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April 2, 2026

Consolidated Financial Results for the Fiscal Year Ended February 20, 2026 (Under Japanese GAAP)



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 Listing: Tokyo Stock Exchange
 Securities code: 8276
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 Scheduled date of annual general meeting of shareholders: May 14, 2026
 Scheduled date to commence dividend payments: May 15, 2026
 Scheduled date to file securities report: May 11, 2026
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and securities analysts)

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

1. Consolidated financial results for the fiscal year ended February 20, 2026 (from February 21, 2025 to February 20, 2026)

(1) Consolidated operating results

(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	%
Fiscal year ended February 20, 2026	456,010	2.5	13,313	(0.4)	14,605	(0.2)	9,409	(12.3)
February 20, 2025	444,898	4.6	13,360	0.8	14,639	1.1	10,727	58.1

Note: Comprehensive income For the fiscal year ended February 20, 2026: ¥11,955 million [7.9%]
 For the fiscal year ended February 20, 2025: ¥11,082 million [35.9%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to operating revenue
Fiscal year ended	Yen	Yen	%	%	%
February 20, 2026	189.29	—	4.9	4.7	2.9
February 20, 2025	209.08	—	5.7	4.7	3.0

Reference: Share of profit or loss of entities accounted for using equity method

For the fiscal year ended February 20, 2026: ¥- million
 For the fiscal year ended February 20, 2025: ¥- million

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
February 20, 2026	313,095	197,962	62.5	3,959.03
February 20, 2025	307,868	192,026	61.7	3,764.48

Reference: Equity

As of February 20, 2026: ¥195,793 million

As of February 20, 2025: ¥189,910 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
February 20, 2026	17,784	(16,473)	(5,129)	19,165
February 20, 2025	22,973	(14,646)	(15,167)	22,881

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended February 20, 2025	—	30.00	—	33.00	63.00	3,208	30.1	1.7
Fiscal year ended February 20, 2026	—	33.00	—	33.00	66.00	3,264	34.9	1.7
Fiscal year ending February 20, 2027 (Forecast)	—	33.00	—	33.00	66.00		—	

3. Consolidated financial results forecasts for the fiscal year ending February 20, 2027 (from February 21, 2026 to February 20, 2027)

(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	234,000	4.7	6,900	1.0	7,200	(4.2)	5,000	2.0	101.10
Full year	478,000	4.8	14,300	7.4	15,200	4.1	9,800	4.1	198.16

*** Notes**

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

Newly included: –

Excluded: –

(2) 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: Yes

(iv) Restatement: None

Note: For details, please see “3. Consolidated Financial Statements and Principal Notes (5) Notes to Consolidated Financial Statements (Changes in accounting estimates)” on page 19 of the attachments.

(3) Number of issued shares (common shares)

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

As of February 20, 2026	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 February 20, 2026	2,091,568 shares
As of February 20, 2025	1,098,542 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended February 20, 2026	49,710,138 shares
Fiscal year ended February 20, 2025	51,307,540 shares

(Reference) Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended February 20, 2026 (from February 21, 2025 to February 20, 2026)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Operating revenue		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
February 20, 2026	422,251	4.6	10,340	0.1	12,165	0.5	9,540	8.0
February 20, 2025	403,686	6.0	10,326	(5.8)	12,106	(1.8)	8,831	60.3

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended		
February 20, 2026	191.93	—
February 20, 2025	172.13	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
February 20, 2026	286,409	172,059	60.1	3,479.12
February 20, 2025	281,906	167,213	59.3	3,314.57

Reference: Equity
As of February 20, 2026: ¥172,059 million
As of February 20, 2025: ¥167,213 million

2. Non-consolidated financial results forecasts for the fiscal year ending February 20, 2027 (from February 21, 2026 to February 20, 2027)

(Percentages indicate year-on-year changes.)

	Operating revenue		Ordinary profit		Profit		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	
First half	219,000	6.9	8,600	32.3	6,600	41.3	Yen 133.45
Full year	448,000	6.1	15,100	24.1	11,000	15.3	222.42

* Financial results reports are exempt from audits conducted by certified public accountants or an audit corporation.

* 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. Actual operating results may differ substantially from these forecasts due to a variety of factors.

For the assumptions used for the financial results forecasts and the notes regarding the use thereof, please refer to “1. Overview of Operating Results, etc. (4) Future Outlook” on page 7 of the attachments.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year under Review

During the fiscal year under review (from February 21, 2025 to February 20, 2026), the Japanese economy recovered gradually, backed by improvements in the employment and income environment. However, growth in consumers' actual wages lacked momentum amid continuing price increases, awareness of protecting their daily lives remained deeply rooted, and consumer spending is becoming increasingly selective. In addition, the outlook remained uncertain due to factors such as the chronic labor shortage, fluctuations in energy prices, the details and timing of the introduction of economic measures, such as consumption tax reductions, and instability in the international situation.

Regarding the environment surrounding the retail industry, although a boost to sales from product price revisions was observed, the business environment remained extremely challenging due to significant increases in labor costs, surging logistics costs and store operating expenses, and intensifying price and service competition across different business formats.

Under these circumstances, the Group has accelerated various initiatives in the second year of the Fifth Medium-Term Management Plan (FY2024 to FY2026) toward achieving the "Quantitative Targets for 2030," aiming at a "comprehensive community-based lifestyle (creation) company" unique to the Heiwado Group as its Mid- to Long-Term Vision. In particular, we set forth "gaining customer support by addressing the needs of the child-rearing generation," "expanding the HOP economic sphere based on the dominant strategy," and "promoting cost structure reform, including productivity improvement" as key strategies, and pushed ahead with specific initiatives to support the lives of local customers.

Quantitative Targets for 2030

- (1) Operating Revenue (consolidated): ¥500 billion or more
- (2) Operating Profit Margin (consolidated): 4.5% or more
- (3) ROE (consolidated): 8%
- (4) Percentage of Women in Management: 20% or more
- (5) CO₂ Emissions (Scope 1&2): 46% reduction (compared to FY2013)
- (6) Amount of Food Waste: 50% reduction (compared to FY2019)

Key strategies of the Fifth Medium-Term Management Plan

- (1) Gaining customer support by addressing the needs of the child-rearing generation
 - Strengthening price adjustment for daily-use products
 - Differentiation through fresh foods and private brand products
 - Strengthening communication using apps
- (2) Expanding the HOP economic sphere based on the dominant strategy
 - Expanding store openings in priority areas through multiple formats
 - Solidifying our customer base through community-based initiatives
 - Expanding new channels such as small stores and online supermarkets
- (3) Promoting cost structure reform, including productivity improvement
 - Balancing job satisfaction improvement and labor cost control through the effective utilization of part-time employees
 - Reviewing departments to be tailored to a scale of stores
 - Further utilizing centers

The operating results for the fiscal year under review were operating revenue of ¥456,010 million (up 2.5% year on year), operating profit of ¥13,313 million (down 0.4% year on year), ordinary profit of ¥14,605 million (down 0.2% year on year), and profit attributable to owners of parent of ¥9,409 million (down 12.3% year on year). Operating profit margin was 2.9%, and operating revenue improved earlier toward the Quantitative Targets for 2030.

1) Operating revenue and operating gross profit

Operating revenue increased by ¥11,111 million (2.5%) year on year to ¥456,010 million, driven by growth in both the number of customers and the average spending per customer.

Operating gross profit increased by ¥4,723 million (2.9%) year on year to was ¥165,977 million.

2) Selling, general and administrative expenses and operating profit

Selling, general and administrative expenses increased by ¥4,770 million (3.2%) year on year to ¥152,664 million. Labor costs increased year on year, despite efforts to control working hours, due to higher unit prices.

As a result, the growth in selling, general and administrative expenses exceeded the growth in operating gross profit, and operating profit decreased by ¥46 million (0.4%) year on year to ¥13,313 million. Operating profit margin also decreased by 0.1 percentage points year on year to 2.9%.

3) Non-operating income and expenses and ordinary profit

Non-operating income increased by ¥31 million year on year to ¥1,478 million, mainly due to higher receipts of earthquake-proofing subsidies received and data processing fees. Non-operating expenses increased by ¥17 million year on year to ¥185 million, mainly due to an increase of ¥58 million in interest expenses from the previous year associated with rising interest rates.

As a result, ordinary profit decreased by ¥33 million (0.2%) year on year to ¥14,605 million. Ratio of ordinary profit decreased by 0.1 percentage points year on year to 3.2%.

4) Extraordinary income and loss and profit attributable to owners of parent

Extraordinary income of ¥773 million was recorded, including gain on sale of shares of subsidiaries and associates of ¥239 million resulting from the transfer of shares of YU-ING Co., Ltd. But this decreased by ¥1,037 million from the previous year, when extraordinary income of ¥1,811 million was recorded, including gain on sale of investment securities of ¥1,082 million. Extraordinary losses of ¥1,695 million were recorded, an increase of ¥463 million from the previous year, including loss on retirement of non-current assets of ¥470 million, impairment losses of ¥637 million, and provision for loss on stores closing of ¥581 million.

