

October 13, 2026

Consolidated Financial Results for the Six Months Ended August 31, 2026 (Under Japanese GAAP)

Company name: KOHNAN SHOJI CO., LTD.
 Listing: Tokyo Stock Exchange
 Securities code: 7516
 URL: <https://www.hc-kohnan.com/>
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 Scheduled date to file semi-annual securities report: October 14, 2026
 Scheduled date to commence dividend payments: November 5, 2026
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors)

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

1. Consolidated financial results for the six months ended August 31, 2026 (from March 1, 2026 to August 31, 2026)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Operating revenues		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
August 31, 2026	287,135	8.3	17,662	20.1	16,435	19.7	10,364	18.8
August 31, 2025	265,049	3.3	14,702	(7.6)	13,730	(10.8)	8,726	(5.4)

Note: Comprehensive income For the six months ended August 31, 2026: ¥10,897 million [23.5%]
 For the six months ended August 31, 2025: ¥8,821 million [(6.1)%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
August 31, 2026	365.55	-
August 31, 2025	305.77	305.72

Note: 1. Interim net income per share adjusted for the period of the fiscal year ending February 28, 2027 is not shown because there are no potential shares.
 2. In the consolidated accounting period between the fiscal year ending February 28, 2027, the provisional accounting treatment related to the business combination has been finalized, but the figures for the interim period of the fiscal year ending February 28, 2026 have not been affected.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
August 31, 2026	540,132	185,883	34.3
February 28, 2026	504,793	173,849	34.4

Reference: Equity
 As of August 31, 2026: ¥185,440 million
 As of February 28, 2026: ¥173,397 million

Note: In the consolidated accounting period between the fiscal year ending February 28, 2027, the provisional accounting treatment for the business combination was finalized, but the figures for the fiscal year ending February 28, 2026 were not affected.

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended February 28, 2026	-	65.00	-	65.00	130.00
Fiscal year ending February 28, 2027	-	70.00			
Fiscal year ending February 28, 2027 (Forecast)				70.00	140.00

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

3. Forecast of consolidated financial results for the fiscal year ending February 28, 2027 (from March 1, 2026 to February 28, 2027)

(Percentages indicate year-on-year changes.)

	Operating revenues	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
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	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending February 28, 2027	543,500	4.6	23,000	2.7	21,000	1.2	12,500	1.9	443.80

Note: Revisions to the earnings forecasts most recently announced: None

* **Notes**

- (1) Significant changes in the scope of consolidation during the period: None
- (2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
 - (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

(4) Number of issued shares (common shares)

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

As of August 31, 2026	34,682,113 shares
As of February 28, 2026	34,682,113 shares

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

As of August 31, 2026	5,790,148 shares
As of February 28, 2026	6,516,394 shares

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

Six months ended August 31, 2026	28,351,943 shares
Six months ended August 31, 2025	28,539,995 shares

Note: The number of treasury shares at the end of the fiscal year and the number of treasury shares deducted for the calculation of the average number of shares during the period include the shares of the Company owned by the Custody Bank of Japan, Ltd. (Trust E Account) as trust assets of the Executive Officer Incentive Plan "Stock Benefit Trust (J-ESOP)" and the employee incentive plan "J-ESOP."

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

1. The fiscal year end of KOHNAN VIETNAM CO., LTD., a consolidated subsidiary, is the end of December, and there is a difference of two months from the consolidated closing date (the end of February).

For the interim consolidated accounting period, the Company's interim financial statements as of the end of June are used, and important transactions that occurred between the consolidated accounting date and the end of August are adjusted as necessary for consolidation.

2. The forward-looking statements, including forecasts of financial results, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. However, the Company makes no guarantee that these forecasts will be achieved. Actual financial results, etc. may differ substantially due to various factors.

The Company plans to hold financial results briefings for institutional investors on Tuesday, October 13, 2026 and Wednesday, October 14, 2026.

