



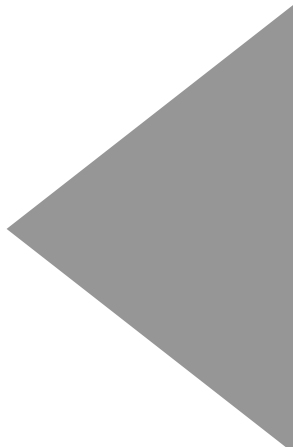
nFG 2026
NAKAYAMAFUKU GROUP

FYE Mar. 2025–FYE Mar. 2027

**Medium-Term
Management Plan**

79th Term Initiatives and 80th Term Measures

**May 26, 2025
Nakayamafuku Co., Ltd.**



Nakayamafuku Group Medium-Term Management Plan (FYE Mar. 2025 – FYE Mar. 2027)

Development into a Management Strategy Based on Our Management Philosophy

1. Our Approach from Management Philosophy to Management Strategy
2. Nakayamafuku Group’s Nine Material Issues
3. Business Strategies and Business Foundations

Nakayamafuku Group Medium-Term Management Plan “NFG2026”

1. Positioning of the Nakayamafuku Group Medium-Term Management Plan NFG 2026
 2. NFG 2026 Medium-Term Basic Policy and Medium-Term Priority Measures
 3. Enhance Group Governance Through an Operating Holding Company Structure
 4. NFG 2026 Numerical Targets
 5. (Reference) Profitability Indicator Trends
- ◆ Glossary

Development into a Management Strategy Based on Our Management Philosophy

1. Our Approach from Management Philosophy to Management Strategy

Management Philosophy

Coexist with society, and use our business activities as a means of contributing to society by helping our shareholders, suppliers, customers, employees, and other parties we deal with to achieve happiness.



Management Vision

Nakayamafuku aims to develop markets, grow as a company, and enrich the environment in which people live through the home products we sell and the information we distribute.



Basic Sustainability Policy



Nine material issues



Business strategies

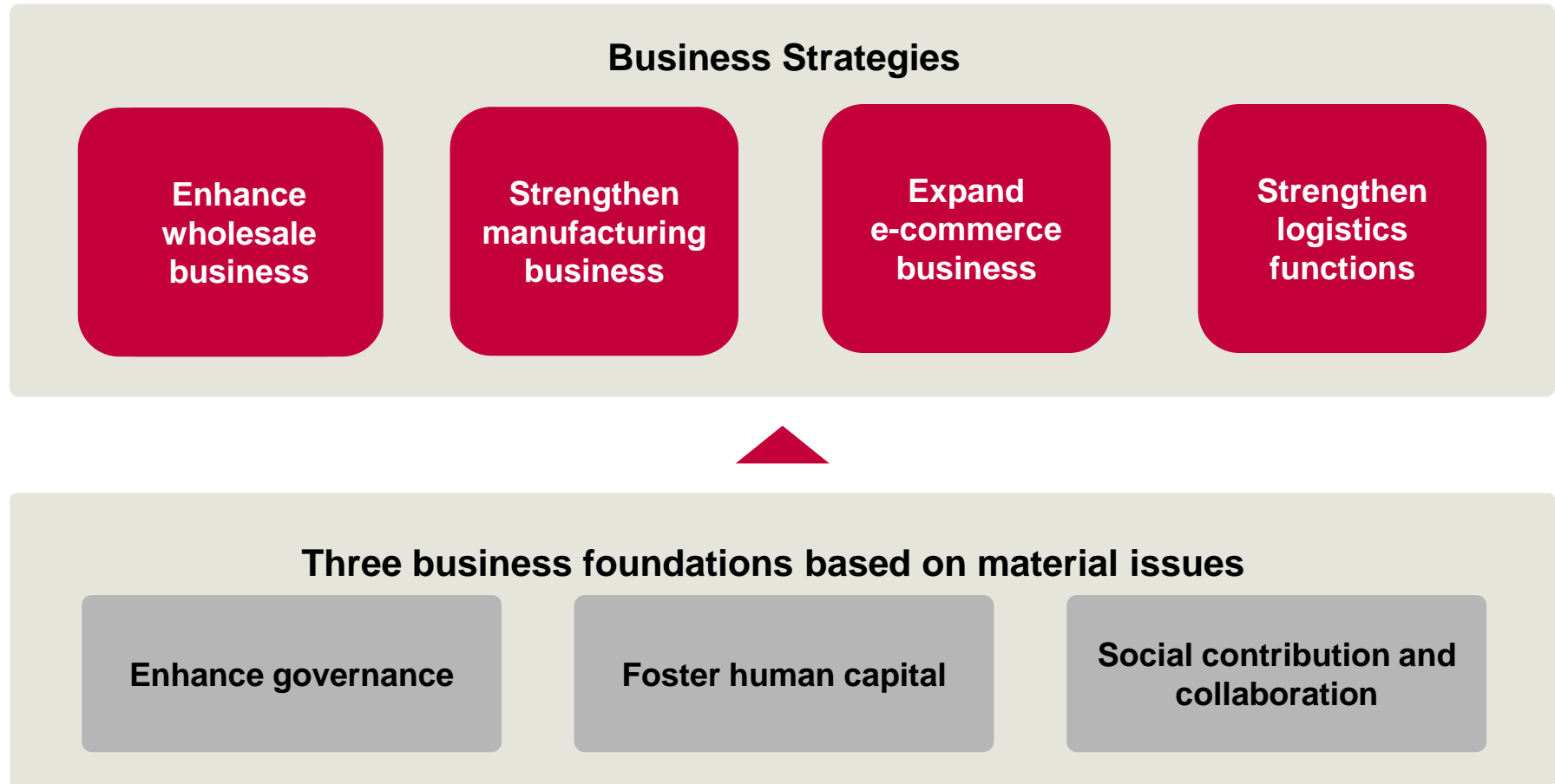
2. Nakayamafuku Group's Nine Material Issues

