



Fiscal year ending Feb. 2027

(February 21, 2026 - August 20, 2026)

Financial Results

Heiwado Co., Ltd.
(Securities Code 8276)

Financial Results Briefing
October 1 and 2, 2026

Note : This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Financial Results Summary

Operating Revenue: Reached record highs (both consolidated and non-consolidated).
Operating Profit: Declined due to non-consolidated sales and gross margin shortfalls.
Ordinary Profit / Profit: Increased on a non-consolidated basis due to higher dividend income from consolidated subsidiaries, an effect that is eliminated upon consolidation.

Consolidated	Operating Revenue ¥230,489million 103.1% YoY	Operating Profit ¥5,665million 82.9% YoY	Ordinary Profit ¥6,190million 82.4% YoY	Profit Attributable to Owners of Parent ¥3,580million 73.0% YoY
Non-Consolidated	Operating Revenue ¥214,854million 104.8% YoY	Operating Profit ¥4,172million 80.1% YoY	Ordinary Profit ¥7,489million 115.2% YoY	Profit ¥5,427million 116.2% YoY

February 2027, 2nd Quarter Performance Summary (Consolidated)

Consolidated Financial Results: Q2 FY2027/2

[Unit : Millions of yen,%]

	Q2 FYE 2/2026	Q2 FYE 2/2027		
	Results	Results	YoY	Change
Operating Revenue	223,539	230,489	103.1	6,950
Operating Gross Profit	81,153	83,676	103.1	2,522
SG&A Expenses	74,320	78,011	105.0	3,691
Operating Profit	6,833	5,665	82.9	(1,168)
Non-Operating Income	772	678	87.9	(93)
Non-Operating Expenses	93	153	164.7	60
Ordinary Profit	7,512	6,190	82.4	(1,322)
Extraordinary Income	325	88	27.1	(236)
Extraordinary Losses	249	280	112.4	30
Profit Before Income Taxes	7,588	5,998	79.0	(1,590)
Profit Attributable to Owners of the Parent	4,904	3,580	73.0	(1,324)

- Operating revenue grew due to higher net sales, backed by existing-store growth in retail/restaurant segments and new store contributions.
- Non-Consolidated gross profit margin failed to reach internal projections, resulting in gross profit falling short of the plan.
- SG&A expenses were generally in line with plan, despite non-consolidated increases, initial costs for new restaurant segment, and higher labor costs in retail-related businesses.
- Operating profit declined as operating gross profit fell short of plan, despite SG&A expenses being managed within budget.

Performance: Key Consolidated Companies

Performance of Key Companies:

- Revenue/profit decline for total subsidiaries was due to the absorption of YELL and Yanagen into parent.
- Surviving consolidated subsidiaries grew both revenue and profit.

[Unit : Millions of yen,%]

	Operating Revenue			Operating Profit		
	Q2 FYE 2/2026	Q2 FYE 2/2027		Q2 FYE 2/2026	Q2 FYE 2/2027	
	Results	Results	YoY	Results	Results	YoY
Heiwado	204,927	214,854	104.8	5,211	4,172	80.1
Consolidated Subsidiaries	45,261	44,434	98.2	1,654	1,541	93.2
Bestone	21,633	23,713	109.6	359	522	145.3
Fivestar	6,176	6,468	104.7	348	195	56.3
National Maintenance	4,887	5,171	105.8	265	148	55.9
C.O.M.	1,996	2,182	109.3	126	198	156.4
Direct Shop	1,997	2,037	102.0	(34)	5	-
Toyama Future Development	1,423	1,526	107.3	192	273	141.5
Heiwado(China)	2,836	2,966	104.6	177	195	110.1
Other	376	371	98.7	62	5	7.5
Total for Merged and Transferred Subsidiaries	3,937	-	-	154	-	-
Eliminations	26,649	28,799	108.1	32	48	150.0
Consolidated	223,539	230,489	103.1	6,833	5,665	82.9

February 2027, 2nd Quarter Performance Summary (Non-Consolidated)

Non-Consolidated Financial Results: Q2 FY2027/2

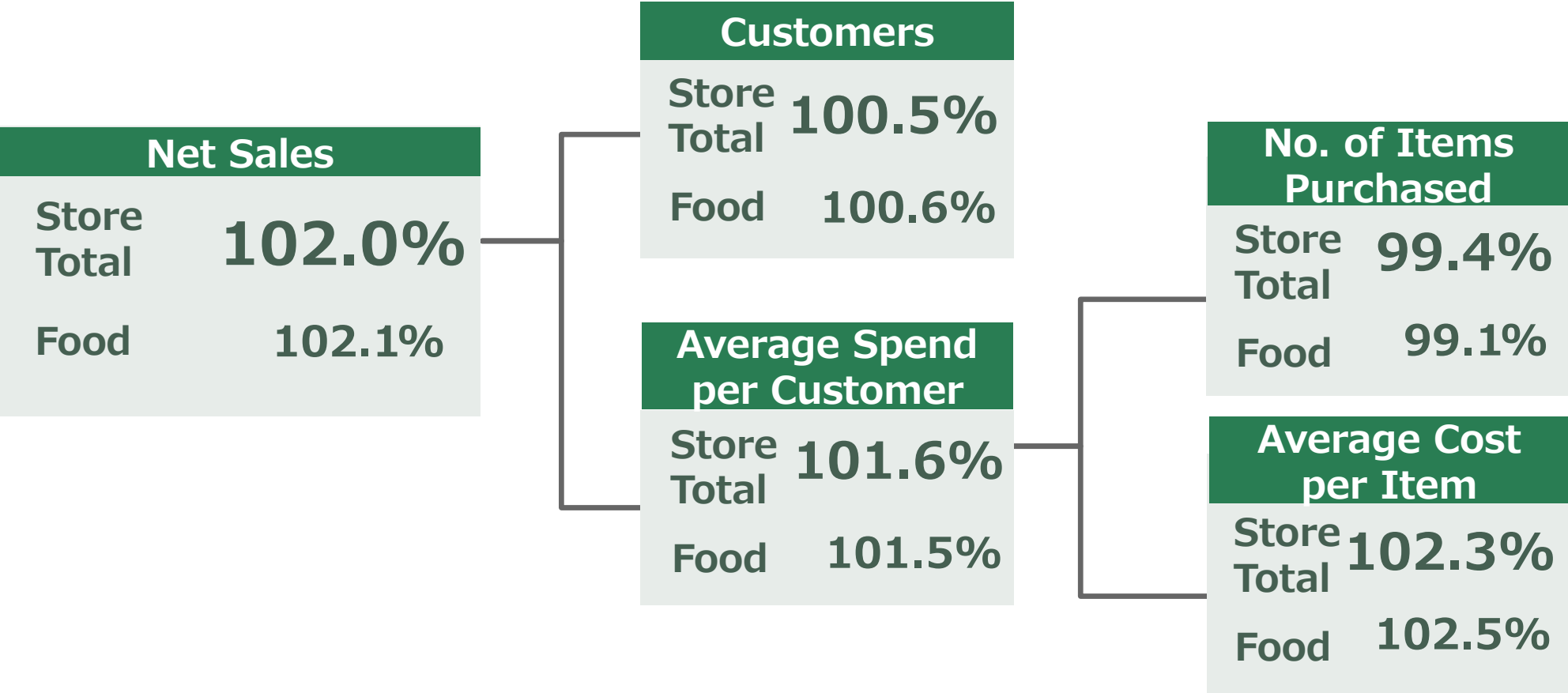
[Unit : Millions of yen,%]

