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October 9, 2026

To whom it may concern,

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Notice Concerning Recording of Extraordinary Losses (Impairment Losses), Difference between Second Quarter (Interim Period) Earnings Forecasts (Consolidated and Non-Consolidated) and Actual Results, and Revision of Full-Year Earnings Forecasts (Consolidated and Non-Consolidated)

Chiyoda Co., Ltd. (the "Company" or "we") recorded extraordinary losses (impairment losses) in the second quarter (interim period) of the fiscal year ending February 2027. In addition, the Company hereby announces that there was a difference between the earnings forecasts (consolidated and non-consolidated) for the second quarter (interim period) of the fiscal year ending February 2027, which were released on April 10, 2026, and the actual results announced today, as described below. Furthermore, based on recent business performance trends, the Company announces that it has revised the full-year earnings forecasts (consolidated and non-consolidated) for the fiscal year ending February 2027, which were released on April 10, 2026, as described below.

1. Recording of extraordinary losses (impairment losses)

For non-current assets and certain non-current assets related to stores, etc., the Company recognized extraordinary losses totaling 359 million yen (consolidated and non-consolidated) in the second quarter (interim period) of the fiscal year ending February 2027, in accordance with the "Accounting Standard for Impairment of Non-current Assets," including impairment losses and losses associated with store closures.

2. Difference between consolidated earnings forecasts and actual results for the second quarter of the fiscal year ending February 2027 (March 1, 2026 to August 31, 2026)

	Net sales (million yen)	Operating profit (million yen)	Ordinary profit (million yen)	Profit attributable to owners of parent (million yen)	Earnings per share (yen)
Previously announced forecasts (A)	42,800	1,500	1,700	1,250	36.34
Actual results (B)	40,511	557	851	130	3.84
Change (B-A)	(2,288)	(942)	(848)	(1,119)	-
Change (%)	(5.3)	(62.8)	(49.9)	(89.6)	-
(Reference) Previous interim results (Second quarter of the fiscal year ended February 2026)	41,830	1,379	1,494	921	26.46

ifference between non-consolidated earnings forecasts and actual results for the second quarter of the fiscal year ending February 2027 (March 1, 2026 to August 31, 2026)

	Net sales (million yen)	Ordinary profit (million yen)	Profit (million yen)	Earnings per share (yen)
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Previously announced forecasts (A)	41,600	1,700	1,250	36.34
Actual results (B)	39,304	935	216	6.38
Change (B-A)	(2,295)	(764)	(1,033)	-
Change (%)	(5.5)	(45.0)	(82.7)	-
(Reference) Previous interim results (Second quarter of the fiscal year ended February 2026)	40,808	1,346	842	24.18

3. Revision of the full-year consolidated earnings forecasts for the fiscal year ending February 2027 (March 1, 2026 to February 28, 2027)

	Net sales (million yen)	Operating profit (million yen)	Ordinary profit (million yen)	Profit attributable to owners of parent (million yen)	Earnings per share (yen)
Previously announced forecasts (A)	82,500	1,400	1,700	1,100	31.98
Revised forecasts (B)	80,200	460	860	10	0.29
Change (B-A)	(2,300)	(940)	(840)	(1,090)	-
Change (%)	(2.8)	(67.1)	(49.4)	(99.1)	-
(Reference) Full-year results for the previous fiscal year (Fiscal year ended February 2026)	81,377	1,090	1,508	237	6.91

Revision of the full-year non-consolidated earnings forecasts for the fiscal year ending February 2027 (March 1, 2026 to February 28, 2027)

	Net sales (million yen)	Ordinary profit (million yen)	Profit (million yen)	Earnings per share (yen)
Previously announced forecasts (A)	80,000	1,600	1,050	30.53
Revised forecasts (B)	77,700	840	30	0.88
Change (B-A)	(2,300)	(760)	(1,020)	-
Change (%)	(2.9)	(47.5)	(97.1)	-
(Reference) Full-year results for the previous fiscal year (Fiscal year ended February 2026)	78,934	1,144	14	0.43

4. Reason for revision

(Consolidated earnings forecasts)

This revision to our consolidated earnings forecasts is mainly due to the Company's non-consolidated results, and the following explanation focuses on the trends in the Company's non-consolidated results and the initiatives we are undertaking.

In the first half of the fiscal year, in order to expand sales by recovering the number of customers and improving per-customer spending, we worked to strengthen our private label products, expand the target customer base for Supatto shoes, attract new customers and encourage them to visit our stores, and strengthen our e-commerce (digital) business. Net sales of Supatto shoes were 134.2% year on year, and e-commerce (digital) sales were 131.5%. On the other hand, on a year-on-year basis, the number of customers at existing stores was 98.1%, compared with the target of 100.0%, and the average spending per customer was 99.9%, compared with the target of 103.5%; both were below their respective targets. As a result, consolidated net sales for the first half were 2,288 million yen below our initial forecast.

In addition, although we purchased inventory based on our initial sales plan, net sales fell short of the plan, resulting in an increase in inventory. We implemented measures such as discount sales and point-back programs through our proprietary app to reduce inventory. These measures pushed down the gross profit margin, which was 0.7 percentage points below the target for the first half of the year. SG&A expenses fell short of the target due to the reduction of various expenses, but this did not make up for the shortfall in gross profit, and consolidated operating profit for the first half was 942 million yen below the initial forecast.

We are maintaining our performance targets for the second half of the year and expect the number of customers at existing stores to be 100.0% year-on-year and the average spending per customer to be 103.5% year-on-year. To achieve the targets, we will introduce d points and implement measures to celebrate our 90-year anniversary in order to attract new customers and promote store visits. We will also strengthen store support by reorganizing our sales structure. In terms of product categories, we will promote purchases through marketing campaigns for low-priced strategic products and improve per-customer spending by expanding value-added products and boosting their sales. In addition, we will review our discount measures from the perspective of securing gross profit and work to improve our gross profit margin. At the same time, we will review our purchasing strategies in response to sales trends, reduce inventory, and continue to control expenses.

The full-year consolidated earnings forecasts have been revised as shown above to reflect the results for the first half of the fiscal year.

(Note) The above forecasts are based on information available at the time of publication of this document. Actual results may differ from the forecasts due to various factors going forward.