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June 26, 2025

## Consolidated Financial Results for the Three Months Ended May 20, 2025 (Under Japanese GAAP)



Company name: HEIWADO CO., LTD.  
 Listing: Tokyo Stock Exchange  
 Securities code: 8276  
 URL: <https://www.heiwado.jp/>  
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 Scheduled date to commence dividend payments: —  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

### 1. Consolidated financial results for the three months ended May 20, 2025 (from February 21, 2025 to May 20, 2025)

#### (1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
May 20, 2025	108,541	3.1	2,944	3.9	3,335	3.8	2,169	8.1
May 20, 2024	105,278	4.3	2,833	9.2	3,213	10.2	2,006	27.6

Note: Comprehensive income For the three months ended May 20, 2025: ¥2,274 million [(14.6)%]  
 For the three months ended May 20, 2024: ¥2,662 million [48.4%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended		
May 20, 2025	43.21	—
May 20, 2024	38.61	—

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
May 20, 2025	303,637	191,320	62.3
February 20, 2025	307,868	192,026	61.7

Reference: Equity  
 As of May 20, 2025: ¥189,227 million  
 As of February 20, 2025: ¥189,910 million

## 2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended May 20, 2025	—	30.00	—	33.00	63.00
Fiscal year ending May 20, 2026	—				
Fiscal year ending May 20, 2026 (Forecast)		33.00	—	33.00	66.00

Note: Revisions to the forecast of cash dividends most recently announced: None

## 3. Consolidated financial result forecasts for the fiscal year ending February 20, 2026 (from February 21, 2025 to February 20, 2026)

(Percentages indicate year-on-year changes.)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	221,000	2.0	7,100	12.6	7,800	10.3	5,700	24.9	114.12
Full year	456,000	2.5	14,500	8.5	15,600	6.6	10,800	0.7	217.09

Note: Revisions to the financial result forecast most recently announced: None

**\* Notes**

(1) Significant changes in the scope of consolidation during the period: None

Newly included: –

Excluded: –

(2) Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements: Yes

Note: For details, please see “2. Quarterly Consolidated Financial Statements and Principal Notes (3) Notes to Quarterly Consolidated Financial Statements (Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements)” on page 8 of the attachments.

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of May 20, 2025	51,546,470 shares
As of February 20, 2025	51,546,470 shares

(ii) Number of treasury shares at the end of the period

As of May 20, 2025	1,598,542 shares
As of February 20, 2025	1,098,542 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended May 20, 2025	50,198,303 shares
Three months ended May 20, 2024	51,958,757 shares

\* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

\* Explanation regarding proper use of earnings forecasts and other special matters

Forward-looking statements such as earnings forecasts in this document are based on information currently available to the Company and certain assumptions deemed reasonable, and are not intended to guarantee that the Company will achieve them. Actual operating results may differ substantially from these forecasts due to a variety of factors.

## Table of Contents - Attachments

1. Qualitative Information on Quarterly Financial Results .....	2
(1) Explanation of Operating Results .....	2
(2) Explanation of Financial Position .....	3
(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information .....	3
2. Quarterly Consolidated Financial Statements and Principal Notes .....	4
(1) Quarterly Consolidated Balance Sheets .....	4
(2) Quarterly Consolidated Statements of Income and Comprehensive Income .....	6
(3) Notes to Quarterly Consolidated Financial Statements .....	8
(Notes on going concern assumption) .....	8
(Notes in case of significant changes in shareholders' equity) .....	8
(Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements) .....	8
(Notes on segment information, etc.) .....	9
(Notes on statements of cash flows) .....	10
(Significant subsequent events) .....	11

## 1. Qualitative Information on Quarterly Financial Results

### (1) Explanation of Operating Results

During the three months under review (from February 21, 2025 to May 20, 2025), the Japanese economy continued to recover gradually due to improvements in the employment and income environment. However, prices of daily necessities and energy remained high, and consumers maintained a heightened sense of protecting their daily lives. In addition, the outlook remains uncertain as global political and economic uncertainties have not been resolved and China's economic growth is slowing.