	Q2 FYE 2/2026	Q2 FYE 2/2027		
	Results	Results	YoY	Change
Operating Revenue	204,927	214,854	104.8	9,927
Operating Gross Profit	65,625	68,241	104.0	2,616
SG&A Expenses	60,413	64,068	106.1	3,655
Operating Profit	5,211	4,172	80.1	(1,039)
Non-Operating Income	1,409	3,509	249.0	2,100
Non-Operating Expenses	120	192	160.1	72
Ordinary Profit	6,500	7,489	115.2	988
Extraordinary Income	452	85	19.0	(367)
Extraordinary Losses	159	302	190.0	143
Profit Before Income Taxes	6,794	7,272	107.0	478
Profit	4,671	5,427	116.2	755

- Operating revenue grew due to higher net sales, backed by existing-store growth, new store contributions, and the absorption of Yell and Yanagen into parent.
- Operating profit fell as SG&A growth outpaced gross profit gains (though SG&A stayed within budget); both revenue and gross profit missed plans.
- Ordinary Income and Below: Increased on a non-consolidated basis due to higher dividend income from consolidated subsidiaries, an effect that is eliminated upon consolidation.
- Non-operating income decreased due to the absence of subsidy income for new stores recorded in the previous year.
Non-operating expenses increased mainly due to higher interest expenses.
- Extraordinary income decreased due to the absence of prior-year gain on sale of YU-ING Co., Ltd. shares. Extraordinary losses increased due to higher retirement losses from an increase in non-consolidated store renovations (8 stores vs. 4 in the prior year).

Non-Consolidated Analysis: Same-Store Sales Composition

- Customer traffic increased due to higher visit frequency, supported by planned store renovations and effective merchandising initiatives.
- Average spend per customer rose as average item prices increased, driven by ongoing food price hikes and a higher sales mix of large-capacity packs of fresh foods.



Non-Consolidated Net Sales by Department

- Strategic food pricing secured sales growth, with fresh foods led by seafood and meat. Grocery performance remained sluggish, affected by the non-recurrence of the prior-year surge in rice prices.
- Apparel sales were significantly impacted by unseasonable weather, falling below both prior-year results and internal plans.
- Household Goods sales were driven by kids' stickers and air conditioners, the latter boosted by demand ahead of 2027 fluorocarbon regulations.

[Unit : Millions of yen,%]

		Q2 FYE 2/2026	Q2 FYE 2/2027		
		Results	Results	YoY	Same- stores YoY
Net Sales (Financial Accounting)		188,755	197,779	104.8	-
Net Sales (Management Accounting)		201,163	208,501	103.6	102.0
Department	Food Products	166,093	172,885	104.1	102.1
	Fresh Foods	76,406	81,234	106.3	104.1
	Grocery	89,687	91,650	102.2	100.5
	Apparel	10,943	10,657	97.4	97.6
	Household Goods	18,636	19,098	102.5	102.3
Other		5,490	5,860	106.7	-

Non-Consolidated Gross Profit Margin by Department

- Gross profit failed to reach the target despite margin control measures addressing prior-year issues, impacted by the non-recurrence of the prior-year surge in rice demand and higher fresh food losses.
Gross margin stabilized in Q2 and exceeded the prior-year level in August.
- Gross margin for Household Goods improved in Q2 due to price increases implemented through selling price revisions.

[Unit : %]

		Q2 FYE 2/2026	Q2 FYE 2/2027	
		Results	Results	Change
Net Sales (Internal Standard)		26.72	26.47	(0.25)
Department	Food Products	26.26	25.96	(0.30)
	Fresh Foods	26.46	26.23	(0.23)
	Grocery	26.09	25.72	(0.37)
	Apparel	38.16	38.17	0.01
	Household Goods	28.44	28.79	0.35
Other		12.04	12.54	0.50

Non-Consolidated Analysis: Selling, General and Administrative Expenses

- Out of the ¥3,655 million YoY increase in SG&A expenses, ¥1,907 million was due to new store impacts (¥1,057 million from 5 new stores and ¥849 million from Yell).
- Out of the ¥1,880 million YoY increase in personnel expenses, ¥1,006 million was due to new stores and Yell.
- The increase in "Other" expenses was primarily driven by higher repair costs and increased cashless payment processing fees.

[Unit : Millions of yen,%]

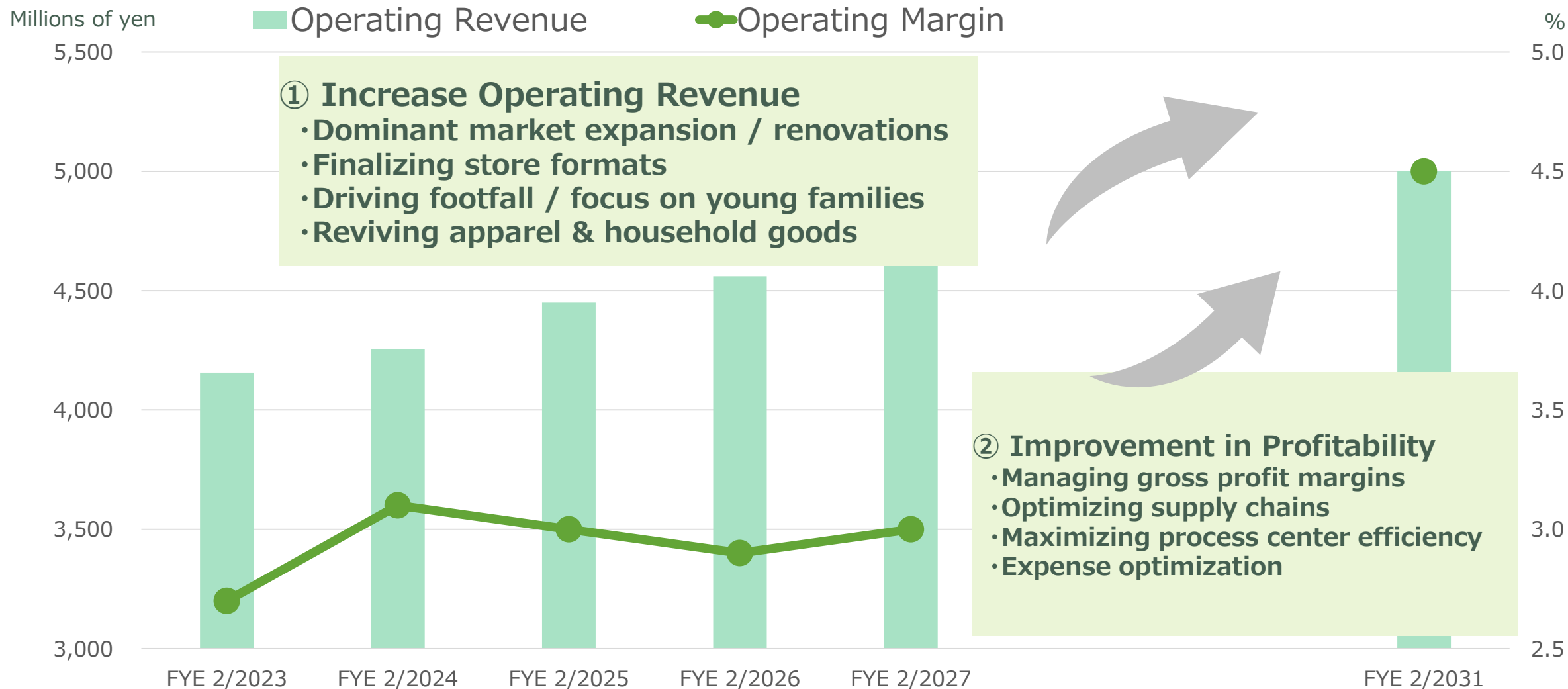
	Q2 FYE 2/2026	Q2 FYE 2/2027		
	Results	Results	YoY	Change
SG&A Expenses	60,413	64,068	106.1	3,655
Advertising Expenses	1,054	1,115	105.9	61
Sales Promotion Expenses	597	620	103.9	22
Personnel Expenses	27,905	29,786	106.7	1,880
Rent Expenses	6,513	6,599	101.3	85
Depreciation	5,318	5,666	106.5	348
Utility Costs	3,355	3,335	99.4	(20)
Logistic Costs	6,174	6,456	104.6	282
Supplies Expenses	1,252	1,490	119.0	238
Other	8,241	8,996	109.2	755

