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June 25, 2026

Consolidated Financial Results for the Three Months Ended May 20, 2026 (Under Japanese GAAP)



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 Listing: Tokyo Stock Exchange
 Securities code: 8276
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 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: None

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

1. Consolidated financial results for the three months ended May 20, 2026 (from February 21, 2026 to May 20, 2026)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
May 20, 2026	112,199	3.4	2,571	(12.7)	2,774	(16.8)	1,186	(45.3)
May 20, 2025	108,541	3.1	2,944	3.9	3,335	3.8	2,169	8.1

Note: Comprehensive income For the three months ended May 20, 2026: ¥1,749 million [(23.1)%]
 For the three months ended May 20, 2025: ¥2,274 million [(14.6)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended		
May 20, 2026	23.99	—
May 20, 2025	43.21	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of			
May 20, 2026	314,044	198,073	62.4
February 20, 2026	313,095	197,962	62.5

Reference: Equity
 As of May 20, 2026: ¥195,869 million
 As of February 20, 2026: ¥195,793 million

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 20, 2026	—	33.00	—	33.00	66.00
Fiscal year ending February 20, 2027	—				
Fiscal year ending February 20, 2027 (Forecast)		33.00	—	33.00	66.00

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

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

(Percentages indicate year-on-year changes.)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	234,000	4.7	6,900	1.0	7,200	(4.2)	5,000	2.0	101.10
Full year	478,000	4.8	14,300	7.4	15,200	4.1	9,800	4.1	198.16

Note: Revisions to the financial result forecast most recently announced: None

* **Notes**

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

Newly included: –

Excluded: –

(2) Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements: Yes

Note: For details, please see “2. Quarterly Consolidated Financial Statements and Principal Notes (3) Notes to Quarterly Consolidated Financial Statements (Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements)” on page 9 of the attachments.

(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 May 20, 2026	51,546,470 shares
As of February 20, 2026	51,546,470 shares

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

As of May 20, 2026	2,091,600 shares
As of February 20, 2026	2,091,568 shares

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

Three months ended May 20, 2026	49,454,886 shares
Three months ended May 20, 2025	50,198,303 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* Explanation regarding proper use of earnings forecasts and other special matters

Forward-looking statements such as earnings forecasts in this document are based on information currently available to the Company and certain assumptions deemed reasonable, and are not intended to guarantee that the Company will achieve them. Actual operating results may differ substantially from these forecasts due to a variety of factors.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

During the three months under review (from February 21, 2026 to May 20, 2026), the Japanese economy continued to face an uncertain outlook, with rising prices driven by surging raw material costs amid an unstable international situation, and the weak yen, as well as higher energy costs and an increasing labor cost burden.

Regarding the environment surrounding the retail industry, although understanding of product price revisions has progressed and spending per customer has been on an upward trend, there are concerns over restrained consumer spending and a decline in customer traffic due to consumers' increasingly thrifty mindset. Together with significant increases in labor costs, surging logistics costs and store operating expenses, and intensifying price and service competition across different business formats, the business environment remained extremely challenging.

Under these circumstances, the Group, as a "comprehensive community-based lifestyle (creation) company," has steadily executed its Medium-Term Management Plan, which ends in FY 2026, to support the lives of local customers. In particular, in responding to changing consumer behavior, we focused on maintaining price competitiveness and on improving convenience through the use of digital technology. To provide products and services that match customer needs, we worked on deepening marketing through the use of customer data; on growing the five stores opened in the previous year and strengthening our dominant strategy; on reviewing store formats so that each store can maximize its potential; and on developing part-time employees into a capable workforce able to run sales floors stably on their own. At the same time, we strengthened relationships with affiliated subsidiaries and worked to enhance the Group's overall appeal.

As a result of the foregoing, the operating results for the three months under review were operating revenue of ¥112,199 million (up 3.4% year on year), operating profit of ¥2,571 million (down 12.7% year on year), ordinary profit of ¥2,774 million (down 16.8% year on year), and profit attributable to owners of parent of ¥1,186 million (down 45.3% year on year).

The overview of segment results is as given below.