As a result, profit attributable to owners of parent decreased by ¥1,317 million (12.3%) from year on year to ¥9,409 million. Net profit ratio decreased by 0.3 percentage points year on year to 2.0%.

[Retail Business]

Heiwado Co., Ltd., the Group's core company, has been pushing ahead with specific initiatives to further evolve key strategies of the Fifth Medium-Term Management Plan, i.e., "gaining customer support by addressing the needs of the child-rearing generation," "expanding the HOP economic sphere based on the dominant strategy," and "promoting cost structure reform, including productivity improvement."

Net sales at existing stores grew to 102.7% year on year. In addition, the absorption-type mergers of consolidated subsidiaries Yanagen Co., Ltd. on May 21, 2025 and Yell Co., Ltd. on August 21, 2025, contributed to operating revenue of ¥422,251 million (up 4.6% year on year). Operating profit was ¥10,340 million (up 0.1% year on year), ordinary profit was ¥12,165 million (up 0.5% year on year), and profit was ¥9,540 million (up 8.0% year on year).

(1) Gaining customer support by addressing the needs of the child-rearing generation

To support families raising children, while highlighting the price appeal of frequently purchased items as

Key Value Items (KVI), we enhanced large-volume packs that are popular among this demographic, which resulted in an increase in unit prices. For customers in their 30s and 40s, net sales were 100.6% of the previous year, achieving an increase despite a declining population.

As of February 2026, 1,270,000 people have registered as app members of the HOP app we released in July 2024. The number of financial institutions, including regional banks, from which customers can charge HOP money, our proprietary e-money, from their bank accounts increased from six at the beginning of the fiscal year to 10, with four added (two in April and two in September), widely covering the area where our stores operate. We have been promoting activities for information provision and segmentation marketing through the app.

We have attempted to create a vibrant atmosphere not only in our own sales areas but also in entire malls, actively inviting tenants popular with the child-rearing generation (MUJI Store, etc.). In the fiscal year under review, MUJI Stores were opened in AL PLAZA Moriyama, Heiwado Takatomi, AL PLAZA Komatsu, and Friendmart Imakatata store. Accordingly, the total number of MUJI Store tenants reached 20.

(2) Expanding the HOP economic sphere based on the dominant strategy

To expand the HOP economic sphere, in November we opened Friendmart Nango store and Friendmart Moriyamaekimae store through scrap-and-build projects. By expanding the food sales area compared to the former stores and introducing the latest sales floor layouts and product assortments, we have enhanced customer satisfaction.

Promoting “Format Strategy” to clarify roles by store size in each area, we optimize commodity composition to suit each format, such as for a shopping mall that responds to event demand and a daily-use supermarket. In addition, after analyzing the market size within each store’s trade area, we identified “Potential Stores” with significant room for sales/profit expansion and are making efforts to strengthen sales ability at these stores.

On August 21, 2025, Heiwado Co., Ltd. absorbed Yell Co., Ltd., a wholly owned consolidated subsidiary, through an absorption-type merger to strengthen the Group’s operating capabilities in northern Kyoto Prefecture and improve management efficiency.

(3) Promoting cost structure reform, including productivity improvement

In response to rising labor costs and tough recruitment conditions, we are encouraging part-time employees to be more active. By strengthening education for part-time employees and actively promoting them to operations managers for each sales area, we have achieved stable sales floor operations from opening to closing and reviewed the operations of regular employees. We have introduced incentive programs and systems for promotion to regular employee positions based on the performance of part time employees, thereby achieving both higher wages and improved job satisfaction while maintaining control over labor costs.

To achieve efficient store operations, we have created store work guidelines, visualized gaps between target and actual sales per man-hour for each store and sales area, and are working to build systems that include employee transfers and multi-skilling.

visualized gaps between target and actual sales per man-hour for each store and sales area, and are working to build systems that include employee transfers and multi-skilling.

As a result of promoting the use of case-ready products packaged at processing centers and delicatessen centers run by Bestone Co., Ltd., a consolidated subsidiary, net sales at the fresh food departments of Heiwado Co., Ltd. stores grew to 103.3% of the same period of the previous year on an existing-store basis, while total labor hours were 99.4% of the same period of the previous year on an existing-store basis. In addition, the use of these centers has also achieved significant improvements in product assortment, such as lunch boxes that could not previously be sold at small- and medium-sized supermarkets.

Direct Shop Inc., which sells books and operates a fitness business, experienced decreased revenue in a challenging business environment, including a shrinking market for magazines and books and intensifying competition in the fitness industry. However, the amount of operating losses decreased as a result of downsizing unprofitable businesses and reducing selling and administrative expenses.

Heiwado (China) Co., Ltd., which operates a department store in Hunan Province, China, experienced decreases in revenue and profit due to the slowdown of the Chinese economy and intensifying competition within its trade area, compounded by reduced sales floor space resulting from large-scale renovations to attract prominent new tenants.

As a result of the above, operating revenue in the retail business was ¥435,714 million (up 2.5% year on year), and ordinary profit was ¥12,645 million (down 3.2% 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 the consistent rise in production volume at the new delicatessen center that began operations on May 31, 2023, along with increased orders stemming from productivity improvement initiatives at Heiwado Co., Ltd.

National Maintenance Co., Ltd., a building maintenance business, experienced decreased revenue and profit due to the decline following a high volume of orders associated with the recovery from the Noto Peninsula earthquake in the previous fiscal year.

As a result of the above, operating revenue in the retail-related business was ¥59,332 million (up 5.6% year on year), and ordinary profit was ¥1,985 million (up 3.1% year on year).

[Other Businesses]

Fivestar Co., Ltd., which operates a restaurant business, saw increased revenue and profit, as net sales grew due to higher spending per customer, while also benefiting from the effect of controlling selling, general and administrative expenses.

C.O.M Corporation Ltd., which operates a restaurant business, experienced increased revenue and profit due to strong sales of its mainstay, Kentucky Fried Chicken, as well as solid performance during the year-end and New Year holiday season.

As a result of the above, operating revenue in other businesses was ¥16,914 million (down 2.0% year on year), and ordinary profit was ¥774 million (up 1.2% year on year).

(2) Overview of Financial Position for the Fiscal Year under Review

Total assets as of the end of the fiscal year under review increased by ¥5,226 million from the end of the previous fiscal year (up 1.7% from the end of the previous fiscal year) to ¥313,095 million. The main factors included increases of ¥2,825 million in retirement benefit asset, ¥2,799 million in property, plant and equipment, ¥1,855 million in investment securities, and ¥1,618 million in notes and accounts receivable - trade, and contract assets, which were partially offset primarily by a decrease of ¥3,590 million in cash and deposits.

Liabilities decreased by ¥709 million from the end of the previous fiscal year (down 0.6% from the end of the previous fiscal year) to ¥115,132 million. The main factors included decreases of ¥5,448 million in retirement benefit liability and ¥2,069 million in short-term borrowings, which were partially offset primarily by increases of ¥2,986 million in long-term borrowings, ¥1,575 million in asset retirement obligations, ¥1,538 million in notes and accounts payable - trade, and ¥723 million in income taxes payable.

Net assets increased by ¥5,935 million from the end of the previous fiscal year (up 3.1% from the end of the previous fiscal year) to ¥197,962 million. The main factors included increases of ¥6,112 million in retained earnings and ¥2,418 million in accumulated other comprehensive income, while treasury shares increased by ¥2,680 million.

(3) Overview of Cash Flows for the Fiscal Year under Review

The status of cash flows for each activity during the fiscal year under review is given below.

(Cash flows from operating activities)

Net cash provided by operating activities decreased by ¥5,188 million year on year to ¥17,784 million. The breakdown of cash flows from operating activities for the fiscal year under review consisted of an increase in funds mainly due to profit before income taxes of ¥13,684 million and depreciation of ¥13,824 million, and a decrease in funds mainly due to a decrease in retirement benefit liability of ¥6,831 million and income taxes paid of ¥3,878 million.

(Cash flows from investing activities)

Net cash used in investing activities increased by ¥1,826 million year on year to ¥16,473 million. The breakdown of cash flows from investing activities for the fiscal year under review consisted of an increase in funds mainly due to proceeds from refund of leasehold and guarantee deposits of ¥590 million, and a decrease in funds mainly due to purchase of property, plant and equipment and intangible assets of ¥17,355 million.

(Cash flows from financing activities)

Net cash used in financing activities decreased by ¥10,037 million year on year to ¥5,129 million. The breakdown of cash flows from financing activities for the fiscal year under review consisted of an increase in funds due to proceeds from long-term borrowings of ¥8,500 million, and a decrease in funds mainly due to repayments of long-term borrowings of ¥6,582 million, dividends paid of ¥3,296 million, purchase of treasury shares of ¥2,697 million, and a net decrease in short-term borrowings of ¥1,000 million.

