

ARCLANDS 2025-2027



Second Medium-Term Management Plan

ARCLANDS CORPORATION

TSE Prime [Securities Code: 9842] April 11, 2025

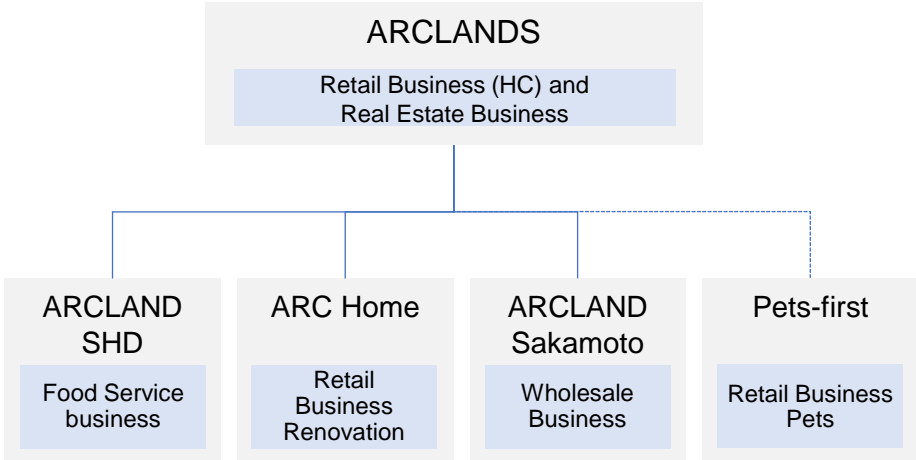
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Review of the Previous Medium-Term Management Plan

ARCLAND and VIVA HOME to go beyond the HD concept to a merger strategy Viewing the burden of integration as an investment in growth, steadily solidify the foundation

Establishment of Group Management Infrastructure	
Sep 2022	• Merged with VIVA HOME
Sep 2023	• VIVA HOME's renovation business is spun off and the renovation business is consolidated into Arc Home. • ARCLAND SHD becomes a wholly owned subsidiary.
Sep 2024	• Wholesale business spun off as a separate company

■ ARCLANDS Group Organization Chart



Business Strategy	
Store opening strategy: opening eight large home centers Focused on efforts to maximize earnings at one store, including joint store openings with Yamada HD, although five stores were postponed from the plan	
Deepen and develop specialty store business Steady expansion of food service and pet business, and renovation business to expand with the completion of reduction of unprofitable stores.	
Improvement of PB composition ratio Joint procurement and joint development PB sales ratio temporarily declined due to a review of product lineup, but to be expanded again with the unification of brands under WIZA	
Improvement of logistics and common IT system Consolidated Kanto logistics base March 2012: Integration of core systems completed and sharing of distribution centers started.	

Financial health improved on target. Performance fell short of targets, but the Company reviewed its growth strategy and established a foundation for sustainable growth.

KPI	FY2024 targets	Results	Evaluation	Remarks
Net sales	380.0 billion yen	315.7 billion yen	×	Falloff in demand due to the COVID-19 pandemic Review of store opening plans and closure of unprofitable stores Excessive inventory reductions have led to customer dissatisfaction
Ordinary profit	30 billion yen	19.1 billion yen	×	Delayed expansion of PB product composition due to a review of PB products Increased cost pressure beyond initial expectations
Ordinary profit ratio	8.0%	6.1%	×	
Equity ratio	30.0%	36.1%	◎	Increase in equity capital by making ARCLAND SHD a wholly owned subsidiary Sell real estate and investment securities, and generate funds by reviewing excess cash
Interest-bearing debt	100 billion yen or less	96.8 billion yen	◎	

Issues for the next
Medium-term
Management Plan

- Ensuring that group synergies are not left behind
- Balance between offensive and defensive operations from a reduction-centered defensive management

Basic Policy

Customer

- | Declining population, aging and declining birthrate
- | Changes in behavior after the COVID-19 pandemic
- | Increasingly low-priced orientation as real wages decline

Competitor

- | Intensifying competition with other business categories in specific categories
- | Competing with major e-commerce companies
- | Growing momentum for restructuring in the home center industry due to the entry of companies in the same and different industries

Company

- | Improvement of home center quality and organic growth of food service
- | Improvement of financial position
- | Building a governance structure for further growth

Direction of strategies



Building the Group's management infrastructure

- | Strengthen synergy creation system to maximize competitiveness
- | Promote appropriate delegation of authority and strengthen group governance



Business Strategy

- | Pursuit of expertise in the services and products we offer
- | Further cultivation of housing and food-related businesses



Financial strategy

- | Balance between investment in growth and financial soundness
- | Optimal financing selection in line with business strategy and external environment