In the retail and restaurant businesses in Japan, although the improved income environment and rising product prices have had positive effects on earnings, profits have been under pressure from surges in labor and construction material costs. Additionally, the business environment remains extremely challenging due to intensifying competition among companies across different business formats and difficulties in recruitment.

Under these circumstances, the Group has been promoting the “Fifth Medium-Term Management Plan” since FY2024 with the target of becoming a “comprehensive community-based lifestyle (creation) company,” our vision for FY2030. We have been working on enhancing sales capabilities and productivity in the current fiscal year as well.

As a result of the foregoing, the operating results for the three months under review were operating revenue of ¥108,541 million (up 3.1% year on year), operating profit of ¥2,944 million (up 3.9% year on year), ordinary profit of ¥3,335 million (up 3.8% year on year), and profit attributable to owners of parent of ¥2,169 million (up 8.1% year on year).

The performance by segment is as given below.

#### [Retail Business]

Heiwado Co., Ltd., the core company of the Group, saw an increase in net sales at its existing stores despite the impact of the downward pressure due to the previous fiscal year being a leap year. This is because the number of customers increased due to enhancement of merchandising initiatives and strategic pricing and the average spending per customer increased partly due to rising prices. Furthermore, operating revenue increased as new stores met their projected net sales and Maruzen Co., Ltd. was merged into the Company through an absorption-type merger on August 21, 2024. In addition, the gross profit margin remained at the same level as the previous year as a result of strengthening digital sales promotion using purchase data.

Operating profit, ordinary profit, and profit increased partly due to an increase in operating revenue exceeding an increase in labor costs, as well as a decrease in advertising expenses.

Regarding new store openings and revitalization of existing stores, in April, we opened the Friendmart Yokaichi Myohoji store in Higashiomi City, Shiga Prefecture, where our market share was low, to strengthen our dominant strategy in Shiga Prefecture. Combined with the renovation of the Friendmart Notogawa store that took place in February, we have expanded our market share in the Higashiomi City area. In addition, when we renovated the Heiwado Takatomi store (Gifu Prefecture) in March, we brought large tenants that are popular with customers in their 30s and 40s. By addressing the needs of families with small children, we enhanced our ability to attract customers.

Yell Co., Ltd., which operates general retail businesses in Northern Kyoto Prefecture, carried out renovations at the Mineyama store in April 2024 and at the Higashi Maizuru store in June 2024. Since then, business performance has been positive with increased revenue and profit.

Direct Shop Inc., which sells books and operates a fitness business, saw a decrease in revenue due to the closing of the unprofitable stores, but the deficit decreased.

Heiwado (China) Co., Ltd., which operates retail businesses in Hunan Province, China, experienced a decrease in revenue and profit due to slowdown in consumption in China.

Consolidated operating revenue from Retail Business	¥102,804 million	(3.5% increase year on year)
Consolidated ordinary profit from Retail Business	¥3,375 million	(1.6% increase year on year)

#### [Retail-Related Business]

Bestone Co., Ltd., which manufactures and processes prepared foods, rice dishes, and fresh foods, achieved increased revenue and profit due to an increase in supply of products for our group companies such as Heiwado Co., Ltd., as well as improved productivity at manufacturing and processing centers.

National Maintenance Co., Ltd., which operates a building maintenance business, experienced decreased revenue and profit due to a rebound from the increase in orders received associated with the recovery from the Noto Peninsula earthquake that occurred in the previous fiscal year.

Consolidated operating revenue from Retail-Related Business	¥1,679 million	(10.7% decrease year on year)
Consolidated ordinary profit from Retail-Related Business	¥451 million	(2.7% decrease year on year)

#### [Other Businesses]

Fivestar Co., Ltd., which operates a restaurant business, saw an increase in sales at the franchised restaurant chain Coco's. Revenue and profit also increased due to labor cost control through improved store work efficiency.

C.O.M Corporation Ltd., which also operates a restaurant business, experienced increased revenue and profit. This is because the franchised restaurant chain Kentucky Fried Chicken continued performing well due to its active sales campaign.