Reference: Trends in cash flow indicators

		Fiscal year ended				
		Feb. 20, 2022	Feb. 20, 2023	Feb. 20, 2024	Feb. 20, 2025	Feb. 20, 2026
Equity-to-asset ratio	(%)	58.5	60.0	60.2	61.7	62.5
Equity-to-asset ratio on mark-to-market basis	(%)	34.6	38.0	35.0	38.3	47.4
Ratio of interest-bearing debt to cash flow	(%)	149.1	174.8	124.0	88.5	119.4
Interest coverage ratio	(times)	753.9	578.7	707.2	347.3	138.5

Note: All indicators are calculated using consolidated financial figures. The calculation methods for each indicator are as follows.

- Equity-to-asset ratio: $\text{Equity} / \text{Total assets}$
- Equity-to-asset ratio on mark-to-market basis: $\text{Market capitalization} / \text{Total assets}$
Market capitalization is calculated by multiplying the closing share price on the last day of the period by the number of issued shares at the end of the period (excluding treasury shares).
- Ratio of interest-bearing debt to cash flow: $\text{Interest-bearing debt} / \text{Cash flows from operating activities}$
Interest-bearing debt refers to liabilities recorded in the consolidated balance sheets that are subject to interest payments.
Cash flows from operating activities are cash flows from operating activities in the consolidated statements of cash flows.
- Interest coverage ratio: $\text{Cash flows from operating activities} / \text{Interest payment}$
Interest payment refers to the amount of interest paid as recorded in the consolidated statements of cash flows.

(4) Future Outlook

With concerns for the next fiscal year, such as inflation and rapid exchange rate fluctuations, the future outlook remains uncertain.

Under these circumstances, we will work to improve productivity and strengthen sales capabilities throughout the company. We will also strive to revitalize our stores through active renovations to enhance store loyalty.

For the next fiscal year, the Group forecasts operating revenue of ¥478.0 billion (up 4.8% year on year), operating profit of ¥14.3 billion (up 7.4% year on year), ordinary profit of ¥15.2 billion (up 4.1% year on year), and profit attributable to owners of parent of ¥9.8 billion (up 4.1% year on year).

2. Basic Policy on Selection of Accounting Standards

The Group plans to use Japanese GAAP for the time being. Regarding the adoption of IFRS (International Financial Reporting Standards), the Group's policy is to respond appropriately based on the situation in Japan and overseas.

3. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of February 20, 2025	As of February 20, 2026
Assets		
Current assets		
Cash and deposits	26,817	23,227
Notes and accounts receivable - trade, and contract assets	11,840	13,459
Merchandise and finished goods	19,837	20,140
Raw materials and supplies	246	170
Other	5,898	6,646
Allowance for doubtful accounts	(38)	(42)
Total current assets	64,602	63,602
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	94,754	99,259
Land	98,383	98,476
Construction in progress	3,001	1,040
Other, net	10,099	10,262
Total property, plant and equipment	*1 206,239	*1 209,039
Intangible assets		
Goodwill	540	473
Leasehold interests in land	5,555	5,451
Other	3,745	3,853
Total intangible assets	9,841	9,778
Investments and other assets		
Investment securities	*2 3,871	*2 5,726
Long-term loans receivable	478	447
Leasehold and guarantee deposits	18,006	17,497
Deferred tax assets	3,013	2,314
Retirement benefit asset	104	2,930
Other	2,066	2,059
Allowance for doubtful accounts	(355)	(301)
Total investments and other assets	27,184	30,675
Total non-current assets	243,266	249,493
Total assets	307,868	313,095

	As of February 20, 2025	As of February 20, 2026
Liabilities		
Current liabilities		
Notes and accounts payable - trade	31,479	33,017
Short-term borrowings	11,350	9,280
Lease liabilities	9	0
Accounts payable - other, and accrued expenses	13,177	12,943
Income taxes payable	2,184	2,908
Accrued consumption taxes	1,545	1,197
Deposits received	3,762	4,043
Provision for bonuses	1,519	1,622
Refund liabilities	7,855	8,167
Contract liabilities	10,723	10,525
Provision for loss on interest repayment	13	7
Provision for loss on shop close	124	584
Provision for bonuses for directors (and other officers)	65	38
Other	722	400
Total current liabilities	84,532	84,736
Non-current liabilities		
Long-term borrowings	8,975	11,961
Lease liabilities	2	—
Retirement benefit liability	6,160	711
Asset retirement obligations	7,355	8,930
Leasehold and guarantee deposits received	8,301	8,204
Deferred tax liabilities	100	117
Other	415	470
Total non-current liabilities	31,310	30,396
Total liabilities	115,842	115,132
Net assets		
Shareholders' equity		
Share capital	11,614	11,614
Capital surplus	19,746	19,778
Retained earnings	155,815	161,928
Treasury shares	(2,485)	(5,165)
Total shareholders' equity	184,690	188,155
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	913	2,194
Foreign currency translation adjustment	2,843	3,009
Remeasurements of defined benefit plans	1,462	2,434
Total accumulated other comprehensive income	5,219	7,637
Non-controlling interests	2,116	2,168
Total net assets	192,026	197,962
Total liabilities and net assets	307,868	313,095

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended February 20, 2025	For the fiscal year ended February 20, 2026
Operating revenue		
Net sales	408,323	417,976
Real estate lease revenue	16,702	17,117
Other operating revenue	19,872	20,915
Total operating revenue	444,898	456,010
Cost of sales	*1 283,644	*1 290,033
Gross profit	124,678	127,943
Operating gross profit	161,253	165,977
Selling, general and administrative expenses		
Selling sundry expenses	22,375	23,260
Salaries and allowances	63,708	66,207
Provision for bonuses	1,781	1,635
Retirement benefit expenses	1,204	912
Rent expenses	13,467	13,694
Depreciation	13,170	13,824
Amortization of goodwill	66	66
Other	32,119	33,063
Total selling, general and administrative expenses	147,893	152,664
Operating profit	13,360	13,313
Non-operating income		
Interest income	164	139
Dividend income	108	83
Insurance claim income	75	45
Receipt subsidy	201	380
Commission income	580	615
Other	318	213
Total non-operating income	1,447	1,478
Non-operating expenses		
Interest expenses	68	127
Compensation expense	28	2
Other	71	55
Total non-operating expenses	168	185
Ordinary profit	14,639	14,605

	For the fiscal year ended February 20, 2025	For the fiscal year ended February 20, 2026
Extraordinary income		
Reversal of asset retirement obligations	11	90
Gain on sale of non-current assets	*2 57	*2 134
Gain on sale of investment securities	1,082	259
Reversal of provision for loss on store closing	46	44
Insurance claim income	*3 204	—
Gain on sale of shares of subsidiaries and associates	—	239
Reversal of provision for loss on disaster	369	—
Other	38	5
Total extraordinary income	1,811	773
Extraordinary losses		
Loss on disaster	*4 7	—
Loss on retirement of non-current assets	*5 367	*5 470
Provision for loss on stores closing	66	581
Impairment losses	*6 655	*6 637
Other	136	5
Total extraordinary losses	1,232	1,695
Profit before income taxes	15,218	13,684
Income taxes - current	3,986	4,575
Income taxes - deferred	398	(413)
Total income taxes	4,384	4,161
Profit	10,833	9,523
Profit attributable to non-controlling interests	106	113
Profit attributable to owners of parent	10,727	9,409

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended February 20, 2025	For the fiscal year ended February 20, 2026
Profit	10,833	9,523
Other comprehensive income		
Valuation difference on available-for-sale securities	(370)	1,280
Foreign currency translation adjustment	(544)	178
Remeasurements of defined benefit plans, net of tax	1,164	972
Total other comprehensive income	*1 249	*1 2,431
Comprehensive income	11,082	11,955
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,939	11,828
Comprehensive income attributable to non-controlling interests	143	126

(3) Consolidated Statements of Changes in Equity
For the Fiscal Year Ended February 20, 2025

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	11,614	19,748	150,087	(198)	181,251
Changes during period					
Dividends of surplus			(2,749)		(2,749)
Change in ownership interest of parent due to transactions with non-controlling interests		(2)			(2)
Profit attributable to owners of parent			10,727		10,727
Purchase of treasury shares				(4,535)	(4,535)
Cancellation of treasury shares			(2,249)	2,249	—
Disposal of treasury shares					—
Net changes in items other than shareholders' equity					
Total changes during period	—	(2)	5,728	(2,286)	3,439
Balance at end of period	11,614	19,746	155,815	(2,485)	184,690

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,284	3,424	298	5,007	2,008	188,266
Changes during period						
Dividends of surplus						(2,749)
Change in ownership interest of parent due to transactions with non-controlling interests						(2)
Profit attributable to owners of parent						10,727
Purchase of treasury shares						(4,535)
Cancellation of treasury shares						—
Disposal of treasury shares						—
Net changes in items other than shareholders' equity	(370)	(581)	1,164	212	107	319
Total changes during period	(370)	(581)	1,164	212	107	3,759
Balance at end of period	913	2,843	1,462	5,219	2,116	192,026

