

Date of commencement of electronic provision measures: May 2, 2025

64th Annual General Meeting of Shareholders
**Other matters for electronic provision (matters not
stated in the delivery document)**

■ Consolidated Financial Statements

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IZUMI CO., LTD.

Consolidated Statement of Changes in Equity

(From March 1, 2024, to February 28, 2025)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	19,613	22,753	235,852	(625)	277,594
Changes during period					
Dividends of surplus			(6,438)		(6,438)
Profit attributable to owners of parent			11,919		11,919
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		(34)		153	119
Transfer from other capital surplus to retained earnings		34	(34)		0
Purchase of shares of consolidated subsidiaries		(13)			(13)
Net changes of items other than shareholders' equity					
Total changes during period	–	(13)	5,446	152	5,585
Balance at end of period	19,613	22,739	241,299	(473)	283,180

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2,380	579	2,960	13,678	294,233
Changes during period					
Dividends of surplus					(6,438)
Profit attributable to owners of parent					11,919
Purchase of treasury shares					(1)
Disposal of treasury shares					119
Transfer from other capital surplus to retained earnings					0
Purchase of shares of consolidated subsidiaries					(13)
Net changes of items other than shareholders' equity	(445)	(172)	(617)	17	(599)
Total changes during period	(445)	(172)	(617)	17	4,985
Balance at end of period	1,935	407	2,342	13,696	299,218

The stated amounts are rounded off to the nearest million yen.

Notes to Consolidated Financial Statements

I. Significant Matters that Form the Basis for Preparing Consolidated Financial Statements

1. Matters regarding scope of consolidation

Number of consolidated subsidiaries: 16 companies

(1) Names of major consolidated subsidiaries

Youme Card Co., Ltd., Izumi Techno Co., Izumi Foods Service Co., Ltd., Youme Mart Kumamoto Co., Ltd., Youme Mart Kitakyushu Co., Ltd., YOURS Co., Ltd.

Other consolidated subsidiaries: 10 companies

The Company acquired shares of Sunlife Co., Ltd., making it a consolidated subsidiary in the consolidated fiscal year under review.

(2) Names of major non-consolidated subsidiaries

Not applicable

Note that Netsuken Co., Ltd., which was a non-consolidated subsidiary in the previous consolidated fiscal year, has been excluded from non-consolidated subsidiaries due to the completion of liquidation in the consolidated fiscal year under review.

2. Matters regarding application of equity method

Number of affiliates accounted for using equity method: 3 companies

(1) Names of companies, etc.

Maruyoshi Center Co., Ltd., Sungreen Co., Ltd., Iizuka Urban Development Co., Ltd.

(2) Names, etc. of non-consolidated subsidiaries to which the equity method is not applied

Not applicable

Note that Netsuken Co., Ltd., which was a non-consolidated subsidiary in the previous consolidated fiscal year, has been excluded from non-consolidated subsidiaries due to the completion of liquidation in the consolidated fiscal year under review.

3. Matters regarding fiscal years, etc., of consolidated subsidiaries

The fiscal year-end date of consolidated subsidiaries is the same as the consolidated closing date.

4. Matters regarding accounting policies

(1) Important appraisal standards and appraisal method for assets

(i) Securities

Available-for-sale securities

Securities other than shares, etc.
without market prices

Stated at market value based on market prices,
etc., as of the period-end

(Unrealized valuation gains or losses are
reported in the shareholders' equity, and sales
costs are determined by the moving average
method.)

Shares, etc. without market prices

Cost method using the moving average method

(ii) Derivatives

Market value method

(iii) Inventories

Inventories held for regular sale

Valuations are made using the cost method (under which book values are reduced as
profitability declines)

Merchandise and finished goods

Mainly the retail method

Work in process

Specific identification method

Raw materials and supplies

Last purchase price method

(2) Depreciation and amortization methods for significant depreciable assets

Property, plant and equipment Declining balance method

(excluding leased
assets)

However, the straight-line method is used for buildings (excluding
facilities attached to buildings) acquired on or after April 1, 1998,
facilities attached to buildings and structure acquired on or after
April 1, 2016, some large-scale, multi-purpose shopping centers, and
some consolidated subsidiaries.

The useful life and the residual value are calculated based on the
same standards as those set out in the Corporation Tax Act.
However, assets with an acquisition value of 100,000 yen or more
and less than 200,000 yen are depreciated evenly over three years.

Intangible assets (excluding leased assets)	<p>Straight-line method</p> <p>For software for in-house use, the straight-line method based on an in-house estimated available period (5 years) is used.</p>
Leased assets	<p>Leased assets related to finance lease transactions involving the transfer of ownership</p> <p>The assets are depreciated using the same method applied for non-current assets owned by the Company.</p> <p>Leased assets related to finance lease transactions not involving the transfer of ownership</p> <p>The assets are calculated by assuming the lease term is the useful life and depreciating the remaining amount to zero using the straight-line method. Note that lease transactions with a lease transaction start date on or before February 28, 2009 are processed with a method comparable to normal lease transactions.</p>

(3) Important standards for appropriation of allowances and provisions

Allowance for doubtful accounts	<p>To minimize possible losses on uncollectible receivables, the Company posts allowances equal to the estimated amounts→ of uncollectible receivables based on past bad debt rates with respect to general receivables. For specific receivables including doubtful receivables, the Company reserves that amount, after reviewing collectability individually.</p>
Provision for bonuses	<p>The provision for bonuses is recorded based on the estimated payment amount for bonuses, as a provision for bonuses to be paid to employees.</p>
Provision for bonuses for directors (and other officers)	<p>The provision for bonuses is recorded based on the estimated payment amount for bonuses, as the provision for bonuses to be paid to officers.</p>
Provision for retirement benefits for directors (and other officers)	<p>Some consolidated subsidiaries record the amount to be paid at the end of the fiscal year according to internal regulations to cover the amount payable as retirement benefits due to the resignation of officers.</p>

Provision for loss on interest repayment	The expected repayment amount is recorded in light of past repayment results and other information, to prepare for interest repayments arising due to future interest repayment claims.
Provision for loss on building demolition	An amount based on the estimated demolition costs is recorded as a provision to prepare for losses from building demolition.
Provision for loss on lease contracts	In anticipation of expected losses incurred during the non-cancellable period of real estate lease contracts, a provision has been recorded for the estimated amount of lease payments for portions deemed highly likely to be unusable until the end of the contract term.
Provision for expenses for handling system failures	A provision has been recorded in relation to estimated expenses incurred due to investigative fees for outside experts, system recovery work and other costs related to system failures due to cyberattacks targeting the Group.