Semi-annual consolidated balance sheet

(Millions of yen)

	As of February 28, 2026	As of August 31, 2026
Assets		
Current assets		
Cash and deposits	15,518	16,234
Accounts receivable - trade	18,050	23,124
Electronically recorded monetary claims - operating	7	16
Merchandise and finished goods	145,955	148,487
Raw materials and supplies	1,250	1,290
Other	8,615	10,686
Allowance for doubtful accounts	(52)	(52)
Total current assets	189,346	199,787
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	133,251	131,692
Land	51,994	52,997
Leased assets, net	19,023	17,895
Construction in progress	2,038	2,941
Other, net	9,644	9,727
Total property, plant and equipment	215,952	215,255
Intangible assets		
Trademark right	3,607	3,400
Customer-related intangible assets	1,634	1,522
Goodwill	15,806	15,132
Other	7,342	7,174
Total intangible assets	28,391	27,228
Investments and other assets		
Investment securities	6,136	32,339
Guarantee deposits	55,622	55,928
Deferred tax assets	7,279	7,480
Other	2,221	2,250
Allowance for doubtful accounts	(157)	(139)
Total investments and other assets	71,102	97,859
Total non-current assets	315,446	340,344
Total assets	504,793	540,132

	As of February 28, 2026	As of August 31, 2026
Liabilities		
Current liabilities		
Notes and accounts payable - trade	38,543	45,314
Electronically recorded obligations - operating	11,418	11,512
Short-term borrowings	28,200	5,100
Current portion of long-term borrowings	34,830	36,259
Lease liabilities	3,030	2,881
Income taxes payable	3,838	6,507
Contract liabilities	3,654	3,200
Provision for bonuses	2,777	2,866
Provision for bonuses for directors (and other officers)	152	-
Other	15,956	16,736
Total current liabilities	142,403	130,378
Non-current liabilities		
Long-term borrowings	118,240	154,119
Lease liabilities	21,747	20,572
Guarantee deposits received	10,895	10,747
Provision for loss on voluntary recall of goods	399	372
Provision for share awards	1,614	1,790
Provision for retirement benefits for directors (and other officers)	96	99
Retirement benefit liability	437	420
Asset retirement obligations	19,644	19,778
Other	15,464	15,966
Total non-current liabilities	188,541	223,870
Total liabilities	330,944	354,248
Net assets		
Shareholders' equity		
Share capital	17,658	17,658
Capital surplus	17,922	18,211
Retained earnings	161,053	169,525
Treasury shares	(25,006)	(22,267)
Total shareholders' equity	171,628	183,128
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,112	1,596
Deferred gains or losses on hedges	(39)	(5)
Foreign currency translation adjustment	561	623
Remeasurements of defined benefit plans	134	95
Total accumulated other comprehensive income	1,768	2,311
Non-controlling interests	451	443
Total net assets	173,849	185,883
Total liabilities and net assets	504,793	540,132

Semi-annual consolidated statement of income

(Millions of yen)

	Six months ended August 31, 2025	Six months ended August 31, 2026
Net sales	256,297	277,820
Cost of sales	161,592	174,372
Gross profit	94,705	103,448
Operating revenue	8,751	9,315
Selling, general and administrative expenses	88,754	95,101
Operating profit	14,702	17,662
Non-operating income		
Interest income	52	62
Insurance claim income	42	56
Foreign exchange gains	242	171
Consulting fee income	-	109
Share of profit of entities accounted for using equity method	-	404
Gain on investments in silent partnerships	168	171
Subsidy income	-	65
Other	270	303
Total non-operating income	775	1,345
Non-operating expenses		
Interest expenses	1,386	1,832
Commission expenses	100	557
Other	261	181
Total non-operating expenses	1,747	2,571
Ordinary profit	13,730	16,435
Extraordinary income		
Gain on sale of non-current assets	-	2
Gain on Cancellation of Guaranteed Deposits Received	5	0
Total extraordinary income	5	2
Extraordinary losses		
Impairment losses	429	873
Loss on disaster	123	-
Loss on retirement of non-current assets	18	30
Total extraordinary losses	571	904
Profit before income taxes	13,164	15,534
Income taxes - current	4,670	5,747
Income taxes - deferred	(232)	(566)
Total income taxes	4,437	5,181
Profit	8,726	10,352
Loss attributable to non-controlling interests	-	(11)
Profit attributable to owners of parent	8,726	10,364

Semi-annual consolidated statement of comprehensive income

(Millions of yen)

