities for the children responsible for our future, including expanding the regions in which we donate products to children's cafeterias.

Process for Identifying Materialities

We have 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.

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Our Materiality and Action Plan

Materiality	Initiative theme	Action plan	FY2023 results
E	Reduce food waste	 Promote reduce, reuse, and recycle Final amount of food waste per sales: –50% by 2030 (compared to FY2017) 	 Amount of food recycled: 18,147.9t (amount per sales: 23.3kg/million yen) Food recycling ratio: 65.3% Final amount of food waste per sales: –29.1% (compared to FY2017)
Reducing the burden on the environment	2 Reduce plastic waste	 Restrict emissions from stores and centers, strengthen resource recycling collection, and change containers, trays, and packaging 	 Amount of PET bottles collected through resource recycling: 862t/97.8% (compared to 2022) Number of stores that collected clear trays: 140 Expansion of recycling tray use
7 maxim 8 minutes 11 minutes 12 minutes 12 minutes 13 minutes 1 minutes 1 minutes 1 minutes 1 minutes 1 minutes 10 minutes	8 Reduce CO2 emissions	 Promote energy conservation, conduct energy creation initiatives, use renewable energy CO2 emissions (Scope 1 & 2): –50% by 2030 (compared to FY2013) 	 * Electricity usage in existing stores: 98.7% (compared to FY2022) * CO2 emissions (Scope 1 & 2): 199,402t/96.0% (compared to FY2013) *Figures before third-party verification
S Providing safe, high value-added products	Ensure safety and security	 Establish a supply chain quality assurance inspection system Introduce a food safety management system at food process centers 	 Prepared the installation of a product inspection room at the Tokyo Headquarters and strengthened the system for confirming the safety of developed products Strengthened food safety and hygiene management training for employees at food process centers Prepared for digitizing private brand product specifications to publish on online supermarkets
and services	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 	 Developed upcycled products Started displaying the format of expiry dates from "year/month/day" to "year/month" and revised sell-by dates
	BIO-RAL business	 Enhance product development and store openings, roll out the business across existing stores, build operations, and strengthen education BIO-RAL business: Quickly reach 20 stores and net sales of ¥10.0 billion 	 Stand-alone BIO-RAL stores: seven; existing LIFE stores with BIO-RAL corners: approx. 290 Private brand net sales: ¥7,035 million (up 135.6% compared to FY2022); number of private brand items: 358 Established BIO-RAL Business Division
S	 Run stores stably 	 Use hazard maps to ascertain risk levels at each of our business sites Formulate, update, practice, and implement business continuity plans 	 Launched "Tokyo region Supermarket Logistics Study group," formulated and declared "Industry-Specific Voluntary Action Plans" Reduced the number of trucks by distributing and consolidating deliveries from own centers to stores
Contributing to local communities as infrastructure for everyday life	Diversify shopping options	 Delivery services, online supermarket services through our own website and Amazon, and enhance "last mile" delivery through LIFE HOME DELIVERY Online supermarket business: ¥100.0 billion in net sales by FY2030 	 Expanded stores that offer LIFE Online Supermarket: +19 stores (13 in the Tokyo region and 6 in the Osaka region) Expanded service area for our online supermarket service through Amazon: +3 stores (One in the Tokyo region and two in the Osaka region)
3 interiora.	Contribute to local communities	 Continue and expand food education activities, and children's cafeteria and foodbank contributions 	 Held food education activities at 232 locations (participants: 15,134) Collaborated with nine manufacturers on food education (participants: 246) Supported children's cafeterias with new initiatives started in three areas in the Tokyo region (Arakawa Ward, Setagaya Ward, and Toshima Ward), and four areas in the Osaka region (Toyonaka city, Gose city, Yao city, and Kyoto Prefecture)
S Creating a motivating workplace	 Diversity 	 Promoting active participation of women, employment of people with disabilities, mid-career hires, and non-Japanese talent 	 Female managers: 194 (10.6% of total managers) Employees with disabilities: 688 (employment rate of 3.35%) Number of mid-career manager hires: 565 (30.8% of total managers) Foreign technical interns: 501
environment where diverse personnel can thrive	Health management	 Promote initiatives focused on health and safety management as well as health maintenance and enhancement 	Conducted regular health examinations and stress checks Implemented "specific health guidance" Established various counselling services and helplines
8 resonantia 10 secientia	Human resource strategy	 Develop talent systematically and strategically through a cycle of recruitment, placement, training, and evaluation 	 Personnel changes and placements made based on personnel data Employee career development through human resource strategy meetings, use of internal recruitment system
G Forming an organization with high value and ethics	 Corporate governance 	* Strengthen the corporate governance structure and meetings, establish the Nomination & Remuneration Advisory Committee, strengthen IR activities	 Number of Board meetings: 17 (to improve effectiveness, off-site meetings, etc., with officers used to reenergize discussions) Number of Nomination & Remuneration Advisory Committee meetings: 14; financial results briefings: two; small meetings: nine; individual interviews: over 200 in total
	Ompliance	* Exercise thorough compliance, steadily implement the LIFE Code of Conduct, carry out employee training, set up an appropriate internal reporting system	 Conducted compliance training through conferences and other meetings, in addition to regular training Established Human Rights Policy Implemented training for internal reporting desk staff

CHAPTER 03 OUR STRATEGY



Environment

ENVIRONMENT Basic Philosophy

With the rapid global destruction of the environment, frequent abnormal weather events, exhaustion of natural resources, etc., 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 waste, 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.

Reduce CO₂ Emissions

Basic Philosophy

Ninety-four percent of the CO₂ generated by us comes from power use. First, we will prioritize placing the utmost attention into self-reliant efforts toward energy conservation and energy creation. For the remaining energy required, by procuring renewable energy, we will work to reduce our company-wide CO₂ emissions volume.

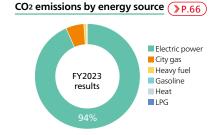
FY2023 Initiatives and Results

Evaluations by a third-party organization

We implemented our first third-party evaluation, hiring an external third-party organization to evaluate the validity and accuracy of our figures for CO₂ emissions (Scope 1 and 2) for each of our business sites. (Third-party organization: SOCOTEC Certification Japan Limited)

Expanded introduction of solar power generation facilities

We newly introduced solar power generation facilities at four locations: Toyosu Store, Nishiogikubo Store, Omoriminami Store, and Sakuranomiya Store. We are promoting the reduction of CO₂ emissions through the renewable energy created from our solar power generation facilities at a total of 24 locations. The total volume of power produced per year by these 24 solar power generation facilities is 1,772,294 kWh.



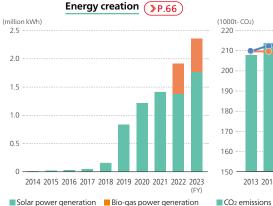


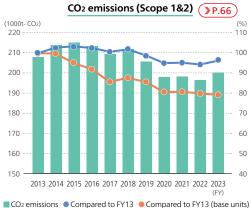


Roll out of bio-gas power generation facilities

In 2022, our Tempozan bio-gas power generation facility in the Osaka region began operations. In FY2023, we processed 4,446 tons of food residues (raw garbage, etc.) With the facility operating smoothly and producing results, we are now building a new bio-gas power generation facility next to our Kurihashi food process center in the Tokyo region which is scheduled for completion in FY2025.







FY2024 Action Plan

Based on our CO₂ emission reduction plan by 2030, we are promoting the reduction of CO₂ emissions through new forms of energy conservation and energy creation, including the installation of energy-saving facilities and solar power generation facilities. We are also moving forward with discussions with power companies on the medium- to long-term supply of renewable energy including off-site corporate PPA.

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Response to TCFD

Please see our website for details.

http://www.lifecorp.jp/company/sustainability/environment/tcfd.html (In Japanese)

We recognize 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.

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.38.
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 FY2030, we have conducted a scenario analysis and estimated the financial impact.
Risk management	Among the risks extracted by the Sustainability Promotion Committee, we identify climate- related risks that are important to the Company and assesses their importance on the two axes of "likelihood of occurrence" and "financial impact."

Scenario-Specific Assumptions

Scenario	Assumptions
Less than 1.5℃/2℃	Regulations and policies toward decarbonization are strengthened, and measures to combat climate change are required. As a result, costs such as carbon taxes created by various regulations and policies, and business investment related to energy conservation and renewable energy measures as well as expansion of information disclosure are expected to increase. Furthermore, customers have increased desire for decarbonized and low-carbon approaches to products and services, and action on climate change from companies is strongly desired. If not addressed, customer attrition gains momentum, reputational risk increases, etc., leading to potentially greater transition risks. On the other hand, the greater severity and increase of natural disasters, etc., caused by climate change will be kept in check to a certain extent, so physical risks are assumed to be relatively low compared to $+4^{\circ}$ C.
4°C	Inadequate measures to fight climate change, increased abnormal weather, rising sea-levels, more severe natural disasters, etc., are expected to increase physical risks. Therefore, there is greater impact on the operation and management of stores and food process centers and product procurement, which in turn could have an impact on finances. Due to said effects, demand for BCP-compliant products and services will increase, and the cost of purchasing and introducing them is expected to increase. On the other hand, policies and regulations to reduce greenhouse gases do not make much headway, and transition risks are estimated to be low.

Indicators and targets

Regarding the medium-term target of lowering Scope 1 & 2 CO₂ emissions by 50% by 2030 (compared to FY2013), we have 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.

High		 Monetary damages from flooding and power outages Insufficient product supply due to damage to suppliers and logistics functions Costs incurred responding to renewable energy procurement, capital investments in the introduction of corporate PPA, etc. Higher costs due to due to introduction of carbon taxes 				
Financial impact	 Increased customer attrition and reputational risk if climate change is not addressed 	 Higher capital investment due to CFC regulations Higher costs for substitute goods due to plastic regulations Investment costs incurred for energy conservation equipment Risk of additional disposal and recycling costs 	 Higher refrigeratio and air conditionin costs, increased repair costs 			
		 Rising sea temperatures leading t suppliers and reduced catches. Dr Increased crop damage caused by leading to deteriorating quality o increased procurement costs 	eteriorating quality of fi y insects or pests, etc.,	sh		
		Likelihood of occurrence		High		

Financial Impact Regarding Risks Envisioned in 2030

Scenario	Scenario Assumptions			
Carbon tax	¥2,393–2,792 million			
Electricity rates from renewable energy				
Damage from flooding, power	Decline in gross profit from temporary store closures (per store per day)	¥2–4 million		
outages, etc.	Decline in gross profit from service interruptions at centers (all centers per day)	¥80–120 million		

• Carbon tax price in developed countries: \$140t-CO2 (less than 2°C scenario); 1\$ = ¥120-140

• Our CO2 emissions: approx. 142,452t-CO2/year (50% reduction compared to FY2013)

- Electricity rates derived from renewable energy: prices ¥1-4/kWh higher (compared to electricity rates other than renewable energy)
- Our electricity usage derived from renewable energy: 170,000MWh/year (renewable energy ratio of 30%)

• Impact of damage from flooding, power outages, etc., is estimated based on total gross profit from stores and centers (assumed to be $\pm 20\%$)

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Reduce Food Waste

Basic Philosophy

To make the most use of limited resources, we promote a reduce, reuse, and recycle policy in all the processes involved in the design and procurement of ingredients of our private brand products, manufacturing at our food process centers, and manufacturing, sales, and disposal at our stores.