(4) Other important matters for the preparation of consolidated financial statements

(i) Standard for translation of assets and liabilities in foreign currencies into Japanese yen

Foreign currency-denominated monetary receivables and payables are translated into Japanese yen at the spot exchange rates on the consolidated settlement day. The effect of exchange rate changes is posted as a translation gain or loss.

(ii) Accounting treatment for retirement benefits

1) Attribution of estimated retirement benefits

To calculate benefit liabilities, the estimated amount of retirement benefits is attributed to the period until the end of the consolidated fiscal year under review based on the benefit formula.

2) Treatment of unrecognized actuarial differences and past service costs

Prior service costs are recorded as expenses based on the straight-line method for a certain number of years (6 years) within the average remaining service years of employees when costs accrue from their service.

Actuarial differences are posted in expenses from the consolidated fiscal year following their accruals based on proportional division through the straight-line method for a certain number of years (6 years) within the average remaining service years of employees at the time of accruals in each fiscal year.

- 3) Accounting method for unrecognized actuarial differences and unrecognized prior service cost

Unrecognized actuarial differences and unrecognized prior service cost are posted in the remeasurements of defined benefit plans under accumulated other comprehensive income in the section of net assets after tax effect adjustment.

- 4) Adoption of the simplified method by companies that are small in size

Some consolidated subsidiaries have adopted, for the purpose of calculating retirement benefit liability and retirement benefit expenses, a simplified method involving the recognition of retirement benefit obligations as the amount of retirement benefit payable at fiscal year-end due to voluntary termination.

- (iii) Amortization of goodwill and amortization period

Goodwill is amortized evenly over a reasonable period of up to 20 years, determined on an individual project basis.

- (iv) Accounting standards for revenues and expenses

The accounting standards and other requirements for revenue by segment within the Group are as follows.

- (Retail operations)

- 1) Revenue recognition related to sales of merchandise

The main operations of the Group are the selling of clothing, household goods, food and other products at shopping centers, general merchandising stores (GMS) and supermarkets, with the delivery of those goods recognized as the fulfillment of obligations for the purpose of revenue. In general, at the point that control of the promised goods or services has been transferred to a customer, the performance of obligations is fulfilled, with the amount expected to be received in exchange for said goods and services recognized as revenue.

For transactions where the Group's role corresponds to that of an agent in the provision of goods or services to a customer, such as transactions with specialty stores, revenue is recognized on a net basis, where the amount payable to third parties is deducted from the total amount of consideration.

Additionally, consideration for sales were received within one year from the fulfillment of performance obligations, and important financial factors are not included.

- 2) Revenue recognition related to the Group's point system

The Group has introduced a unique point program, where points are granted to customers as a percentage of their purchase amount when goods, etc. are sold. The

points granted are recognized as a performance obligation, with the distribution of transaction prices based on the independent selling price of the points, taking into accounts the expected expiration of points in the future. The points are therefore recognized as contract liabilities. In addition, as points are redeemed, the performance obligations linked to them are fulfilled, at which time revenue is recognized.

3) Revenue recognition related to gift certificates

The gift certificates issued by the Company are recognized as performance obligations, with revenue recognized at the point that a gift certified has been used. Note that the unused portion of gift certificates are recognized as revenue at the point that the possibility of the customer exercising those rights has become extremely low.

(Retail-peripheral operations)

1) Revenue recognition related to credit handling services, etc.

The Group engages in services related to credit cards, and the recording of installment fees related to credit card cash advance services is based on the outstanding balance method, pursuant to the Accounting Standards for Financial Instruments (ASBJ Statement No. 10, revised July 4, 2019). The recording of merchant fees related to credit card services is based on contracts with merchants that represent the customers for those services, with revenue recognized at the time of credit card usage when the service has been rendered and the performance obligation has been fulfilled.

2) Revenue recognition related to facility management services

The Group is engaged in facility management services, with its primary customers coming from within the Group. In this business, the provision of goods or services related to store facility management is recognized as performance obligations. In general, at the point that control over the promised goods or services is transferred to the customer, the performance obligations are fulfilled, and revenue is recognized.

(5) Notes concerning accounting estimates

(Impairment losses on non-current assets)

- (i) Amounts recorded in the consolidated financial statements for the consolidated fiscal year under review

(Millions of yen)

	Amount
Impairment losses	7,755
Property, plant and equipment	344,469
Intangible assets (excluding goodwill)	9,522

- (ii) Information on the content of significant accounting estimates pertaining to identified items

1) Calculation method

The Group sets each store as the basic unit representing the smallest unit in the generation of cash flow, and groups lease assets and idle assets on a per-property basis. For those non-current assets with an indication of impairment, when the total undiscounted future cash flows to be obtained from those assets is less than their carrying amount, the carrying amount is reduced to the recoverable amount of the non-current assets, and the reduction is recognized as an impairment loss.

When recognizing and measuring impairment losses for non-current assets showing signs of impairment, such as those exhibiting operating losses for two straight periods, the Group determines the recoverable amount in the asset group based on either its net selling price or its value in use. Of those, the value in use is calculated based on future cash flows, and future cash flows generated from the ongoing use of the asset group are estimated based on the expected future profit or loss generated by each asset. Note that for newly opened stores, signs of impairment are determined based on profit and loss plans and in light of past results at the time of store openings. When performance is expected to continue in the red from the outset according to the plan, there are deemed to be indications of impairment when the actual amount of the loss diverges significantly below the plan's projected shortfall.

2) Major assumptions

Major assumptions in the Group's profit and loss plans for newly opened stores are the rates of change for metrics such as net sales, gross profit, operating revenue and SG&A expenses for each asset forming the basis for future profit and loss projections. The rates

of change are estimated in light of business plans and other materials, based on past results for each asset that forms the basis for future profit and loss projections.

3) Impact on consolidated financial statements for the next consolidated fiscal year

Although reasonable estimates are made to ascertain signs of impairment, and to recognize and measure impairment losses, when changes to the underlying assumptions occur, such as changes to business plans or the market environment, or significant drops in land prices, additional impairment losses may be incurred. Those developments may have a significant impact on the amounts of impairment losses recorded in consolidated financial statements in the next consolidated fiscal year.