Progress of the 5th Medium-Term Management Plan

Fifth Medium-Term Management Plan

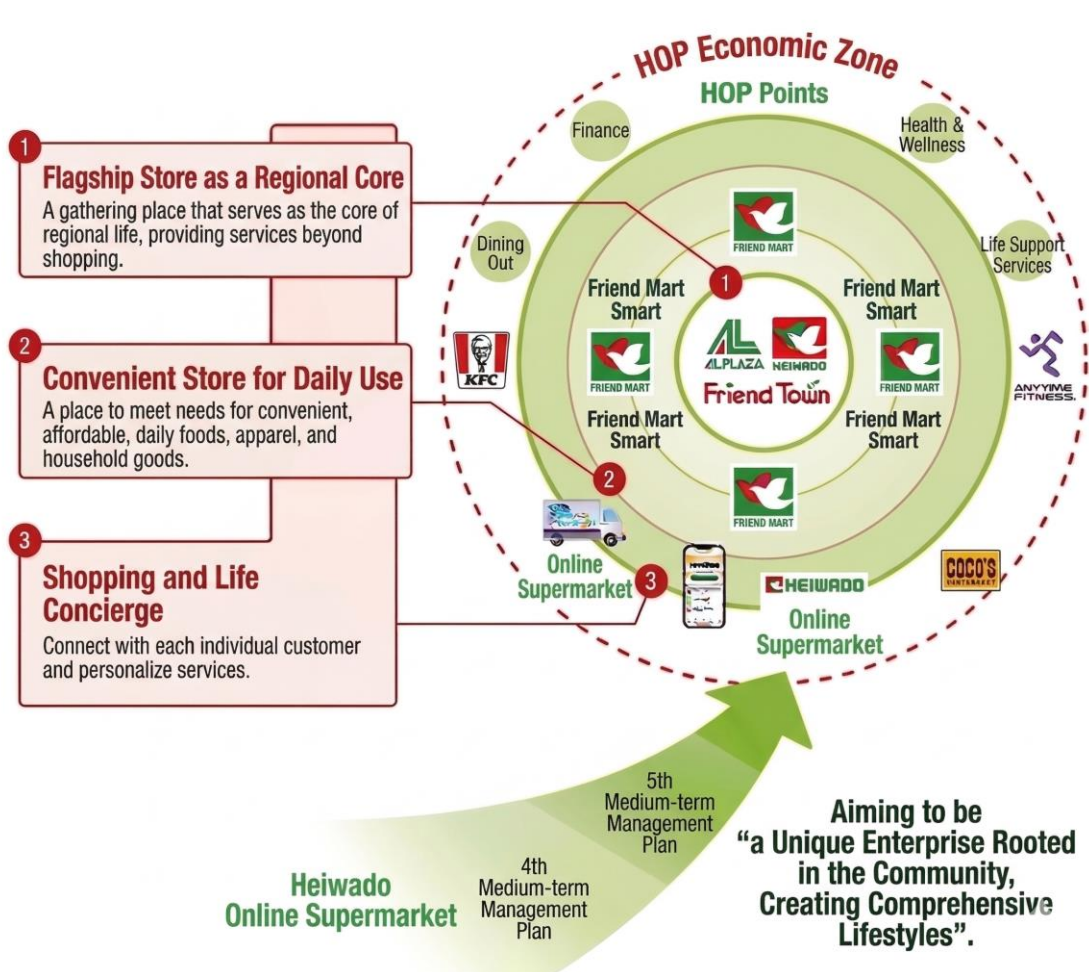
Quantitative Targets for 2030	
Operating Revenue (Consolidated)	¥500 billion or more
Operating Profit Margin (Consolidated)	4.5% or more
ROE	8.0%
Percentage of Women in Management	20% or more
CO2 Emissions (Scope 1 and 2)	46% reduction (compared to FYE 2/2014)
Amount of Food Waste	50% reduction (compared to FYE 2/2020)
Building Customer Allegiance by Effectively Meeting Parenting Generation Needs. Expansion of HOP Economic Zone Based on Dominant Strategy Driving Cost Structure Reform to Enhance Productivity	

Fifth Medium-Term Management Plan



2030 Long-term Vision

- Establishing and expanding the 'HOP Economic Zone' by leveraging our unique dominant model and a multi-format approach tailored to diverse consumer needs.
- Further enhancing existing customer loyalty while driving deeper engagement with young families.



**Dominant
Area
Strategy**

**Building Customer
Allegiance
by Effectively Meeting
Parenting Generation
Needs**

**Product and
Merchandising
Strategy**

**Expansion of HOP
Economic Zone
Based on Dominant
Strategy**

**Creating a More
Attractive
Heiwado Group**

**Driving Cost
Structure Reform
to Enhance Productivity**

Dominant Area Strategy

Strengthening Dominance Through New Store Openings

H1 Food Sales in Katata Area [Unit : Millions of yen,%]

		Change	YoY
Total (4 Stores)		114.5	+572
Existing Stores	AP Katata	89.2	(268)
	Wani store	92.1	(72)
	FM Ogotoekimae	99.7	(1)
2025 New Stores	FM Imakatata Open: Oct 2025	-	+914

H1 Food Sales in Nango Area [Unit : Millions of yen,%]

		Change	YoY
Total (5 Stores)		114.0	+576
Existing Stores	FM Ishiyamaterabe	74.9	(296)
	SF Oishi	75.6	(50)
	FM Setegawa	94.8	(64)
	Heiwado Ishiyama store	98.8	(18)
2025 New Stores	FM Nango Open: Nov 2025	-	+1,006

Building Customer Allegiance

HOP Economic Zone

Cost Structure Reform

Planned New Store Openings for FY2/27

◆AlplaFoodsMarket Toyama Kakeo store (Toyama)

Opened Sep 18, 2026; total investment: ¥845 million



◆AlplaFoodsMarket Takaoka store (Takaoka, Toyama Pref.)