Corporate Philosophy

**Fulfillment in your life.
Fulfillment in your heart.**

Long-term Vision

**Net sales 500.0 billion yen
Ordinary profit 40.0 billion yen**

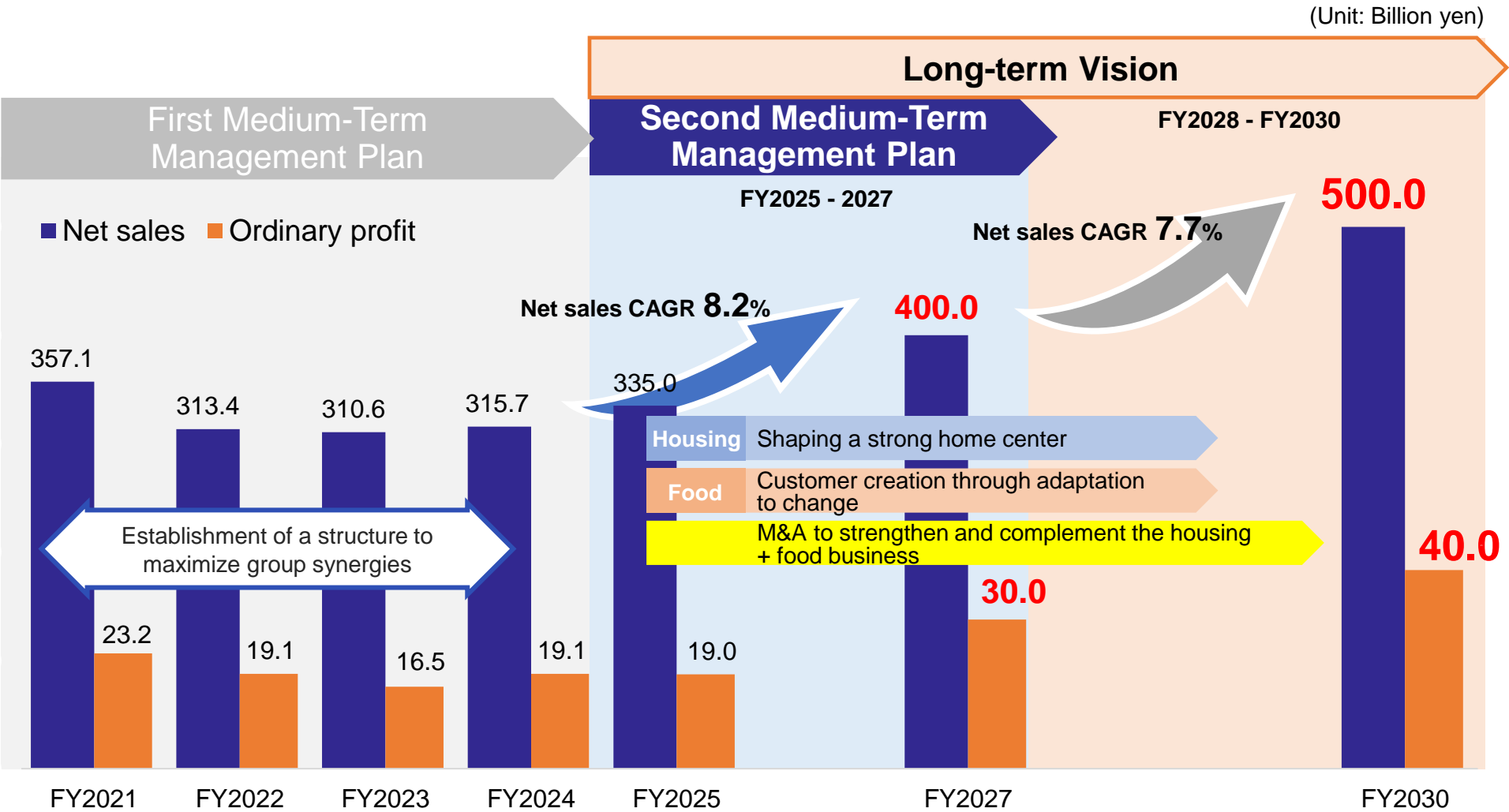
Group Management Strategy

Medium-Term Management Plan

Creating New Value - Creating New ARCLAND

- Structural reforms
- Growth strategy
- Human capital

Aiming for net sales of 500 billion yen and ordinary profit of 40 billion yen in FY2030



* FY2021 was an irregular fiscal year with 12 months and 8 days for the former ARCLAND Sakamoto and 14 months for the former VIVA HOME.

	FY2024 (Result)	FY2025 (Forecast for the current FY)	FY2027 (Plan)
Net sales	315.7 billion yen	335.0 billion yen	400.0 billion yen
Ordinary profit	19.1 billion yen	19.0 billion yen	30.0 billion yen
Ordinary profit ratio	6.1%	5.7%	7.5%

Financial indicators	Equity ratio	45% or higher
	Interest-bearing debt [*]	80.0 billion yen or less

*: Interest-bearing debt = Borrowings + Bonds payable (excluding lease liabilities)