In response to the environment surrounding our company, and in order to lay the foundation for the development of Nakayamafuku and society from our 100th year and beyond, we have identified material issues under our management philosophy and will address them together with the SDGs

	Material Issues	Main Initiatives
E (Environment)	<ul style="list-style-type: none"> Protect limited resources while giving consideration to energy consumption and the environment 	<ul style="list-style-type: none"> Initiatives to tackle climate change
	<ul style="list-style-type: none"> Contribute to environmental improvement for social development 	<ul style="list-style-type: none"> Conserve resources Develop products that contribute to the environment Environmentally considerate product transport
S (Society)	<ul style="list-style-type: none"> Nurturing people to achieve happiness 	<ul style="list-style-type: none"> Health and productivity management Engagement
	<ul style="list-style-type: none"> Create an environment where individuals feel a sense of purpose and pride 	<ul style="list-style-type: none"> Work-style reforms and securing personnel
	<ul style="list-style-type: none"> Develop personnel that provide new value 	<ul style="list-style-type: none"> Diversity and inclusion Social contribution and collaboration
	<ul style="list-style-type: none"> Provide products that improve health and enrich the lives of consumers they are delivered to 	<ul style="list-style-type: none"> Strengthen manufacturing business (Business Strategy) Expand e-commerce business (Business Strategy)
	<ul style="list-style-type: none"> Provide support and supply products so that people's lives are not interrupted 	<ul style="list-style-type: none"> Enhance wholesale business (Business Strategy) Strengthen logistics functions (Business Strategy)
G (Governance)	<ul style="list-style-type: none"> Sustainably grow our company 	<ul style="list-style-type: none"> Governance Risk management
	<ul style="list-style-type: none"> Become a company that is trusted by society 	<ul style="list-style-type: none"> Dialogue with shareholders and investors Compliance, measures to prevent harassment

3. Business Strategies and Business Foundations

To achieve the management vision, we are promoting various strategies for the wholesale business, manufacturing business, e-commerce business, and logistics functions



**Nakayamafuku Group
Medium-Term Management Plan**

hFG 2026
NAKAYAMAFUKU GROUP

1. Positioning of the Nakayamafuku Group Medium-Term Management Plan NFG 2026

- Nakayamafuku Co., Ltd. marked its 100th anniversary in March 2025. Taking this opportunity to look toward the next 100 years, the company formulated the Nakayamafuku Group Medium-Term Management Plan NFG2026 and began initiatives based on the plan starting in FY2024.
- Up to this point our operations had hinged on tailoring the wholesale business to the market environment, but going forward we aim to achieve lasting increases in corporate value as a Group by enhancing governance under an operating holding company structure, and expanding the wholesale, manufacturing, and other businesses.

Our first 100 years

- **Operations hinge on tailoring the wholesale business to the market environment**
 - For general retailers
 - For general supermarkets, supermarkets, hardware stores, specialty stores, discount stores, e-commerce
 - Developed own “Bestco” brand
 - Conducted M&A in manufacturing and e-commerce businesses

Our next 100 years

- **Achieve lasting increases in corporate value as a Group**
 - Implement Group governance under an operating holding company structure
 - Enhance/reinforce the wholesale business
 - Achieve further growth/earnings expansion in manufacturing business
 - Expand business in other home-use product markets
 - Strengthen logistics functions to support the above-mentioned businesses
 - Implement M&A

March 1925:
Founded

March 2025:
100th anniversary



2. NFG 2026 Medium-Term Basic Policy and Medium-Term Priority Measures

Nakayamafuku Group Medium-Term Management Plan “NFG2026”

Medium-Term Basic Policy

As well as expanding the wholesale, manufacturing, and other businesses in order to achieve lasting increases in corporate value as a Group, we will work to strengthen Group management

Medium-term priority measures

Priority measures by business

- Wholesale business: Rebuild our strengths as a wholesale business
- Manufacturing business: Promote further growth of manufacturing businesses of each section, as well as Group product strategies
- E-commerce business: Promote the characteristics of e-commerce businesses of each section to expand sales, and promote Group-based efficiency improvements
- Logistics functions: Enhance/improve efficiency to strengthen functions

Strengthen Group management foundation

- Promote Group governance under an operating holding company structure
- Continue other initiatives to address material issues

Wholesale Business

Medium-Term Policy “Rebuild our strengths as a wholesale business” (1/2)