(Valuation of goodwill)

- (i) Amounts recorded in the consolidated financial statements for the consolidated fiscal year under review

(Millions of yen)

	Amount
Goodwill	55,722

- (ii) Information on the content of significant accounting estimates pertaining to identified items

1) Calculation method

Goodwill is generated in relation to excess earning power expected in the future due to an acquired business. The time over which those effects will be realized is estimated, with the goodwill evenly amortized over that period. In addition, that excess earning power is estimated based on business plans. When indications of impairment with respect to goodwill are acknowledged, such as when there is a notable divergence between a business plan and actual results, a determination is made whether impairment losses need to be recognized by comparing the total amount of undiscounted future cash flows with the carrying amount.

Goodwill related to the food supermarket business acquired from Seiyu Co., Ltd. in the consolidated fiscal year under review is determined according to the difference between the acquisition cost and the fair value of the identifiable assets and liabilities of the acquired business on the day of business combination. Note that the determination of the amount of goodwill is provisional, as the fair value estimation of the identifiable assets and liabilities of the business had not been completed as of the date of business

combination, and allocation of the acquisition cost is still underway.

The acquisition cost will be determined following negotiations, reflecting business value estimated according to the discounted current value of future cash flows based on the business plan.

2) Major assumptions

The main assumptions based on the business plan are the growth rate in net sales and gross profit margin.

3) Impact on consolidated financial statements for the next consolidated fiscal year

In the future, if it becomes necessary to revise business plans, such as due to actual results significantly deviating from and deteriorating in relation to business plans, an impairment loss on that goodwill may occur, which could have a significant impact on consolidated financial statements in the following consolidated fiscal year and beyond.

(Recoverability of deferred tax assets)

- (i) Amounts recorded in the consolidated financial statements for the consolidated fiscal year under review

(Millions of yen)	
	Amount
Deferred tax assets	15,712

- (ii) Information on the content of significant accounting estimates pertaining to identified items

1) Calculation method

The Group recognizes deferred tax assets with respect to future deductible temporary differences and unused tax losses. For future deductible temporary differences and unused tax losses, the Group determines the recoverability of deferred tax assets by estimating taxable income based on future earning power.

2) Major assumptions

In recording deferred tax assets, the Group classifies each Group company into five levels in accordance with Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26). Based on these classifications, the Group schedules the taxable income and future deductible temporary differences expected to be reversed for each

Group company, and then records only the amount expected to be recoverable. The recoverability of the Group's deferred tax assets is reasonably estimated based on future taxable income informed by factors such as trends in business performance.

3) Impact on consolidated financial statements for the next consolidated fiscal year
The above estimates may be impacted by factors such as fluctuating economic conditions that are uncertain in the future. If changes that impact predictions of future taxable income arise in the future, deferred tax assets may be reduced and tax expenses may be recognized in consolidated financial statements for the following consolidated fiscal year.

II. Notes to the Consolidated Balance Sheet

1. Collateral assets and loans pledged as collateral

(1) Collateral assets

Buildings and structures	5,236 million yen
Land	13,806 million yen
Total	19,043 million yen

(2) Loans pledged as collateral

Short-term borrowings	10,200 million yen
Long-term loans (including current portion of long-term borrowings)	7,653 million yen
Total	17,853 million yen

2. Accumulated depreciation on property, plant and equipment totaled

351,956 million yen

3. Outstanding balance of guarantees obligations

The Company has made guarantee obligations for loans from financial institutions for companies other than consolidated subsidiaries.

Sungreen	411 million yen
Total	411 million yen

4. Loan commitment agreement

Youme Card Co., Ltd., a consolidated subsidiary, manages businesses including a cash advance business peripheral to its credit card services. The unused balance of borrowings pertaining to the loan commitment for this business is as follows.

Total loan commitment	89,722 million yen
Executed loan amount	5,050 million yen
Difference	84,672 million yen

Note that the above loan commitment agreement includes lending conditions such as the borrower's intended use of the funds and screening of their creditworthiness, etc. For this reason, the full executed loan amount is not necessarily loaned out.

5. Financial covenants

A portion of long-term borrowings amounting to 78,500 million yen (the balance of outstanding loans at the end of the consolidated fiscal year in review) are subject to financial covenants. If the following covenants are broken, the Company may be required to repay the borrowings in full. Note that as of the end of the consolidated fiscal year in review, there had been no cases of the financial covenants being broken.

- (i) From the fiscal year ending February 28, 2025, the Company must ensure that its net assets on both its consolidated and non-consolidated balance sheet at the end of each fiscal year are maintained at 75% or more of the net assets on the consolidated and non-consolidated balance sheet at the end of either the preceding fiscal year or the fiscal year ended February 29, 2024, whichever is larger.
- (ii) From the fiscal year ending February 28, 2025, the Company must not allow its ordinary profit in the statement of income to be negative for two consecutive fiscal years.

III. Notes to the Consolidated Statement of Changes in Equity

1. Matters relating to the number of issued shares and treasury shares

(Thousands of shares)

Classification	Class of shares	Number of shares at the beginning of the consolidated fiscal year under review	Increase in shares in the consolidated fiscal year under review	Decrease in shares in the consolidated fiscal year under review	Number of shares at the end of the consolidated fiscal year under review
Issued shares	Common shares	71,665	–	–	71,665
Treasury shares	Common shares	146	0	36	111

Note: Increases during the consolidated fiscal year under review were due to the acquisition of shares of less than one unit, and decreases during the consolidated fiscal year under review were due to the disposal of shares as restricted stock compensation.

2. Dividends

(i) Dividends paid

Resolution	Class of shares	Total amount of dividends	Dividend per share	Record date	Effective date
May 29, 2024 General Meeting of Shareholders	Common shares	3,218 million yen	45.00 yen	February 29, 2024	May 30, 2024
October 15, 2024 Board of Directors	Common shares	3,219 million yen	45.00 yen	August 31, 2024	November 19, 2024

(ii) Dividends with a record date in the fiscal year under review but an effective date in the following fiscal year

At an Annual General Meeting of Shareholders held on May 28, 2025, a matter related to dividends for common shares has been proposed. Details are described below.

Resolution	Class of shares	Total amount of dividends	Source of dividends	Dividend per share	Record date	Effective date
May 28, 2025 General Meeting of Shareholders	Common shares	3,219 million yen	Retained earnings	45.00 yen	February 28, 2025	May 29, 2025

IV. Financial Instruments

1. Our policy on financial instruments

The Group manages its funds by investing in highly secure financial instruments such as short-term bank deposits. Additionally, the Company mainly raises funds by procuring the funds necessary according to capital investment plans, etc. through bank loans and corporate bonds. Derivative trading is used to avoid exchange rate fluctuation risks on trade payables and interest rate fluctuation risks on borrowings and other liabilities. The Company does not engage in speculative trading.