Numerical Plans for Housing-related Business and Food Service Business

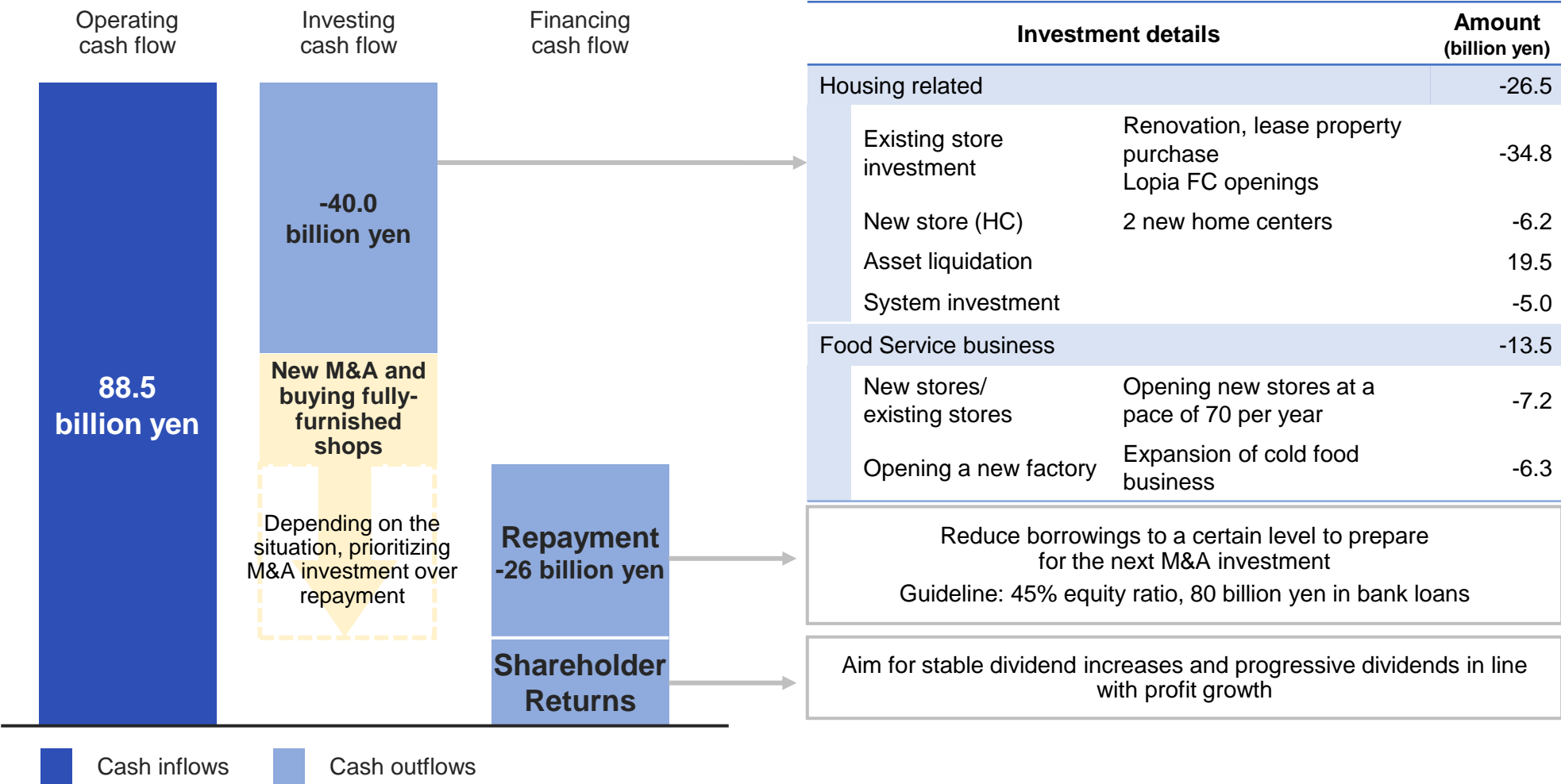


Net sales	FY2024 (Result)	FY2025 (Forecast for the current FY)	FY2027 (Plan)
Housing-related*	259.6 billion yen	275.0 billion yen	331.0 billion yen
Food Service business (ARCLAND Service HD)	56.1 billion yen	60.0 billion yen	69.0 billion yen

Ordinary profit (Ratio to net sales)	FY2024 (Result)	FY2025 (Forecast for the current FY)	FY2027 (Plan)
Housing-related*	13.0 billion yen (5.0%)	12.5 billion yen (4.5%)	22.5 billion yen (6.8%)
Food Service business (ARCLAND Service HD)	6.1 billion yen (10.9%)	6.5 billion yen (10.8%)	7.5 billion yen (10.9%)

* Housing-related business includes retail, wholesale, and real estate businesses in the business segment.

Balanced distribution of funds from operating cashflows between investment in growth, financial stabilization, and shareholder returns



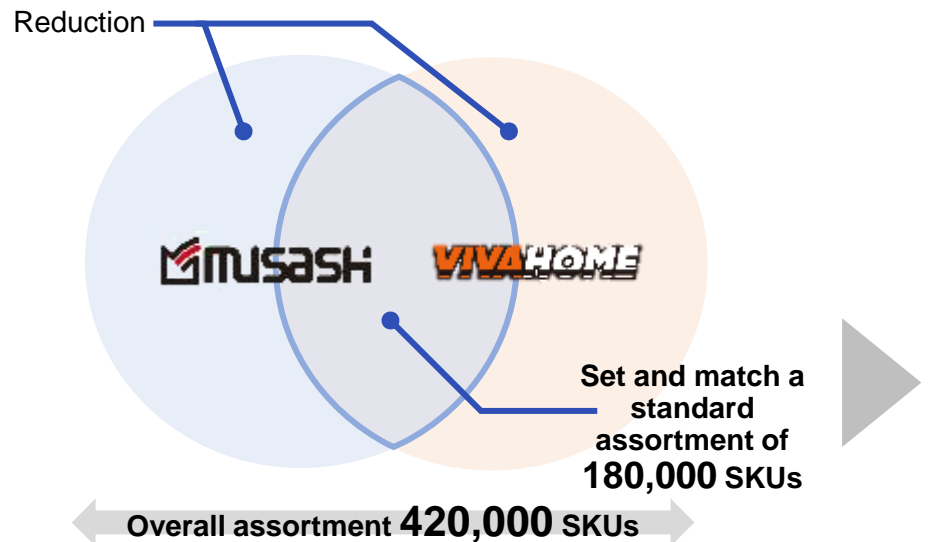
Housing-related Business Strategy



Promoting the creation of a strong home improvement center shape

Actions		Medium-Term Management Plan		
		FY2025	FY2026	FY2027
Structural reforms	Best One Product Strategy	Unification of basic assortment		
			Add new category	
	Low-cost structuring	Curbing labor cost ratio by reviewing operations		
		Improve logistics costs		
Growth strategy	Deepening of specialty stores and development of new specialty store business	Expansion of pet, renovation, and professional specialty shops		
	Expansion of loyal customers (1) Strengthen sales channels and products (2) New customer experience through the use of digital technology	Value enhancement of PB unified brand		
		Improved online purchasing experience		
		Strengthen 1to1 sales promotion		New membership
	New opening	Two large home centers	Conversion of existing sales areas into specialty stores	
Human capital	Promotion of ARC Happiness Project	Continuation of aggressive personnel recruitment and reform of personnel and education systems		