Priority Measures	Implementation Details and Measures	
	79th Term	80th Term
<ul style="list-style-type: none"> ● Rebuild product strategies ● Promote product measures with suppliers <div style="border-left: 1px solid black; border-right: 1px solid black; border-bottom: 1px solid black; padding: 5px; margin: 5px 0;"> Promote optimal product strategies for product lineup, pricing, priority sales, etc., and strengthen collaboration with suppliers </div> ● Strengthen sales capabilities 	<ul style="list-style-type: none"> ● Rebuilt product strategies <ul style="list-style-type: none"> ➤ Worked to strengthen product strategies that leverage the strengths and appeal of each product in our manufacturing business, but results varied by category. ● Promoted product measures with suppliers <ul style="list-style-type: none"> ➤ Established a “Strategic Proposal Booth” at trade shows to lead various sales initiatives for priority products. ● Strengthened sales capabilities <ul style="list-style-type: none"> ➤ While strengthening initiatives with customers contributed to sales growth, competition with industry peers and product strategies intensified price competition. This continues to be a challenging environment for profitability. ➤ Analyzed market trends and continued proposals that incorporate consumer sentiment. Focused on distinctive proposal-driven marketing. ➤ Overseas business struggled due to global uncertainty and economic downturn, but this was covered through attainment of new customers. 	<ul style="list-style-type: none"> ● Rebuild product strategies and strengthen sales capabilities <ul style="list-style-type: none"> ➤ Strengthen sales capabilities with an eye toward the next generation. Focus on transforming into a “high information value-added wholesaler” by enhancing product and planning proposal capabilities to meet diverse consumer needs and preparing for digital transformation of retail spaces. ➤ Continue to promote the development of young employees and business streamlining to build relationships with customers. Address the varied results by category from the 79th Term through the development of new services and value creation. ● Continue promotion of product measures with suppliers <ul style="list-style-type: none"> ➤ Continue from the previous fiscal year, strongly promoting product measure that meet the diverse needs of customers through deeper analysis of suppliers' product strengths. ● Diversification of sales channels <ul style="list-style-type: none"> ➤ Continue to strengthen overseas business leveraging the market environment (weak yen phase). Promote diversification with a view to strengthening sales of Group companies' products.

Priority Measures	Implementation Details and Measures	
	79th Term	80th Term
<ul style="list-style-type: none"> ● Enhance functions for each location 	<ul style="list-style-type: none"> ● Enhanced functions for each location <ul style="list-style-type: none"> ➤ Clarified the roles required of each location (strengthening logistics functions, etc.) and areas where functions should be strengthened, with full-scale operations beginning in the 80th Term and beyond. ➤ Held the National-level Logistics Function Enhancement Conference, aimed at strengthening logistics functions according to roles/functions. ➤ Brought together managers from each location and promoted measures to strengthen marketing and logistics aspects by sharing best practices. Also conducted observation training at model branches. ➤ Initiated specific measures at each location to improve operating profit and efficiency. 	<ul style="list-style-type: none"> ● Put enhanced functions for each location into practice <ul style="list-style-type: none"> ➤ Progress made in clarifying the roles required of each location and areas where functions should be strengthened. Advancing toward implementation mode. ➤ Promote new marketing and logistics enhancement measures for the 80th Term according to roles/functions. ➤ Maximize the characteristics (strengths) of each branch, and for broad-area corporate customers, improve the profit structure of each branch while utilizing transfers to transaction branches that factor in logistics costs.

Manufacturing Business

Medium-Term Policy “Promote further growth of manufacturing businesses of each section, as well as Group product strategies” (1/2)

Priority Measures	Implementation Details and Measures	
	79th Term	80th Term
<p><Household goods></p> <ul style="list-style-type: none"> ● Consider development of new brand through changes to operating structure 	<p><Household goods></p> <ul style="list-style-type: none"> ● Prepare for development of new brand through changes to operating structure <ul style="list-style-type: none"> ➢ Advanced product selection and concentration by leveraging the Group’s product strategy. ➢ Initiated reductions in purchasing costs, inventory efficiency improvements, and development expense reductions through product lineups in each kitchen category, which is one of our strengths. ➢ Reviewed price ranges and product composition, and rebuilt the product development structure to accommodate a wide range of sales channels. ➢ Took on the challenge of developing a new category (kitchen fabrics). Laid the foundation for establishing a new brand through product development with superior design and functionality. ➢ Worked to improve quality control, attached QR codes to instruction manuals, and improved responsiveness to consumers. ➢ Strengthened audit response at overseas factories in collaboration with the Group quality control department. 	<p><Household goods></p> <ul style="list-style-type: none"> ● Shift to implementation mode for launching new brand <ul style="list-style-type: none"> ➢ Develop high value-added products tailored to target customers to address diversifying needs, and promote sales channel expansion and profitability improvements. ➢ Expand brand recognition (overseas exhibitions, small-scale exhibitions, pop-up store openings, enhanced company website, revitalization of social media linked to e-commerce, utilization of press releases) ➢ Reduce advertising expenses and strengthen competitiveness through in-house design. ➢ Reduce ocean freight costs with future overseas logistics warehouse operations in mind. ● Risk management <ul style="list-style-type: none"> ➢ Strengthen foreign exchange risk hedging through use of forward exchange contracts. ➢ Continue risk assessments, deepen factory audits, and strengthen quality control.

Manufacturing Business

Medium-Term Policy “Promote further growth of manufacturing businesses of each section, as well as Group product strategies” (2/2)