Notes and accounts receivable - trade, which are operating receivables, are exposed to customers' credit risk. However, to address those risks, the Company manages due dates and the balance of receivables for each customer, and has established a system to ascertain the credit status of customers as appropriate.

Investment securities are primarily shares in companies with which the Group has business relationships, and are exposed to market and credit risks. However, the Company regularly ascertains information such as fair values and the financial standing of the companies it invests in an effort to mitigate these risks.

Leasehold and guarantee deposits primarily relates to store lease agreements and are exposed to credit risks. However, the Company continually monitors the collection status and other factors.

Notes and accounts payable - trade and accounts payable-other, which are operating payables, mature in one year or less.

Of borrowings, short-term borrowings are primary used to fund business transactions, while long-term borrowings are mainly used to fund capital investment and corporate acquisitions. Borrowings with variable interest rates are exposed to interest rate fluctuation risks.

Long-term leasehold and guarantee deposits received are primarily received from tenants occupying the Group's stores.

Operating liabilities and borrowings are exposed to liquidity risks, which the Group manages primarily by each company preparing monthly financing plans.

In addition to values based on market prices, the fair value of financial instruments includes values based on reasonable calculations when there is no market price. Since the calculations of fair values include variable factors, fair values could change when different assumptions are used.

2. Fair value of financial instruments

The following table presents the amounts in the consolidated balance sheet, fair value, and differences between them as of February 28, 2025.

(Millions of yen)

	Consolidated balance sheet amount	Fair value	Difference
(1) Investment securities			
Shares of subsidiaries and associates	586	723	136
Available-for-sale securities	3,570	3,570	–
(2) Leasehold and guarantee deposits	17,275	10,186	(7,089)
Total assets	21,432	14,480	(6,952)
(3) Long-term borrowings	114,944	112,131	(2,812)
(4) Long-term leasehold and guarantee deposits received	22,021	21,175	(845)
Total liabilities	136,965	133,306	(3,658)

(Note 1) “Cash and deposits,” “Notes and accounts receivable - trade,” “Notes and accounts payable - trade,” “short-term borrowings” and “accounts payable - other” are all settled within a short period and are omitted because their fair value approximates their book value.

(Note 2) “Investments in capital” are omitted because they lack significance.

(Note 3) Shares with no market prices are not included in “Available-for-sale securities under (1) Investment securities.” The said financial instrument’s consolidated balance sheet amount is as follows.

(Millions of yen)

Classification	February 28, 2025
Unlisted shares	116
Shares of subsidiaries and associates	391

(Note 4) “Leasehold and guarantee deposits” include the current portion of guarantees deposits expected to be recovered.

(Note 5) “Long-term borrowings” include current portion of long-term borrowings.

(Note 6) “Long-term leasehold and guarantee deposits received” include the current portion of guarantees deposits received that are expected to be repaid.

3. Breakdown of financial instruments by level of fair value

The fair values of financial instruments are classified into the following three levels according to the observability and importance of inputs used in the calculation of fair values.

Level 1 fair value: fair value calculated using market prices, on an active market, of assets or liabilities whose fair value is calculated of the observable inputs related to the calculation of fair value

Level 2 fair value: fair value calculated using inputs other than the inputs used for Level 1 of the observable inputs related to the calculation of fair value

Level 3 fair value: fair value calculated using inputs that are not observable related to the calculation of fair value

If more than one input that has a significant effect on the calculation of fair value is used, the fair value is classified to the level of inputs whose priority is lowest in the calculation of fair value.

(1) Financial instruments reported on the consolidated balance sheet at fair value

Classification	Fair value (million yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities ^(Note 1)	3,570	–	–	3,570
Total assets	3,570	–	–	3,570

(2) Financial instruments other than financial instruments reported on the consolidated balance sheet at fair value

Classification	Fair value (million yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Shares of subsidiaries and associates ^(Note 1)	723	–	–	723
Leasehold and guarantee deposits ^(Note 2)	–	–	10,186	10,186
Total assets	723	–	10,186	10,909
Long-term borrowings ^(Note 3)	–	112,131	–	112,131
Long-term leasehold and guarantee deposits received ^(Note 4)	–	21,175	–	21,175
Total liabilities	–	133,306	–	133,306

Explanations about assessment techniques used in the calculation of fair value and inputs related to the calculation of fair value

Assets

(Note 1) Available-for-sale securities and shares of subsidiaries and affiliates under investment securities

Listed shares are based on the prices listed by the relevant stock exchanges. Because listed shares are traded in active markets, their fair values are classified as Level 1 fair value.

(Note 2) Leasehold and guarantee deposits

The fair value of leasehold and guarantee deposits is calculated based on the present value of future cash flows reflecting recoverability, discounted at a rate that takes into account credit risks such as the yield of government bonds corresponding to the remaining period. They are classified as Level 3 fair value.

Liabilities

(Note 3) Long-term borrowings

The fair value of long-term borrowings with fixed interest rates is calculated by discounting the total amount of principal at an interest rate that would be applicable to a similar new loan, and is classified as Level 2 fair value.

For long-term borrowings with variable interest rates, fair value is based on book value, as market interest rates are reflected over a short period.

(Note 4) Long-term leasehold and guarantee deposits received

The fair value of long-term leasehold and guarantee deposits received is calculated based on the present value of future cash flows in line with the reasonably expected return period, discounted at a rate that takes into account credit risks such as the yield of government bonds corresponding to the remaining period. They are classified as Level 2 fair value.

V. Investments in Rental Properties

Notes are omitted because they lack significance.

VI. Revenue Recognition

1. Breakdown information on revenue from contracts with customers

(Millions of yen)

	Reportable segment			Other (Note 1)	Total	Adjusted amount	Amounts shown on consolidated financial statements
	Retail operations	Retail- peripheral operations	Total				
Operating revenue							
Revenue from contracts with customers	486,616	12,478	499,095	3,001	502,096	—	502,096
Other revenue	19,191	2,782	21,973	72	22,046	—	22,046
Operating revenue from external customers	505,808	15,260	521,069	3,073	524,142	—	524,142
Inter-segment internal revenues or transfers	1,177	32,666	33,843	1,894	35,738	(35,738)	—
Total	506,985	47,927	554,912	4,968	559,881	(35,738)	524,142

(Note 1) The Other category includes the clothing wholesale business.