FY2023 Initiatives and Results

Initiatives at food waste reduction model stores

- Establishing model stores for food waste and loss reduction
- Visualizing waste and loss data
- Sharing information between managers and night-shift employees
- Setting waste reduction targets by section
- Setting sales space display volumes by time frame
- Enhancing waste sorting and building cooperative systems with our customers

Changing the display format of expiry dates for private brand products from "year/month/day" to "year/month"

For our private brand products including Smile Life, LIFE PREMIUM, and BIO-RAL, we are changing the display format of expiry dates for processed food products from "year/month/day" to "year/month."

In displaying expiry dates, a "year/month" display is recognized for products for which the period between the production date and the expiry date is greater than three months. By changing the display method, we are working to streamline product management and to reduce the food waste generated by expiry date management.





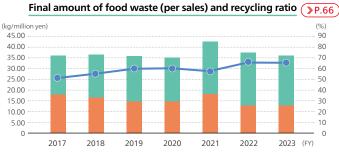
Checking for omissions in setting the final discount prices during the night shift at the Moriguchi Takii Store

The Tempozan bio-gas power generation facility wins the "New Energy Award!"

Our Tempozan bio-gas power generation facility won the New Energy Foundation's "New Energy Foundation Chairman's Award."* The award was won in the Introduction Activity category of the "New Energy Award 2023" run by Japan's New Energy Foundation with support from the Ministry of Economy, Trade and Industry for the Tempozan bio-gas power generation facility's "large-scale use of food residues (raw garbage, etc.) discharged by food process centers for energy."



*Since its launch in 1996, "the New Energy Award" has been open to a wide range of entrants related to new energy, etc., including for the development of devices, the installation of facilities, etc., activities to create awareness, and cutting-edge business initiatives. Awards are presented after a stringent and fair screening process with the goal of encouraging the adoption of new energy, etc.



Final amount of food waste (per sales) Recycling amount (per sales) Recycling ratio

FY2024 Action Plan

In our efforts to reduce food waste, we are working to improve ordering accuracy by expanding our Al-driven ordering to our Fresh Produce Departments, revising our sell-by date and discount sales methods, creating awareness among customers of "taking the product from the front," etc. We are also developing "upcycled products" to create new products that add value to ingredients, including creating dried fruit made from the cores of pineapples that had previously been recycled into animal feeds and fertilizers. Additionally, we are donating products that cannot be sold because of damaged packaging, etc., to children's cafeterias. These are some of the examples of the various means that we are using to reduce food waste.

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Reduce Plastic Waste =

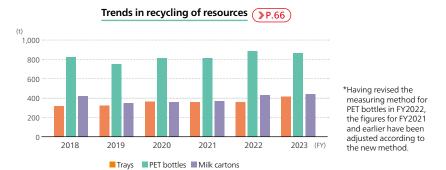
Basic Philosophy

As the environmental impact of waste plastic, starting with marine pollution, becomes an issue, we recognize that as a business that uses large amounts of plastic, we have a significant social responsibility. As such, we are working to reduce the volume of the plastic packaging used in our business. Additionally, we are collecting plastic containers and trays at our stores and encouraging shoppers to use their own bags, etc., as we work to realize a circular society together with our customers.

FY2023 Initiatives and Results

Expanding the introduction of recycled trays

Plastic trays used for fresh produce and delicatessen items, etc., are being replaced with recycled trays. Also, by reusing and recycling the trays collected from our customers at our stores, we are reducing plastic by using recycled trays.



FY2024 Action Plan

In addition to replacing plastic trays with recycled trays, we plan to educate our employees and create awareness among our customers. Also, by expanding the stores that collect clear trays that previously could not be collected, we will work to reduce plastic and our CO₂ emissions with the cooperation of our customers.

Other Environmental Activities

Clothing recycling

From September 30 to October 9, 2023, we held our first "Clothing Collection Campaign" at Central Square Nishinomiyahara Store, Minamitsumori Store, and Sekime Store. We collected a total of 1.6 tons of clothing, and in addition to recycling it as a raw material for automobile interior materials and commercial cleaning cloths, some was reused in areas including Southeast Asia.



Holding the "LIFE Sustainability Tour"

The "LIFE Sustainability Tour" was held at Kawasaki Oshima Store and attended by eleven groups and 28 people.

Using LIFE's original pamphlet, "The Book of, Let's Think About the Future Together.," which discusses issues such as global warming and marine plastic trash, the participants learned about environmental issues. The participants then toured both the store and its backyard to see the actual initiatives being conducted by LIFE in response to these issues, including resource recycling and energy conservation.



Agreements related to promoting resource recycling, etc.

On December 1, 2023, in partnership with 10 local governments in the northern Hokusetsu district of Osaka, including Toyonaka and Takatsuki, we concluded agreements to coordinate and cooperate both to reduce food loss and to promote resource recycling of plastic, including packaging, etc. We will continue to cooperate with local governments as we work to reduce food loss and waste plastic.

プラスチックに係る資源循環の促進等に関	する協定の活動状況
	公表日:令和5年12月1日
事業者名:株式会社ライフコーポレーション	&
同協定に基づく活動状況については、以下のとおりて	st.
■食品ロス削減に関して	
取給事項	概要(取組の PR 等)
小分け販売の実施	
期限の近い商品や値引き品の供給促進	
「てまえどり」の推進	
食品ロスの学習啓発	小学3年生を中心に、食品に ス・環境学習・食育についての 出前授業を実施
食品リサイクルの実施(一部店舗)	魚あら等については全店で実 第
廃棄物用計量器の設置(一部店舗)	
店頭ポスター・POPで「てまえとり」の啓発	

北帯地域における食品ロスの削減及び容器包装を含めた

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Social



Our businesses provide products and services to our customers through various processes that include raw material procurement, development, manufacturing, logistics, sales, and delivery. This integrated value chain is established through the understanding of diverse stakeholders including our customers, suppliers, employees, and members of local communities. By building a robust quality assurance system, we work to provide safe and secure and high-quality products. We also work to resolve social issues with the cooperation of our stakeholders, including resolving the logistics problem throughout the entire supply chain, diversifying shopping options, contributing to local communities, respecting human rights, and promoting diversity.

Our Quality Assurance System

Here, we explain the various systems in place to provide safe and secure products to our customers.

• Product Development System

For new products, we verify the safety of the raw materials being used and the manufacturing methods, conduct sensory evaluations and microbial tests for prototype products, and make prior confirmation that the products are safe and delicious through their expiry date.



• Store Quality Control System

Our stores create and comply with hygiene management

plans that incorporate the HACCP approach of focused management to avoid serious incidents. Inspections are conducted at each store twice annually to confirm safe product manufacturing and sales processes.

• Food Process Center (FPC) Quality Control System

Our FPCs have acquired global standard food safety standard certifications*, and each year we confirm that our manufacturing and initiatives to create safe food products are improving through inspections by external companies.

• Private Brand Quality Control System

We confirm compliance with our voluntary standards prior to sales for new outsourced manufacturing plants and regularly for plants for existing products.

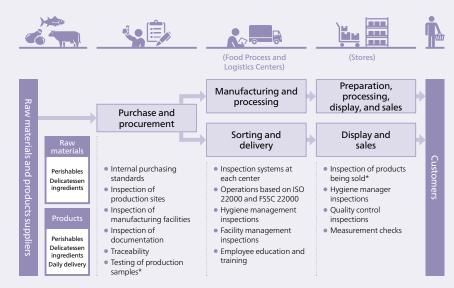
For new products, specially assigned, highly experienced experts confirm specification sheets so that safe, high-quality products can be manufactured.

Inspection System

We have established product inspection centers in the Tokyo region and Osaka region. The product inspection centers conduct inspections and verify the safety and quality of products that are for sale, being developed, requested, etc., centered on in-house products. There is also a product inspection room at each FPC to ensure reliable quality control.

*Food safety standard certification acquisition

Fresh produce food process centers: ISO 22000 acquired at four centers
Delicatessen items food process centers: FSSC 22000 acquired at two centers



*Microbial testing, physical and chemical testing, etc.

FY2024 Action Plan

To provide safer and more secure products, we will strengthen safety confirmations during product development as well as in-store hygiene management. To strengthen quality control, our food process centers are enhancing the rolling out of successful case studies and measures for preventing the recurrence of incidents, and gathering knowledge on the frozen foods business. We are strengthening the human resources that can handle diverse quality assurance tasks, and are working to streamline operations by creating databases from new private label product specifications, new inspection data, etc.



Social

CHAPTER 03 OUR STRATEGY



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Addressing the Logistics "2024 Problem"

Basic Philosophy

Logistics are extremely important for food supermarkets. With logistics issues such as the "Logistics 2024 problem" growing more serious, to provide stable, sustainable product supply to stores, existing business practices and operations throughout the entire supply chain including not only the Company but also manufacturers and wholesalers must be significantly reviewed.

We consider our responses to logistics issues on both an "upstream" basis from manufacturers and wholesalers to our own centers, as well as on a "downstream" basis from our own centers to our individual stores, and carry out initiatives at each level.

Upstream Initiatives

Launch of the "Supermarket Logistics Study group"

The "Tokyo region Supermarket Logistics Study group," launched on March 16, 2023 with four companies including the Company, has expanded to include 16 companies as of May 2024 and has changed its name to the "Supermarket Logistics Study group."

Based on the approach that the logistics field is a cooperative sector rather than a competitive sector, the Supermarket Logistics Study group is evaluating measures including the creation of industry standard rules and shared deliveries among different retailers to streamline logistics throughout the entire supply chain.

"Supermarket Logistics Study group" initiatives

- Promotion of four declarations toward building sustainable logistics
- Revise the order times for standard processed food products
- Ensure sufficient lead times for orders and deliveries of bargain products and new products
- Alleviate delivery deadlines (adopt 1/2 rule)
- Streamline operations with logistics BMS
- Initiatives to reduce cargo waiting and handling times
- Measuring cargo waiting and handling times
- Introducing and improving the operating capacity of berth reservations systems



Won the "Supply Chain Innovation Excellent Award" in the "Supply Chain Innovation Award 2023" held by the Ministry of Economy, Trade and Industry

• Creating Industry-Specific Voluntary Action Plans and submitting them jointly from the three supermarket groups

Downstream Initiatives

Initiatives for logistics from our centers to our individual stores

At present, we make five daily product deliveries from our centers to our more than 300 stores in the Tokyo region and Osaka region. Traditionally, the highest volume of deliveries were made prior to stores opening, and because the volume of each delivery varied significantly, many delivery trucks were necessary.