For the Fiscal Year Ended February 20, 2026

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	11,614	19,746	155,815	(2,485)	184,690
Changes during period					
Dividends of surplus			(3,296)		(3,296)
Change in ownership interest of parent due to transactions with non-controlling interests		30			30
Profit attributable to owners of parent			9,409		9,409
Purchase of treasury shares				(2,697)	(2,697)
Cancellation of treasury shares					—
Disposal of treasury shares		2		16	19
Net changes in items other than shareholders' equity					
Total changes during period	—	32	6,112	(2,680)	3,464
Balance at end of period	11,614	19,778	161,928	(5,165)	188,155

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	913	2,843	1,462	5,219	2,116	192,026
Changes during period						
Dividends of surplus						(3,296)
Change in ownership interest of parent due to transactions with non-controlling interests						30
Profit attributable to owners of parent						9,409
Purchase of treasury shares						(2,697)
Cancellation of treasury shares						—
Disposal of treasury shares						19
Net changes in items other than shareholders' equity	1,280	165	972	2,418	52	2,471
Total changes during period	1,280	165	972	2,418	52	5,935
Balance at end of period	2,194	3,009	2,434	7,637	2,168	197,962

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended February 20, 2025	For the fiscal year ended February 20, 2026
Cash flows from operating activities		
Profit before income taxes	15,218	13,684
Depreciation	13,170	13,824
Impairment losses	655	637
Amortization of goodwill	66	66
Increase (decrease) in retirement benefit liability	(292)	(6,831)
Interest income	(164)	(139)
Interest expenses	68	127
Loss (gain) on sale of investment securities	(1,080)	(259)
Loss on retirement of non-current assets	367	470
Increase (decrease) in provision for loss on store closing	(247)	460
Decrease (increase) in trade receivables	(1,646)	(1,609)
Decrease (increase) in inventories	(676)	(274)
Decrease (increase) in other assets	289	(293)
Increase (decrease) in trade payables	1,624	1,519
Increase (decrease) in accounts payable - other	1,460	708
Increase (decrease) in deposits received	(325)	267
Increase (decrease) in leasehold and guarantee deposits received	37	(109)
Increase (decrease) in provision for loss on disaster	(1,114)	—
Loss (gain) on sale of shares of subsidiaries and associates	—	(239)
Other, net	(481)	(376)
Subtotal	26,929	21,632
Interest and dividends received	227	159
Interest paid	(66)	(128)
Income taxes paid	(4,117)	(3,878)
Net cash provided by (used in) operating activities	22,973	17,784
Cash flows from investing activities		
Proceeds from sale and redemption of short-term and long-term investment securities	1,735	276
Purchase of property, plant and equipment and intangible assets	(16,176)	(17,355)
Proceeds from sale of property, plant and equipment and intangible assets	421	286
Purchase of long-term prepaid expenses	(45)	(125)
Payments of leasehold and guarantee deposits	(104)	(9)
Proceeds from refund of leasehold and guarantee deposits	470	590
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	—	296
Other, net	(948)	(433)
Net cash provided by (used in) investing activities	(14,646)	(16,473)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(3,000)	(1,000)
Proceeds from long-term borrowings	4,500	8,500
Repayments of long-term borrowings	(9,330)	(6,582)
Purchase of treasury shares	(4,535)	(2,697)
Dividends paid	(2,749)	(3,296)
Dividends paid to non-controlling interests	(35)	(33)
Repayments of finance lease liabilities	(14)	(9)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(2)	(10)
Net cash provided by (used in) financing activities	(15,167)	(5,129)
Effect of exchange rate change on cash and cash equivalents	296	102
Net increase (decrease) in cash and cash equivalents	(6,544)	(3,716)
Cash and cash equivalents at beginning of period	29,426	22,881
Cash and cash equivalents at end of period	*1 22,881	*1 19,165

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Significant matters forming the basis for preparing consolidated financial statements)

1. Scope of consolidation

(1) Consolidated subsidiaries are the following 11 companies:

Fivestar Co., Ltd., Bestone Co., Ltd., National Maintenance Co., Ltd., Direct Shop Inc., Kaga Community Plaza Co., Ltd., Heiwado (China) Co., Ltd., Hunan Heiwa Real Estate Development Co., Ltd., C.O.M Corporation Ltd., Takefuekikita Parking Co., Ltd., Fukuinanbu Commercial Development Co., Ltd., and Toyama Future Development Co., Ltd.

During the fiscal year under review, YU-ING Co., Ltd., which was a consolidated subsidiary, was excluded from the scope of consolidation following the transfer of all its shares. In addition, Yell Co., Ltd. and Yanagen Co., Ltd., which were consolidated subsidiaries, have been excluded from the scope of consolidation, as they were dissolved due to absorption-type mergers with the Company as the surviving company.

(2) Non-consolidated subsidiary is one company: Kumagai Denko Co., Ltd.

Bell Co., Ltd., which was a non-consolidated subsidiary, has been excluded from the non-consolidated subsidiaries as its liquidation was completed in the fiscal year under review.

(3) The non-consolidated subsidiaries have been excluded from the scope of consolidation because they are small-scale and their total assets, net sales, profit or loss (amount attributable to the Company's share), retained earnings (amount attributable to the Company's share), etc. have an immaterial impact on the consolidated financial statements.

2. Scope of equity method

(1) Non-consolidated subsidiary not accounted for using the equity method is one company: Kumagai Denko Co., Ltd.

Bell Co., Ltd., which was a non-consolidated subsidiary not accounted for using the equity method, has been excluded from the non-consolidated subsidiaries not accounted for using the equity method as its liquidation was completed in the fiscal year under review.

(2) The non-consolidated subsidiaries not accounted for using the equity method have been excluded from the scope of application of the equity method because their impact on profit or loss, retained earnings, etc. is negligible and immaterial individually or in the aggregate.

3. Fiscal years, etc. of consolidated subsidiaries

(1) The following two subsidiaries have a fiscal year-end different from the consolidated fiscal year-end:

Heiwado (China) Co., Ltd.: December 31

Hunan Heiwa Real Estate Development Co., Ltd.: December 31

(2) These two companies are consolidated based on their financial statements as of their respective fiscal year-ends. In addition, necessary adjustments are made for any material transactions that occurred during the interval between their fiscal year-end dates and the consolidated fiscal year-end date.

4. Accounting policies

(1) Valuation standards and methods for significant assets

(i) Securities

Available-for-sale securities:

Securities other than shares, etc. that do not have a market price

Stated at fair value (with valuation differences recorded directly into net assets in full, and the cost of securities sold calculated using the moving average method)

Shares, etc. that do not have a market price

Stated at cost by the moving average method

(ii) Inventories

Inventories held for normal sales purposes

Stated at cost (with the amount shown on the balance sheet written down as profitability declines)

a. Merchandise and finished goods: Mainly by the retail method

b. Raw materials and supplies: Mainly by the last cost method

(2) Depreciation and amortization methods for significant depreciable and amortizable assets

(i) The Company and its subsidiaries in Japan

Depreciation and amortization methods for non-current assets

Property, plant and equipment (excluding leased assets): Declining-balance method

However, certain buildings (other than facilities attached to buildings) acquired on and after April 1, 1998 and facilities attached to buildings and structures acquired on and after April 1, 2016 are depreciated by the straight-line method.

The useful lives of property, plant and equipment are summarized as follows:

Buildings: 8–39 years

Structures: 10–20 years

Tools, furniture and fixtures: 3–10 years

Intangible assets (excluding leased assets): Straight-line method

However, software (for internal use) is amortized over its expected useful life (five years) using the straight-line method.

Leased assets

Leased assets pertaining to finance lease transactions involving the transfer of ownership

Depreciated by the same depreciation methods applied to self-owned non-current assets.

Leased assets pertaining to finance lease transactions not involving the transfer of ownership

Depreciated by the straight-line method with the leasing period as the useful life and with the residual value of zero.

Long-term prepaid expenses: Straight-line method

(ii) Subsidiaries outside Japan

Depreciated by the straight-line method.

(iii) Small-amount depreciable assets

The Company:

Assets with an acquisition value of ¥100,000 or more but less than ¥200,000 are evenly depreciated over three years.

Consolidated subsidiaries:

For assets with an acquisition value of ¥100,000 or more but less than ¥200,000, the entire amount is expensed at the time of payment.

(3) Accounting standards for significant allowances and provisions

(i) Allowance for doubtful accounts

To prepare for probable losses on collection, an allowance for doubtful accounts is provided based on historical experience of bad debts for general receivables and on an estimate of the collectability of certain receivables deemed doubtful of collection.

(ii) Provision for bonuses

To prepare for bonuses paid to employees, a provision is recorded based on the estimated payment amount.

(iii) Provision for bonuses for directors (and other officers)

To prepare for bonuses paid to directors (and other officers), a provision is recorded based on the estimated payment amount.