Priority Measures	Implementation Details and Measures	
	79th Term	80th Term
<p><Interior goods> ● Strengthen sales capabilities</p> <p><Plastic daily goods> ● Improve product competitiveness</p>	<p><Interior goods> ● Strengthened sales capabilities</p> <ul style="list-style-type: none"> ➢ Developed new product categories such as side tables. Contribution to earnings expected from next fiscal year onward. ➢ Started export projects to Taiwan in collaboration with the overseas business department. ➢ Promoted information sharing related to quality and preservation of inventory management. <p><Plastic daily goods> ● Improved product competitiveness</p> <ul style="list-style-type: none"> ➢ Implemented product development that reduces initial development costs, such as developing new products targeting e-commerce channel sales and adding new functions to existing products. ➢ Maintained reduced and stable defect rates through regular audits by the Group quality control department (verified and reorganized assembly procedure manuals and inspection standard documents, and established a system to prevent defective products at the manufacturing stage) 	<p><Interior goods> ● Strengthen sales capabilities through product expansion</p> <ul style="list-style-type: none"> ➢ Expand product categories such as side tables and mirrors with a view to having them contribute to business performance in the future. ➢ Expand revenue opportunities by strengthening direct-to-consumer e-commerce stores. ➢ Further expand sales areas. ➢ Strengthen inspection and quality check functions through enhanced inspections of overseas factories. <p><Plastic daily goods> ● Strengthen product competitiveness and expand distribution channels</p> <ul style="list-style-type: none"> ➢ Launch new organizational structure aimed at improving national brand product development capabilities without relying on OEM. ➢ Secure profitability and expand sales channels through personnel exchanges and strengthened collaboration within the Group. ➢ Re-emphasize 6S and management of change points in quality control. ➢ Continue to strengthen analysis of customer reviews to improve quality.

E-commerce business

Medium-Term Policy “Promote the characteristics of e-commerce businesses of each section to expand sales, and promote Group-based efficiency improvements” (1/2)

Priority Measures	Implementation Details and Measures	
	79th Term	80th Term
<ul style="list-style-type: none"> ● Strengthen Group cooperation ● Strengthen sales capabilities for B2C and e-commerce operators (B2B2C) 	<ul style="list-style-type: none"> ● Strengthened Group cooperation <ul style="list-style-type: none"> ➢ Began sharing sales strategies, delivery operations know-how, and information for e-commerce business across the entire Group. <B2C> ● Promoted merger of Group company ENICY and brought operations in-house <ul style="list-style-type: none"> ➢ Reduced logistics outsourcing costs (began operations using in-house logistics). ➢ Reduced SG&A expenses in the same e-commerce business segment through efficiency improvements in various overlapping operations. Promoted improvements in profit margins. ➢ Reduced delivery expenses (utilized volume discounts with delivery companies). ➢ Reduced packing and packaging costs (compared prices using multiple companies) 	<ul style="list-style-type: none"> ● Strengthen and activate Group cooperation <ul style="list-style-type: none"> ➢ Continuing from the previous fiscal year, promote product development and product selection suitable for e-commerce business. ➢ Deploy the following specific measures to strengthen e-commerce business collaboration among Group companies and invigorate the entire E-commerce business division. <B2C> ● Enhance own sales websites <ul style="list-style-type: none"> ➢ Understand the strengths of individual products held by Group companies and suppliers, and promote a wide range of product offerings. ➢ Advance renovations of e-commerce stores, which are operating 12 sites, and promote site development suited to consumer needs. ➢ Implement use of social media and digital distribution that crosses the boundaries of business divisions. ● Improve efficiency in logistics operations <ul style="list-style-type: none"> ➢ Promote further efficiency improvements in logistics operations. ➢ Begin considering shipments from all locations nationwide for all sites.

E-commerce business

Medium-Term Policy “Promote the characteristics of e-commerce businesses of each section to expand sales, and promote Group-based efficiency improvements” (2/2)

Priority Measures	Implementation Details and Measures	
	79th Term	80th Term
<p>● Strengthen sales capabilities for B2C and e-commerce operators (B2B2C) <Continued></p>	<p><B2B2C></p> <ul style="list-style-type: none"> ● Strengthened sales capabilities ➤ Began sharing information on e-commerce business sales strategies, delivery operations, etc., with sales representatives at all Nakayamafuku locations. Initiated identification of issues for achieving next-term strategies. ➤ Promoted optimal product proposals and deployment tailored to each e-commerce operator. ➤ Bolstered marketing to existing and newly won customers. 	<p><B2B2C></p> <ul style="list-style-type: none"> ● Further expand initiatives to strengthen sales capabilities at all branches ➤ Continue deploying product measures tailored to individual needs of e-commerce operators. ➤ Following the previous period, held integrated meetings for sales representatives for e-commerce operators at all Nakayamafuku locations to continue strengthening sales to existing and newly acquired customers. ➤ Will promote information sharing, strengthening of sales capabilities, dissemination of efficient sales methods for e-commerce operators, and further operational efficiency improvements.

Logistics Functions

Medium-Term Policy “Enhance/Improve Efficiency to Strengthen Functions” (1/2)

Priority Measures	Implementation Details and Measures	
	79th Term	80th Term
<ul style="list-style-type: none"> ● Strengthen logistics functions [Improve efficiency of logistics operations, review delivery expenses and materials, eliminate work-related accidents] ● Strengthen Eastern/Western Japan locations 	<ul style="list-style-type: none"> ● Strengthened logistics functions <ul style="list-style-type: none"> ➢ Collaborated between each location and headquarters to identify efficiency issues and exchanged opinions. ➢ Promoted introduction of wireless label printers at each location and reduced work processes (know-how already rolled out to other branches) ➢ Centralized work processes around individual staff members and shortened total shipping time ➢ Thoroughly implemented headquarters guidance at each location and reduced number of work-related accidents. ➢ Due to rising material and transportation costs, did not achieve the cost reductions necessary to reach expected operating profit levels. ● Strengthened Eastern/Western Japan locations <ul style="list-style-type: none"> ➢ Following expansion of the Eastern Kanto Branch warehouse, an activation hub for Eastern Japan logistics, completed expansion of the Fukuoka Branch warehouse in Western Japan. ➢ Promoted SDGs through installation of solar panels, a symbol of clean energy. 	<ul style="list-style-type: none"> ● Promote diverse approaches to strengthen logistics functions <ul style="list-style-type: none"> ➢ Promote development of new Special Group Cargo Motor Trucking Companies and parallel transactions with multiple companies. Thoroughly review prices for Special Group Cargo Motor Trucking Companies and chartered vehicles to control transportation expenses. ➢ Promote standardization of packaging materials across all stores to achieve efficient operations and reduce material costs. ➢ Advance management education for logistics managers at each location with a view to reconsidering personnel allocation and achieve improved work efficiency. ● Consider new investments and prevent work-related accidents <ul style="list-style-type: none"> ➢ Implement investments in logistics equipment and aim to reduce total work time by 3.6% ➢ Consider/promote introduction of new core system (WMS) with future DX in mind to improve efficiency for people and goods, as well as centralized management of procurement operations that aim to implement AI. ➢ Analyze factors for past accidents and visualize reduction targets. Implement countermeasures aimed at eliminating work-related accidents.