Ensure that the "Best One Product Strategy" is firmly established
to increase efficiency and strengthen the brand
Expanding customer base by adding new categories



- Narrowing down the assortment
- Common assortment of products in stores



Cost reductions



Strengthen selling ability

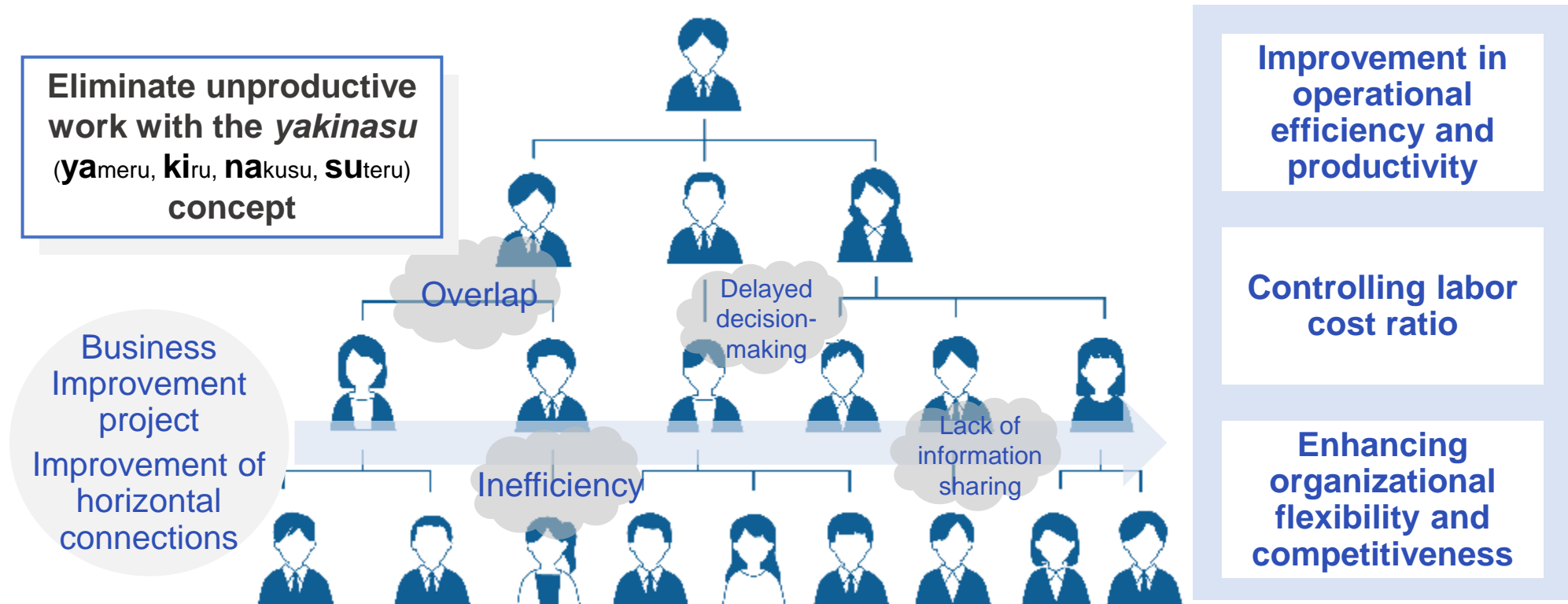


Enhancement of brand awareness



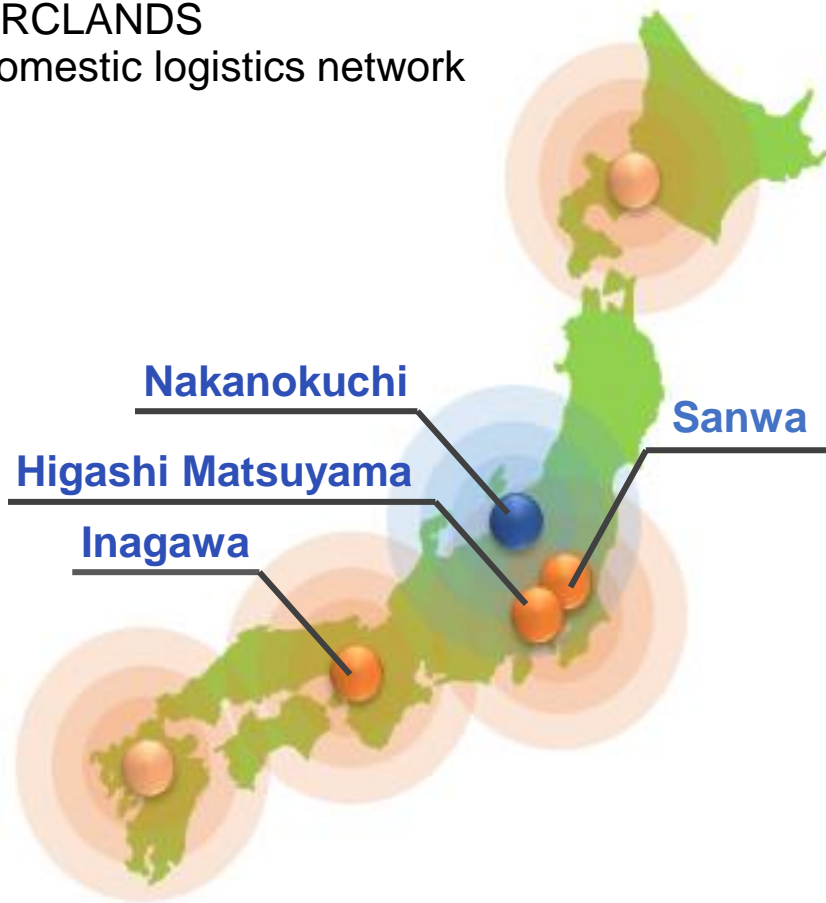
New category

Eliminate duplication of work and inefficiencies between departments
Promote optimization of head office personnel and
reduction of back-office operations at stores