(iv) Provision for loss on interest repayment

To prepare for losses accompanying future requests for interest repayment, a provision is recorded for the required amount considering past repayments, etc.

(v) Provision for loss on shop close

A provision is recorded for the loss expected to occur in the future due to decisions made to close stores, etc.

(vi) Provision for loss on disaster

To prepare for expenditures such as restoration costs associated with disasters, a provision is recorded for the amount expected to be incurred in the future.

(4) Accounting method for retirement benefits

1) Method of allocating estimated retirement benefits to each reporting period

In calculating retirement benefit obligations, the method of allocating estimated retirement benefits to each reporting period up to the end of the fiscal year under review is based on the benefit formula basis.

2) Accounting policy for actuarial differences and prior service costs

Prior service costs are accounted for as expenses over a certain number of years within the average remaining years of service of the employees at the time of occurrence (mainly 12 years) using the straight-line method.

Actuarial differences are accounted for as expenses over a certain number of years within the average remaining years of service of the employees at the time of occurrence during each fiscal year (mainly 12 years) using the straight-line method, commencing with the fiscal year following the one in which they were incurred.

3) Adoption of simplified method in small companies

Certain consolidated subsidiaries apply the simplified method in computing retirement benefit liabilities and retirement benefit expenses, whereby the retirement benefit obligations are assumed to be equal to the benefits payable in the case of voluntary retirement of all employees at the fiscal year-end.

(5) Accounting standards for significant revenue and expenses

1) Revenue recognition for merchandise sales

Revenue from sales of the Group's merchandise is mainly generated from retail sales of merchandise. For these transactions, performance obligations are typically considered to be fulfilled when merchandise is delivered to the customer, at which point revenue is recognized.

For merchandise sales where the Company is deemed to be an agent, the net amount after deducting payments to suppliers from the total amount of consideration received from customers is recognized as revenue. Consideration for sales is received in cash. There are also transactions on credit, e-money, and sales on account. These are typically converted into cash within one month.

2) Revenue recognition for services

Revenue from the Group's services mainly comprises business income from logistics services and facility maintenance services. These services are provided continuously, so performance obligations are considered to be fulfilled over a certain period of time. Therefore, revenue is recognized as the services are provided.

3) Revenue related to real estate business

Revenue from the Group's real estate business mainly comprises business income related to the operation and management of commercial facilities. For these transactions, revenue is recognized primarily in accordance with the method for ordinary lease transactions.

- (6) Standard for translation of significant foreign currency-denominated assets and liabilities into Japanese yen
Monetary claims and debts denominated in foreign currencies are translated into Japanese yen using the spot exchange rate at the fiscal year-end, and the translation differences are recorded as gains or losses.
The assets and liabilities of overseas subsidiaries are translated into Japanese yen using the spot exchange rate at the subsidiaries' fiscal year-end, while revenue and expenses are translated into Japanese yen using the average exchange rate for the period. The translation differences are included in foreign currency translation adjustment under net assets.
in foreign currency translation adjustment under net assets.

- (7) Method and period for amortization of goodwill
Goodwill is amortized using the straight-line method over a period of 20 years.

- (8) Scope of funds in the consolidated statements of cash flows
Funds (cash and cash equivalents) in the consolidated statements of cash flows consist of cash on hand, demand deposits, and short-term investments that mature or have a period of redemption within three months from the date of acquisition, are readily convertible to cash, and have an insignificant risk of changes in value.

(Changes in presentation method)

(Consolidated statements of income)

1. "Foreign exchange gains," which was presented separately under "Non-operating income" in the previous fiscal year, has been included in "Other" as of the fiscal year under review because it fell to 10% or less of total non-operating income. To reflect this change in presentation method, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, in the consolidated statements of income for the previous fiscal year, "Foreign exchange gains" of ¥2 million and "Other" of ¥315 million presented under "Non-operating income" have been reclassified as "Other" of ¥318 million.

2. "Burden charge payment," which was presented separately under "Non-operating expenses" in the previous fiscal year, has been included in "Other" as of the fiscal year under review because it fell to 10% or less of total non-operating expenses. To reflect this change in presentation method, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, in the consolidated statements of income for the previous fiscal year, "Burden charge payment" of ¥1 million and "Other" of ¥70 million presented under "Non-operating expenses" have been reclassified as "Other" of ¥71 million.

(Changes in accounting estimates)

(Changes in estimates for asset retirement obligations)

During the fiscal year under review, regarding the asset retirement obligations recorded as obligations to restore properties to their original state based on the Group's real estate lease contracts, we changed the estimates related to the restoration costs due to our obtaining new information about the restoration costs required when vacating stores.

An increase of ¥1,450 million in the estimates resulting from this change has been added to the amount of asset retirement obligations before the change.

This change in the estimates has resulted in operating profit, ordinary profit, and profit before income taxes each decreasing by ¥169 million in the fiscal year under review.

(Consolidated balance sheets)

*1. Accumulated depreciation of property, plant and equipment

(Millions of yen)

	As of February 20, 2025	As of February 20, 2026
Accumulated depreciation of property, plant and equipment	229,061	237,218

*2. The following are the items pertaining to non-consolidated subsidiaries and affiliates.

(Millions of yen)

	As of February 20, 2025	As of February 20, 2026
Investment securities	624	614

(Consolidated statements of income)

*1. Ending inventories is the amount written down due to declines in profitability, and the following loss on valuation of inventories is included in cost of sales.

(Millions of yen)

	For the fiscal year ended February 20, 2025	For the fiscal year ended February 20, 2026
	660	661

*2. The breakdown of gain on sale of non-current assets is as follows.

(Millions of yen)

	For the fiscal year ended February 20, 2025	For the fiscal year ended February 20, 2026
Land	26	101
Buildings and structures	—	32
Other	31	0
Total	57	134

Note: "Other" includes tools, furniture and fixtures.

*3. Insurance claim income

For the fiscal year ended February 20, 2025

This relates to merchandise damage, etc. caused by the 2024 Noto Peninsula Earthquake.

For the fiscal year ended February 20, 2026

Not applicable.

*4. Loss on disaster

The loss on disaster is due to the 2024 Noto Peninsula Earthquake, and the breakdown is as follows.

(Millions of yen)

	For the fiscal year ended February 20, 2025	For the fiscal year ended February 20, 2026
Fixed costs during the period of business suspension	4	—
Other	2	—
Total	7	—

*5. The breakdown of loss on retirement of non-current assets is as follows.

(Millions of yen)

	For the fiscal year ended February 20, 2025	For the fiscal year ended February 20, 2026
Buildings and structures	79	73
Intangible assets	24	1
Costs incurred for removal	239	387
Other	23	8
Total	367	470

Note: "Other" includes tools, furniture and fixtures.

*6. Impairment losses

For the fiscal year ended February 20, 2025

The Group recorded impairment losses for the following asset groups:

Purpose	Type	Location
Stores	Buildings and structures, land, etc.	Shiga Prefecture, Fukui Prefecture, Toyama Prefecture, Kyoto Prefecture, Osaka Prefecture, Gifu Prefecture, Aichi Prefecture, Hyogo Prefecture, China
Idle assets	Land	Shiga Prefecture

Stores are used as the basic unit for generating cash flows, while real estate for lease other than stores and idle real estate are grouped by individual property.

For stores with operating activities continually resulting in losses, the book value has been reduced to the recoverable amount, and the amount of this decrease has been recorded as an impairment loss under extraordinary losses.

The breakdown of impairment losses is as follows.

	Stores (Millions of yen)	Idle assets (Millions of yen)	Total (Millions of yen)
Buildings and structures	543	—	543
Land	15	51	66
Other ^(Note)	45	—	45
Total	603	51	655

Note: "Other" includes tools, furniture and fixtures.

The recoverable amount for each asset is measured by the net selling price or the value in use. The net selling price is calculated based on the appraisal value by a real estate appraiser or roadside land prices, etc., while value in use is calculated by discounting estimated future cash flows by 3.59%.

For the fiscal year ended February 20, 2026

The Group recorded impairment losses for the following asset groups:

Purpose	Type	Location
Stores	Buildings and structures, land, etc.	Shiga Prefecture, Fukui Prefecture, Toyama Prefecture, Kyoto Prefecture, Osaka Prefecture, Gifu Prefecture, Aichi Prefecture, Hyogo Prefecture, Ishikawa Prefecture, Mie Prefecture, China
Idle assets	Land	Shiga Prefecture, Gifu Prefecture

Stores are used as the basic unit for generating cash flows, while real estate for lease other than stores and idle real estate are grouped by individual property.

For stores with operating activities continually resulting in losses, the book value has been reduced to the recoverable amount, and the amount of this decrease has been recorded as an impairment loss under extraordinary losses.

The breakdown of impairment losses is as follows.

	Stores (Millions of yen)	Idle assets (Millions of yen)	Total (Millions of yen)
Buildings and structures	374	—	374
Land	174	6	180
Other ^(Note)	82	—	82
Total	630	6	637

Note: "Other" includes tools, furniture and fixtures.