To address this issue, in May 2023, we began to vary the products being delivered and to standardize the volume of cargo delivered to stores on each truck. Through this initiative, the turnover of delivery trucks increased, and we succeeded in streamlining operations.

Also, for certain products, we extended the time from product ordering to store delivery and streamlined the sorting process within our centers, etc., working to reduce waiting times for truck drivers.





FY2024 Action Plan

In terms of our upstream initiatives, we will continue to work to reduce cargo waiting and handling times for trucks at our logistics centers. We also aim to resolve issues for not only processed food logistics but also throughout the entire supply chain for low-temperature product logistics such as fresh produce and chilled foods.

In terms of our downstream initiatives, we plan to evaluate various issues involved in extending product delivery times and to establish our approach going forward.

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Diversify Shopping Options

Basic Philosophy

We provide shopping choices that match demographic aging, the increase in dual-income households, and changing lifestyles. By providing the same level of convenience, comfort, and quality of our stores in our online supermarkets, which allow customers to shop at any place and time, we aim to contribute towards the realization of a sustainable and flourishing society.

We have two online supermarket services, the "Life Online Supermarket" and our online supermarket service through Amazon. Through these two services, we are able to deliver the products handled by the Company to an even broader range of customers.

FY2023 Initiatives and Results

The number of stores that provide Life Online Supermarket services rose by 19 stores in FY2023 to a total of 118 stores. Combined with our online supermarket service through Amazon, we have created an environment that allows us to provide online supermarket services to a large part of the areas where we have a store presence. We will continue to expand the areas covered by our online supermarket services to areas in which we currently do not deliver and to areas where we launch new stores, working both to expand our capacity and to improve our service level.



Contribute to Local Communities

Basic Philosophy

We contribute to local communities through our food supermarket business, conducting various activities for communities in the areas where our stores are located and our stakeholders, such as food education activities, donating products to children's cafeterias, and participating in local environmental events.



On-Demand Classes

LIFE's on-demand classes for food education and environmental learning

We provide on-demand classes for food education and environmental learning mostly for regional elementary schools and kindergartens. In FY2023, these on-demand classes were held at a total of 232 locations and attended by 15,134 people.

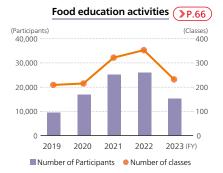
Our food education classes teach about how the nutrients in foods work in the body and aim to deepen understanding of the importance of vegetables, which are lacking in many people's diets.

In our environmental learning, students learn about global warming, the issue of marine plastic trash, and food loss using original educational pamphlets.

We are also proactively implementing cooperative programs with our manufacturers as we work, using diverse contents to increase interest in foods and to help people feel a sense of enjoyment with food.

We will continue to develop new programs, to communicate the enjoyment and importance of food to children in even more regions in Japan, and to share information about environmental issues with them.





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Cooperative programs with manufacturers

Using the knowledge of our manufacturers, we hold programs aimed at increasing interest in food and learning about the power of food. In FY2023, we held cooperative programs with nine manufacturers that were attended by a total of 246 participants.



Manufacturer	Event
LOTTE Co., Ltd.	Parent/child food education and chewing experience class First shopping experience
Kirin Beverage Company, Limited	Parent/child food education and tea class
Kikkoman Food Products Company	Cooperative food education on-demand classes Parent/child food education and soy sauce class
KANEKA CORPORATION	Parent/child SDGs food education
KAGOME CO., Ltd.	Let's eat plenty of vegetables! Food education experience class
House Foods Corp.	Parent/child food education, and curry and spice class
Nisshin Seifun Welna Inc.	Parent/child food education and "eco-nomiyaki" cooking class
MEGMILK SNOW BRAND Co., Ltd.	Parent/child "let's learn about eating and milk" class
POKKA SAPPORO Food & Beverage Ltd.	Parent/child "let's learn about eating and the power of lemons" class

第8回食育活動表彰 消費·安全局長賞

Winning awards

The results of our everyday activities were recognized at the Ministry of Agriculture, Forestry and Fisheries' "8th Shokuiku Activities Awards — Corporate Category," in which we were awarded the "Food Safety and Consumer Affairs Bureau Chief Award."

We were also awarded the grand prize at the 2023 Osaka Environmental Awards held by the Osaka prefectural government in the corporate activities category for our initiatives to reduce food waste to contribute towards the realization of a sustainable and flourishing society.





Support Children's Cafeterias

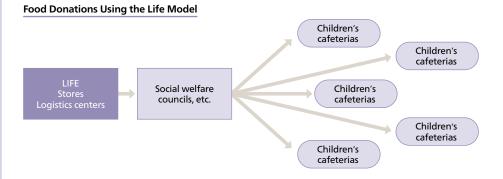
Support children's cafeterias

To support the growth of the children responsible for the future of local communities through food, we donate food to children's cafeterias. To deliver broad-based support to the children's cafeterias spread throughout each region, we coordinate with regional social welfare councils,

etc., to continuously donate food using the "LIFE Model."

In FY2023, we launched new initiatives in three areas of the Tokyo region (Arakawa Ward, Setagaya Ward, and Toshima Ward) and four areas in the Osaka region (Toyonaka city, Gose city, Yao city, and Kyoto Prefecture) and donated a total of 21,786 food items and everyday goods.





FY2024 Action Plan

Regarding support for children's cafeterias, we plan to further expand our activities using the "LIFE Model" in coordination with regional social welfare councils, etc., to provide support to even more children's cafeterias. We also plan to improve the contents of our on-demand classes and food education programs to contribute to helping the children responsible for our future grow up healthy.

Social

Respect for Human Rights =

FY2023 Initiatives

To prepare to establish our Human Rights Policy, in FY2023, we held discussions at the Sustainability Promotion Committee on pursuing initiatives related to the respect for human rights. The process of establishing our Human Rights Policy included assessing the risks faced by the Company regarding human rights, selecting key themes for our human rights initiatives, and incorporating those themes into our policy.

We are also focusing on activities to create awareness among our employees regarding the respect for human rights. With the establishment of our Human Rights Policy, we have posted internal notification posters with the goals, background, and actions required of each of our employees, provided e-learning materials, regularly sent internal email newsletters, etc. to explain



our new policy carefully . We are pursuing initiatives with an emphasis on the importance of our individual employees understanding our Human Rights Policy and implementing it in their everyday work.

Internal notification posters



▲ Internal e-learning materials

FY2024 Action Plan

In addition to continuous activities to create awareness among our employees, we also plan to pursue human rights due diligence in our product procurement with the cooperation of our suppliers.

LIFE CORPORATION Group's Human Rights Policy

Based on LIFE Corporation Group's Corporate Philosophy of "Through 'reliable management with noble aspirations,' contribute towards the realization of a sustainable and flourishing society," "Our goal is to be Japan's best supermarket that remains trusted by customers, society and employees." In building these relationships of trust, we believe that it is important to respect the character, individuality, and diversity of every person associated with our Group, as well as the human rights of each person and their individual dignity. The human rights policy is being established based on these principles.

1. Basic Philosophy

Based on the Group's Corporate Philosophy, we recognize the importance of respecting human rights in all our business activities. We run our business in accordance with the U.N.'s "Guiding Principles on Business and Human Rights" and support and respect international norms of human rights, including the U.N.'s "International Bill of Human Rights," and the International Labour Organization's (ILO) "Declaration on Fundamental Principles and Rights at Work."

2. Scope of Application

We will apply this policy to all officers and employees of our Group. Moreover, we will work to obtain the support of our business partners for this policy.

3. Key Themes Related to Human Rights

As a Group operating mainly a community-based supermarket business, we believe that initiatives related to the following themes are particularly important from the standpoint of respecting human rights.

 Respecting diversity and eliminating discrimination
 We respect individual diversity including

different cultures and ways of thinking, gender, and age, and strive to eliminate all forms of discrimination.

(2) Appropriate working environments

We strive to build working environments that fulfill safety and hygiene standards, that are free from unfair labor practices and harassments, and that allow our employees to work in good physical and mental health with a sense of security.

4. Human rights due diligence

We build mechanisms for human rights due diligence. In addition to assessing the negative impacts and risks of our business activities on human rights, we strive to prevent and minimize these impacts and risks.

5. Dialogue and discussion

Through dialogue and discussion with the relevant stakeholders, we work to improve our initiatives related to the respect for human rights.

6. Education

We provide the appropriate education so that all officers and employees of our Group can properly understand and implement our human rights policy.

7. Relief

Where it becomes clear that the business activities of the Group have negatively affected or involved human rights, we will hold dialogue and discussions with the relevant stakeholders and work to provide relief through the appropriate processes.

8. Person Responsible

We will carry out initiatives related to the respect for human rights with our Representative Director and President as the person responsible for implementing our human rights policy.

(Being established following resolution of the Board of Directors of LIFE CORPORATION held on February 28, 2024)

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Promote Diversity

Basic Philosophy

We aim to be "a company that makes the most of its diverse personnel" by creating a working environment that ensures diversity including gender, nationality, age, etc. in which each individual can exercise their abilities and knowledge. As an organization to promote initiatives toward these goals, we have established the Diversity Promotion Office.

FY2023 Initiatives and Results

Promoting active participation of women

To promote the active participation of women, we are expanding the range of departments and duties to which women are assigned and promoting staff who are working reduced hours due to childcare obligations to management positions. Led by the Office for Diversity Promotion, we are distributing guidebooks to improve understanding of the systems related to nursing care and childcare, offering support 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. As of the end of FY2023, we had 194 female managers (10.6% of the total), and our FY2024 target is 215 (12.0% of the total).



Promoting opportunities for mid-career hires

We employ a diverse array of people, regardless of age or gender, with specialist skills in our stores' sales sections, product development at food process centers, store building design, certified public accountants, tax accountants, etc. As of the end of FY2023, mid-career hires made up 30.8% (565 employees) of our managerial positions.

Appointed Female Managers

Number of female managers (including those responsible for managing working hours)

End of FY2023 Target for FY2024 **194 215** (10.6% of the total) (12.0% of the total)

Number of female Store Managers, Section Managers, and above

> End of FY2023 **37** (5.9% of the total)

Number of female managers working reduced hours End of FY2023

18

Promoting diverse work styles and active participation

We have created an environment that allows our employees to choose diverse work styles that match their individual lifestyles, including taking childcare leave and using our reduced working hours system. As of the end of FY2023, the percentage of male employees taking childcare-related leave was 79.7%, and 167 staff worked reduced hours (164 women and three men).

Promoting employment of people with disabilities

To promote the creation of a corporate culture in which people can support each other and play active roles regardless of disability, we actively conduct regular visits to various support schools, manage job experience programs at our workplaces, etc.