Regarding YU-ING Co., Ltd., which was in the amusement business, we have transferred all of our shares by resolution of the Board of Directors on April 24, 2025.

Consolidated operating revenue from Other Businesses	¥4,056 million	(0.0% decrease year on year)
Consolidated ordinary profit from Other Businesses	¥225 million	(13.5% increase year on year)

### (2) Explanation of Financial Position

Total assets as of the end of the first quarter under review decreased by ¥4,231 million from the end of the previous fiscal year to ¥303,637 million. The main factors included decreases of ¥484 million in property, plant and equipment and ¥4,036 million in cash and deposits, which were partially offset primarily by an increase of ¥586 million in merchandise and finished goods.

Liabilities decreased by ¥3,525 million from the end of the previous fiscal year to ¥112,317 million. The main factors included decreases of ¥2,229 million in retirement benefit liability, ¥1,000 million in short-term borrowings, ¥934 million in other current liabilities (accounts payable, etc.), and ¥703 million in income taxes payable, which were partially offset primarily by an increase of ¥1,561 million in provision for bonuses.

Net assets decreased by ¥706 million from the end of the previous fiscal year to ¥191,320 million. The main factors included an increase of ¥504 million in retained earnings, while treasury shares increased by ¥1,284 million.

### (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

Forecasted figures for the consolidated operating results for the fiscal year ending February 20, 2026 remain unchanged from those announced on April 3, 2025.

## 2. Quarterly Consolidated Financial Statements and Principal Notes

### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of February 20, 2025	As of May 20, 2025
<b>Assets</b>		
Current assets		
Cash and deposits	26,817	22,781
Notes and accounts receivable - trade, and contract assets	11,840	11,471
Merchandise and finished goods	19,837	20,424
Raw materials and supplies	246	173
Other	5,898	5,684
Allowance for doubtful accounts	(38)	(37)
<b>Total current assets</b>	<b>64,602</b>	<b>60,496</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	94,754	93,941
Land	98,383	98,368
Other, net	13,101	13,445
<b>Total property, plant and equipment</b>	<b>206,239</b>	<b>205,755</b>
Intangible assets		
Goodwill	540	523
Leasehold interests in land	5,555	5,481
Other	3,745	3,767
<b>Total intangible assets</b>	<b>9,841</b>	<b>9,772</b>
Investments and other assets		
Investment securities	3,871	4,455
Leasehold and guarantee deposits	18,006	17,890
Deferred tax assets	3,013	2,987
Other	2,648	2,630
Allowance for doubtful accounts	(355)	(351)
<b>Total investments and other assets</b>	<b>27,184</b>	<b>27,613</b>
<b>Total non-current assets</b>	<b>243,266</b>	<b>243,140</b>
<b>Total assets</b>	<b>307,868</b>	<b>303,637</b>

	As of February 20, 2025	As of May 20, 2025
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	31,479	31,797
Short-term borrowings	11,350	10,350
Income taxes payable	2,184	1,481
Provision for bonuses	1,519	3,080
Contract liabilities	10,723	10,308
Refund liabilities	7,855	7,893
Provision for loss on interest repayment	13	11
Provision for loss on shop close	124	85
Provision for bonuses for directors (and other officers)	65	—
Other	19,217	18,282
Total current liabilities	84,532	83,291
Non-current liabilities		
Long-term borrowings	8,975	8,887
Retirement benefit liability	6,160	3,930
Asset retirement obligations	7,355	7,397
Leasehold and guarantee deposits received	8,301	8,280
Deferred tax liabilities	100	93
Other	417	436
Total non-current liabilities	31,310	29,026
Total liabilities	115,842	112,317
<b>Net assets</b>		
Shareholders' equity		
Share capital	11,614	11,614
Capital surplus	19,746	19,746
Retained earnings	155,815	156,319
Treasury shares	(2,485)	(3,769)
Total shareholders' equity	184,690	183,910
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	913	1,303
Foreign currency translation adjustment	2,843	2,593
Remeasurements of defined benefit plans	1,462	1,419
Total accumulated other comprehensive income	5,219	5,316
Non-controlling interests	2,116	2,092
Total net assets	192,026	191,320
Total liabilities and net assets	307,868	303,637