The recoverable amount for each asset is measured by the net selling price or the value in use. The net selling price is calculated based on the appraisal value by a real estate appraiser or roadside land prices, etc., while value in use is calculated by discounting estimated future cash flows by 4.27%.

(Consolidated statements of comprehensive income)

*1. Reclassification adjustments and income taxes/tax effects relating to other comprehensive income

(Millions of yen)

	For the fiscal year ended February 20, 2025	For the fiscal year ended February 20, 2026
Valuation difference on available-for-sale securities		
Amount arising during period	549	1,883
Reclassification adjustment	(1,082)	—
Before income taxes and tax effect	(533)	1,883
Income taxes and tax effect	162	(602)
Valuation difference on available-for-sale securities	(370)	1,280
Foreign currency translation adjustment		
Amount arising during period	701	251
Reclassification adjustment	—	—
Before income taxes and tax effect	701	251
Income taxes and tax effect	(1,245)	(72)
Foreign currency translation adjustment	(544)	178
Remeasurements of defined benefit plans, net of tax		
Amount arising during period	1,757	1,659
Reclassification adjustment	(83)	(243)
Before income taxes and tax effect	1,674	1,416
Income taxes and tax effect	(509)	(444)
Remeasurements of defined benefit plans, net of tax	1,164	972
Total other comprehensive income	249	2,431

(Consolidated statements of changes in equity)

Fiscal Year Ended February 20, 2025

1. Notes regarding issued shares

Class of shares	Number of shares at beginning of period	Increase	Decrease	Number of shares at end of period
Common shares (Shares)	52,546,470	—	1,000,000	51,546,470

(Outline of reasons for changes)

The decrease of 1,000,000 shares of common shares is due to the cancellation of treasury shares.

2. Notes regarding treasury shares

Class of shares	Number of shares at beginning of period	Increase	Decrease	Number of shares at end of period
Common shares (Shares)	98,338	2,000,204	1,000,000	1,098,542

(Outline of reasons for changes)

The increase of 204 shares of treasury shares of common shares is due to the purchase of shares of less than one unit.

The increase of 2,000,000 shares of treasury shares of common shares is due to the acquisition based on a resolution of the Board of Directors meeting.

The decrease of 1,000,000 shares of treasury shares of common shares is due to the cancellation of treasury shares.

3. Notes regarding dividends

(1) Cash dividends paid

Resolution	Class of shares	Total cash dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
May 16, 2024 Annual General Meeting of Shareholders	Common shares	1,206	23.00	Feb. 20, 2024	May 17, 2024
Oct. 3, 2024 Board of Directors meeting	Common shares	1,543	30.00	Aug. 20, 2024	Nov. 1, 2024

(2) Dividends for which the record date falls in the current fiscal year, but the effective date falls in the following fiscal year

Resolution	Class of shares	Source of dividend	Total cash dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
May 15, 2025 Annual General Meeting of Shareholders	Common shares	Retained earnings	1,664	33.00	Feb. 20, 2025	May 16, 2025

Fiscal Year Ended February 20, 2026

1. Notes regarding issued shares

Class of shares	Number of shares at beginning of period	Increase	Decrease	Number of shares at end of period
Common shares (Shares)	51,546,470	—	—	51,546,470

2. Notes regarding treasury shares

Class of shares	Number of shares at beginning of period	Increase	Decrease	Number of shares at end of period
Common shares (Shares)	1,098,542	1,000,235	7,209	2,091,568

(Outline of reasons for changes)

The increase of 235 shares of treasury shares of common shares is due to the purchase of shares of less than one unit.

The increase of 1,000,000 shares of treasury shares of common shares is due to the acquisition based on a resolution of the Board of Directors meeting.

The decrease of 7,209 shares of treasury shares of common shares is due to the disposal as performance-linked share remuneration.

3. Notes regarding dividends

(1) Cash dividends paid

Resolution	Class of shares	Total cash dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
May 15, 2025 Annual General Meeting of Shareholders	Common shares	1,664	33.00	Feb. 20, 2025	May 16, 2025
Oct. 2, 2025 Board of Directors meeting	Common shares	1,632	33.00	Aug. 20, 2025	Nov. 4, 2025

(2) Dividends for which the record date falls in the current fiscal year, but the effective date falls in the following fiscal year

Resolution	Class of shares	Source of dividend	Total cash dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
May 14, 2026 Annual General Meeting of Shareholders	Common shares	Retained earnings	1,632	33.00	Feb. 20, 2026	May 15, 2026

(Consolidated statements of cash flows)

*1 Relationship between cash and cash equivalents at end of period and the accounts presented in the consolidated balance sheets are as follows.

(Millions of yen)

	For the fiscal year ended February 20, 2025	For the fiscal year ended February 20, 2026
Cash and deposits	26,817	23,227
Time deposits with maturities of over three months	(3,936)	(4,062)
Cash and cash equivalents	22,881	19,165

(Asset retirement obligations)

Asset retirement obligations recorded on the consolidated balance sheets

(1) Overview of relevant asset retirement obligations

These are obligations to restore leased land and buildings for stores, etc. to their original state based on real estate lease contracts.

(2) Method of calculating the amount of relevant asset retirement obligations

The amount of asset retirement obligations is calculated by estimating the expected usage period on a property-by-property basis and applying a discount rate (0.0% to 2.3%) corresponding to the usage period (3 to 39 years) for each property.

(3) Increase/decrease in total relevant asset retirement obligations

(Millions of yen)

	For the fiscal year ended February 20, 2025	For the fiscal year ended February 20, 2026
Balance at beginning of period	4,507	7,732
Increase due to purchase of property, plant and equipment	459	456
Increase due to passage of time	58	100
Adjustment due to changes in estimates ^(Note 1)	2,755	1,450
Decrease due to extinguishment of asset retirement obligations ^(Note 2)	—	349
Decrease due to performance of obligations	47	379
Balance at end of period ^(Note 3)	7,732	9,009

(Notes)

1. Details and amount of effect of changes in estimates

Fiscal Year Ended February 20, 2025

Regarding the asset retirement obligations recorded as obligations to restore properties to their original state based on the Group's real estate lease contracts, estimates regarding the restoration costs were changed due to our obtaining new information about the restoration costs required when vacating stores.

The balance of asset retirement obligations before the change was increased by ¥2,755 million due to this change in the estimates.

Consequently, operating profit, ordinary profit, and profit before income taxes each decreased by ¥165 million.

Fiscal Year Ended February 20, 2026

Regarding the asset retirement obligations recorded as obligations to restore properties to their original state based on the Group's real estate lease contracts, estimates regarding the restoration costs were changed due to our obtaining new information about the restoration costs required when vacating stores.

The balance of asset retirement obligations before the change was increased by ¥1,450 million due to this change in the estimates.

Consequently, operating profit, ordinary profit, and profit before income taxes each decreased by ¥169 million.

2. The main decrease due to the extinguishment of asset retirement obligations is due to the termination of building leases.
3. The balance of asset retirement obligations at the end of the previous fiscal year includes asset retirement obligations (current) of ¥377 million, while the balance at the end of the fiscal year under review includes asset retirement obligations (current) of ¥79 million.

(Segment information, etc.)

1. Summary of reportable segments

The Group's reportable segments comprise units within the Group for which separate financial information is available and which are periodically reviewed by the Board of Directors, etc. to determine allocation of management resources and evaluate performance.

The Group consists of corporation-based segments, primarily engaged in retail business. These are aggregated into reportable segments of "Retail Business" and "Retail-Related Business" based on the service contents and economic characteristics of each company.

company.

The "Retail Business" sells food products, clothing, sundries, etc. The "Retail-Related Business" rents store spaces, operates and manages commercial complexes, provides building maintenance, etc.

2. Method of calculating operating revenue, profit or loss, assets, liabilities, and other items by reportable segment
Accounting methods for business segments reported are the same as described in "Significant matters forming the basis for preparing consolidated financial statements."

Profit by reportable segment refers to figures based on ordinary profit. Intersegment net sales and transfers are based on market prices.