As of the end of FY2023, 688 employees with disabilities (3.35% of the total workforce) were working with us.

Promoting foreign employees

We employ foreign technical intern trainees from Vietnam, Thailand, Myanmar, and other countries at our food process centers and in some of our stores. As of the end of FY2023, 501 foreign technical intern trainees were working with us.



Sharing the experience of a male employee taking childcare-related leave



Receiving a letter of thanks from the city of Kyoto for our long-term employment of people with disabilities (November 2023)



Technical intern trainees working in our Bakery Section

FY2024 Action Plan

We will increase the number of store management positions to create a system in which management staff can continue working even while providing childcare and nursing care. In addition, we will promote the creation of workplaces where diverse personnel can thrive, such as expanding the assignment of female employees to sales departments, aggressively promoting young employees to managerial positions, and creating posts in which senior staff can utilize their experience.

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Corporate Governance

GOVERNANCE Basic Philosophy

Under the Corporate Philosophy, "through reliable management with noble aspirations, contribute towards the realization of a sustainable and flourishing society," the LIFE Group ensures compliance and achieves sustainable company growth to enhance the Group's contribution to society as a supermarket group trusted by all stakeholders. Because of this, the Group continuously strive to fulfill corporate governance to realize transparent, fair, swift, and bold decision-making.

Transition to a Company with an Audit and Supervisory Committee (Purpose)

We have transitioned from a Company with a Board of Corporate Auditors to a Company with an Audit and Supervisory Committee following approval of amendments to the Articles of Incorporation at the 69th Annual General Meeting of Shareholders held on May 23, 2024. The purpose of choosing to be a Company with an Audit and Supervisory Committee as the organizational structure is to "(1) Strengthen the supervisory function of the Board of Directors" and "(2) Expedite decision-making."

(1) Strengthen the supervisory function of the Board of Directors

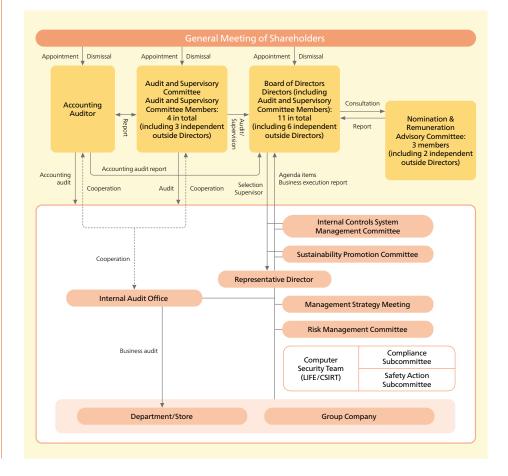
We aim to further enhance corporate governance by strengthening the supervisory function of the Board of Directors and further strengthening the monitoring system through the appointment of Audit and Supervisory Committee Members, who are responsible for auditing the execution of duties by Directors, as members of the Board of Directors. The purpose of the Audit and Supervisory Committee is to improve the effectiveness of audits and supervision by having Audit and Supervisory Committee Members with voting rights on the Board of Directors conduct audits.

(2) Expedite decision-making

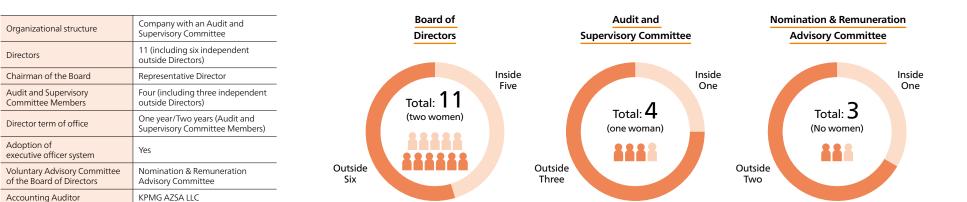
We aim to expedite the management's decision-making and further enhance corporate value by allowing the Board of Directors to extensively delegate decisions of business execution to Directors. Pursuant to the provisions of the Companies Act and the Articles of Incorporation, all or part of important business execution decisions can be delegated to executive Directors, with the purpose of creating a system where the Board of Directors can concentrate on discussions relating to management strategy and issues, as well as expediting decision-making. Specifically, simultaneously with our transition to a Company with an Audit and Supervisory Committee, we amended both our "Board of Directors Rules" and "Management Strategy Meeting Rules," elevated the standards to submit matters to the Board of Directors, decided on the scope of delegation of matters to the Management Strategy Meeting, and elevated the standards to submit matters to the Management Strategy Meeting. Furthermore, to facilitate faster decision-making including the level of execution below the Management Strategy Meeting, we revised the standards of authority for decision-making throughout the entire Company and delegated some authority for decision-making to lower-level employees. By raising the monetary threshold for each level of decision-making, we are creating a greater level of responsibility for those making decisions with the goal of boosting motivation, increasing the quality of decision-making, and contributing to the future development of management personnel.

The Company will continue to strive to engage in transparent, fair, expeditious, and bold decision-making, to achieve sustainable corporate growth, and to enhance our medium- to long-term corporate value.

Corporate Governance Structure (as of June 21, 2024)

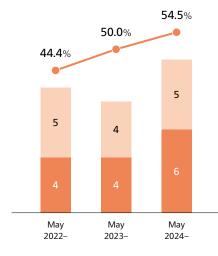


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Composition of the Board of Directors, Audit and Supervisory Committee, and Nomination & Remuneration Advisory Committee (as of June 21, 2024)

Changes in the Composition of Directors Who Are Independent Outside Directors



Directors' Skills Matrix

When reviewing our skill items, we held discussions at the Nomination & Remuneration Advisory Committee on the skills demanded of the Company's Directors based on the positioning of the Board of Directors. Furthermore, in creating our skills matrix, after identifying the knowledge and experiences possessed by the Directors from their work histories, etc., discussions were held at the Nomination & Remuneration Advisory Committee.

Name	Position(s) in the Company	Business management Organizational management	Sustainability and ESG	HR and labor	Finance and accounting	Legal and compliance	Digital	International experience	Sales	Logistics	Store development
Takaharu Iwasaki	Representative Director and President	•	•					•	•		•
Tomehisa Morishita	Director & Senior Managing Executive Officer		•	•	•	•	•		•		
Takashi Sumino	Director & Managing Executive Officer								•	•	
Jun Adachi	Adachi Director and Executive Officer				•			•			
Hiroko Kono	Outside Director			•	•			•			
Takashi Katayama	Outside Director	•					•	•			
Akihiro Tada	Outside Director	•	•	•		•		٠			
Kaoru Sueyoshi	Director (Audit and Supervisory Committee Member)				•				•		
Koichi Narita	Outside Director (Audit and Supervisory Committee Member)	•	•	•		•	•	•	•	•	
Naoko Miyatake	Outside Director (Audit and Supervisory Committee Member)	•									
Shigeyuki Mito	Outside Director (Audit and Supervisory Committee Member)	•	•			•		•			

Inside Directors

The above table does not represent all of the expertise and experience possessed by each Director.

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Role of Various Corporate Governance-Related Committees

- Nomination & Remuneration Advisory Committee: This committee is comprised of three Directors 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 14 meetings in FY2023. 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 examines risks relating to the business activities of the Group, reports the results of its deliberations to the Board of Directors, and proposes courses of action. The committee 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.

The committee has also established the Compliance Subcommittee for developing a framework to promote compliance and monitor the status of compliance, and the Safety Action Subcommittee for developing a framework to improve quality centered on safety and security, and monitor the status of initiatives.

Sustainability Promotion Committee: Please see (>P.38).

Board of Director Meetings in FY2023

	Number of meetings	Total members	Directors	Corporate Auditors	Chairman				
Board of Directors			17 12 (including 4 independent (including 3 indep			17 12 (including 4 independent (including 3 independent			
(Overview)	discussions, taking into	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)	Nomination and rem Committee and resol Management policy Sustainability, etc. (su Sales policies (new st Financials/shares (res	 Corporate governance (evaluation of the effectiveness of the Board of Directors and internal control systems, etc.) Nomination and remuneration (remuneration and selection consultation to the Nomination & Remuneration Advisory Committee and resolutions based on reports) Management policy (7th Medium-Term Plan, decision on key sales strategies/target values, etc.) Sustainability, etc. (sustainability-related measures, response to TCFD recommendations, materiality, etc.) Sales policies (new store openings, key sales policies, execution of subsidiary operations, etc.) Financials/shares (results forecasts, dividends, continued holding of cross-shareholdings policy, shareholder return policy) Various regulations/agreements (revision/abolition of key regulations, agreements with labor unions, etc.) 							

Progress Toward Strengthening Corporate Governance

We are aiming to achieve sustainable growth and increase our corporate value over the medium to long term 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.

Details concerning specific initiatives are disclosed in our Corporate Governance Report.

Please see our website for details.

http://www.lifecorp.jp/company/info/corporate_governance/index.html (In Japanese)

2019	Established Nomination & Remuneration Advisory Committee Introduced performance-linked share remuneration plan for Directors
2020	Launched LIFE-CSIRT
2021	 Introduced an evaluation of the effectiveness of the Board of Directors through a third-party organization Revised Corporate Philosophy and LIFE Code of Conduct
2022	 Established Sustainability Promotion Committee Supported the TCFD recommendations and implemented information disclosure in line with TCFD recommendations on the website Disclosed Directors' skills matrix Newly established external points of contact for whistleblowing Started publication of integrated reports
2023	 Acquired information security management system (ISMS) for the IT Service Department Formulated 7th Medium-Term Plan Appointed four independent outside Directors (ratio of independent outside Directors: 50%)
2024	 Transition to a Company with an Audit and Supervisory Committee Established Human Rights Policy Revised Protection of Personal Information Policy Evaluation indicators for performance-linked remuneration for Directors changed to consolidated ordinary profit, employee satisfaction (ES) index, and ROIC Appointed six independent outside Directors (ratio of independent outside Directors: 54.5%)

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Corporate Governance

Nomination Policy

The Nomination & Remuneration Advisory Committee, which receives consultation from the Board of Directors, deliberates on the Director candidates, and the Board of Directors determines the candidates based on the Committee's report.

The requirements for all Directors are that they are capable of decision-making in pursuit of the Corporate Philosophy, possess excellent character and strong virtue, have rich knowledge and a wealth of experience, as well as the ability to perform fair and accurate management and business operations. We also require them to possess adaptability to address changes in the external environment, as well as objective decision-making ability, insight, and foresight.

In particular, outside Directors are required to possess a wealth of experience in corporate management or in their specialized areas, as well as provide objective management supervision and judgment, and advice and support for the sustainable growth of the Company.

Directors serving as Audit and Supervisory Committee Members are required to audit the business executions of Directors from a fair and objective standpoint, to contribute to sound and transparent management, and to have a wealth of expertise and experience in one of management, legal affairs, finance/accounting, etc.