[Retail Business]

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

- (1) Gaining customer support by addressing the needs of the child-rearing generation
 - Strengthening pricing on daily-use products
 - Differentiation through fresh foods and private brand products
 - Strengthening communication using apps
- (2) Expanding the HOP economic sphere based on the dominant strategy
 - Expanding store openings in priority areas through multiple formats
 - Solidifying our customer base through community-based initiatives
 - Expanding new channels such as small stores and online supermarkets
- (3) Promoting cost structure reform, including productivity improvement
 - Improving productivity, raising wages through the review of business processes, and balancing job satisfaction improvement with labor cost control
 - Optimizing various costs by promoting logistics reform and reviewing specifications

Owing to higher net sales from new stores as well as growth at existing stores, together with the absorption-type mergers of consolidated subsidiaries Yanagen Co., Ltd. on May 21, 2025, and Yell Co., Ltd. on August 21, 2025, Heiwado's non-consolidated operating revenue grew to ¥104,484 million (up 5.2% year on year). However, because the gross profit margin declined, operating gross profit was insufficient, and operating profit was ¥1,807 million (down 17.6% year on year). Ordinary profit was ¥4,846 million (up 49.1% year on year) owing to an increase in dividends from consolidated subsidiaries, and profit was ¥3,547 million (up 44.9% year on year).

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

Heiwado (China) Co., Ltd., which operates a department store in Hunan Province, China, posted lower revenue but higher profit on a yuan basis, owing to the slowdown of the Chinese economy and intensifying competition within its trade area, compounded by reduced sales floor space resulting from large-scale renovations. On a yen basis, it posted increases in both revenue and profit due to foreign exchange effects.

As a result of the above, operating revenue in the retail business was ¥106,306 million (up 3.4% year on year), and ordinary profit was ¥5,011 million (up 48.5% year on year).

[Retail-Related Business]

Bestone Co., Ltd., which manufactures and processes prepared foods, rice dishes, and fresh foods, achieved increased revenue and profit due to the consistent rise in production volume at the new delicatessen center that began operations in 2023, along with increased orders stemming from productivity improvement initiatives at Heiwado Co., Ltd.

National Maintenance Co., Ltd., a building maintenance business, posted increased revenue but decreased profit, as new orders were offset by higher selling, general and administrative expenses.

As a result of the above, operating revenue in the retail-related business was ¥1,727 million (up 2.9% year on year), and ordinary profit was ¥478 million (up 5.9% year on year).

[Other Businesses]

Fivestar Co., Ltd., which operates a restaurant business, posted increased revenue but decreased profit, as net sales grew due to higher spending per customer, while selling, general and administrative expenses increased.

C.O.M Corporation Ltd., which operates a restaurant business, posted increased revenue and profit due to strong sales of its mainstay, Kentucky Fried Chicken.

As a result of the above, operating revenue in other businesses was ¥4,164 million (up 2.7% year on year), and ordinary profit was ¥173 million (down 22.8% year on year).

(2) Explanation of Financial Position

Total assets as of the end of the first quarter under review increased by ¥949 million from the end of the previous fiscal year to ¥314,044 million. The main factors included increases of ¥2,430 million in property, plant and equipment, ¥974 million in merchandise and finished goods, and ¥560 million in notes and accounts receivable - trade, and contract assets, which were partially offset primarily by a decrease of ¥3,272 million in cash and deposits.

Liabilities increased by ¥838 million from the end of the previous fiscal year to ¥115,971 million. The main factors included increases of ¥1,975 million in short-term borrowings, ¥1,634 million in provision for bonuses, and ¥956 million in notes and accounts payable - trade, which were partially offset primarily by decreases of ¥2,295 million in long-term borrowings and ¥1,263 million in income taxes payable.

Net assets increased by ¥111 million from the end of the previous fiscal year to ¥198,073 million. The main factors included increases of ¥394 million in valuation difference on available-for-sale securities and ¥200 million in foreign currency translation adjustment, while retained earnings decreased by ¥445 million.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

For the fiscal year ending February 20, 2027, the Group forecasts operating revenue of ¥478.0 billion, operating profit of ¥14.3 billion, ordinary profit of ¥15.2 billion, and profit attributable to owners of parent of ¥9.8 billion.