3. Information on operating revenue, profit or loss, assets, liabilities, and other items by reportable segment, and revenue breakdown information

For the fiscal year ended February 20, 2025

(Millions of yen)

	Reportable segments			Other	Total	Adjustment	Amount on consolidated financial statements
	Retail	Retail-Related	Total				
Operating revenue							
Product sales	391,023	971	391,995	16,328	408,323	—	408,323
Service revenue	15,962	3,836	19,799	73	19,872	—	19,872
Revenue from contracts with customers	406,986	4,807	411,794	16,401	428,195	—	428,195
Other revenue	14,337	1,824	16,161	541	16,702	—	16,702
Net sales to outside customers	421,323	6,631	427,955	16,942	444,898	—	444,898
Intersegment net sales or transfers	3,597	49,543	53,141	313	53,454	(53,454)	—
Total	424,921	56,175	481,097	17,255	498,353	(53,454)	444,898
Segment profit	13,058	1,925	14,984	765	15,750	(1,110)	14,639
Segment assets	299,821	27,786	327,608	9,190	336,799	(28,930)	307,868
Other items							
Depreciation	11,143	1,515	12,659	578	13,237	(66)	13,170
Interest income	199	3	203	5	209	(44)	164
Interest expenses	78	20	98	1	100	(31)	68
Increase in property, plant and equipment and intangible assets	15,056	459	15,515	768	16,283	(158)	16,124

(Notes)

1. The “Other” category represents business segments not included in reportable segments, such as restaurant operation business, etc.
2. The adjustment of ¥(1,110) million to segment profit is from the elimination of dividend income transactions, etc.
3. Segment profit has been adjusted with ordinary profit on the consolidated statements of income.
4. The adjustment of ¥(28,930) million to segment assets is from the elimination of intersegment transactions, etc.
5. The adjustment of ¥(66) million to depreciation is from the elimination of intersegment transactions, etc.
6. Depreciation includes amortization of long-term prepaid expenses.
7. The adjustment of ¥(44) million to interest income is from the elimination of intersegment transactions.
8. The adjustment of ¥(31) million to interest expenses is from the elimination of intersegment transactions.
9. The adjustment of ¥(158) million to increase in property, plant and equipment and intangible assets is from the elimination of intersegment transactions.
10. Other revenue represents real estate lease revenue included within the scope of the Accounting Standard for Lease Transactions.

For the fiscal year ended February 20, 2026

(Millions of yen)

	Reportable segments			Other	Total	Adjustment	Amount on consolidated financial statements
	Retail	Retail-Related	Total				
Operating revenue							
Product sales	400,383	1,000	401,384	16,592	417,976	—	417,976
Service revenue	16,852	4,000	20,852	63	20,915	—	20,915
Revenue from contracts with customers	417,236	5,001	422,237	16,655	438,892	—	438,892
Other revenue	15,112	1,866	16,979	138	17,117	—	17,117
Net sales to outside customers	432,348	6,867	439,216	16,793	456,010	—	456,010
Intersegment net sales or transfers	3,365	52,464	55,830	120	55,951	(55,951)	—
Total	435,714	59,332	495,047	16,914	511,961	(55,951)	456,010
Segment profit	12,645	1,985	14,631	774	15,406	(800)	14,605
Segment assets	301,638	28,759	330,397	8,129	338,527	(25,432)	313,095
Other items							
Depreciation	11,918	1,370	13,288	606	13,894	(70)	13,824
Interest income	182	23	205	6	212	(72)	139
Interest expenses	163	24	188	0	188	(61)	127
Increase in property, plant and equipment and intangible assets	14,005	1,212	15,218	1,134	16,353	(130)	16,222

(Notes)

1. The “Other” category represents business segments not included in reportable segments, such as restaurant operation business, etc.
2. The adjustment of ¥(800) million to segment profit is from the elimination of dividend income transactions, etc.
3. Segment profit has been adjusted with ordinary profit on the consolidated statements of income.
4. The adjustment of ¥(25,432) million to segment assets is from the elimination of intersegment transactions, etc.
5. The adjustment of ¥(70) million to depreciation is from the elimination of intersegment transactions, etc.
6. Depreciation includes amortization of long-term prepaid expenses.
7. The adjustment of ¥(72) million to interest income is from the elimination of intersegment transactions.
8. The adjustment of ¥(61) million to interest expenses is from the elimination of intersegment transactions.
9. The adjustment of ¥(130) million to increase in property, plant and equipment and intangible assets is from the elimination of intersegment transactions.
10. Other revenue represents real estate lease revenue included within the scope of the Accounting Standard for Lease Transactions.

[Related information]

For the fiscal year ended February 20, 2025

1. Information by product and service

This information is not provided here because it is the same as the information provided under the segment information.

2. Information by geographical area

(1) Net sales

Disclosure is omitted because over 90% of net sales on the consolidated statements of income are sales to outside customers in Japan.

(2) Property, plant and equipment

Disclosure is omitted because over 90% of the amount of property, plant and equipment on the consolidated balance sheets consists of property, plant and equipment located in Japan.

3. Information by major customer

There is no disclosure because there are no outside customers accounting for 10% or more of net sales on the consolidated statements of income.

For the fiscal year ended February 20, 2026

1. Information by product and service

This information is not provided here because it is the same as the information provided under the segment information.

2. Information by geographical area

(1) Net sales

Disclosure is omitted because over 90% of net sales on the consolidated statements of income are sales to outside customers in Japan.

(2) Property, plant and equipment

Disclosure is omitted because over 90% of the amount of property, plant and equipment on the consolidated balance sheets consists of property, plant and equipment located in Japan.

3. Information by major customer

There is no disclosure because there are no outside customers accounting for 10% or more of net sales on the consolidated statements of income.

[Information on impairment losses on non-current assets by reportable segment]

For the fiscal year ended February 20, 2025

(Millions of yen)

	Reportable segments			Other	Total	Corporate or elimination of intersegment transactions	Total
	Retail	Retail-Related	Total				
Impairment losses	619	—	619	35	655	—	655

(Note) The amount for “Other” relates to the restaurant business, etc.

For the fiscal year ended February 20, 2026

(Millions of yen)

	Reportable segments			Other	Total	Corporate or elimination of intersegment transactions	Total
	Retail	Retail-Related	Total				
Impairment losses	480	—	480	156	637	—	637

(Note) The amount for “Other” relates to the restaurant business, etc.

[Information on amortization of goodwill and unamortized balance by reportable segment]

For the fiscal year ended February 20, 2025

(Millions of yen)

	Reportable segments			Other	Total	Corporate or elimination of intersegment transactions	Total
	Retail	Retail-Related	Total				
(Goodwill)							
Amortization for period	66	—	66	—	66	—	66
Balance at end of period	540	—	540	—	540	—	540

For the fiscal year ended February 20, 2026

(Millions of yen)

	Reportable segments			Other	Total	Corporate or elimination of intersegment transactions	Total
	Retail	Retail-Related	Total				
(Goodwill)							
Amortization for period	66	—	66	—	66	—	66
Balance at end of period	473	—	473	—	473	—	473

[Information on gain on bargain purchase by reportable segment]

For the fiscal year ended February 20, 2025

Not applicable.

For the fiscal year ended February 20, 2026

Not applicable.

(Per share information)

(Yen)

For the fiscal year ended February 20, 2025	For the fiscal year ended February 20, 2026
Net assets per share 3,764.48	Net assets per share 3,959.03
Basic earnings per share 209.08	Basic earnings per share 189.29

(Notes)

1. Diluted earnings per share are not stated because there were no dilutive shares.

2. Calculation basis of net assets per share is as follows.

	As of February 20, 2025	As of February 20, 2026
Total amount of net assets (Millions of yen)	192,026	197,962
Amount deducted from total amount of net assets (Millions of yen)	2,116	2,168
[Of which, non-controlling interests (Millions of yen)]	[2,116]	[2,168]
Net assets associated with common shares (Millions of yen)	189,910	195,793
Number of common shares issued (Thousand shares)	51,546	51,546
Number of common shares held as treasury shares (Thousand shares)	1,098	2,091
Number of common shares used in the calculation of net assets per share (Thousand shares)	50,447	49,454

3. Calculation basis of basic earnings per share is as follows.

	For the fiscal year ended February 20, 2025	For the fiscal year ended February 20, 2026
Basic earnings per share		
Profit attributable to owners of parent (Millions of yen)	10,727	9,409
Amount not attributable to common shareholders (Millions of yen)	—	—
Profit attributable to owners of parent relating to common shares (Millions of yen)	10,727	9,409
Average number of common shares during the period (Thousand shares)	51,308	49,710

(Significant subsequent events)

Not applicable.