2. Foundational information for understanding revenue from contracts with customers

Foundational information for understanding revenue is as provided for in (iv) Accounting standards for revenues and expenses, under (4) Other important matters for the preparation of consolidated financial statements, 4. Matters regarding accounting policies in Notes to Consolidated Financial Statements.

3. Information for understanding revenue for the consolidated fiscal year under review and the next consolidated year

(1) Balance of contract assets and contract liabilities, etc.

The breakdown of receivables, contract assets and contract liabilities arising from contracts with customers is as follows.

	(Millions of yen)	
	Balance at the beginning of the consolidated fiscal year under review (March 1, 2024)	Balance at the end of the consolidated fiscal year under review (February 28, 2025)
Receivables from contracts with customers		
Notes receivable - trade	12	10
Accounts receivable - trade	4,716	7,968
Accounts receivable - other	841	747
	5,570	8,727
Contract assets	171	165
Contract liabilities	7,190	7,398

With respect to invoices issued to specialty stores for heating and lighting expenses, contract assets are the portion not yet invoiced, recognized as a reasonable estimate of the revenue arising from the meter reading date in the settlement month until the date of settlement.

Contract liabilities are chiefly the balance of the points and gift certificates issued by the Group that had not been redeemed as of the end of the fiscal year under review.

The amount of revenue recognized in the fiscal year under review that was included in the balance of contract liabilities at the beginning of the fiscal year was 4,904 million yen.

(2) Transaction value allocated to remaining performance obligations

The Group recognizes the transaction value allocated to remaining performance obligations as revenue based on the actual use of points and gift certificates, etc. Point-related performance obligations that have not been fulfilled stood at 5,024 million yen as of the end of the consolidated fiscal year under review. Those performance obligations are expected to be recognized as revenue over a period of one to two years after the end of the fiscal year. Gift certificate-related performance obligations that have not been fulfilled stood at 2,216 million yen as of the end of the consolidated fiscal year. Those performance obligations are expected to be recognized as revenue over a period of three years after the end of the fiscal year.

The Company does not include contracts whose terms are initially expected to be one

year or less in the note on transaction value allocated to remaining performance obligations as an expedient in practice.

VII. Notes to Per Share Information

Net assets per share	3,990.31 yen
Earnings per share	166.60 yen

VIII. Significant Subsequent Events

(Purchase of treasury shares)

At a meeting held on April 14, 2025, the Company's Board of Directors resolved to purchase treasury shares pursuant to the provisions of Article 156 of the Companies Act applied following the deemed replacement of terms pursuant to the provisions of Article 165, Paragraph 3 of the Act.

1. Details of resolution concerning purchase of treasury shares

(1) Reason for purchasing treasury shares

To enhance shareholder return by implementing flexible capital policy, improve capital efficiency, and otherwise further enhance corporate value.

(2) Details of the Board of Directors' resolution regarding purchase of treasury shares

- | | |
|--|---|
| (i) Type of shares to be purchased: | Common stock |
| (ii) Total number of shares to be purchased: | 1,000,000 shares (maximum) |
| (iii) Total purchase value of the shares: | 3,305 million yen (maximum) |
| (iv) Purchase date: | April 15, 2025 |
| (v) Purchase method: | Purchase through the off-floor trading system ToSTNeT-3 of the Tokyo Stock Exchange |

2. Result of the purchase of treasury shares

Pursuant to the above resolution, on April 15, 2025 the Company purchased 959,400 shares of its common stock (at a purchase value of 3,170 million yen), completing the purchase of treasury shares.

IX. Other Notes

1. Note on impairment losses

For the fiscal year under review, the Group recorded impairment losses for the assets described below.

Use	Location (Prefecture)	Type
Stores	Fukuoka, Yamaguchi, Hiroshima, etc.	Land, buildings, structures, etc.
Assets for lease	Hiroshima	Buildings and structures
Idle assets	Yamaguchi	Land

The Group sets each store as the basic unit representing the smallest unit in the generation of cash flow, and groups lease assets and idle assets on a per-property basis. Book values were written down to the recoverable amounts due to changes that significantly reduced the recoverable amounts in connection with a deterioration in profitability and changes to the scope of use, with impairment losses amounting to 7,755 million yen recorded as extraordinary losses. A major component of the loss was buildings and structures, totaling 6,376 million yen.

The recoverable amounts were mainly based on net sales value, which is calculated based on real estate appraisal values and other factors.

2. Notes on business combination

(Business succession by way of absorption-type split)

The Company and consolidated subsidiary Youme Mart Kumamoto Co., Ltd. resolved at their respective Board of Directors meetings held on April 3, 2024 that Youme Mart Kumamoto would acquire the supermarket business operated by Seiyu Co., Ltd. in the Kyushu region (hereinafter the “Acquired Business”) through an absorption-type company split (hereinafter the “Absorption-type Company Split”). On the same date, Youme Mart Kumamoto entered into an Absorption-type Company Split agreement with Seiyu.

On June 17, 2024, Youme Mart Kumamoto resolved at a Board of Directors meeting to enter into an agreement to amend the Absorption-type Company Split agreement with Seiyu in order to modify the rights and obligations that Youme Mart Kumamoto would take over. On the same date, Youme Mart Kumamoto entered into an agreement to amend the Absorption-type Company Split agreement with Seiyu. As a result, the absorption-type company split was executed on August 1, 2024.

(1) Outline of the business combination

(i) Name and business description of acquired company

Name of the company subject to the absorption-type split: Seiyu Co., Ltd.

Details of the business succession: supermarket business (69 stores) operated by Seiyu Co., Ltd. in the Kyushu region

(ii) Main reason for business combination

The stores operated by the Group in the Kyushu region and the stores included in the business to be succeeded do not overlap geographically, and as they are in a mutually complementary relationship, the Group believes that succession of the business could form an even more dominant position, enabling economies of scale in purchasing, sales promotion, distribution and other areas to be enjoyed. In addition, by combining and making mutual use of the efficient operational know-how cultivated by the employees of the business to be succeeded together with the expertise cultivated by the Company since its inception, the Company is confident that it can achieve the further growth of both entities in the Kyushu region. For these reasons, the Company resolved to carry out the absorption-type company split.

(iii) Date of business combination

August 1, 2024

(iv) Legal form of business combination

Absorption-type company split where Seiyu Co., Ltd. is the split company and Youme Mart Kumamoto is the succeeding company

(v) Name of company after the business combination

No change

(vi) Main grounds for determining acquiring company

For acquiring the supermarket business operated by Seiyu Co., Ltd. in the Kyushu region in exchange for cash consideration.