	Six months ended August 31, 2025	Six months ended August 31, 2026
Profit	8,726	10,352
Other comprehensive income		
Valuation difference on available-for-sale securities	221	458
Deferred gains or losses on hedges	51	33
Foreign currency translation adjustment	(167)	62
Remeasurements of defined benefit plans, net of tax	(10)	(9)
Share of other comprehensive income of entities accounted for using equity method	-	(0)
Total other comprehensive income	94	544
Comprehensive income	8,821	10,897
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,821	10,906
Comprehensive income attributable to non-controlling interests	-	(8)

Semi-annual consolidated statement of cash flows

(Millions of yen)

	Six months ended August 31, 2025	Six months ended August 31, 2026
Cash flows from operating activities		
Profit before income taxes	13,164	15,534
Depreciation	7,990	8,399
Amortization of goodwill	554	673
Increase (decrease) in provision for bonuses for directors (and other officers)	(180)	(152)
Increase(decrease) in Provision for loss on voluntary recall of goods	(28)	(26)
Increase (decrease) in provision for share awards	176	176
Gain on sale of non-current assets	-	(2)
Gain on Cancellation of Guaranteed Deposits Received	(5)	(0)
Impairment losses	429	873
Loss on disaster	123	-
Loss on retirement of non-current assets	18	30
Share of loss (profit) of entities accounted for using equity method	-	(404)
Subsidy income	-	(65)
Interest and dividend income	(52)	(62)
Interest expenses	1,386	1,832
Commission expenses	100	557
Decrease (increase) in trade receivables	(2,711)	(5,082)
Decrease (increase) in inventories	(8,344)	(2,762)
Increase (decrease) in trade payables	7,773	6,849
Increase (decrease) in contract liabilities	(512)	(454)
Increase (decrease) in accrued consumption taxes	1,474	445
Other, net	61	(1,631)
Subtotal	21,420	24,727
Interest and dividends received	42	55
Interest paid	(1,369)	(1,844)
Payments associated with disaster loss	(1)	-
Subsidies received	-	65
Income taxes refund (paid)	(4,059)	(3,196)
Other, net	28	90
Net cash provided by (used in) operating activities	16,060	19,897

	Six months ended August 31, 2025	Six months ended August 31, 2026
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,227)	(7,704)
Purchase of intangible assets	(558)	(317)
Proceeds from sale of property, plant and equipment	6	10
Payments of guarantee deposits	(2,528)	(1,105)
Proceeds from refund of guarantee deposits	1,216	880
Guarantee deposits received	331	299
Refund of guarantee deposits received	(368)	(584)
Purchase of investment securities	(0)	(3,001)
Purchase of shares of associates	-	(21,957)
Other, net	(722)	(102)
Net cash provided by (used in) investing activities	(9,852)	(33,582)
Cash flows from financing activities		
Proceeds from short-term borrowings	56,100	80,320
Repayments of short-term borrowings	(60,000)	(102,120)
Proceeds from long-term borrowings	19,500	54,670
Repayments of long-term borrowings	(15,125)	(17,361)
Repayments of lease liabilities	(1,388)	(1,433)
Collection of Accounts Receivable Installment and others on Sales of Assets	1,397	1,901
Repayments of installment payables	(670)	(855)
Dividends paid	(1,480)	(1,891)
Proceeds from disposal of treasury shares	4	3,010
Purchase of treasury shares	(1,343)	(0)
Other, net	(100)	(557)
Net cash provided by (used in) financing activities	(3,106)	15,681
Effect of exchange rate change on cash and cash equivalents	(52)	19
Net increase (decrease) in cash and cash equivalents	3,048	2,015
Cash and cash equivalents at beginning of period	9,523	13,300
Cash and cash equivalents at end of period	12,572	15,315

(Notes on segment information, etc.)

Segment Information

I. Previous interim consolidated accounting period (March 1, 2025 to August 31, 2025)

The Group is a single segment engaged in retail, sales of building materials, etc., and related businesses, so the description is omitted.

II. Interim Consolidated Accounting Period (March 1, 2026 to August 31, 2026)

The Group is a single segment engaged in retail, sales of building materials, etc., and related businesses, so the description is omitted.