4. Non-consolidated Financial Statements and Principal Notes

(1) Balance Sheets

(Millions of yen)

	As of February 20, 2025	As of February 20, 2026
Assets		
Current assets		
Cash and deposits	16,759	13,937
Accounts receivable - trade	10,715	11,706
Merchandise	16,480	17,458
Supplies	36	28
Prepaid expenses	467	858
Short-term loans receivable	573	56
Accounts receivable - other	3,627	4,180
Other	964	1,172
Allowance for doubtful accounts	(38)	(41)
Total current assets	49,587	49,356
Non-current assets		
Property, plant and equipment		
Buildings, net	74,609	79,787
Structures, net	3,786	4,188
Machinery and equipment, net	770	709
Vehicles, net	0	0
Tools, furniture and fixtures, net	5,950	6,686
Land	93,203	93,844
Leased assets, net	28	23
Construction in progress	2,898	724
Total property, plant and equipment	181,247	185,963
Intangible assets		
Goodwill	540	473
Leasehold interests in land	4,334	4,301
Software	2,875	2,822
Other	666	838
Total intangible assets	8,416	8,435
Investments and other assets		
Investment securities	3,238	5,104
Shares of subsidiaries and associates	1,408	1,305
Investments in capital of subsidiaries and associates	2,766	2,766
Long-term loans receivable	478	447
Long-term loans receivable from subsidiaries and associates	6,971	5,765
Long-term prepaid expenses	1,927	1,718
Deferred tax assets	4,354	4,193
Leasehold and guarantee deposits	22,761	22,476
Other	166	343
Allowance for doubtful accounts	(1,415)	(1,469)
Total investments and other assets	42,655	42,653
Total non-current assets	232,319	237,052
Total assets	281,906	286,409

	As of February 20, 2025	As of February 20, 2026
Liabilities		
Current liabilities		
Accounts payable - trade	30,029	31,703
Short-term borrowings	7,200	8,900
Current portion of long-term borrowings	6,350	5,280
Accounts payable - other	4,749	3,830
Accrued expenses	5,841	6,137
Income taxes payable	1,584	2,306
Accrued business office tax	146	148
Accrued consumption taxes	1,062	910
Deposits received	3,388	3,761
Contract liabilities	8,227	8,318
Refund liabilities	7,855	8,167
Provision for loss on interest repayment	13	7
Provision for bonuses	1,233	1,329
Provision for loss on shop close	122	561
Provision for bonuses for directors (and other officers)	65	38
Other	5,194	3,047
Total current liabilities	83,065	84,448
Non-current liabilities		
Long-term borrowings	8,975	11,961
Provision for retirement benefits	7,229	601
Leasehold and guarantee deposits received	8,396	8,551
Asset retirement obligations	7,009	8,772
Other	17	14
Total non-current liabilities	31,628	29,901
Total liabilities	114,693	114,349
Net assets		
Shareholders' equity		
Share capital	11,614	11,614
Capital surplus		
Legal capital surplus	19,017	19,017
Other capital surplus	—	2
Total capital surplus	19,017	19,019
Retained earnings		
Legal retained earnings	2,168	2,168
Other retained earnings		
Reserve for tax purpose reduction entry of non-current assets	743	679
General reserve	124,850	124,850
Retained earnings brought forward	10,392	16,699
Total retained earnings	138,153	144,397
Treasury shares	(2,485)	(5,165)
Total shareholders' equity	166,299	169,865
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	913	2,194
Total valuation and translation adjustments	913	2,194
Total net assets	167,213	172,059
Total liabilities and net assets	281,906	286,409

(2) Statements of Income

(Millions of yen)

	For the fiscal year ended February 20, 2025	For the fiscal year ended February 20, 2026
Operating revenue		
Net sales	372,640	389,531
Real estate lease revenue	15,292	15,902
Other operating revenue	15,753	16,818
Total operating revenue	403,686	422,251
Cost of sales		
Beginning merchandise inventory	15,599	16,480
Cost of purchased goods	276,055	287,741
Ending merchandise inventory	16,480	17,049
Gross profit	97,466	102,359
Operating gross profit	128,512	135,079
Selling, general and administrative expenses	118,185	124,739
Operating profit	10,326	10,340
Non-operating income		
Interest income	80	90
Dividend income	860	783
Receipt subsidy	188	365
Commission income	596	638
Other	275	199
Total non-operating income	2,001	2,077
Non-operating expenses		
Interest expenses	70	149
Compensation expense	27	2
Other	123	100
Total non-operating expenses	221	252
Ordinary profit	12,106	12,165

	For the fiscal year ended February 20, 2025	For the fiscal year ended February 20, 2026
Extraordinary income		
Reversal of asset retirement obligations	1	166
Reversal of provision for loss on store closing	39	20
Gain on sale of non-current assets	26	102
Gain on sale of investment securities	1,081	259
Gain on sale of shares of subsidiaries and associates	—	295
Reversal of provision for loss on disaster	219	—
Insurance claim income	204	—
Gain on extinguishment of tie-in shares	—	1,314
Other	—	5
Total extraordinary income	1,572	2,164
Extraordinary losses		
Loss on retirement of non-current assets	287	476
Loss on disaster	2	—
Provision for loss on stores closing	57	529
Impairment losses	603	482
Loss on extinguishment of tie-in shares	531	—
Other	62	114
Total extraordinary losses	1,544	1,603
Profit before income taxes	12,134	12,725
Income taxes - current	3,007	3,558
Income taxes - deferred	296	(373)
Total income taxes	3,303	3,184
Profit	8,831	9,540

(3) Statements of Changes in Equity
For the Fiscal Year Ended February 20, 2025

(Millions of yen)

	Shareholders' equity								
	Share capital	Capital surplus			Retained earnings				
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings
						Reserve for tax purpose reduction entry of non-current assets	General reserve	Retained earnings brought forward	
Balance at beginning of period	11,614	19,017	—	19,017	2,168	799	122,350	9,003	134,321
Changes during period									
Dividends of surplus								(2,749)	(2,749)
Profit								8,831	8,831
Reversal of reserve for tax purpose reduction entry of non-current assets						(56)		56	—
Provision of general reserve							2,500	(2,500)	—
Purchase of treasury shares									
Cancellation of treasury shares								(2,249)	(2,249)
Disposal of treasury shares									
Net changes in items other than shareholders' equity									
Total changes during period	—	—	—	—	—	(56)	2,500	1,388	3,832
Balance at end of period	11,614	19,017	—	19,017	2,168	743	124,850	10,392	138,153

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(198)	164,754	1,283	1,283	166,037
Changes during period					
Dividends of surplus		(2,749)			(2,749)
Profit		8,831			8,831
Reversal of reserve for tax purpose reduction entry of non-current assets		—			—
Provision of general reserve		—			—
Purchase of treasury shares	(4,535)	(4,535)			(4,535)
Cancellation of treasury shares	2,249	—			—
Disposal of treasury shares		—			—
Net changes in items other than shareholders' equity			(370)	(370)	(370)
Total changes during period	(2,286)	1,545	(370)	(370)	1,175
Balance at end of period	(2,485)	166,299	913	913	167,213

For the Fiscal Year Ended February 20, 2026

(Millions of yen)

	Shareholders' equity								
	Share capital	Capital surplus			Retained earnings				
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings
						Reserve for tax purpose reduction entry of non-current assets	General reserve	Retained earnings brought forward	
Balance at beginning of period	11,614	19,017	—	19,017	2,168	743	124,850	10,392	138,153
Changes during period									
Dividends of surplus								(3,296)	(3,296)
Profit								9,540	9,540
Reversal of reserve for tax purpose reduction entry of non-current assets						(63)		63	—
Provision of general reserve									—
Purchase of treasury shares									
Cancellation of treasury shares									
Disposal of treasury shares			2	2					
Net changes in items other than shareholders' equity									
Total changes during period	—	—	2	2	—	(63)	—	6,307	6,244
Balance at end of period	11,614	19,017	2	19,019	2,168	679	124,850	16,699	144,397

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(2,485)	166,299	913	913	167,213
Changes during period					
Dividends of surplus		(3,296)			(3,296)
Profit		9,540			9,540
Reversal of reserve for tax purpose reduction entry of non-current assets		—			—
Provision of general reserve		—			—
Purchase of treasury shares	(2,697)	(2,697)			(2,697)
Cancellation of treasury shares		—			—
Disposal of treasury shares	16	19			19
Net changes in items other than shareholders' equity			1,280	1,280	1,280
Total changes during period	(2,680)	3,565	1,280	1,280	4,846
Balance at end of period	(5,165)	169,865	2,194	2,194	172,059

(4) Notes to Non-consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Changes in presentation method)

(Statements of income)

1. “Burden charge payment,” which was presented separately under “Non-operating expenses” in the previous fiscal year, has been included in “Other” as of the fiscal year under review because it fell to 10% or less of total non-operating expenses. To reflect this change in presentation method, the financial statements for the previous fiscal year have been reclassified.

As a result, in the statements of income for the previous fiscal year, “Burden charge payment” of ¥1 million and “Other” of ¥121 million presented under “Non-operating expenses” have been reclassified as “Other” of ¥123 million.

2. “Loss on support to subsidiaries and associates,” which was presented separately under “Extraordinary losses” in the previous fiscal year, has been included in “Other” as of the fiscal year under review because it fell to 10% or less of total extraordinary losses. To reflect this change in presentation method, the financial statements for the previous fiscal year have been reclassified.

As a result, in the statements of income for the previous fiscal year, “Loss on support to subsidiaries and associates” of ¥60 million and “Other” of ¥2 million presented under “Extraordinary losses” have been reclassified as “Other” of ¥62 million.

(Changes in accounting estimates)

(Changes in estimates for asset retirement obligations)

During the fiscal year under review, regarding the asset retirement obligations recorded as obligations to restore properties to their original state based on the Company’s real estate lease contracts, we changed the estimates related to the restoration costs due to our obtaining new information about the restoration costs required when vacating stores.

An increase of ¥1,460 million in the estimates resulting from this change has been added to the amount of asset retirement obligations before the change.

This change in the estimates has resulted in operating profit, ordinary profit, and profit before income taxes each decreasing by ¥150 million in the fiscal year under review.

(Significant subsequent events)

Not applicable.