Maximize logistics productivity through all-round improvements in both cost and revenue

ARCLANDS
domestic logistics network



Cost aspects

- (1) Improvement through work productivity and delivery analysis
- (2) Improve storage efficiency and eliminate external warehouses
- (3) Review of logistics organization



- (1) Review of center usage fees
- (2) Increase in cargo handling volume due to expansion of PB sales
- (3) Effective use of warehouse space

Profit aspects

**ARCLANDS and Pets First combine to become
the absolute standard company in the pet industry**



NICO PET

**Home center network
with strong customer attraction**



P's-first

**Pets
always
come
first**

**Strong pet sales
Transparent supply chain**

Sales with pets as the top priority



Thorough health care

**Mutual sending of
customers to veterinary
hospitals and trimming
facilities**

Sharing call centers

**Sales of ancillary
product services**

**Development of
subscription business**

**Expansion of
financial business
(installment,
small insurance)**

Expanded the Food division through a business alliance with Lopia
Improve customer attraction and profitability while creating synergies with HC



ARCLANDS

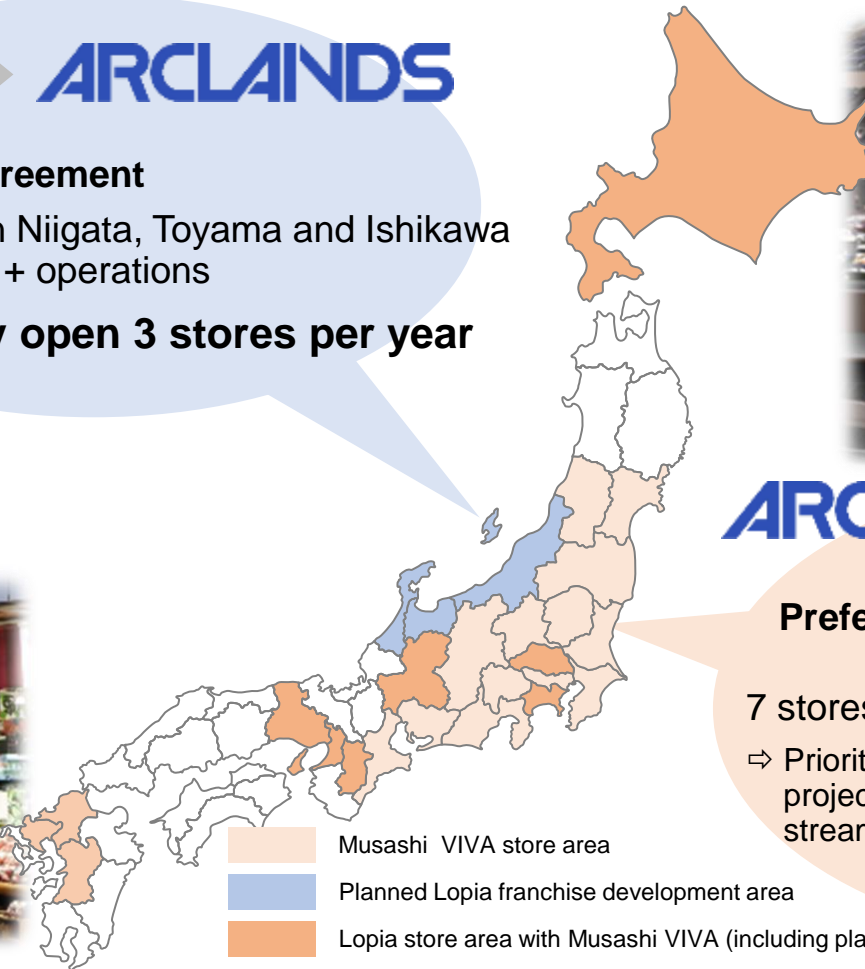
Franchise agreement

⇒ Openings in Niigata, Toyama and Ishikawa prefectures + operations

Consistently open 3 stores per year

First store operated by ARCLANDS

Niigata store scheduled to open in May



- Musashi VIVA store area
- Planned Lopia franchise development area
- Lopia store area with Musashi VIVA (including planned)



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Preferential rights to open a store in a home center facility

7 stores opened as of March 31, 2025

⇒ Priority openings in Musashi and VIVA HOME's new projects (new stores and space generated by streamlining existing stores)

Maximizing synergies with FRESHHOUSE and the challenge of new formats

A wide range of areas can be handled

	Major renovation	General renovation	Equipment replacement
Construction Type	<div><div>← FRESH HOUSE →</div><div>← ARC HOME →</div></div>		
	 Renovation Design renovation Extension or reconstruction	 Modular kitchen Modular bathroom Exterior/exterior construction Interior work	 Hot water supply Toilet Stove/Hood Interior window
Cost Image	3.0 million yen -	0.5-3.0 million yen	50,000 yen - 0.5 million yen
Market leader	House building companies Renovation companies	Renovation companies Mass retailers of consumer electronics	Home centers EC

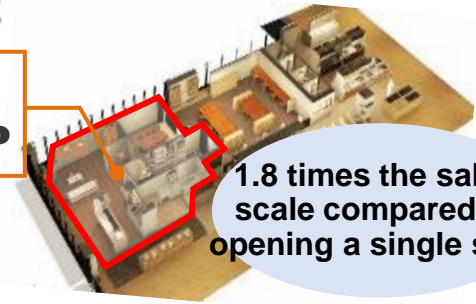
Challenging new store formats

(1) ARCHOME x FRESHHOUSE joint store opening

ARC HOME

FRESH HOUSE
IN SHOP

Supports high unit cost renovations



1.8 times the sales scale compared to opening a single store

(2) Value-enhancing appealing showroom

Remodeling proposal to increase the value of the house by adding heat insulation + earthquake resistance



78 remodeling specialty stores at the end of FY2024
⇒ Plan to expand to 85 stores at the end of FY2027

Development of a one-stop business model for products + materials
Launched a new brand ARC MASTER

Pro Shop Brand Positioning



The first store is scheduled to open in May 2025 in Nagareyama City, Chiba Prefecture.