Logistics Functions

Medium-Term Policy “Enhance/Improve Efficiency to Strengthen Functions” (2/2)

Priority Measures	Implementation Details and Measures	
	79th Term	80th Term
<ul style="list-style-type: none"> ● Make maximal use of the strengths of logistics locations nationwide 	<ul style="list-style-type: none"> ● Made maximal use of the strengths of logistics locations nationwide <ul style="list-style-type: none"> ➤ Established a flagship store for logistics related to the e-commerce business, achieved efficiency improvements in personal deliveries, and accumulated know-how. ➤ Began considering the utilization of our nationwide location network based on the above. ➤ Set priorities for personal delivery areas with an emphasis on profitability We will further increase our contribution to securing profitability in the e-commerce business division. 	<ul style="list-style-type: none"> ● Begin prioritization to make maximum use of the strengths of nationwide logistics locations <ul style="list-style-type: none"> ➤ Continuing from the previous fiscal year, we will proceed with considerations for personal e-commerce business deliveries while prioritizing the utilization of our nationwide location network. ➤ We will establish a new department (sales promotion department) in the sales division, enabling sales and logistics to work together to achieve integrated and efficient deliveries. ➤ By implementing the above, we will achieve a reduction in CO2 emissions during delivery. ➤ We will consider establishing a delivery system from nearby locations to customers through our nationwide logistics locations. Ultimately, we will begin considering the utilization of optimal logistics networks for the entire Nakayamafuku Group.

Strengthen Management Foundation

Medium-Term Policy “Strengthening the Management Foundation in Preparation for Future Leap Forward” (1/2)

Priority Measures	Implementation Details and Measures	
	79th Term	80th Term
<ul style="list-style-type: none"> ● Strengthen governance ● Foster and leverage human capital 	<ul style="list-style-type: none"> ● Strengthened governance <ul style="list-style-type: none"> ➢ Improved the Group Audit Department’s policies. Confirmed the establishment of compliance with the Law on Book and Record Keeping through Electronic Methods (regulatory compliance) and monitored labor management at Group companies. ➢ Utilized Group company management meetings to promote risk management (pointed out by auditors, identified and clarified risks by business) ➢ Increased opportunities for employee interviews by the Group Audit Department to prevent harassment. ➢ Made appropriate use of surveys to improve the effectiveness of the Board of Directors and build an optimal organizational structure. ● Fostered and leveraged human capital <ul style="list-style-type: none"> ➢ Began interchanges of human resources within the Group. Improved employee skills and created educational opportunities for each business. ➢ Conducted training on individual roles and behaviors for everyone from young employees to branch managers. ➢ Conducted interviews with each branch manager based on employee engagement surveys. Also conducted well-being training that included Group companies. 	<ul style="list-style-type: none"> ● Expansion of governance strengthening areas <ul style="list-style-type: none"> ➢ Add audit items for the Group Audit Department (credit risk management for priority accounts and BCP formulation status) ➢ Implement the following to improve governance at Group companies: (1) Increase audit frequency to serve as bridge for head office requirements. (2) Improve the actual state of labor management. ➢ Increase interview opportunities by the Group Audit Department to prevent harassment and promote improvements in organizational management issues. ● Human capital functioning as a source of competitive advantage <ul style="list-style-type: none"> ➢ Promote personnel transfers across a wide span including between head office and field locations/between Group companies. Create proactive growth opportunities. ➢ Set various targets and achieve them with the aim of achieving greater diversity. ➢ Conduct career advancement training for women based on the Act on the Promotion of Women’s Active Engagement in Professional Life. ➢ Conduct labor management training for the entire Group.