Scheduled to open Nov 2026; total investment: ¥2,691 million



Opening supermarkets in major Hokuriku Region with mild population decline, expanding the "HOP Economic Zone" alongside existing AL.PLAZA stores.

Product and Merchandising Strategy

Building Customer
Allegiance

HOP Economic
Zone

Cost Structure
Reform

Revitalizing Sales Floors Through Planned Store Renovations

FY2025 H2 Renovated Stores: H1 Food Sales [Unit : %]

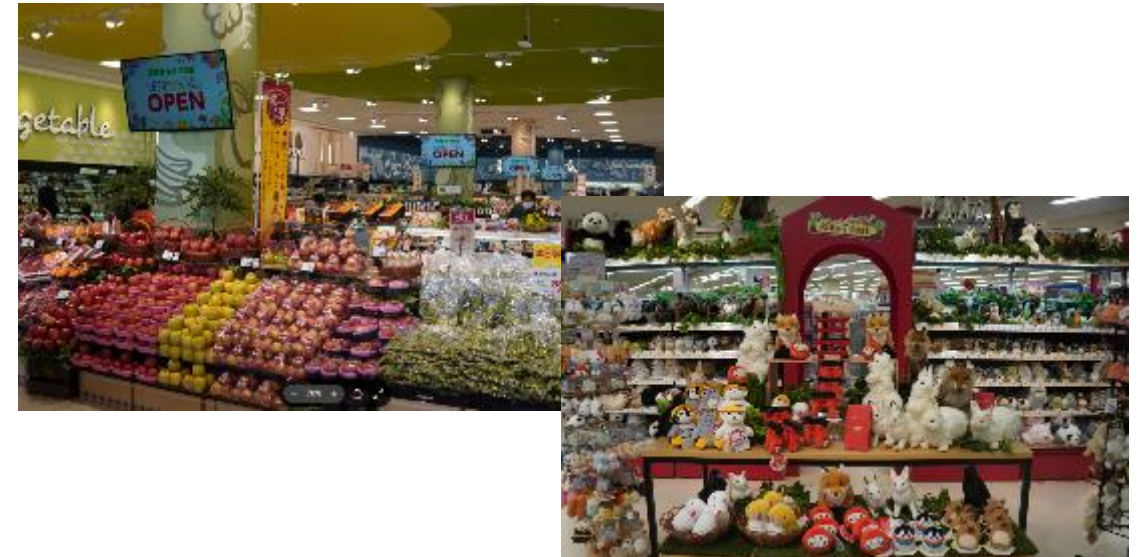
Store	Renovation Date	YoY
AP Ujihigashi	Oct 10, 2025	100.2
FM Higashineyagawa	Dec 5, 2025	107.2
FM Koto	Jan 23, 2026	113.0
FM Minamikusatsu	Jan 30, 2026	112.4
FM Toyosato	Feb 13, 2026	106.9
FM Hikonekoizumi	Feb 20, 2026	120.3

- Existing store food sales reached 102.1% YoY.
- AP Ujihigashi outperformed YoY due to renovations, offsetting competitor entry.

FY2/27 Renovations

- **AL.PLAZA Daigo**(Kyoto Pref.)
- **Adogawa Store**(Shiga Pref.)
- **Friendmart Kaihotsu**(Fukui Pref.)
- **Friendmart Shizuhigashikusatsu**(Shiga Pref.)
- **Friendmart Takatsukihimuro**(Osaka Pref.)

~15 stores planned for format adoption, area share expansion, and tenant integration (8 completed in H1).



*Photos: Adogawa Store and AL.PLAZA Daigo

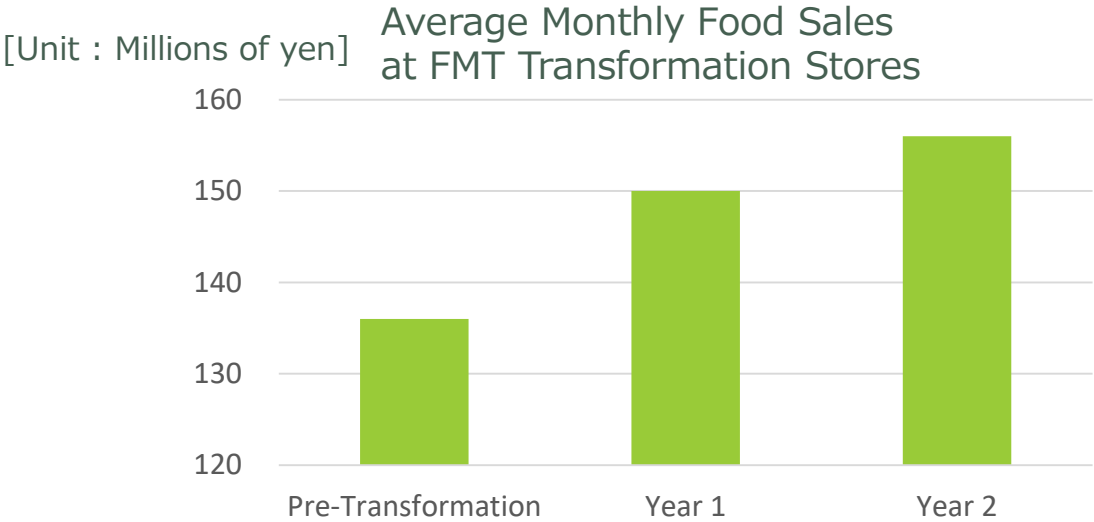
Product and Merchandising Strategy

Food Format (FMT) Transformation

Building Customer Allegiance

HOP Economic Zone

Cost Structure Reform



- Designated 8 model stores (4 each in FY2024 and FY2025) for FMT transformation.
- Recorded strong growth approaching 110% in Year 1.
- Growth slowed in Year 2, but sales continued to build on Year 1 levels.

➤ FMT transformation has proven to consistently drive sales growth with high reliability.

<The Concept of Format Transformation>
Driving sustainable growth through operational excellence: Synchronizing store format, product mix, and staff expertise for consistent daily performance.

Pillar	Key Objective
1. Store Layout	Strategic zoning: Layouts tailored to format-specific roles.
2. Merchandise	Smart MD & pricing: Efficiency-driven assortment and traffic-driving value.
3. People	Operational quality: Continuous maintenance of high-standard shopping environments.