Strengthen private brands that combine uniqueness and competitiveness
Sales composition ratio will increase from 20.8% to 27.0% in FY2027

Three values that WIZ'A promises



**The same product
at a lower price**



**More functionality
for the same price**



**New ideas
never seen before**

Thorough improvement in each process of development, procurement, and delivery to expand the composition ratio

Development

Product development reflecting consumer opinions



Shift from a traditional product-out approach to product development that puts consumer needs first

Procurement

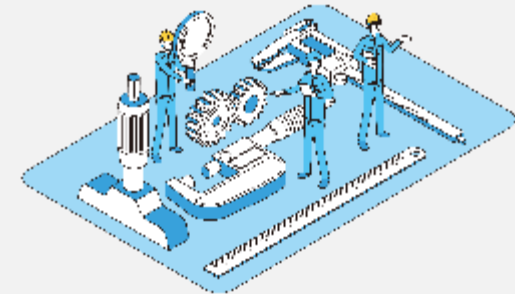
**Establishment of overseas logistics bases
Sourcing the right amount**



Shorten delivery time and reduce costs by reducing the number of domestic centers to carry goods horizontally

Delivery

Reduction of defect costs



High level of quality assurance activities such as pre-shipment inspections, quality check meetings, and factory audits

Establish a system to deliver more products faster
Improve customer convenience and increase sales

Improve product lineup

Expansion of the number of products listed
and available for immediate shipment
Price optimization

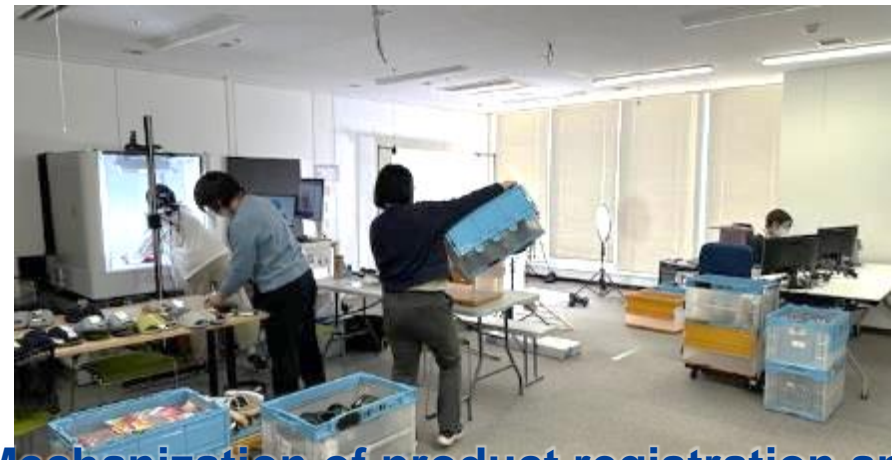
Strengthen sales channels and sales promotion

Strengthen mall sales channels
Cooperation with store planning

Strengthening both logistics infrastructure and operations



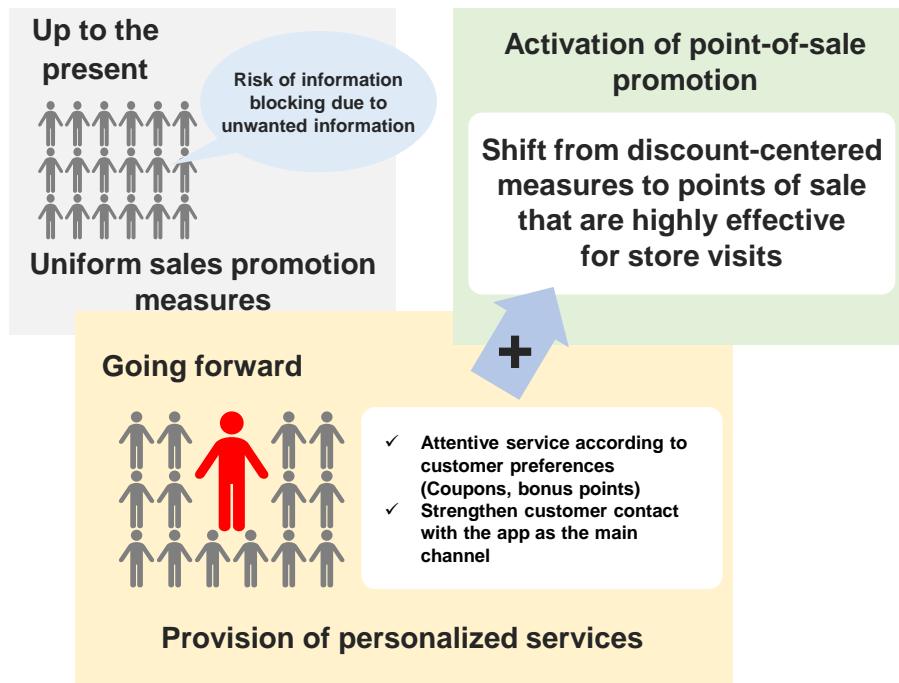
June 2025 EC Center expansion



**Mechanization of product registration and
strengthening of registration system**

Enhanced sales promotion optimized for each customer New membership system will begin in April 2026.