- (2) Period of the operating results of the acquired business included in the consolidated statement of income

From August 1, 2024 to February 28, 2025

- (3) Acquisition cost of the acquired business and breakdown by type of consideration

Consideration for acquisition	Cash	78,500 million yen
Acquisition cost		78,500 million yen

(Note) As price adjustment following the share acquisition is not yet complete, the acquisition price has yet to be determined.

- (4) Major acquisition-related costs and amounts of costs

Advisory costs, etc. associated with the share acquisition: 325 million yen

- (5) Amount of goodwill, reason for goodwill, and method and period of amortization

- (i) Amount of goodwill

56,318 million yen

At the end of the fiscal year under review, identifiable assets and liabilities have not been determined and the calculation of fair value had not been completed, thus the allocation of acquisition costs had not been finalized. As a result, the amount of goodwill reported is provisional.

- (ii) Reason for goodwill

As the acquisition cost exceeded the fair value of the net assets at the time of acquisition, the excess amount has been recorded as goodwill.

- (iii) Method and period of amortization

The straight-line method over a 20-year period

- (6) Assets accepted and liabilities assumed on the date of business combination and a breakdown of them

Current assets:	3,492 million yen
Non-current assets:	23,731 million yen
Total assets:	27,223 million yen
Current liabilities:	1,215 million yen
Non-current liabilities:	3,826 million yen
Total liabilities:	5,042 million yen

- (7) Approximate amount of impact on the consolidated statement of income for the consolidated fiscal year under review calculated as if the business combination was completed at the start of the consolidated fiscal year and its calculation method

- (i) Estimated amount

Operating revenue:	36,694 million yen
Operating profit:	237 million yen

- (ii) Method of calculating estimated amounts

The estimated impact is the difference between operating revenue and profit calculated based on the assumption that the business combination was completed at the beginning of the fiscal year and the operating revenue and profit figures stated in the consolidated statement of income of the acquiring company. In addition, as the goodwill recognized at the time of acquisition is regarded as having arisen on the first day of the consolidated fiscal year under review, the amortization of goodwill is reflected in the calculation.

This note has not been subject to audit certification.

3. The stated amounts are rounded off to the nearest million yen.

Non-consolidated Statement of Changes in Equity

(From March 1, 2024 to February 28, 2025)

(Millions of yen)

	Shareholders' equity							
	Share capital	Capital surplus			Legal retained earnings	Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus		Other retained earnings		
						Reserve for special depreciation	Reserve for tax purpose reduction entry of non-current assets	General reserve
Balance at beginning of period	19,613	22,282	–	22,282	2,094	–	981	49,736
Changes during period								
Dividends of surplus								
Profit								
Reversal of reserve for special depreciation								
Reversal of reserve for tax purpose reduction entry of non-current assets							(55)	
Purchase of treasury shares								
Disposal of treasury shares			(34)	(34)				
Transfer from other capital surplus to retained earnings			34	34				
Net changes of items other than shareholders' equity								
Total changes during period	–	–	–	–	–	–	(55)	–
Balance at end of period	19,613	22,282	–	22,282	2,094	–	925	49,736

	Shareholders' equity				Valuation and translation adjustments		Total net assets
	Retained earnings		Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
	Other retained earnings	Total retained earnings					
	Retained earnings brought forward						
Balance at beginning of period	128,895	181,707	(625)	222,978	1,577	1,577	224,555
Changes during period							
Dividends of surplus	(6,438)	(6,438)		(6,438)			(6,438)
Profit	9,635	9,635		9,635			9,635
Reversal of reserve for special depreciation	—	—		—			—
Reversal of reserve for tax purpose reduction entry of non-current assets	55	—		—			—
Purchase of treasury shares			(1)	(1)			(1)
Disposal of treasury shares			153	119			119
Transfer from other capital surplus to retained earnings	(34)	(34)		—			—
Net changes of items other than shareholders' equity					318	318	318
Total changes during period	3,219	3,163	152	3,315	318	318	3,634
Balance at end of period	132,114	184,870	(473)	226,293	1,896	1,896	228,189

The stated amounts are rounded off to the nearest million yen.

Notes to Non-Consolidated Financial Statements

I. Significant Accounting Policies

1. Asset valuation standards and valuation method

(i) Securities

Shares of subsidiaries and associates Cost method using the moving average method

Available-for-sale securities

Securities other than shares, etc. Market value method based on the market price
without market prices at the end of the fiscal year (valuation differences
are directly charged or credited to net assets, and
the cost of securities sold is calculated using the
moving average method)

Shares, etc. without market prices Cost method using the moving average method

(ii) Derivatives

Market value method

(iii) Inventories

Inventories held for regular sale

Valuations are made using the cost method (under which book values are reduced as
profitability declines)

Products (stores)

Retail method

(X-Sell Division)

Moving average method

(Distribution centers)

Last purchase price method

Raw materials and supplies

Last purchase price method

2. Method of depreciation of non-current assets

Property, plant and equipment (excluding leased assets)	<p>Declining balance method</p> <p>However, the straight-line method is used for buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998, facilities attached to buildings and structure acquired on or after April 1, 2016, and some large-scale, multi-purpose shopping centers.</p> <p>The useful life and the residual value are calculated based on the same standards as those set out in the Corporation Tax Act. However, assets with an acquisition value of 100,000 yen or more and less than 200,000 yen are depreciated evenly over three years.</p>
Intangible assets (excluding leased assets)	<p>Straight-line method</p> <p>For software for in-house use, the straight-line method based on an in-house estimated available period (5 years) is used.</p>
Leased assets	<p>Leased assets related to finance lease transactions involving the transfer of ownership</p> <p>The assets are depreciated using the same method applied for non-current assets owned by the Company.</p> <p>Leased assets related to finance lease transactions not involving the transfer of ownership</p> <p>The assets are calculated by assuming the lease term is the useful life and depreciating the remaining amount to zero using the straight-line method. Note that lease transactions with a lease transaction start date on or before February 28, 2009 are processed with a method comparable to normal lease transactions.</p>