Remuneration Policy

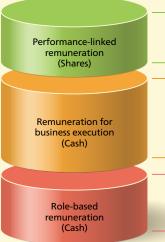
To increase the transparency and objectivity of Directors' remuneration, etc., (excluding Directors serving as Audit and Supervisory Committee Members) the Nomination & Remuneration Advisory Committee deliberates the appropriateness of remuneration levels and remuneration components, and the results are consulted with the Board of Directors who then decide. For directors serving as Audit and Supervisory Committee Members, the decision is made through consultations with directors serving as Audit and Supervisory Committee Members based on the report of the Nomination & Remuneration Advisory Committee.

The basic policy for Directors' remuneration (excluding Directors serving as Audit and Supervisory Committee Members) is to appropriately reflect the Company's performance and individual contribution in remuneration for each of the components described below to contribute to the Company's growth and development, while considering industry levels and the levels of similar sized companies with reference to survey results from external organizations.

In addition, we have 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 and Directors serving as Audit and Supervisory Committee Members is comprised solely of role-based remuneration in light of their role and independence.

Composition of Director Remuneration (Excluding Directors Serving as Audit and **Supervisory Committee Members)**

 Remuneration for Directors (excluding Directors serving as Audit and Supervisory Committee Members) Director remuneration consists of three types of remuneration, with cash and shares as the form of benefits. In terms of role-based remuneration, outside Directors are only paid based on their "supervisory functions" and do not receive remuneration for business execution or performance-linked remuneration.



	Details on remuneration, etc.	Target Director(s)
nance-linked uneration shares)	Each Director is granted points, which are converted into shares, determined for each position according to the degree of achievement of the three management targets, namely consolidated ordinary profit, ES index, and ROIC. The shares are then delivered (the target levels are set by the Board of Direction each fiscal year).	Executive Directors
neration for ss execution (Cash)	Remuneration paid for performing duties and responsibilities as well as for the results of business execution (set each fiscal year within the remuneration range table commensurate with the state of business execution for each Director).	Executive Directors
le-based uneration (Cash)	Separated into "representative functions" and "supervisory functions," the Representative Director is paid remuneration for each function, and Directors are paid remuneration for supervisory functions only (fixed remuneration).	Representative Director, Directors, outside Directors

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Evaluation of Board of Directors' Effectiveness

Basic Philosophy

Our basic philosophy is to implement the principle of our Corporate Governance Code, "the Board of Directors shall work to improve its capabilities by analyzing and evaluating its own overall effectiveness." As part of this philosophy, to continuously improve the effectiveness of the Board of Directors, we have been conducting effectiveness evaluations of all officers once a year since FY2016. Since FY2021, to make the identification of issues smoother compared to using only our own resources, we have been conducting effectiveness evaluations that incorporate external perspectives and analysis by introducing support for evaluations of the Company from an external third-party organization. By having the Board of Directors analyze and evaluate its own effectiveness, identify issues for improvement, and formulate improvement plans, we are working to improve its effectiveness.

Evaluation Process

As part of our evaluation process, we implement a 39-question questionnaire of all our officers on the effectiveness of the Board of Directors, incorporating the know-how of a third-party organization. To ensure that we obtain the frank opinions of our officers and objective analysis, responses are provided directly to the third party without going through the internal departments in charge, which also ensures anonymity. In FY2023, to improve the evaluation of the Board of Directors, we partially revised the questionnaire contents, such as reviewing obsolete questions and increasing the number of free-form questions requiring more descriptive responses that lead to identifying issues, and a report on the objective tabulation and analysis results from the questionnaire created by a third party was given to the Board of Directors for their review and discussion. Furthermore, at the Board of Directors' meeting held in March 2024, the Board of Directors engaged in analysis, issue recognition, and evaluation of the questionnaire results and deemed that its effectiveness is being ensured.

Evaluation Items

- The current state of Board of Directors
- Composition of Board of Directors
- Operation of Board of Directors
- Board of Directors' discussions
- Monitoring function of Board of Directors
- Inside Director performance
- Outside Director performance
- Dialogue with shareholders (investors)
- Individual efforts of Directors

FY2023 Evaluation Results

[Issues and Initiatives in FY2022]

Issues

- Regarding Board of Directors' meetings, we confirmed the need for more discussions to create greater awareness of capital efficiency and continuous oversight and monitoring of the allocation of management resources, starting with human capital, and the implementation of our management strategy.
- We confirmed the need to deepen discussions that incorporate the opinions of shareholders (investors) through IR.

Initiatives

- At the Board of Directors and off-site meetings with officers, we oversaw and monitored the
 allocation of management resources, starting with capital efficiency and human capital, and
 the implementation of our management strategy, as well as deepened discussions on
 increasing corporate value and the sustainable growth of the Company.
- We regularly reported to the Board of Directors for discussing the content of dialogue with shareholders (investors).

[FY2023 Evaluation Results and Future Responses]

Evaluation Results

Compared to FY2022, we made progress in our initiatives addressing previous issues. Particularly
regarding discussions at the Board of Directors, we improved details including oversight of the
compatibility of our human capital investment and our management strategies and issues.

(Issues from our evaluation results)

- Improving deliberations on important matters at the Board of Directors by slimming down matters to be resolved and further strengthening the Board of Directors' oversight functions.
- Regarding discussions based on dialogue with our shareholders (investors), discussions that are more focused on shareholder perspectives are required at the Board of Directors.



- By delegating authority from the Board of Directors to each Director, we will work to increase the flexibility and speed of management decision-making, to improve discussions on important matters at the Board of Directors, and to strengthen its oversight functions.
- At the Board of Directors and off-site meetings with officers, we will energize discussions with a
 greater focus on the perspectives of our stakeholders, starting with our shareholders (investors).

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Compliance

Organizational Framework Related to Compliance

Basic Philosophy

We have identified, "Forming an organization with high values and ethics" as one of our materialities. Specifically, we are working to realize this materiality through thorough compliance, the steady implementation of the LIFE Code of Conduct, employee training, and the creation of an appropriate internal reporting framework.

Organizational Framework

The 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 company-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 our 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 our website for details. http://www.lifecorp.jp/company/info/ policy.html#vcb00000592-326-217-cmp_

policy.html#vcb00000592-326-217-cmp_ parts_01_2_01 (In Japanese)

Internal Reporting System

Our internal reporting desk 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.

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.

Issuing Information

In addition to group training, we share information by creating both internal newsletters that can be read in five minutes and posters.





Compliance Letters

Once a month, we create easily readable, noticeable posters in which we share cases of compliance violations with workers at our stores and centers. (©2024 HTC Co., Ltd.)

Protection of Personal Information Policy

Following the amendments to Japan's Act on the Protection of Personal Information in 2022, we worked to strengthen and reorganize our management system and created easily readable posters to spread awareness among our store and center workers.

Main Compliance Training Sessions Held in FY2023

We hold regular compliance training for new employees and new managers, as well as compliance training for which we select highly important themes related to legal and regulatory revisions and changes in the business environment.

Training overview	Main contents*	Number of sessions
Antimonopoly Act	New guidelines of the Antimonopoly Act (price pass-through of labor expenses) Points to bear in mind accompanying stronger oversight of Japan's Subcontract Act	10
Personal information protection management	Related to the Act on the Protection of Personal Information The handling of personal information at stores	Seven
Compliance	Japan's Whistleblower Protection Act, necessary legal and regulatory knowledge for managers, new employee training, etc.	Nine
Training videos	Comprehensively revised compliance training videos for new employees and new managers Protection of personal information training, insider trading regulations, etc.	Seven videos

*Training examples

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Risk Management

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	Our Responses
Domestic market trends	 Enhance our strengths and differentiate ourselves by thoroughly enforcing the "True to LIFE" concept 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	 Continue to open stores in Tokyo and Osaka, Japan's two major metropolitan areas Thorough research of competitor trends Continue store openings that enhance competitiveness, such as collaborative store openings in conjunction with other industries Focus on effectively introducing and using systems such as AI, comprehensively streamlining store operations, and improving productivity to create a profit structure that can respond to increases in construction costs and store operation costs such as rents
Food safety	 Led by our Quality Assurance Department, ensure that our product inspection system and store hygiene checks are thoroughly implemented Kurihashi, Nanko, Kazo, and Sakai Food Process Centers have acquired ISO 22000 certification, and Funabashi and Tempozan Food Process Centers have acquired FSSC 22000 certification Store hygiene management complies with HAACP, and clarification of product histories and strengthened food defense measures
Environment and climate change	 Focus on reducing greenhouse gas emissions by actively promoting transition to LED lighting and adoption of energy-saving and CFC-free fridges and freezers Focus on reducing environmental impact and adopting 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 food process and distribution centers, etc., and establish a company-wide system for supporting stores
Employment environment	 Actively hire and train part-time workers, and intensify regular hiring of new graduates and mid-career hires Promote attrition rate reduction Improve productivity by introducing and using systems to increase store operation efficiencies, enhance store work methods, etc.

Risk Factors	Our Responses
Infectious diseases	 Development of response guidelines based on government policy, etc., and thorough implementation of measures against various infectious diseases by all employees
Information system issues, etc.	 Installation of critical equipment for core systems in areas less susceptible to damage Outsourcing of operational management to enable 24/7 monitoring
Leaking of personal information	 Development of a management system and establishment of personal information management rules, administrative procedures, etc., 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	 Ongoing work to manage interest-bearing liabilities Take measures such as borrowing at fixed interest rates to reduce the risk of interest rates increases, and raising funds at lower interest rates
Soaring electricity rates and fuel costs	 Proactively introducing energy-saving fridges and freezers, especially in new and renovated stores Encourage energy conservation actions by all employees Optimize delivery routes and load capacity, including collaboration with competitors
Impairment of fixed assets	 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	 Appropriately respond to tax system changes and tax reduction measures that may apply to the Company Implement the development of systems that are as simple and low-cost as possible in response to tax reforms Appropriately respond to revisions to various laws
Compliance	 Promotion of compliance management and implementation of education and training Establishment of points of contact for whistleblowing both internally and for business partners to focus on early detection and prevention of misconduct, corruption, or illegal or dishonest practices

Please see our 69th Annual Securities Report for specific risks. https://disclosure2.edinet-fsa.go.jp/WEEK0020.aspx (In Japanese)

*You can access our report (in Japanese) through the Financial Services Agency's Electronic Disclosure for Investors' NETwork (EDINET) homepage. From the "Top Page" on the EDINET website, under "Simple document search," please enter "LIFE CORPORATION" in the "Document submitter/Securities issuer/Fund information/Stock Code" search field.

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Outside Director Roundtable Discussion

LIFE is boldly rising to the challenge of achieving its FY2030 targets. Providing team support to overcome obstacles and achieve growth.

We spoke with LIFE's Outside Directors about the progress made in the first year of our 7th Medium-Term Plan as well as future issues and expectations for the Company.