Outpromotion by customer segment 1to1 Practice

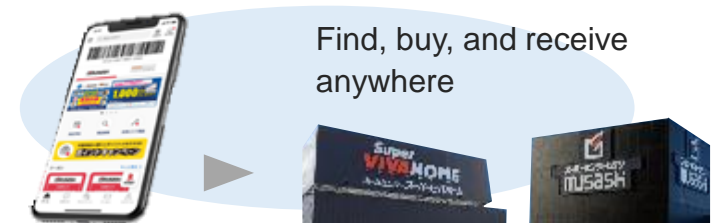


April 2026 Start of new membership system

The more you buy, the more you save!



All member services are available through the smartphone app



Opening of new large home centers to be completed by FY2025
Consideration of speedy opening of new stores by expanding specialty stores
and moving into fully-furnished stores





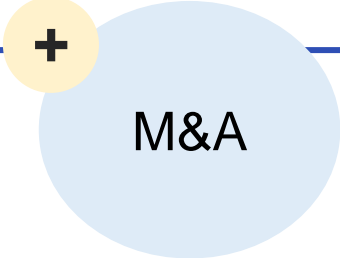
Large HC

Consideration of low-cost and speedy opening by moving into fully-furnished stores



Specialized stores

Aggressive expansion centered on existing facilities
Improvement of the store's overall ability to attract customers

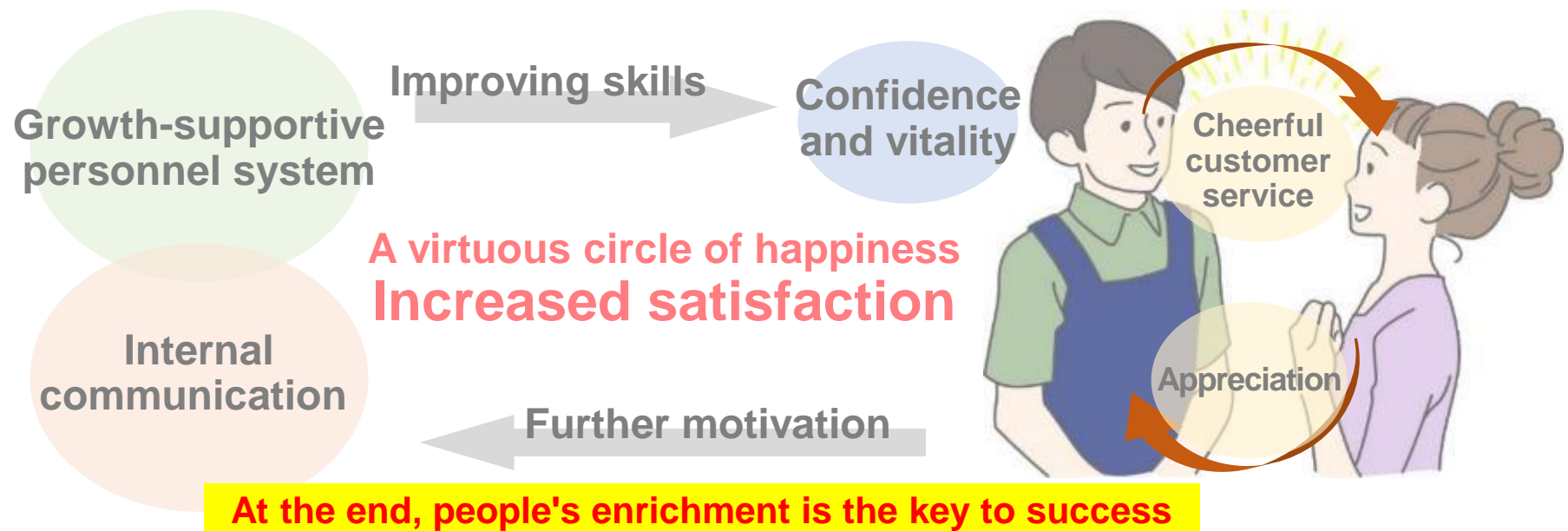


FY2025

FY2026-2027

ARC Happiness Project – Realization of an Omotsuyo (interesting and strong) company

Improving individual happiness (Happiness) maximizes the power of the organization, creating a virtuous cycle that accelerates the growth of the overall company. We regard the happiness of each and every employee as an important management resource, and have put in place a system that balances ease of work and job satisfaction. To create an environment in which employees can work with a greater sense of fulfillment by properly evaluating their skills and achievements and supporting their individual growth.



Food Service Business Strategy



ARCLANDS

Creating New Value

Customer Creation through Adaptation to Change

1. Maximization of Katsuya Brand Value
2. Acceleration of Karayama Growth
3. Creating a Third Business Model
4. Acceleration of Overseas Expansion
5. Expansion of Other Food-Related Businesses
6. Sowing Seeds for the Future



Key Initiatives in the Food Service Business



Creating Customers through Adaptation to Change

Initiatives		Mid-term management scheme		
		FY2025	FY2026	FY2027
structural reforms	Strengthening of Product Supply Network	Reconstruction of Product Supply System		
	Improvement of Convenience	Store Digital Transformation		
Growth Strategy	Maximization of Katsuya Brand Value	Opening and Testing New Model Stores		
		Accelerating Store Openings in Promising Locations Including Food Courts		
	Acceleration of Karayama Growth	Acceleration of New Store Openings and Expansion into Untapped Areas		
	Creating a Third Business Model	Refinement of Existing Business Models and Development of New Ones		
			Multi-Store and Franchise Development	
	Acceleration of Overseas Expansion	Exploration of New Countries and Increasing Stores in Existing Areas		
	Expansion of Other Food-Related Businesses	Establishment of New Factories and Strengthening External Sales		
Human capital	Creating a Desirable Workplace and Systems	Strengthening Recruitment and Establishing Training Systems		

Maximization of Store Locations Increasing Customer Numbers and Sales through Improved Convenience