3. Standards for appropriation of allowances and provisions

Allowance for doubtful accounts	To minimize possible losses on uncollectible receivables, the Company posts allowances equal to the estimated amount of uncollectible receivables based on past bad debt rates with respect to general receivables. For specific receivables including doubtful receivables, the Company reserves that amount, after reviewing collectability individually.
Provision for bonuses	The provision for bonuses is recorded based on the estimated payment amount for bonuses, as the provision for bonuses to be paid to employees.
Provision for bonuses for directors (and other officers)	The provision for bonuses is recorded based on the estimated payment amount for bonuses, as the provision for bonuses to be paid to officers.
Provision for retirement benefits	<p>To prepare for retirement benefits paid to employees, a provision is provided on the basis of the estimated retirement benefit obligations at the end of the fiscal year under review. The method of attributing the estimated amount of retirement benefits to the period until the end of the fiscal year under review in the calculation of retirement benefit obligations is based on the benefit formula.</p> <p>Prior service costs are recorded as expenses based on the straight-line method for a certain number of years (6 years) within the average remaining service years of employees when costs accrue from their service.</p> <p>Actuarial differences are posted in expenses from the fiscal year following their accruals based on proportional division through the straight-line method for a certain number of years (6 years) within the average remaining service years of employees at the time of accruals in each fiscal year.</p>
Provision for loss on building demolition	An amount based on the estimated demolition costs is recorded as a provision to prepare for losses from building demolition.

Provision for loss on lease contracts	In anticipation of expected losses incurred during the non-cancellable period of real estate lease contracts, a provision has been recorded for the estimated amount of lease payments for portions deemed highly likely to be unusable until the end of the contract term.
Provision for expenses for handling system failures	A provision has been recorded in relation to estimated expenses incurred due to investigative fees for outside experts, system recovery work and other costs related to system failures due to cyberattacks targeting the Company.

4. Other important matters as a base for the preparation of financial statements

(1) Accounting for retirement benefits

The accounting for unrecognized actuarial differences and prior service costs is different from that in the consolidated financial statements.

(2) Accounting standards for revenues and expenses

The Company applies the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020, hereinafter referred to as the “Accounting Standard for Revenue Recognition”) and others, and revenue is recognized at the amount expected to be received in exchange for the promised goods or services when control over the promised goods or services is transferred to the customer.

The primary performance obligations in the Company’s principal retail operations and the normal timing for recognizing that those performance obligations have been fulfilled are described below.

1) Revenue recognition related to sales of merchandise

The main operations of the Company are the selling of clothing, household goods, food and other products at shopping centers, general merchandising stores (GMS) and supermarkets, with the delivery of those goods recognized as the fulfillment of obligations for the purpose of revenue. In general, at the point that control of the promised goods or services has been transferred to a customer, the performance of obligations is fulfilled, with the amount expected to be received in exchange for said goods and services recognized as revenue.

For transactions where the Company’s role corresponds to that of an agent in the provision of goods or services to a customer, such as transactions with specialty stores, revenue is recognized on a net basis, where the amount payable to third parties

is deducted from the total amount of consideration.

Additionally, consideration for sales were received within one year from the fulfillment of performance obligations, and important financial factors are not included.

2) Revenue recognition related to the Group's point system

The Company has introduced a unique point program, where points are granted to customers as a percentage of their purchase amount when goods, etc. are sold. The points granted are recognized as a performance obligation, with the distribution of transaction prices based on the independent selling price of the points, taking into account the expected expiration of points in the future. The points are therefore recognized as contract liabilities. In addition, as points are redeemed, the performance obligations linked to them are fulfilled, at which time revenue is recognized.

3) Revenue recognition related to gift certificates

The gift certificates issued by the Company are recognized as performance obligations, with revenue recognized at the point that a gift certified has been used. Note that the unused portion of gift certificates are recognized as revenue at the point that the possibility of the customer exercising those rights has become extremely low.

5. Notes concerning accounting estimates

(Impairment losses on non-current assets)

(1) Amounts recorded for the fiscal year under review

(Millions of yen)

	Amount
Impairment losses	7,483
Property, plant and equipment	268,159
Intangible assets	7,313

(2) Information about important accounting estimates related to items identified

The information is the same as that stated under "Notes concerning accounting estimates (Impairment losses on non-current assets)" in the Notes to Consolidated Financial Statements.

(Valuation of shares of subsidiaries and associates)

(1) Amounts recorded for the fiscal year under review

(Millions of yen)

	Amount
Shares of subsidiaries and associates	93,722

(2) Information about important accounting estimates related to items identified

Excess earning power is reflected with respect to the valuation of shares of subsidiaries and associates. Information concerning excess earning power is the same as that stated under “Notes concerning accounting estimates (Valuation of goodwill)” in the Notes to Consolidated Financial Statements.

(Recoverability of deferred tax assets)

(1) Amounts recorded for the fiscal year under review

(Millions of yen)

	Amount
Deferred tax assets	11,362

(2) Information about important accounting estimates related to items identified

The information is the same as that stated under “Notes concerning accounting estimates (Recoverability of deferred tax assets)” in the Notes to Consolidated Financial Statements.

II. Notes to the Balance Sheet

1. Collateral assets and loans pledged as collateral

(1) Collateral assets

Buildings	5,236 million yen
Land	13,806 million yen
Total	19,043 million yen

(2) Loans pledged as collateral

Short-term borrowings	10,200 million yen
Long-term loans borrowings (including current portion of long-term borrowings)	7,653 million yen
Total	17,853 million yen

2. Accumulated depreciation on property, plant and equipment totaled
279,297 million yen

3. Outstanding balance of guarantee obligations

The Company has made guarantee obligations for loans from financial institutions.

Sungreen	411 million yen
Total	411 million yen

4. Monetary claims and obligations to subsidiaries and associates

Short-term monetary claims	57,892 million yen
Long-term monetary claims	2,739 million yen
Short-term monetary obligations	37,647 million yen
Long-term monetary obligations	50 million yen

5. Monetary claims and obligations to Directors and Audit & Supervisory Board Members

Short-term monetary claims	0million yen
Long-term monetary claims	– million yen
Short-term monetary obligations	– million yen
Long-term monetary obligations	– million yen

6. Financial covenants

The information is the same as that stated under “Notes to the Consolidated Balance Sheet” in the Notes to Consolidated Financial Statements.

III. Notes to the Statement of Income

Transactions with subsidiaries and associates

Transactions with subsidiaries and associates due to business operations	30,024 million yen
Transactions other than those with subsidiaries and associates due to business operations	337 million yen

IV. Notes to the Statement of Changes in Equity

Matters related to the class and number of treasury shares

(Thousands of shares)

	Number of shares at the beginning of the fiscal year under review	Number of shares increased during the fiscal year under review	Number of shares decreased during the fiscal year under review	Number of shares at the end of the fiscal year under review
Common shares	146	0	36	111

(Note) Increases during the fiscal year under review were due to the acquisition of shares of less than one unit, and decreases during the fiscal year under review were due to the disposal of shares as restricted stock compensation.