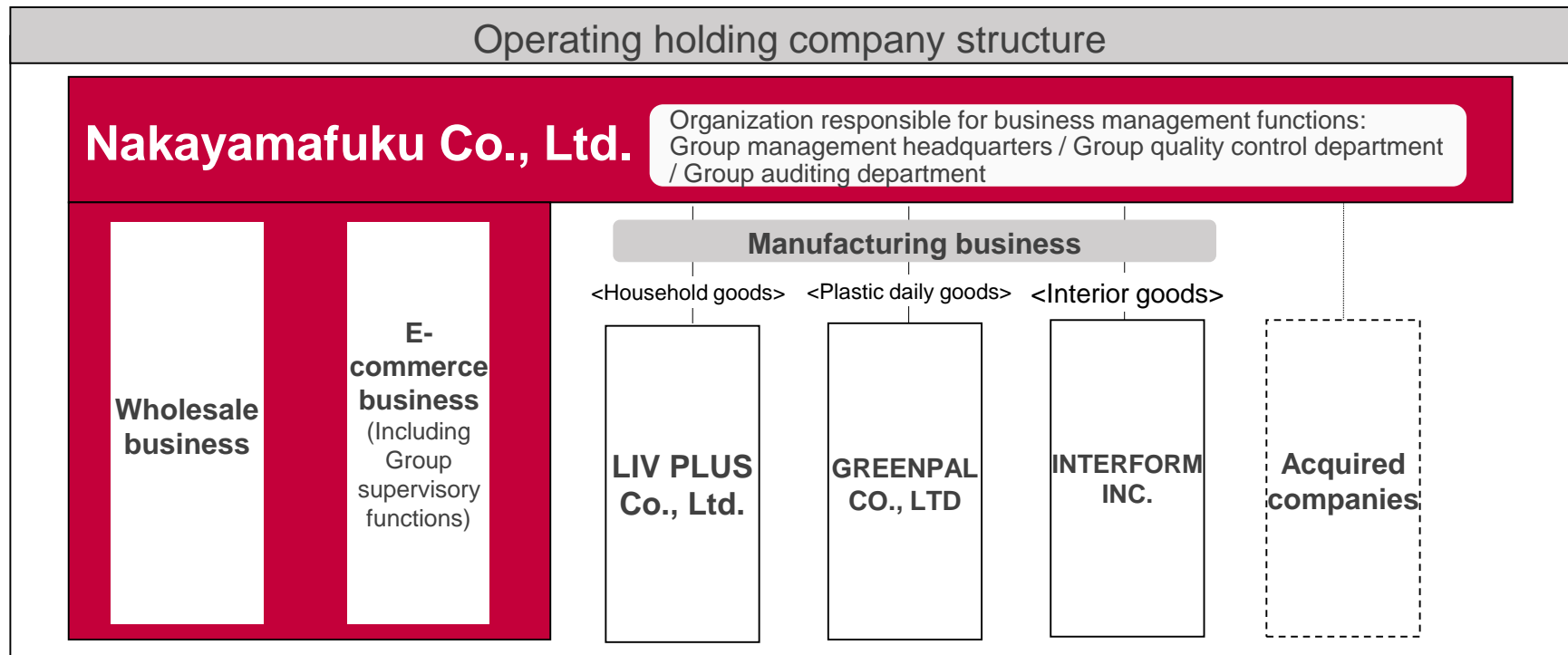
Strengthen Management Foundation

Medium-Term Policy “Strengthening the Management Foundation in Preparation for Future Leap Forward” (2/2)

Priority Measures	Implementation Details and Measures	
	79th Term	80th Term
<p>● Social contribution and collaboration</p> <p>Promote continuous social contribution activities and support, and consider collaborative measures with Group companies</p>	<p>● Social contribution and collaboration events (including 100th anniversary)</p> <ul style="list-style-type: none"> ➤ Promoted World Food Programme initiatives ➤ Continued support of women/young researchers ➤ Endorsed/participated in greening activities and CO2 reduction efforts. ➤ Certified as a Leading Company for Women’s Advancement (Osaka City) ➤ Received the Vibrant Men and Women Business Award (Osaka Prefecture) ➤ Certified as a Niigata Prefecture Eco-Business Site (recognition for global warming countermeasures/GREENPAL CO., LTD.) ➤ Promoted measures based on shared understanding among Group companies on the occasion of our 100th anniversary (distribution of 100th anniversary publication, presentation of commemorative gifts, establishment of RS shareholding association, increased media exposure). 	<p>● Establishment of social contribution and Group collaboration system</p> <ul style="list-style-type: none"> ➤ Continue to strengthen initiatives with WFP ➤ Promote active involvement through councilor membership in support associations. ➤ Continue support of women/young researchers. ➤ Endorse/participate in greening activities and CO2 reduction efforts. ➤ To create a workplace environment where employees can work comfortably, each head office department will conduct multilayered interviews with on-site locations to grasp the actual situation and develop improvement activities. ➤ Increase opportunities for collaborative training with Group companies.

3. Enhance Group Governance Through an Operating Holding Company Structure (1/4)

- We will promote Group management through an operating holding company structure with the aim of achieving lasting increases in corporate value as a Group
 - ① “People”: In addition to enhancing the human capital of each Group company, we plan exchanges of personnel in the Group as a whole
 - ② “Things”: Each Group company will share know-how with the Group
Functions common to all companies will be enhanced and made more efficient by centralized management at the Group level
 - ③ “Money”: We will implement strategic cash allocation (including M&A for future growth) in order to increase corporate value for the Group as a whole



3. Enhance Group Governance Through an Operating Holding Company Structure (2/4)

① “People”: Further enhancements to the human capital that supports the Group

<Basic approach>

It is people who support the growth of the Group over the medium to long term, and we will proactively roll out measures to enhance human capital.

(1) Deployment of Nakayamafuku’s training system to other companies of the Group

Nakayamafuku Co., Ltd. and other Group company’s training programs are rolled out to the Group as a whole.