Product and Merchandising Strategy

Building Customer Allegiance

HOP Economic Zone

Cost Structure Reform

Improving Food Margins and Driving Customer Count

■ Strengthening Sales of Key Value Items (KVIs)

Unit: %	Q2 FYE 2/2026	Q2 FYE 2/2027		
	YoY	YoY	Ratio	Ratio YoY
KVI total	115.9	108.1	6.9	+0.7
Fresh Foods	118.1	110.3	9.6	+0.2
Grocery	111.2	101.2	4.2	+0.7
Daily Necessities	108.9	120.0	3.6	+0.5

■ Strengthening Private Brand (PB) Products

Unit: %	FYE 2/2026	Q2 FYE 2/2027		
	YoY	YoY	Ratio	Ratio YoY
PB total	107.9	122.0	14.2	+1.3
KURASHI-more	109.6	126.3	6.0	+0.7
E-WA!	106.8	119.0	8.2	+0.6

※The Eligible Products are Subject to Periodic Review.

■ Positive Impact on Customer Traffic

Unit: %	Unique Customers YoY	Spend / Unique YoY	Customer Traffic YoY	Ave. Ticket YoY
30s-40s	98.2	103.2	97.2	102.1
Other	100.1	103.4	100.4	101.5
All Areas	99.6	103.4	99.7	101.6

- Customer spend for those in their 30s-40s rose faster than other age groups, driven by successful merchandising.
- Acquired Unique Customers in their 30s-40s at a rate outpacing general population trends.

Creating a More Attractive Heiwado Group

Optimizing Workforce Structure Empowering Associate Staff

Rising mandatory retirements ahead, alongside ongoing hiring challenges for new graduates...

➡ Transitioning to a new store operations framework through structured training and active empowerment.

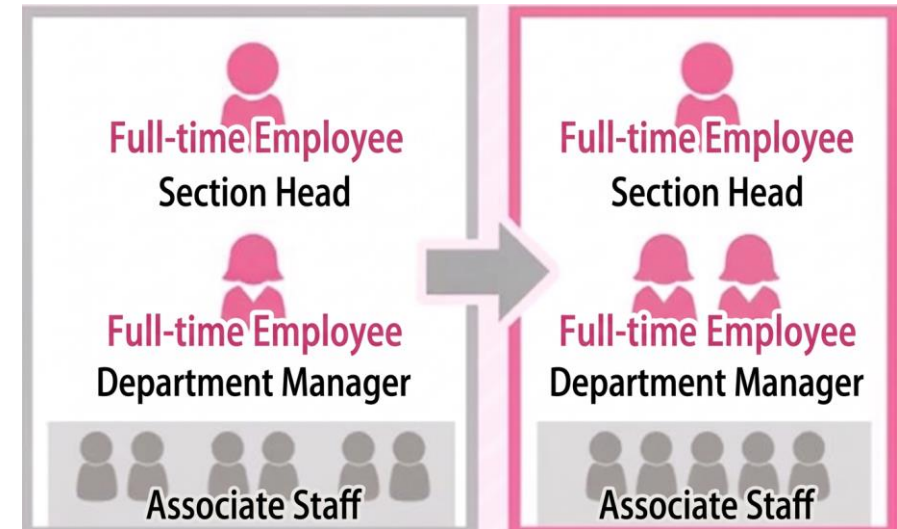
- Training Associate Staff into Department Managers to establish stable store operations.
 - Reallocating tasks to Associate Staff enables Section Heads and Full-time Employees to focus on talent development and store/operational reforms.
- **Training launched in FY24, with training completion scheduled for FY27 and full development target by FY28.**

Building Customer
Allegiance

HOP Economic
Zone

Cost Structure
Reform

*Image for illustrative purposes



Creating a More Attractive Heiwado Group

Building Customer
Allegiance

HOP Economic
Zone

Cost Structure
Reform

Utilizing Processing and Delicatessen Centers

Taga Food
Processing Center
(Mainly Meat and Fish)
Relocated/Expanded 2014



H1 FYE2027
Supply Volume

¥11,045million

YoY

108.3%

Kumiyama Food
Processing Center (Mainly
Meat and Fish) Newly built
2019



H1 FYE2027
Supply Volume

¥5,651million

YoY

111.9%

Delicatessen Center
(Mainly Delicatessen)
Relocated / Expanded 2023



H1 FYE2027
Supply Volume

¥6,866million

YoY

110.4%

- Expanding center utilization to streamline store operations and boost group-wide productivity.
- Expanding product selection in small-format stores through center-based processing.

Creating a More Attractive Heiwado Group

Building Customer
Allegiance

HOP Economic
Zone

Cost Structure
Reform

HOP Card, App & Money Rolled Out to Coco's & Sushi-dokoro Umiza in Shiga

- Expanding HOP member touchpoints beyond supermarkets to drive growth of the HOP Economic Zone.
- Supporting daily local food needs across home dining and eating-out.



Revitalizing the Bookstore Business

To address the social issue of increasing “bookstore-less municipalities”

- Held "Early Summer Book Festival" at Heiwa Shoten (AL.PLAZA Hikone) from May 23–June 21, hosting events such as autograph sessions and original art/panel exhibitions.
- Planning small-scale bookstore rollouts in stores without book departments.



Plan for the FYE 2/2027

Forecast for the FYE 2/2027

- Non-consolidated profit is projected to increase, driven by 5th Medium-Term Management Plan initiatives in "sales strength" and "productivity."
We will refine gross margin and cost controls to address H1 challenges.
- Executing strategic initiatives to secure our full-year financial targets.
- Consolidated subsidiaries are projected to increase profit on a surviving entity basis.

[Unit : Millions of yen,%]

	Consolidated			Non-Consolidated		
	Forecast	YoY	Change	Forecast	YoY	Change
Operating Revenue	478,000	104.8	21,989	448,000	106.1	25,748
Operating Profit	14,300	107.4	987	11,400	110.3	1,060
Ordinary Profit	15,200	104.1	594	15,100	124.1	2,935
Profit Attributable to Owners of Parent	9,800	104.1	390	11,000	115.3	1,459

Key Challenges for H1 FYE 2/2027

【Shortfall in operating revenue】 ¥(4,146) million vs. target

【Decline in gross profit margin】 (0.25)% YoY

<Shortfall vs. Internal Budget>

- **Grocery & Fresh Food total: ¥(3.3) billion**
[Grocery: ¥(2.6) billion / Fresh Food: ¥(0.7) billion]
- **Apparel:** Continued sluggish performance at **¥(0.8) billion**

<Key Drivers & Background>

Customer Traffic Slowdown :	Traffic achieved 100.5% vs. 102.1% plan; fresh produce attracted shoppers, but cross-department spillover remained weak.
External Factors :	Unfavorable weather led to weak summer apparel and sluggish beverage and alcohol sales. Lower Q1 produce market prices.