(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Three Months Ended May 20

(Millions of yen)

	For the three months ended May 20, 2024	For the three months ended May 20, 2025
Operating revenue		
Net sales	96,034	99,152
Operating revenue	9,243	9,388
Total operating revenue	105,278	108,541
Cost of sales	67,150	69,320
Gross profit	28,884	29,832
Operating gross profit	38,127	39,220
Selling, general and administrative expenses	35,294	36,276
Operating profit	2,833	2,944
Non-operating income		
Interest income	42	35
Commission income	144	146
Receipt subsidy	122	190
Other	103	67
Total non-operating income	413	439
Non-operating expenses		
Interest expenses	12	25
Foreign exchange losses	15	9
Other	5	14
Total non-operating expenses	33	48
Ordinary profit	3,213	3,335
Extraordinary income		
Gain on sale of shares of subsidiaries and associates	—	239
Insurance claim income	194	—
Other	2	75
Total extraordinary income	197	315
Extraordinary losses		
Loss on retirement of non-current assets	62	35
Loss on disaster	4	—
Impairment losses	1	82
Other	6	5
Total extraordinary losses	73	123
Profit before income taxes	3,336	3,527
Income taxes	1,298	1,330
Profit	2,037	2,197
Profit attributable to non-controlling interests	31	28
Profit attributable to owners of parent	2,006	2,169

# Quarterly Consolidated Statements of Comprehensive Income

Three Months Ended May 20

(Millions of yen)

	For the three months ended May 20, 2024	For the three months ended May 20, 2025
Profit	2,037	2,197
Other comprehensive income		
Valuation difference on available-for-sale securities	94	389
Foreign currency translation adjustment	542	(269)
Remeasurements of defined benefit plans, net of tax	(13)	(42)
Total other comprehensive income	624	77
Comprehensive income	2,662	2,274
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,602	2,266
Comprehensive income attributable to non-controlling interests	60	7

### (3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in case of significant changes in shareholders' equity)

Based on a resolution approved at a meeting of the Board of Directors on June 27, 2024, the Company purchased 500,000 shares of treasury shares during the three months ended May 20, 2025. As a result, treasury shares increased by ¥1,284 million, bringing treasury shares to ¥3,769 million as of May 20, 2025.

(Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements)

(Calculation of tax expenses)

The Company calculates tax expenses by making a reasonable estimate of the effective tax rate after application of tax effect accounting to profit before income taxes for the consolidated fiscal year that includes the first quarter under review, and multiplying profit before income taxes by the said estimated effective tax rate. In addition, income taxes deferred are included in "Income taxes."

(Notes on segment information, etc.)

(Segment information)

I. For the three months ended May 20, 2024

1. Information on operating revenue and profit or loss by reportable segment, and revenue breakdown information

(Millions of yen)

	Reportable segments			Other	Total	Adjustment	Amount on quarterly consolidated statements of income
	Retail	Retail-Related	Total				
Operating revenue							
Product sales	91,897	234	92,132	3,902	96,034	—	96,034
Service revenue	3,848	1,170	5,018	21	5,040	—	5,040
Revenue from contracts with customers	95,745	1,404	97,150	3,924	101,075	—	101,075
Other revenue	3,595	475	4,070	132	4,203	—	4,203
Net sales to outside customers	99,341	1,880	101,221	4,056	105,278	—	105,278
Intersegment net sales or transfers	890	11,331	12,221	78	12,300	(12,300)	—
Total	100,231	13,211	113,443	4,134	117,578	(12,300)	105,278
Segment profit	3,320	464	3,785	198	3,983	(770)	3,213

(Notes)

1. The “Other” category represents business segments not included in reportable segments, such as restaurant operation business, etc.
2. The adjustment of ¥(770) million to segment profit is from the elimination of dividend income transactions, etc.
3. Segment profit has been adjusted with ordinary profit on the quarterly consolidated statements of income.
4. Other revenue represents real estate lease revenue included within the scope of the Accounting Standard for Lease Transactions.