Roadside



Building-In



Food Court



Testing New Models



Attractive Fair Menus



Acceleration of New Store Openings Value Creation Aimed at Becoming the No.1 Karaage Chain

Karaage



Ginger Pork

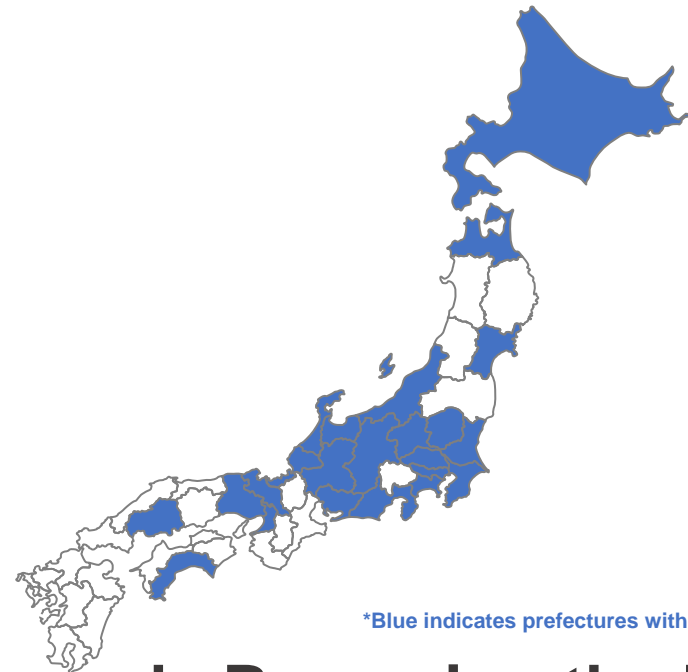


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Attractive Fair Menus



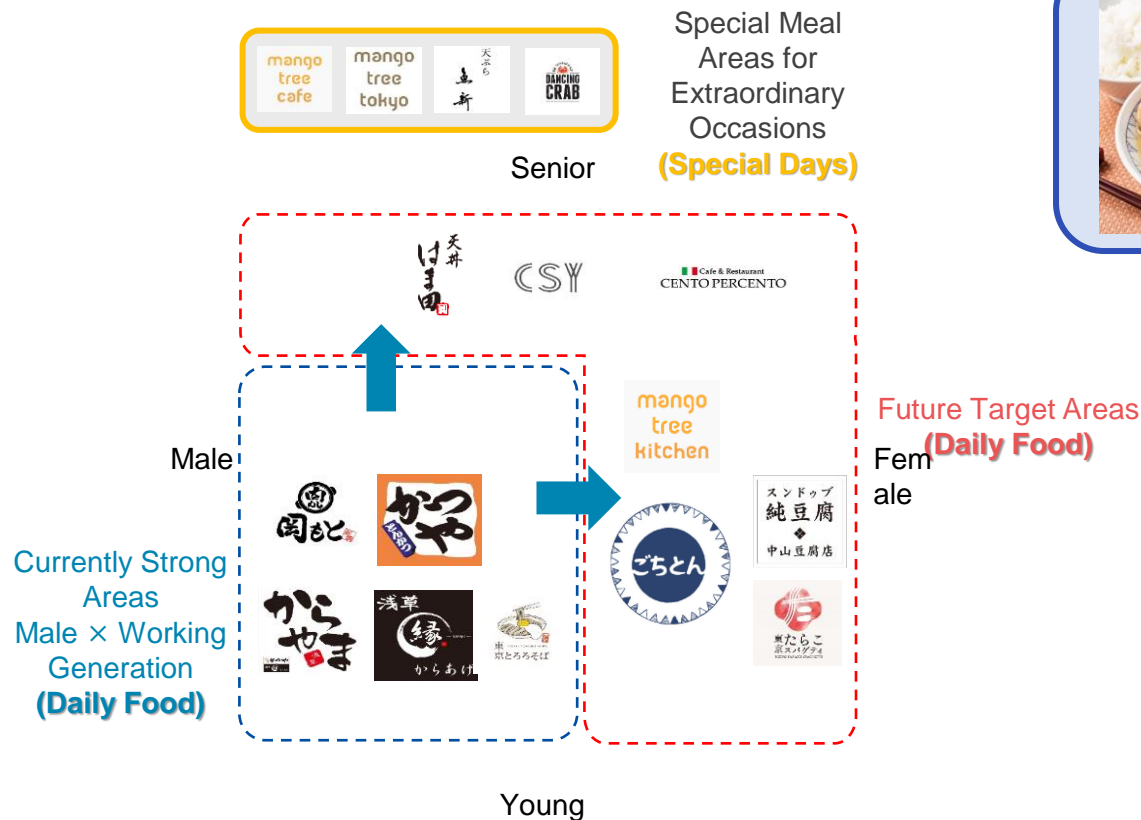
New Store Openings in
Untapped Areas



*Blue indicates prefectures with existing stores

Towards Becoming the No.1 Karaage Chain

Refinement of Existing Business Models and Development of New Ones Aiming for Business Models that Allow Multi-Store and Franchise Development



+ New Business Model Development



Multi-Store Development
Franchise Development

Exploration of New Countries and Increasing Stores in Existing Areas



Expansion into Non-Food Service Areas Related to Food

Cosmic SY
Establishment of New
Factories



Scheduled for Completion in 2027

Arcland Maruha Meat
Pork Cutting Factory



Expansion of Both Private
Label and External Sales

Frozen foods



Frozen Katsu Sandwich

Business Expansion and System Development for the Future

Store Digital Transformation



POS System
Store Equipment Investment

Strengthening of Product Supply Network



Upstream Procurement

Strengthening Recruitment



Establishment of Training Systems

Fulfillment in your life. Fulfillment in your heart.

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