<YoY>

- **Processed Food** : Gross margin dropped sharply by **(0.7)%**
- **High-margin items** : Apparel & Delicatessen missed internal targets
- **Increased shrink** : Deli management loss rate **+0.9%**

<Key Drivers & Background>

YoY High-Base Effect :	Prior year boosted by stockpiling rice demand. Current year impacted by price competition due to rice oversupply.
Impact of Product Mix :	SKU reduction in Grocery to focus on top sellers. ➡Led to higher promotional sales mix, squeezing gross margin.
Planning Accuracy:	Deli expands mid-to-long term and grew this term, but missed plan and caused losses.

Forecast for the FYE 2/2027

【Operating Revenue Recovery】

- **New Store Openings & Renovation**
Secure returns on stores: 8 renovations in 1H + 2 new stores, 7 renovations in 2H.
- **Traffic Driving Strategies (Store-Visit MD)**
Boost Key Value Item (KVI) sales, develop proprietary private brands, and expand proven store formats.
- **Boosting Price per Item (Bulk Packaging & Value Pricing)**
Win customer loyalty by introducing planograms for specialty items and developing bulk PB products.
- **Favorable Market Conditions (Uptrend in Produce Prices)**
Produce sales recovered from +0.5% YoY in Q1 to +5.7% YoY in Q2.
Market prices projected to remain solid through 2H.

【Improving Gross Margin】

- **Strengthening Markup Rate Control**
Assortment adjustments and system utilization paid off, pushing August gross margin above PY.
- **Contribution from Manufacturer Price Increases**
Multiple price hikes expected in Sep–Nov, driving greater gross margin gains YoY.
- **Impact of Rice Market Prices**
Stockpiling high-base effect to end in Q3; promotional updates will narrow gross margin gap YoY.
- **Loss Optimization via Time-Based Deli Display Standards**
Enforce stricter time-based production rules to curb markdown and waste losses via sales-linked supply.

Forecast for the FYE 2/2027

【Investment & Expense Optimization】

- **FYE 2/2027 New Stores**

Current FY: 2 Stores

2H Prior Year: 4 Stores

- ✓ 2H Prior Year: 4 new stores

Investment: ¥6,731million

- ✓ 2H Current FY: 2 new stores

Investment: ¥3,536million

- **Disciplined Investment Review**

**Optimized Investment
via Screening**

- ✓ Strictly assess urgency and ROI to streamline projects.
- ✓ Maintain planned investments in safety, including store disaster prevention.

- **Cost Optimization**

**Cost Reduction via ROI
Evaluation**

- ✓ Thoroughly review ROI and launch timing to optimize timing of expenses.
- ✓ Drive profit recovery through company-wide cost discipline.

➤ Forecast for the FYE 2/2027

Committed to achieving full-year targets through rigorous execution of sales growth, gross margin expansion, and cost optimization.

Notes.

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Supplementary Materials (Consolidated)

Consolidated Operating Results Quarterly Changes for the FYE 2/2027

- Q1 operating revenue surpassed the prior-year level, driven by non-consolidated existing store growth and new store additions.
- Q2 gross margin improved from Q1 but fell short of targets, while SG&A expenses and extraordinary losses increased, impacted by additional non-consolidated store renovations (5 stores vs. 2 in the prior year)

[Unit : Millions of yen,%]

	Q1		Q2	
	Results	YoY	Results	YoY
Operating Revenue	112,199	103.4	118,290	102.9
Operating Profit	2,571	87.3	3,093	79.5
Ordinary Profit	2,774	83.2	3,415	81.8
Profit Attributable to Owners of Parent	1,186	54.7	2,393	87.5

Consolidated Results by Major Company Operating Profit & Ordinary Profit, Increase/Decrease Factors

[Unit : Millions of yen]

	Operating Profit		Ordinary Profit		Increase/Decrease Factors
	Results	YoY	Results	YoY	
Total Consolidated Subsidiaries	44,434	(826)	1,628	(149)	YoY Op. Revenue: -¥3,937M (Yell & Yanagen total) YoY Ord. Profit: -¥167M (Yell & Yanagen total)
Bestone	23,713	2,079	537	166	Revenue grew due to higher order volume from strong non-consolidated fresh food sales.
Fivestar	6,468	292	199	(151)	Solid COCO'S performance; shifted underperforming izakayas to PISOLA. Raw material cost spikes squeezed gross margin.
National Maintenance	5,171	283	155	(115)	Revenue grew on contract renewals and new orders; personnel expenses rose due to HR system reforms and talent acquisition.
C.O.M.	2,182	185	202	70	Price adjustments in core KFC business boosted spend per customer; other segments also strong. Productivity gains drove profit growth.
Direct Shop	2,037	39	0	37	Book sales rebounded following unprofitable store closures, with fitness also solid; non-book categories led overall growth.
Toyama Future Development	1,526	103	268	78	Revenue grew following the completion of the Favore annex.
Heiwado(China)	2,966	129	259	(7)	Revenue fell in local currency due to yen depreciation; department store brands remained weak amid the economic slowdown.

Consolidated Analysis: Selling, General and Administrative Expenses

- Personnel expenses increased by ¥1,006 million due to non-consolidated new store openings, performing in line with initial expectations.
- Supplies expenses increased due to higher non-consolidated store renovations, expanding to 8 stores compared to 4 in the prior year.

[Unit : Millions of yen,%]

	Q2 FYE 2/2026	Q2 FYE 2/2027		
	Results	Results	YoY	Change
SG&A Expenses	74,320	78,011	105.0	3,691
Advertising Expenses	1,393	1,469	105.5	76
Sales Promotion Expenses	792	842	106.4	50
Personnel Expenses	37,896	40,187	106.0	2,291
Rent Expenses	6,827	6,804	99.7	(22)
Depreciation	6,559	6,877	104.9	318
Utility Costs	4,424	4,351	98.4	(72)
Logistic Costs	6,241	6,525	104.6	284
Supplies Expenses	1,597	1,709	107.0	112
Other	8,589	9,241	107.6	652