2. Information on impairment losses on non-current assets and goodwill, etc. by reportable segment

No significant occurrences or changes.

## II. For the three months ended May 20, 2025

### 1. Information on operating revenue and profit or loss by reportable segment, and revenue breakdown information (Millions of yen)

	Reportable segments			Other	Total	Adjustment	Amount on quarterly consolidated statements of income
	Retail	Retail-Related	Total				
Operating revenue							
Product sales	95,012	235	95,248	3,904	99,152	—	99,152
Service revenue	3,976	992	4,969	18	4,988	—	4,988
Revenue from contracts with customers	98,989	1,228	100,217	3,923	104,140	—	104,140
Other revenue	3,815	451	4,266	133	4,400	—	4,400
Net sales to outside customers	102,804	1,679	104,484	4,056	108,541	—	108,541
Intersegment net sales or transfers	877	12,098	12,975	78	13,054	(13,054)	—
Total	103,682	13,778	117,460	4,135	121,595	(13,054)	108,541
Segment profit	3,375	451	3,827	225	4,052	(716)	3,335

(Notes)

1. The “Other” category represents business segments not included in reportable segments, such as restaurant operation business, etc.
2. The adjustment of ¥(716) million to segment profit is from the elimination of dividend income transactions, etc.
3. Segment profit has been adjusted with ordinary profit on the quarterly consolidated statements of income.
4. Other revenue represents real estate lease revenue included within the scope of the Accounting Standard for Lease Transactions.

### 2. Information on impairment losses on non-current assets and goodwill, etc. by reportable segment No significant occurrences or changes.

(Notes on statements of cash flows)

Quarterly consolidated statements of cash flows for the three months ended May 20, 2025, have not been prepared. Depreciation for the three months ended May 20, 2025 (including amortization of intangible assets and long-term prepaid expenses, excluding goodwill) and amortization of goodwill are as follows:

	For the three months ended May 20, 2024	For the three months ended May 20, 2025
Depreciation	¥3,080 million	¥3,232 million
Amortization of goodwill	16	16

(Significant subsequent events)

(Purchase of treasury shares)

The Company, at the Board of Directors meeting held on June 27, 2024, resolved matters concerning the purchase of treasury shares pursuant to the provisions of Article 156 of the Companies Act, as applied by replacing the relevant terms pursuant to the provisions of Article 165, Paragraph 3 of the same Act, and purchased treasury shares.

1. Details of the Board of Directors resolution regarding the purchase of treasury shares

(1) Reason for purchasing treasury shares

The Company is currently in the first year of its “Fifth Medium-Term Management Plan FY2024–FY2026,” a plan that calls for accelerating growth toward 2030 while at the same time ensuring stable returns to shareholders. Our basic cash allocation policy is to strive to improve the total return ratio by increasing dividends and implementing treasury shares purchases in line with business performance, while securing internal reserves to continue investments aimed at investment for growth.

Based on the above policy, the Company will purchase treasury shares to improve capital efficiency and increase the level of shareholder returns.

(2) Details of matters related to the purchase

- (i) Class of shares to be purchased: Common shares of the Company
- (ii) Total number of shares to be purchased: Up to 2,000,000 shares
- (iii) Total amount of share purchase costs: Up to 6,000 million yen
- (iv) Purchase period: From August 21, 2024, to August 20, 2025
- (v) Purchase method: Market purchase on the Tokyo Stock Exchange

2. Details of the acquisition of treasury shares

- (1) Class of shares purchased: Common shares of the Company
- (2) Total number of shares purchased: 241,900 shares
- (3) Total amount of share purchase costs: 667,630,700 yen
- (4) Purchase period: From May 21, 2025, to June 20, 2025 (on a delivery date basis)
- (5) Purchase method: Market purchase on the Tokyo Stock Exchange