Koichi Narita

Independent Outside Director Audit and Supervisory Committee Member Hiroko Kono

Takashi Katayama

Independent Outside Director

The evolution of LIFE as seen by its Outside Directors: the source of our growth

Narita: The Company has "The Smile Workshop" initiative in which store employees including part-time employees share successful case studies, and we as Outside Directors participate in each event. Although The Smile Workshop initiative had been suspended during the COVID-19 pandemic, it was held for the first time in four years in the Tokyo region in April 2024.

A short video was played on the big screen to start the Smile Workshop. The video showed all the store employees working hard during the pandemic with the message, "We have been able to hold our event for the first time in four years!" The video helped us remember all the difficulties faced during the pandemic, making for a heartfelt moment for all the participants.

I would also like to share one event from the pandemic that I will never forget. Unfortunately, the Company had one store in which infections were spreading that was forced to close temporarily. The President visited the store to find messages taped on the shutters saying, "We're rooting for you!" and "We can't wait to see your smiling faces!" This moment made me realize once again just how many people truly support LIFE. **Kono:** I usually spend my Saturdays visiting LIFE stores. As a consumer shopping at different stores, I really feel that customers are able to enjoy a pleasant shopping experience at any LIFE store.

A friend of mine visits one LIFE store nearly every day. The store employees often greet my friend and speak to her in a considerate manner and she says that she shops at that store because she is excited to see the staff every time she goes. As Mr. Narita mentioned, I always feel that the spirit and organizational culture that LIFE has created are extremely impressive. **Katayama:** I also believe that it is important to know the stores as an Outside Director, and I make sure to be there for new store openings in the Tokyo region. Just yesterday, I visited the Meguroyakumo Store that recently opened in May 2024.

My impression is that both the Company's product capabilities and sales capabilities have improved dramatically in the past five to six years. My previous job was at a retail supplier, and having observed retail operations throughout the world, I feel that the Company has further evolved in recent years to a supermarket chain that provides comfortable shopping experiences. I believe that this is because the Company's various detailed initiatives such as product lineups using ID-POS data are producing results.

Narita: The Company has performed data analysis for guite some time. LIFE's management always says that because the expectations of customers differ by region and store, we will not earn the support of our customers by having the same product lineup at every store. Through cluster analysis using ID-POS data, the Company adjusts product lineups by store. The Product Departments evaluate product mixes based on data and provide feedback to the sales sections, and this framework has become even more functional in the last few years. Kono: To add to Mr. Narita's observations, one of LIFE's strengths is its bottom-up culture, that is to say that the culture of granting authority to the front lines and

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Outside Director Roundtable Discussion

Store Managers is deeply rooted. This culture has allowed the front lines to take the lead in deciding how best to achieve goals throughout the organization. **Katayama:** The supermarket business needs customers to come and shop every day. I feel that LIFE strives to capture the hearts of its customers through the abilities of its store employees, attractive sales spaces, and original products and lineups, and that this process allows the Company to evolve every day as a supermarket.

LIFE at present: Progress in the 7th Medium-Term Plan

Kono: In formulating the 7th Medium-Term Plan, the Company laid out its vision for what we want to be in FY2030 around the major themes of "investment in employees," "breaking away from the homogenous competition," and "contribution towards the realization of a sustainable and flourishing society," and recently completed the first year of the 7th Medium-Term Plan.

In formulating the Medium-Term Plan, we discussed the broad outline at the Board of Directors, but the more specific discussions were held by the Company's front line leaders. This also represents the bottom-up culture and the final product of this process is the 7th Medium-Term Plan. Because the plan was formed from this bottom-up approach, a sense of both acceptance and commitment to the plan has been established on the front lines.

One target that I feel is particularly challenging is achieving an Employee Satisfaction (ES) score of 4.0 out of a maximum of 5.0. I can see a positive change appearing in our current numbers and get the sense that behaviors are changing to achieve this target.

For example, I am an executive coach and work in the coaching business. In this position, I have been asked what options are available for front line coaching and have provided coaching know-how and tools. When we set targets, naturally we are resolved to achieve them, but I feel that the process leading up to the achievement of the targets in the 7th Medium-Term Plan is important. I hope that these changes in behavior will lead to even greater results. Narita: An employee satisfaction score of 4.0 is an extremely lofty target. However, the Company has a strongly rooted culture of steadfastly achieving goals. We could call this part of the Company's corporate DNA. In reality, I see a range of initiatives on the front lines to improve both the comfort of our workplaces and job satisfaction, and I believe that this represents solid progress in the first year of the 7th Medium-Term Plan.

Katayama: Ultimately, companies are judged by their profit levels. Profits are based on strong customer approval, and better customer approval leads to higher profits. At present, the Company has set FY2030 targets and is evaluating methods to achieve those targets, and makes use of teamwork to do so through the bottom-up approach.

To speak frankly, before I was appointed as an Outside Director, I had visited LIFE stores as a customer and felt that there were too many employees for the Company to generate any profit. However, when I joined LIFE's management and had the opportunity to take a closer look at more stores, I became aware of some significant changes. The Company truly is accumulating profits, with FY2023 ordinary profit margin rising from 2.5% in the previous fiscal year to exceed 3.0%. I also feel that the organizational capabilities are in place to achieve an even higher ordinary profit margin. Going forward, the Company will carry out new store openings according to its dominant strategy while identifying risks and one other option is incorporating an SPA (specialty store retailer of private label apparel) strategy where manufacturing processes are moved in-house.

Narita: As Ms. Kono mentioned, the Company's next-generation management took the lead in formulating the 7th Medium-Term Plan. Especially in the current business environment that is experiencing dramatic change, there can be course adjustments to the plan based on certain assumptions. As part of this adjustment process, the Company established quantitative targets and an approach to achieve its goal to become a company that everyone says, "It's my supermarket." I feel that many of the employees are on board with this goal and that it is feasible, so I agree with Mr. Katayama's view that the direction of the 7th Medium-Term Plan is the correct one.

What LIFE should aim for and the role Outside Directors should play

Narita: Following approval at the Annual General Meeting of Shareholders held on May 23, 2024, LIFE transitioned from a Company with a Board of Corporate Auditors to a Company with an Audit and Supervisory Committee. Whether these changes to the Company's organizational design were correct or not will depend on us as Outside Directors.

As I just mentioned, the sense of direction and framework of the 7th Medium-Term Plan are both valid, and the bottom-up,



An ES score of 4.0 is a challenging target. Even so, I can feel the changes in the front lines to believe that LIFE can achieve this target.

Hiroko Kono

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Outside Director Roundtable Discussion



I would like to build more relationships that allow anything to be discussed frankly. I will do everything I can to accomplish this. Takashi Katayama

autonomous framework on the front lines is also functioning effectively. This is precisely why authority is being delegated and why management must regularly review the Company's foundation and further strengthen its organization in a way that aligns with the needs of the time. One example is how the Company responds to management issues that go beyond individual companies, such as labor shortages and soaring energy costs. Furthermore, with changing views and values with respect to companies, I believe that the Board of Directors must engage in more discussion and offer more opinions on how to best approach the stock market. Environmental issues represent a difficult challenge, as there are so many diverse viewpoints. Employees would not be able to feel a sense of pride in the Company if the management team were only concerned with their own best interests, and that type of management would not be able to support our front lines. Moreover, the Company has begun cooperative initiatives

with competitors to address logistics issues, and we need to make progress on these issues through an approach that constantly seeks further improvements.

Kono: When I was first appointed as an Outside Director, my impression was that much of the discussion at the Board of Directors revolved around current conditions. I proposed that more discussion take place on the medium- to long-term goals of the Company, and that proposal is starting to be realized. The members of the Board of Directors are now holding off-site meetings, giving themselves plenty of time for discussion prior to Board meetings, allowing priorities to be set and facilitating smoother discussions.

The recent changes to the Company's organizational design delegates more authority to the front lines, allowing the Board of Directors to focus on deciding the medium- to long-term direction of the Company. The Board of Directors also welcomed new members in FY2024, and the Board's diversity is also gradually increasing. I believe that we as Outside Directors are called on to engage in free discussion from diverse viewpoints, to say that which is hard to say, and to make straightforward recommendations on the ideal nature of the Company without reservation. Katayama: I agree with Ms. Kono's opinion. I believe that we should build relationships that allow us to speak frankly about anything. Without being bound by the traditional fixed concept of an Outside Director, I would like to provide recommendations on business executions and contribute to front line initiatives. Kono: Starting with a suggestion from Mr. Narita, we formed a LINE group with management-level employees who have completed the advanced course in our "management seminars." The LINE group allows us as Outside Directors to share various information utilizing our specialized fields. From the standpoints of both learning together as Outside Directors and of developing next-generation management personnel, I believe that this represents a positive initiative that is "True to LIFE."

Narita: I was appointed as an Outside Director in FY2018 and was elected as an Audit and Supervisory Committee Member in FY2024. I believe that what is required of me as an Outside Director is to share what I have seen at LIFE with new members of the Company and to tackle management issues that go beyond individual companies as a member of the Board of Directors, as I just mentioned.

When I became an Outside Director, I felt that LIFE was truly a good company. It has the ability to create value, hard-working employees, and customers and suppliers who support it. I would like to do everything I can as an Outside Director to contribute to the development of the Company.

I would like to support LIFE as a team so that it can tackle various management issues that go beyond individual companies. Koichi Narita



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Corporate Officers



- Sales General Division of the Company Mar. 2006 Representative Director, President & Chief Operating Officer, and Group CEO of
- Business Group Headquarters May 2019 Representative Director and President,
- and Group CEO of Business Group Headquarters Oct. 2023 Representative Director and President,
- and Group CEO of Development Group Headquarters (current position)
- and General Manager of Corporate Strategy and Planning Department
- May 2014 Director, Deputy Division COO of Osaka Region Sales Division, and Division COO of Osaka Region Apparel and Lifestyle Products Division
- June 2016 Managing Director, Division COO of Corporate Strategy and Planning Division. and in charge of New Businesses
- Apr. 2020 Director & Senior Managing Executive Officer Group CEO of Corporate Functions Group Headquarters, and Division COO of Information Strategy Division (current position)
- Promotion Office
- May 2012 Director, Division COO of Osaka Region Chain Store Division, and Division COO of Osaka Region Store Support Division Managing Director, Division COO of June 2015
- Osaka Region Sales Division Representative Director and Executive Apr 2021 Vice President of LIFE HOME DELIVERY lan 2022 Director & Managing Executive Officer, Group CEO of Infrastructure Group Headquarters (current position)

Apr. 2004	Joined Mitsubishi Corporation
Nov. 2008	Europe Corporate Center
Apr. 2010	Joined Mitsubishi Corporation International (Europe) Plc.
May 2013	Risk Management Dept. of Mitsubishi Corporation
Mar. 2016	Corporate Strategy & Planning Dept. of

Mitsubishi Corporation June 2022 Joined the Company May 2024 Director and Executive Officer.