Consolidated Statements of Cash Flows

40,000

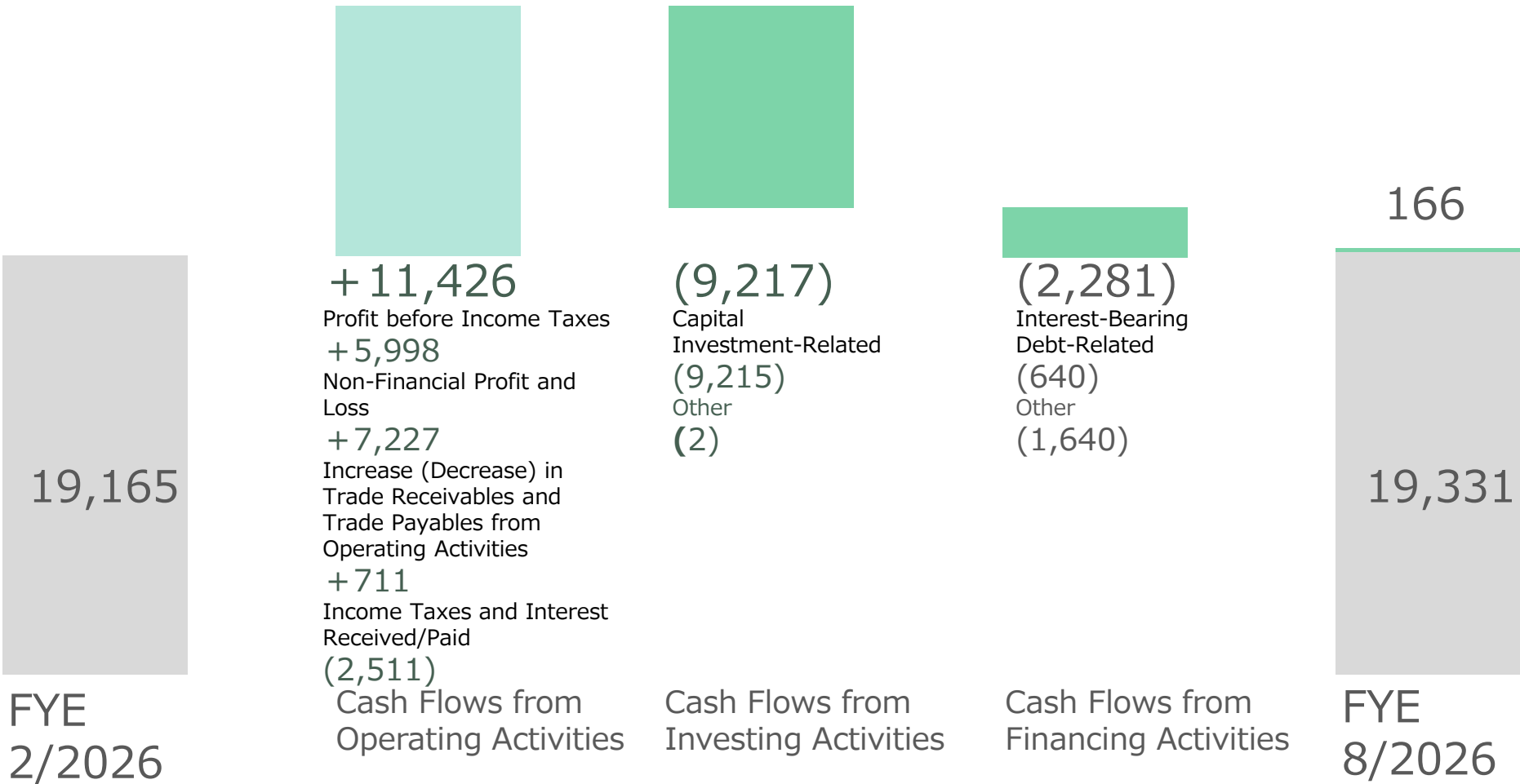
[Unit : Millions of yen]

30,000

20,000

10,000

0



Consolidated Key Financial Indicators

- Operating revenue increased due to ongoing strategic pricing and other factors; however, SG&A growth outpaced gross profit, resulting in lower profit margins across the board.

	Q2 FYE 2/2026	Q2 FYE 2/2027
Operating Profit Margin(%)	3.1%	2.5%
Ordinary Profit Margin(%)	3.4%	2.7%
ROE	2.6%	1.8%
ROA	2.4%	2.0%
EPS(yen)	98.23	72.39
BPS(yen)	3,853.93	4,029.16
Equity Ratio	62.3%	62.2%

Consolidated Capital Expenditure Plan for the FYE 2/2027

- Store Openings: 2 new stores planned for H2.
- IT Investment: Expanding 'Network & Security' focus due to rising cyber risks; leveraging 'Information Integration Infrastructure' for data-driven management.
- Subsidiaries: Capex increase driven mainly by new store investments.

[Unit : Millions of yen]

			Q2 FYE 2/2026	FYE 2/2027		
			Results	H1 Results	H2 Plan	Full-Year Forecast
Consolidated			19,204	10,879	15,034	25,913
	Non-Consolidated		16,684	9,709	12,965	22,674
	New Stores		5,154	1,389	4,354	5,743
	Existing Stores	Repair and Renovation	8,175	3,271	4,924	8,195
	Other	IT Investment	2,631	1,270	2,930	4,200
		Other	724	3,779	757	4,536
	Consolidated Subsidiaries		2,520	1,170	2,069	3,239

Supplementary Materials (Non-Consolidated)

Non-Consolidated Financial Results Quarterly Changes for the FYE 2/2027

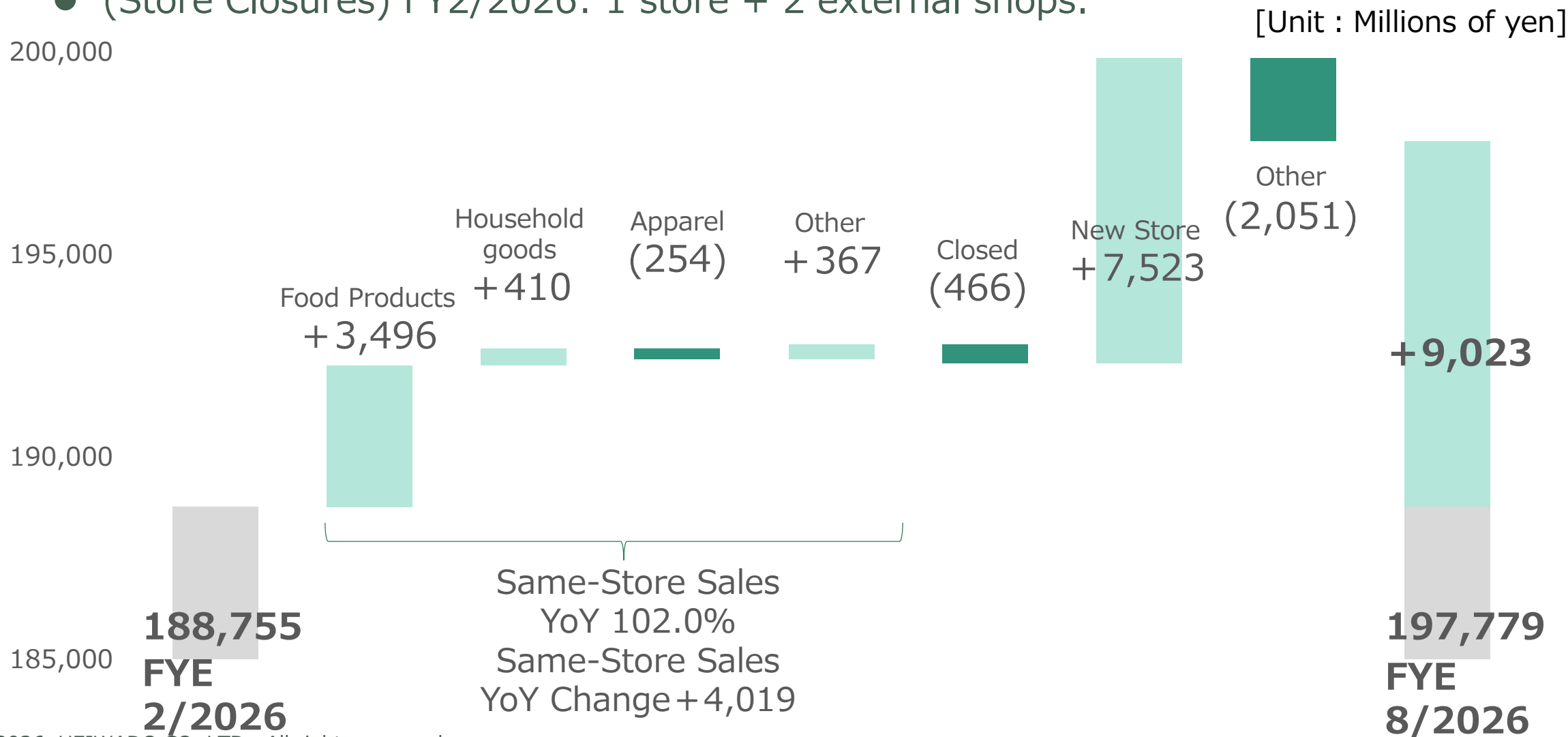
- Q1 ordinary profit and subsequent income figures increased year-on-year, helped by dividend income from affiliated subsidiaries (eliminated in consolidation).
- Q2 SG&A expenses and extraordinary losses increased, impacted by additional store renovations (5 stores vs. 2 in the prior year). Extraordinary losses were further affected by a ¥80 million gain recognized in the prior year from the extinguishment of asset retirement obligations related to the Yanagen merger.