- Implemented/strengthened measures for managing the health of employees
- Nurtured female managers. Actual result as of July 2024:13.8% ⇒ Target to be achieved by July 2025: 16% (non-consolidated as Nakayamafuku Co., Ltd.)
- Conducted compliance education at each Group company

(2) Systematic implementation of personnel exchanges within the Group

We are planning systematic personnel exchanges

- Encouraging the sharing of know-how between all Group companies
- Assigning personnel so as to put the right person in the right place
- Developing the next generation of human resources and other initiatives



- Through employee exchanges between Group companies, exchange information regarding manufacturing sales and public relations aspects, and strengthen communication capabilities
- Optimize allocation of human capital through long-term human resources strategy



- Optimization of operations
- Improvement of employees’ work–life balance
- Enhancement of human resources as the foundation of the company

3. Enhance Group Governance Through an Operating Holding Company Structure (3/4)

② “Things”: Maximizing Utilization of Group Management Resources

<Basic approach>

(1) Sharing/Utilizing the strengths possessed by the Group

~ We will make greater use of the strengths of each company shown in the table below to expand the business as a Group

(2) By centralizing at the Group level the management of functions common to all Group companies, we will promote enhancements and efficiency improvements

- ~ Step 1: Began centralized Group management of administrative enhancements/efficiency improvements in the 79th Term
[Targeted areas] Accounting and finance, personnel and general affairs, IT, internal audit, quality management, etc.
- ~ Step 2: Begin sequential implementation of business enhancements/efficiency improvements starting in the 80th Term
[Targeted areas] Manufacturing (planning, development), e-commerce business, logistics operations, etc.

Strengths of individual Group companies to leverage going forward

	Nakayamafuku Co., Ltd.	LIV PLUS Co., Ltd.	GREENPAL CO., LTD.	INTERFORM INC.
Strengths	<ul style="list-style-type: none"> ● 100 years of history ● Approximately 60,000 home-use products ● Approximately 340 customer companies ● Approximately 360 suppliers ● 9 logistics facilities nationwide 	<ul style="list-style-type: none"> ● Manufacturing, planning & development capabilities ● Brand development [In future] ● Ability to outsource overseas 	<ul style="list-style-type: none"> ● “Made in Japan” production & supply capabilities ● In-house manufacturing technology capabilities 	<ul style="list-style-type: none"> ● Design capabilities ● Practical experience in marketing ● Ability to outsource overseas ● Growth potential of the e-commerce business

3. Enhance Group Governance Through an Operating Holding Company Structure (4/4)

③ “Money”: Strategic Cash Allocation

<Basic approach>

By generating operating cash flow, the Group will maintain a balance between investing for growth and returns to shareholders that is appropriate for achieving long-term increases in corporate value.

By implementing centralized management at the Group level of all the funds of the entire Group, we will facilitate the strategic and flexible use of funds.

(1) Centralized management of all the funds of the entire Group

- Established a centralized management system for Group-wide funds, visualized and improved efficiency of the Group's overall financial situation through cash pooling, and enhanced Group governance
- Enhanced Group governance contributes to the realization of sound corporate management and the improvement of corporate value for the entire Group



[Implementation details (from FYE Mar. 2026 onward)]

- Utilize the Group finance system to reduce external procurement. Reduce external outflow costs (interest payments)

(2) Growth investment (3) Shareholder returns

- Prioritize allocation of generated operating cash flow to growth investments that contribute to business growth and efficiency improvements, as well as M&A investments aimed at medium- to long-term corporate value enhancement
- We will also make judgments on the acquisition of treasury shares based on a comprehensive range of factors



[Implementation details]

- Continue consideration of M&A for future growth
- Following a basic policy of a stable and continuous dividend, we will implement optimal shareholder returns based on a dividend payout ratio target of 35% or higher

4. NFG2026 Numerical Targets

Consolidated Performance Results/Targets

(Million yen)