General Manager of Corporate Strategy and Planning Department (current position)



Independent Outside Director

(current position)

June 2023

Feb 2024

Committee Member) of SATUDORA

Committee Member) of PayPay

Corporation (current position)

Co., Ltd. (current position)

HOLDINGS CO., LTD. (current position)

Outside Director (Audit and Supervisory

Representative Director of Change Agent



Independent Outside Director

- Apr. 1977 Joined Teraoka Seiko Co., Ltd. Apr. 1989 Director of Digi Europe Ltd. (UK) Mar 2001 Director and General Manager of Global Business Development Department of Teraoka Seiko Co., Ltd.
- Jan. 2015 President and CEO of Teraoka Seiko Co., Ltd.
- Mar. 2019 Representative of RTK-Design (current position)
- May 2022 Outside Director of the Company (current position)



Independent Outside Director

- Apr. 1986 Joined the Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry)
- Aug. 2020 Deputy Vice-Minister of the Ministry of Economy, Trade and Industry July 2021 Vice-Minister of Economy, Trade and
- Industry July 2023 Special Advisor to the Ministry of
- Economy, Trade and Industry, Special Advisor for Expo 2025 Osaka, Kansai, Japan (current position)
- Dec. 2023 Executive Advisor of Nippon Life Insurance Company (current position)
- Dec. 2023 Advisor of Sumitomo Mitsui Trust Bank, Limited (current position)
- Apr. 2024 Special Guest Professor of Faculty of Policy Management, Keio University (current position)
- May. 2024 Outside Director of the Company (current position)

Director Audit and Supervisory Committee Member

Kaoru

Sueyoshi

- Apr. 1982 Joined the Company
- July 2007 General Manager of Tokyo Region Accounting Department
- General Manager of Finance Department Aug. 2011
- Oct. 2016 General Manager of Department in charge of Special Missions, Administration and Management
- Headquarters Jan. 2018 General Manager of Finance Department and General Manager of Department in charge of Special Missions, Corporate
- Functions Group Headquarters May 2019 Corporate Auditor
- May 2024 Director and Audit and Supervisory
 - Committee Member (current position)

Independent Outside Director

Audit and Supervisory Committee Member

- Apr. 1977 Joined Mitsubishi Corporation
- May 1993 Director of the Company

Koichi

Narita

- May 1995 Retired from Director duties
- Returned to Mitsubishi Corporation May 1995 (MC)
- Apr. 2008 Executive Officer, Division COO of Foods (Products) Div. of MC
- Apr. 2013 Representative Director, President and Executive Officer of IT Frontier Corporation
- July 2014 Representative Director, Senior Vice President of Tata Consultancy Services Japan, Ltd.
- May 2018 Outside Director of the Company May 2024 Outside Director and Audit and Supervisory Committee Member

(current position)



Audit and Supervisory Committee Member

Naoko

- Apr. 1982 Joined JCB Co., Ltd.
- June 2006 Executive Officer and General Manager Communication Center Representative Director and President
- lune 2008 of JCB Service Co., Ltd.
- Aug. 2013 Representative Director of KANSEI worker Research Ltd. (current position) June 2018 Outside Director (Audit & Supervisory
- Committee Members) of Odelic Co. Ltd. May 2019 Outside Corporate Auditor of the
- Company May 2024 Outside Director and Audit and
 - Supervisory Committee Member (current position)

Shigeyuki Mito

Independent Outside Director Audit and Supervisory Committee Member

- Apr. 1989 Registered as an attorney at law (Dai-Ichi Tokyo Bar Association)
- Partner and attorney at law of Apr. 1999 TMI Associates (current position)
- (current position)
- Bellmare Co., Ltd. (current position)
- Inc. (current position)
- Supervisory Committee Member of the Company (current position)
- - June 2018 Outside Director of Faith, Inc.
- lune 2020 Outside Corporate Auditor of Shonan
- Mar 2021 Outside Director of Golf Digest Online

- May 2024 Outside Director and Audit and

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Corporate Officers

Executive Officers



Representative Director and President Takaharu Iwasaki Group CEO of Development Group Headquarters



Director & Senior Managing Executive Officer Tomehisa Morishita Group CEO of Corporate Functions Group Headquarters, and Division COO



Executive Officer Takashi Sumino Group CEO of Infrastructure Group Headquarters of Information Strategy Division



Director and Executive Officer Jun Adachi General Manager of Corporate Strategy and Planning Department



Managing Executive Officer Shinichiro Arai Group CEO of Business Group Headquarters, and Division COO of Tokyo Region Product Division



Development Division, and General Manager of Osaka Region Facilities & Procurement Department



Kiyotaka Okazaki

Division COO of Osaka Region

Chain Store Division



Senior Executive Officer Hitoshi Umeki Division COO of Tokyo Region Development Division



Executive Officer Noriaki Unno Division COO of BIO-RAL Business Division, and General Manager of BIO-RAL Store Management Department



Executive Officer Yoshinori Ito Division COO of Tokyo Region Process Center & Logistics Division



Executive Officer Yasuhiro Ishioka Division COO of Compliance Division



Executive Officer Kunihiko Nagasawa Division COO of General Affairs Division

Executive Officer

Division

Kazuo Kaneko

Division COO of Human Resources



Store Division

Executive Officer

Division

Makoto Yasuda

Division COO of E-Commerce Business

Executive Officer Division

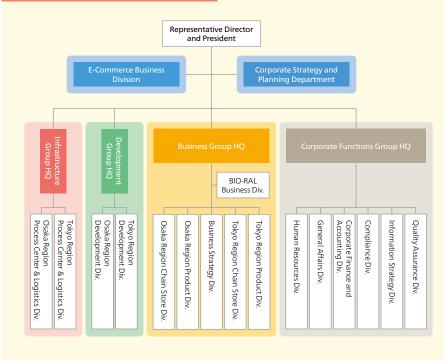


Executive Officer Harunobu Okada Division COO of Corporate Finance and Accounting Division

Masahisa Sekiguchi Deputy COO of Tokyo Region Product Division, and General Manager of Tokyo Region Grocery Department







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(Millions of yen)

Key Consolidated Financial and Non-Financial Data

											(willions of yen,
	FY2013	FY2014	FY2015*1	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022*2	FY2023
Profit (loss)											
Operating revenue	534,923	584,984	629,986	652,974	677,746	698,693	714,684	759,146	768,335	765,426	809,709
Net sales	519,953	568,717	612,458	634,643	658,274	678,211	693,062	736,346	745,080	738,494	780,028
Selling, general and administrative expenses	148,402	161,279	174,412	182,522	192,383	203,382	211,885	221,075	231,046	237,365	250,306
Labor costs	66,841	71,899	78,560	82,749	86,827	92,724	97,430	104,076	109,579	113,102	121,580
Non-personnel expenses	73,225	80,487	85,535	88,400	93,499	98,018	101,740	103,888	107,405	109,296	112,804
Depreciation and amortization	8,276	8,833	10,316	11,373	12,055	12,639	12,715	13,110	14,061	14,966	15,921
Operating profit	7,634	10,872	12,831	12,664	12,094	12,285	13,879	27,388	22,932	19,148	24,118
Ordinary profit	7,702	11,010	12,982	12,834	12,550	12,831	14,558	28,156	23,695	20,015	24,948
Profit attributable to owners of the parent	3,798	5,213	7,923	8,110	6,555	7,401	7,834	17,824	15,208	13,327	16,938
Capital expenditures	21,603	27,231	27,032	19,083	20,568	33,997	19,867	29,256	22,848	24,225	22,817
Net sales by region											
Tokyo region	237,741	265,122	284,900	297,090	309,914	321,335	332,947	360,533	368,626	365,119	388,609
Osaka region	282,211	303,595	327,558	337,553	348,359	356,875	360,114	375,812	376,454	373,375	391,418
Financial position											
Total assets	186,079	205,743	211,533	222,421	227,552	246,812	262,053	268,307	270,229	280,810	287,146
Net assets	55,380	52,453	57,843	63,276	69,271	75,340	81,360	97,560	110,299	122,002	136,855
Equity ratio (%)	29.8	25.5	27.3	28.4	30.4	30.5	31.0	36.4	40.8	43.4	47.7
Interest-bearing liabilities balance	68,071	52,539	79,975	78,536	78,208	90,204	59,148	42,760	69,108	74,170	53,094

*1 Figures for FY2015 are non-consolidated figures as there were no consolidated companies in the Group.
 *2 Accounting Standard for Revenue Recognition, etc. applied from FY2022 (figures prior to FY2022 are before application).

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(Millions of yen)

Key Consolidated Financial and Non-Financial Data

											(Millions of yen)
	FY2013	FY2014	FY2015*1	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022*2	FY2023
Cash flows											
Cash flows from operating activities	16,908	51,355	(7,688)	17,565	16,952	18,235	54,898	41,747	(7,926)	23,899	41,700
Cash flows from investing activities	(16,121)	(18,861)	(22,891)	(14,343)	(18,045)	(27,799)	(16,067)	(20,587)	(20,303)	(23,839)	(17,357)
Cash flows from financing activities	637	(25,623)	25,932	(3,886)	(2,551)	9,375	(33,521)	(19,029)	22,695	(142)	(25,464)
Cash and cash equivalents at end of period	8,828	15,699	11,051	11,336	7,692	7,503	12,813	14,943	9,409	9,327	8,206
Dividend											
Dividend per share (yen)	25.00	25.00	30.00	30.00	30.00	30.00	40.00	50.00	70.00	70.00	90.00
Dividend payout ratio (%)	34.5	23.2	17.7	17.3	21.4	19.0	23.9	13.1	21.6	24.6	24.9
Dividend on equity ratio (DOE) (%)	2.4	2.2	2.4	2.4	2.1	1.9	2.4	2.6	3.2	2.8	3.3
Management indicators											
Return on equity (ROE) (%)	7.0	9.7	14.5	13.6	9.9	10.2	10.0	19.9	14.6	11.5	13.1
Ratio of ordinary profit to total assets (ROA) (%)	4.2	5.6	6.2	5.9	5.6	5.4	5.7	10.6	8.8	7.3	8.8
Return on invested capital (ROIC) (%)	3.9	5.7	6.0	5.7	6.2	5.6	6.3	11.5	8.9	7.4	9.3
Price earnings ratio (PER) (times)	20.2	16.4	14.3	19.1	20.1	15.7	14.1	8.3	9.4	9.7	10.7
Price book-value ratio (PBR) (times)	1.4	1.6	2.0	2.5	1.9	1.5	1.4	1.5	1.3	1.1	1.3
Other											
Total number of issued shares at the end of the period (shares)	53,450,800	53,450,800	53,450,800	53,450,800	53,450,800	53,450,800	53,450,800	53,450,800	49,450,800	49,450,800	49,450,800
Total number of employees*3	21,002	22,487	24,313	25,064	26,099	27,512	28,159	29,489	30,819	31,645	32,171
Number of new stores	14	9	11	9	7	10	8	8	8	11	10
Number of stores at the end of the period	239	245	256	264	266	270	275	280	285	296	305
Sales floor area at the end of the period (m ²)	605,704	621,342	644,468	660,247	662,928	669,367	675,650	676,949	668,916	690,128	698,074

*1 Figures for FY2015 are non-consolidated figures as there were no consolidated companies in the Group.
*2 Accounting Standard for Revenue Recognition, etc. applied from FY2022 (figures prior to FY2022 are before application).
*3 Of the total number of employees, the average number of part-timers employed per year is calculated based on eight hours per day.