[Unit : Millions of yen,%]

	Q1		Q2	
	Results	YoY	Results	YoY
Operating Revenue	104,484	105.2	110,370	104.5
Operating Profit	1,807	82.4	2,365	78.4
Ordinary Profit	4,846	149.1	2,643	81.3
Profit	3,547	144.9	1,880	84.6

Non-Consolidated Net Sales Factors for Change

- (New Stores) FYE 2/2026 : 5 stores + 2 stores integrated from Yell.
- (Store Closures) FY2/2026: 1 store + 2 external shops.



Non-Consolidated Net Sales by Region Same-Store Sales YoY

[Unit : Millions of yen,%]

	Q2 FYE 2/2026		Q2 FYE 2/2027			
	Stores	Net Sales	Stores	Net Sales	YoY	Same-Store Sales YoY
Total for Stores	167	201,163	170	208,501	103.6	102.0
Shiga Pref.	81	82,708	84	86,155	104.2	100.5
Total for Keihanshin Region	44	68,741	44	70,781	103.0	103.0
Kyoto Pref.	19	32,152	19	32,706	101.7	101.7
Osaka Pref.	22	30,409	22	31,535	103.7	103.7
Hyogo Pref.	3	6,180	3	6,540	105.8	105.8
Total for Hokuriku Region	15	23,795	15	24,348	102.3	102.3
Fukui Pref.	6	9,089	6	9,296	102.3	102.3
Ishikawa Pref.	7	10,519	7	10,893	103.6	103.6
Toyama Pref.	2	4,188	2	4,159	99.3	99.3
Total for Tokai Region	27	24,995	27	26,255	105.0	104.3
Gifu Pref.	7	6,088	6	5,889	96.7	103.9
Aichi Pref.	20	18,907	21	20,366	107.7	104.4

Supplementary Materials (Earnings Forecast)

Non-Consolidated Same-Store Sales Target YoY

- Progress on our 5th Medium-Term Management Plan allows us to project accelerated sales growth.
- Our plan to renovate approximately 8 stores in H1 and 7 stores in H2 is designed to drive revenue growth across existing locations.

[Unit : %]

	Q1	Q2	Q3	Q4
Quarterly	103.5 ⇒102.4	103.9 ⇒101.7	104.2	103.6
Half-Year	103.7 ⇒102.0		103.9	
Q3 YTD	103.9			-
Full-Year	103.8			

Non-Consolidated September 2026

Net Sales by Department

※Sep: +1 Sunday, +1 National Holiday vs. PY

- All Stores (YoY): Existing Store Customer Count 101.0%, Average Spend 104.0%, Items Purchased 98.7%, Average Item Price 105.4%.
- Food: Rain reduced customer count, but Perishables (Meat & Seafood) remained strong, driving H1 trends; Grocery (Rice, Liquor, General Food) was sluggish.
- Apparel & Household Goods grew due to additional corporate sales events.

[Unit : Millions of yen,%]

		9/2025	9/2026		
		Results	Results	YoY	Existing stores YoY
Net Sales (Internal Standard)		33,125	35,463	107.1	105.0
Department	Food Products	28,164	29,494	104.7	102.3
	Fresh Foods	13,301	14,222	106.9	104.1
	Grocery	14,863	15,272	102.8	100.6
	Apparel	1,504	1,724	126.6	127.1
	Household Goods	2,643	3,314	118.9	118.5
Other		812	932	114.6	114.6

Action to Implement Management
that is Conscious of Cost of Capital
and Stock Price

Engagement with Investors

- The content of the dialogues with investors is fed back to the Board of Directors.
- We actively welcome inquiries from institutional investors to enhance communication.
- We are preparing to facilitate a higher volume of company briefing sessions for individual investors than in the previous period.
- We are preparing to facilitate a higher volume of small meetings and 1-on-1 meetings than in the previous period.

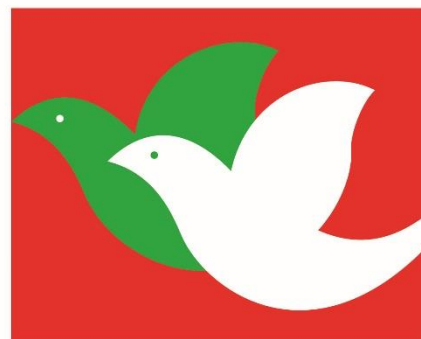


		FYE 2/2024	FYE 2/2025	FYE 2/2026	FYE 2/2027(E)
Institutional Investors	Financial Results Briefing Large Meeting	2	2	2	2
	Financial Results Briefing Small Meeting	0	1	1	1
	Financial Results Briefing 1-on-1 Meeting	16	33	42	46
Individual Investors	Company Briefing Session	0	1	7	9

Shareholder Return Policy

	FYE 2/2021	FYE 2/2022	FYE 2/2023	FYE 2/2024	FYE 2/2025	FYE 2/2026	FYE 2/2027
Net Profit (Millions of yen)	9,724	10,647	7,516	6,774	10,727	9,409	9,800
Dividend per Share (yen)	38	42	42	42	63	66	66
Dividend Payout Ratio (%)	20.5	20.7	29.3	32.5	30.1	34.9	33.3

- For the FYE 2/2027, based on our profit growth plan and our policy of returning 30% or more of net profit to shareholders as dividends, the interim dividend and year-end dividends will each be 33 yen, for an estimated annual dividend of 66 yen.
- We will maintain a 'progressive dividend' policy through the FYE 2/2027.
- We will return surplus capital to shareholders while maintaining financial discipline.



HEIWADO

株式会社平和堂