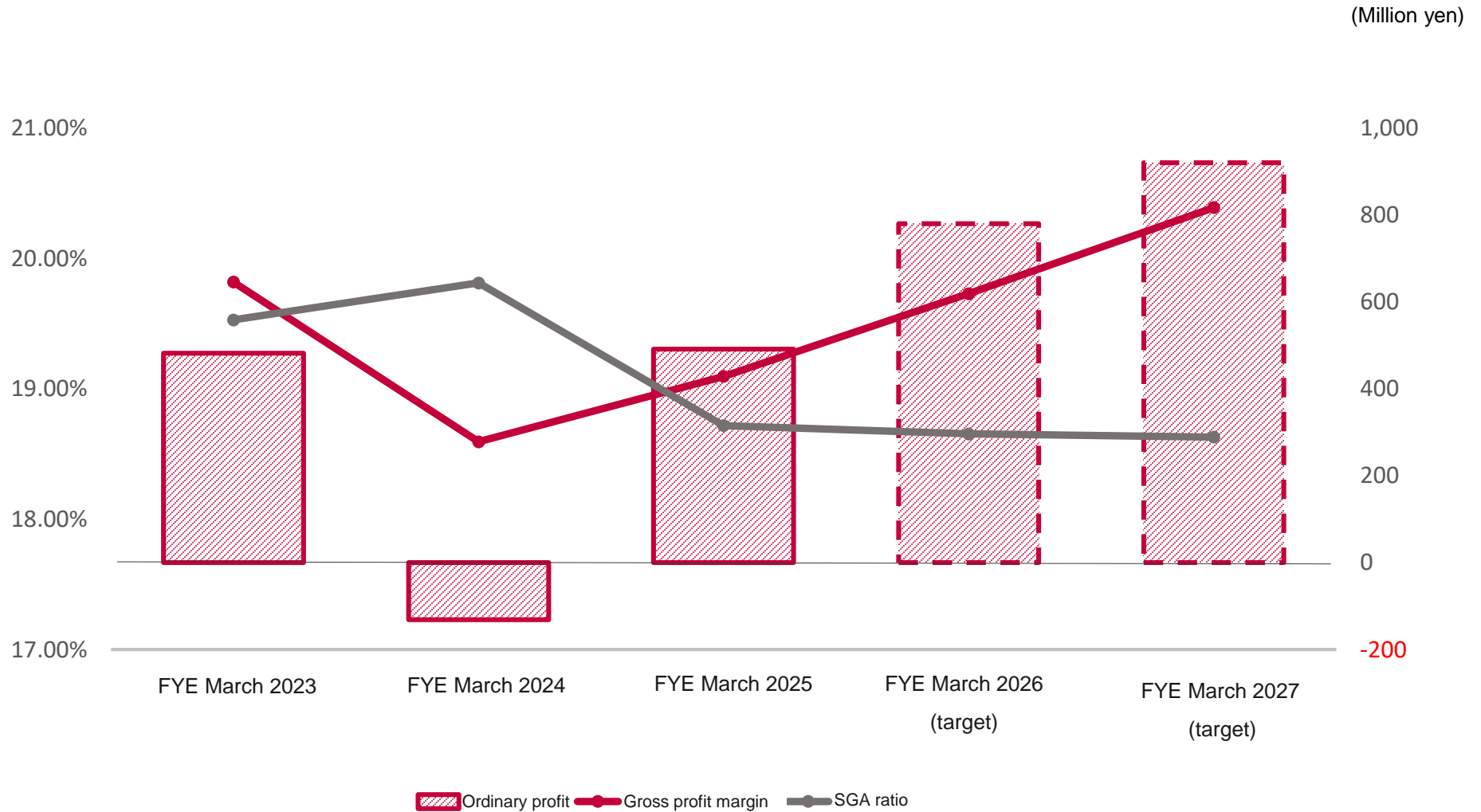
	NF10 Phase 3		Medium-Term Management Plan NFG2026		
	First year FYE Mar. 2023	Second year FYE Mar. 2024	First year FYE Mar. 2025	Second year FYE Mar. 2026	Third year FYE Mar. 2027
Net sales	39,887	38,593	40,949	40,000	42,000
Ordinary profit	482	(131)	491	780	920
Ratio of ordinary profit to net sales	1.20%	-	1.20%	1.95%	2.19%
Profit	600	14	526	550	600

Net Sales Results/Targets by Business

* The following table shows sales by business as a breakdown of consolidated net sales. (Million yen)

	NF10 Phase 3		New Medium-Term Management Plan NFG2026		
	First year FYE Mar. 2023	Second year FYE Mar. 2024	First year FYE Mar. 2025	Second year FYE Mar. 2026	Third year FYE Mar. 2027
Wholesale business	34,309	32,977	34,114	33,300	35,000
Manufacturing business	3,005	2,953	3,983	3,900	4,100
E-commerce business	2,574	2,663	2,852	2,800	2,900

5. Profitability Indicator Trends (Reference)



◆ Glossary

Material issues (p.1, pp.3–5)

A term referring to priority issues that companies should address based on SDGs and ESG considerations. It serves to clearly demonstrate to stakeholders what the company prioritizes to show consideration for the environment and society while conducting economic activities.

Broad-area corporate customers (p.10)

Customers with nationwide operations or stores across a broad area.

Risk assessment (p.11)

A series of methods for identifying and evaluating risks associated with operations in advance and implementing necessary countermeasures.

OEM (p.12)

An abbreviation for “Original Equipment Manufacturer.” Manufacturing products to be sold under another company's brand name.

NB (p.12)

An abbreviation for “National Brand.” A term for trademarks (brands) that manufacturers attach to their own products.

6S (p.12)

An acronym derived from the initial letters of the Japanese words Seiri (sort), Seiton (put in order), Seiso (clean), Seiketsu (neat), Shitsuke (discipline), and Sahou (manners). The sixth, Sahou, is unique to GREENPAL CO., LTD.

B2B2C (pp.13–14)

A business model in which a company (Business) provides products or services to end customers (Consumer) through another company (Business). At our company, we use this term exclusively in relation to our e-commerce business.

WMS (p.15)

An abbreviation for “Warehouse Management System.” A system for optimizing the flow and storage of goods in logistics warehouses and inventory locations.

◆ Glossary

Special Group Cargo Motor Trucking Company (p.15)

A company that adopts a freight transportation system in which cargo collected from multiple shippers is consolidated and loaded onto a single vehicle for nationwide transportation.

WFP (p.18)

An abbreviation for the United Nations' World Food Programme.

The world's largest humanitarian organization that saves lives in emergencies and uses food assistance to build a pathway to peace, stability, and prosperity for people recovering from conflict, disasters, and the impact of climate change.

RS (p.18)

An abbreviation for "Restricted Stock."

Shares with transfer restrictions (shares whose transfer (sale) is restricted for a certain period).

Operating holding company (p.19)

A company that holds shares in other companies while conducting its own business activities.

In our case, we conduct our own business activities while holding shares in Group subsidiaries.

Cash allocation (p.22)

Determining how to allocate and utilize cash held by companies or individuals.

Cash pooling (p.22)

A system for efficiently managing funds across an entire group by consolidating cash from multiple accounts within a corporate group.

Precaution on future outlooks

Forecasts of business results contained herein are based on economic conditions, market trends, and plans foreseen at the time of writing. We cannot guarantee the accuracy of this material or whether planned figures and/or policies will be achieved in future. Actual business results may vary due to a wide range of factors going forward.