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Compiled Data						

Net sales by department

Net sales by department												(Millions of yen)
	(FY)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Food		431,124	476,927	518,178	539,211	559,459	578,313	592,956	636,177	647,426	650,825	689,244
Agricultural produce		67,164	73,549	81,192	84,874	86,413	88,054	87,735	98,563	98,578	95,090	100,634
Marine products		38,541	43,025	46,394	47,127	48,688	50,501	52,497	57,700	59,063	57,928	60,628
Meat products		49,822	57,561	62,739	64,774	69,027	71,738	74,302	83,262	83,448	84,265	87,057
Delicatessen		51,726	57,993	63,541	65,819	68,009	71,687	75,209	75,257	81,992	85,962	91,251
Process and daily		223,868	244,796	264,310	276,615	287,320	296,332	303,211	321,393	324,343	327,577	349,672
Lifestyle products		49,675	52,835	56,018	57,966	60,756	62,364	64,268	66,971	64,823	64,667	67,630
Apparel		28,868	28,835	28,300	27,714	28,231	27,532	25,875	23,516	23,150	23,001	23,153
Other		10,284	10,118	9,961	9,751	9,827	10,000	9,961	9,680	9,680	_	_
Total		519,953	568,717	612,458	634,643	658,274	678,211	693,062	736,346	745,080	738,494	780,028

*Before application of Accounting Standard for Revenue Recognition, etc.

Gross profit ratio by department													
(FY	') Ž	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Food		27.0	27.4	28.0	28.1	28.4	29.1	29.9	31.1	31.4	31.2	31.6	
Agricultural produce		23.0	23.3	23.2	23.9	24.4	25.6	27.3	28.8	29.5	29.6	29.8	
Marine products		29.1	29.1	28.6	28.2	28.0	28.7	29.8	32.3	32.3	31.4	32.7	
Meat products		28.9	29.2	28.0	28.4	27.9	28.7	29.3	31.1	31.0	30.6	30.5	
Delicatessen		41.5	42.2	51.6	52.3	52.5	53.0	53.7	54.7	54.9	54.6	54.7	
Process and daily		24.0	24.5	23.8	23.6	24.0	24.6	24.9	26.0	26.0	25.7	26.2	
Lifestyle products		24.8	24.6	23.5	24.1	24.1	24.5	24.9	26.9	26.7	26.6	26.6	
Apparel		36.3	35.4	36.0	36.8	37.5	37.8	38.4	38.8	39.4	39.8	38.4	
Other		10.0	10.2	10.4	10.3	10.1	10.0	9.9	10.3	10.2	_	_	
Total		26.9	27.3	27.7	27.9	28.1	28.8	29.5	30.6	31.0	31.1	31.4	

*Before application of Accounting Standard for Revenue Recognition, etc.

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Compiled Data

CORPORATE DATA

Investment results P.35 (Millions of yen)													
(FY)	2019	2020	2021	2022	2023								
New stores	6,595	10,204	7,179	16,897	10,021								
Renovation	4,052	5,177	6,468	927	3,059								
IT and digital systems	1,665	3,214	2,591	2,385	3,857								
Centers	4,728	6,344	2,025	952	1,298								
Others	2,827	4,317	4,585	3,064	4,582								
Total	19,867	29,256	22,848	24,225	22,817								

CO ₂ emissions by energy source P.41 (%)							
	(FY)	2023					
Electric power		93.73					
City gas		5.39					
Heavy fuel		0.68					
Gasoline		0.12					
Heat		0.04					
LPG		0.04					

Energy creation **P**.41

Energy creation (>P.41)											(kWh)
	(FY)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Solar power generation		9,557	18,482	28,635	47,856	156,308	832,303	1,213,468	1,415,137	1,372,819	1,772,294
Bio-gas power generation		_	—	—	—	—	—	—	—	545,202	592,954

CO₂ emissions (Scope 1 & 2) P.41

(FY)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
CO ₂ emissions (t- CO ₂)	207,668	213,711	214,993	213,355	209,347	211,841	205,567	197,772	198,126	196,255	199,402
Compared to FY2013 (%)	100.0	102.9	103.5	102.7	100.8	102.0	99.0	95.2	95.4	94.5	96.0
Compared to FY2013 (base units)(%)	100.0	100.0	95.2	92.2	85.9	87.9	85.8	80.8	81.0	80.1	79.2

*Figures before third-party verification

Final amount of food waste (per sales) and recycling ratio (>P.43) (kg/million yen)												
(FY)	2017	2018	2019	2020	2021	2022	2023					
Final amount of food waste (per sales)	17.9	16.4	14.7	14.5	18.1	12.9	12.7					
Recycling amount (per sales)	18.2	20.1	21.1	20.6	24.5	24.4	23.3					
Recycling ratio (%)	51.1	55.1	59.7	60.2	57.5	65.5	65.3					

Trends in recycling	Trends in recycling of resources (>P.44) (tor													
(FY)	2018	2019	2020	2021	2022	2023								
Trays	313	318	362	353	355	410								
PET bottles	820	746	810	812	881	862								
Milk cartons	414	344	357	367	426	435								

Food education activities (>P.47)

(FY)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Number of participants (persons)	4,461	5,233	7,278	7,346	7,735	7,241	9,508	16,815	25,099	25,800	15,134
Number of classes (classes)	90	89	121	132	130	144	209	215	322	347	232

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Corporate Information (as of February 29, 2024)

Company Overview

Organizational Chart (as of May 23, 2024)

Company name	LIFE CORPORATION	(Foll	owing	g trar
Founded	1910 (first LIFE store opened in 1961)			
Established	October 24, 1956			
	[Head Office and Osaka Headquarters] 2-2-22 Nishimiyahara, Yodogawa-ku, Osaka			
Head office and regional headquarters	[Tokyo Headquarters] 4-12-3 Higashishinagawa, Shinagawa-ku, Tokyo, Shinagawa Seaside TS Tower			
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	Ir	nfrastr	
Companies subject to consolidated financial statements	1		Grou	p HQ
Number of stores	305			
Number of employees	32,171 (consolidated)*	l U	Osaka Region I Logistics Div.	Logistics Div.
Website	http://www.lifecorp.jp/ (In Japanese)		Region P s Div.	s Div.
				-

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

wing tr	ransitio	on to a	Comp	oany wi	th an A	Audit a	nd Sup	oerviso	ry Cor	nmittee	e)										
							G	eneral Share	Meeti eholde												
	Audit and Supervisory Committee				_	- 6	Board c	of Dire	ctors		Nomination & Remunera Advisory Committee										
				ntrols Sys at Comm		_						Sustainability Promot Committee					n				
							Rep		ative [Preside	Director Int											
			Inter	rnal Auc	dit Offi	ce -						Man		ent Stra nittee	tegy						
				orate Str lanning		and						Ris		ageme nittee	ent						
			E-Coi	mmerce Divisio		ess			_			_	LIF	E-CSIRT	-						
frastruc Group H		D	evelo Grou	pment p HQ			Busines roup H							C	orpora Gro	te Fun oup HC					
									В	O-RAL	Busine	ess Div.									
Osaka Regio	Tokyo Reg		Osaka Re	Tokyo Reg	Osaka Re	Osaka Re	Tokyo Reg	Tokyo Reg	Business S		Human R		General A		Corporate Finar Accounting Div.		Compliance Div	Informati			
Logistics Div. Osaka Region Process Center &	Tokyo Region Process Center &		Osaka Region Development Div.	Tokyo Region Development Div.	Osaka Region Chain Store Div.	Osaka Region Product Div.	Tokyo Region Chain Store Div.	Tokyo Region Product Div.	Business Strategy Div.	CX Co-creation Promotion Office	Human Resources Div.	Diversity Promotion Office	General Affairs Div.	Sustainability Management and Promotion Dept.	Corporate Finance and Accounting Div.	IR Dept.	nce Div.	Information Strategy Div.	Quality Assurance Div.		
												ffice		ment							

CORPORATE DATA

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Stock Information (as of February 29, 2024)

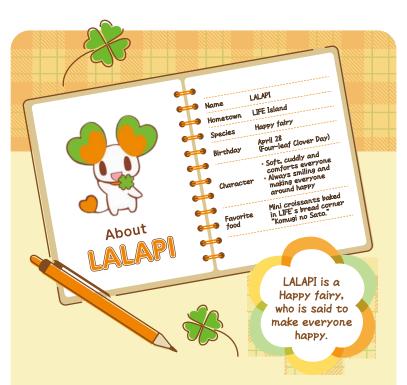
Shareholder register agent	Sumitomo Mitsui Trust Bank 1-4-1 Marunouchi, Chiyoda-ku, Tokyo
Securities code	8194
Stock exchange listing	Prime Market of the Tokyo Stock Exchange
Number of shares per trading unit	100 shares
Number of shareholders	7,313
Total number of issued shares	49,450,800 shares (2,439,031 shares of treasury stock)
Total number of authorized shares	120,000,000 shares

Share Distribution by Shareholder Type Foreign Other domestic corporations, etc. corporations 12.29% 48.94% Financial institutions 20.47% Individuals/ others 12.36% Securities Treasury firms stock 4.93% 1.01%

Major Shareholders

Name	Number of shares held (thousand shares)	Shareholding ratio
Mitsubishi Corporation	10,562	22.47%
Seishin Kosan Corporation	5,382	11.45%
Life Sports Foundation	3,229	6.87%
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,024	6.43%
Life Mutual Prosperity Association	2,327	4.95%
Sumitomo Mitsui Trust Bank, Limited	2,264	4.82%
The Norinchukin Bank	1,400	2.98%
Custody Bank of Japan, Ltd. (Trust Account)	1,081	2.30%
SUMITOMO LIFE INSURANCE COMPANY	737	1.57%
Hisako Shimizu	701	1.49%

Note: The shareholding ratio is calculated after deducting treasury shares (2,439,031 shares). The treasury shares do not include 80,500 shares of the Company held by Custody Bank of Japan, Ltd. as trust assets for the "Trust for Delivering Shares to Directors."



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!







YouTube Ins

Instagram

*In Japanese

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