V. Tax-Effect Accounting

Significant components of deferred tax assets and liabilities

Deferred tax assets

Provision for bonuses	544 million yen
Contract liabilities	1,532 million yen
Provision for retirement benefits	2,751 million yen
Non-deductible depreciation expenses	1,432 million yen
Impairment losses	4,443 million yen
Asset retirement obligations	2,943 million yen
Other	2,073 million yen
Subtotal of deferred tax assets	15,720 million yen
Valuation allowance	(2,398) million yen
Total deferred tax assets	13,322 million yen

Deferred tax liabilities

Reserve for tax purpose reduction entry of non-current assets	(406) million yen
Valuation difference on available-for-sale securities	(579) million yen
Removal expenses for asset retirement obligations	(934) million yen
Other	(40) million yen
Total deferred tax liabilities	(1,960) million yen

Deferred tax assets, net 11,362 million yen

VI. Notes Concerning Lease Transactions

In addition to non-current assets posted in the balance sheet, for some stores usage was due to finance and lease agreements other than for the transfer of ownership.

VII. Related-Party Transactions

1. Subsidiaries and associates

(Millions of yen)

Type	Names of companies	Head office	Capital or investment in capital	Business operations	Percentage of voting rights (owned)	Relationship with related party	Transaction	Transaction amount	Item	Balance at end of period
Subsidiaries	Youme Card Co., Ltd.	Higashi-ku, Hiroshima-shi	480	Finance and real estate rental business	Direct: 100.0% Indirect: –	Collection of product sales proceeds through credit card use and concurrent roles of officers in consigned lending and borrowing services	Collection, etc. of the proceeds from product sales made through credit card usage (Note 1) Payment of fees (Note 1) Receipt of interest on loans (Note 2)	94,128 1,913 2,940 47	Accounts receivable - trade Short-term loans receivable	6,657 23,182
	Izumi Techno Co., Ltd.	Nishi-ku, Hiroshima-shi	30	Store facility management, etc.	Direct: 86.0% Indirect: 14.0%	Officers with concurrent positions in lending and borrowing services	Payment of interest on loans (Note 2)	3,407 76	Short-term borrowings	18,234
	Youme Mart Kitakyushu Co., Ltd.	Yahatanishi-ku, Kitakyushu-shi	100	Retail	Direct: 100.0% Indirect: –	Lending and borrowing	Receipt of interest on loans (Note 2)	2,263 25	Short-term loans receivable	6,628
	Yours Co., Ltd.	Higashi-ku, Hiroshima-shi	50	Retail	Direct: 59.5% Indirect: –	Lending and borrowing	Receipt of interest on loans (Note 2)	2,203 36	Short-term loans receivable	9,092
	Izumi Real Estate Co., Ltd.	Nishi-ku, Hiroshima-shi	150	Real estate rental business	Direct: 35.7% Indirect: 0.2%	Officers with concurrent positions in lending and borrowing services	Payment of interest on loans (Note 2)	3,772 33	Short-term borrowings	9,589

Transaction conditions and policy on determination of transaction conditions:

(Note 1) The collection of the proceeds from product sales made through credit card transactions is based on merchant agreements, and payment fees associated with collection are determined through negotiation, referencing the terms of transactions established with other credit companies.

(Note 2) Interest rates are determined in light of market interest rates.

2. Officers and major individual shareholders, etc.

(Millions of yen)

Type	Name of company, etc. or person	Head office	Capital or investment in capital	Business operations	Percentage of voting rights (owned)	Relationship with related party	Transaction	Transaction amount	Item	Balance at end of period
Company whose majority voting rights are held by officers' relatives	DAIICHI FUDOSAN CO., LTD. (Note 1)	Higashi-ku, Hiroshima-shi	30	Real estate management	(Held by the parent company) Direct: 5.9% Indirect: –	Real estate leasing	Real estate leasing (Note 3)	341	–	–
	Yamanishi World Ltd. (Note 2)	Higashi-ku, Hiroshima-shi	100	Real estate management	(Held by the parent company) Direct: 27.8% Indirect: –	Real estate leasing	Real estate leasing (Note 3)	44	Leasehold	15

Transaction conditions and policy on determination of transaction conditions:

(Note 1) The relatives of Yasuaki Yamanishi and Daisuke Yamanishi hold a majority of voting rights in the company.

(Note 2) The relatives of Yasuaki Yamanishi and Daisuke Yamanishi hold a majority of voting rights in the company.

(Note 3) Real estate lease fees are determined with reference to general terms of transactions.

VIII. Revenue Recognition

Foundational information for understanding revenue arising from contracts with customers is as provided for in “(2) Accounting standards for revenues and expenses, 4. Other important matters as a base for the preparation of financial statements, Notes to Non-Consolidated Financial Statements.”

IX. Notes to Per Share Information

Net assets per share 3,189.06 yen

Earnings per share 134.68 yen

X. Significant Subsequent Events

(Purchase of treasury shares)

At a meeting held on April 14, 2025, the Company’s Board of Directors resolved to purchase treasury shares pursuant to the provisions of Article 156 of the Companies Act applied following the deemed replacement of terms pursuant to the provisions of Article 165, Paragraph 3 of the Act. Details of the information are the same as stated in “Significant Subsequent Events” in the Notes to Consolidated Financial Statements.

XI. Other Notes

1. Note on impairment losses

In the fiscal year under review, the Company posted impairment losses for the asset groups below.

Use	Location (Prefecture)	Type
Stores	Fukuoka, Yamaguchi, etc.	Land, buildings, structures, etc.
Idle assets	Yamaguchi	Land

The Company sets each store as the basic unit representing the smallest unit in the generation of cash flow, and groups lease assets and idle assets on a per-property basis. Book values were written down to the recoverable amounts due to changes that significantly reduced the recoverable amounts in connection with a deterioration in profitability and changes to the scope of use, with impairment losses amounting to 7,483 million yen recorded as extraordinary losses. A major component of the loss was buildings and structures, totaling 6,122 million yen.

The recoverable amounts were mainly based on net sales value, which is calculated based on real estate appraisal values and other factors.

2. The stated amounts are rounded off to the nearest million yen.