We will continue to closely monitor future conditions and trends in personal consumption, and should any revision to the consolidated financial results forecast become necessary, we will disclose it promptly.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of February 20, 2026	As of May 20, 2026
Assets		
Current assets		
Cash and deposits	23,227	19,954
Notes and accounts receivable - trade, and contract assets	13,459	14,020
Merchandise and finished goods	20,140	21,114
Raw materials and supplies	170	189
Other	6,646	6,527
Allowance for doubtful accounts	(42)	(40)
Total current assets	63,602	61,765
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	99,259	97,767
Land	98,476	100,134
Other, net	11,303	13,568
Total property, plant and equipment	209,039	211,470
Intangible assets		
Goodwill	473	456
Leasehold interests in land	5,451	5,455
Other	3,853	3,943
Total intangible assets	9,778	9,855
Investments and other assets		
Investment securities	5,726	6,288
Leasehold and guarantee deposits	17,497	17,397
Retirement benefit asset	2,930	3,014
Deferred tax assets	2,314	2,034
Other	2,507	2,518
Allowance for doubtful accounts	(301)	(301)
Total investments and other assets	30,675	30,953
Total non-current assets	249,493	252,279
Total assets	313,095	314,044

	As of February 20, 2026	As of May 20, 2026
Liabilities		
Current liabilities		
Notes and accounts payable - trade	33,017	33,973
Short-term borrowings	9,280	11,255
Income taxes payable	2,908	1,645
Provision for bonuses	1,622	3,257
Contract liabilities	10,525	10,028
Refund liabilities	8,167	8,232
Provision for loss on interest repayment	7	6
Provision for loss on shop close	584	523
Provision for bonuses for directors (and other officers)	38	—
Other	18,585	18,965
Total current liabilities	84,736	87,888
Non-current liabilities		
Long-term borrowings	11,961	9,666
Retirement benefit liability	711	729
Asset retirement obligations	8,930	8,916
Leasehold and guarantee deposits received	8,204	8,181
Deferred tax liabilities	117	117
Other	470	470
Total non-current liabilities	30,396	28,082
Total liabilities	115,132	115,971
Net assets		
Shareholders' equity		
Share capital	11,614	11,614
Capital surplus	19,778	19,778
Retained earnings	161,928	161,482
Treasury shares	(5,165)	(5,165)
Total shareholders' equity	188,155	187,709
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,194	2,588
Foreign currency translation adjustment	3,009	3,209
Remeasurements of defined benefit plans	2,434	2,362
Total accumulated other comprehensive income	7,637	8,160
Non-controlling interests	2,168	2,203
Total net assets	197,962	198,073
Total liabilities and net assets	313,095	314,044

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Three Months Ended May 20

(Millions of yen)

	For the three months ended May 20, 2025	For the three months ended May 20, 2026
Operating revenue		
Net sales	99,152	102,376
Operating revenue	9,388	9,823
Total operating revenue	108,541	112,199
Cost of sales	69,320	71,793
Gross profit	29,832	30,582
Operating gross profit	39,220	40,405
Selling, general and administrative expenses	36,276	37,833
Operating profit	2,944	2,571
Non-operating income		
Interest income	35	28
Commission income	146	144
Receipt subsidy	190	35
Other	67	83
Total non-operating income	439	291
Non-operating expenses		
Burden charge payment	—	19
Interest expenses	25	42
Foreign exchange losses	9	—
Other	14	26
Total non-operating expenses	48	88
Ordinary profit	3,335	2,774
Extraordinary income		
Gain on sale of investment securities	—	53
Gain on sale of shares of subsidiaries and associates	239	—
Other	75	32
Total extraordinary income	315	85
Extraordinary losses		
Loss on retirement of non-current assets	35	129
Impairment losses	82	3
Other	5	25
Total extraordinary losses	123	158
Profit before income taxes	3,527	2,702
Income taxes	1,330	1,492
Profit	2,197	1,210
Profit attributable to non-controlling interests	28	24
Profit attributable to owners of parent	2,169	1,186

Quarterly Consolidated Statements of Comprehensive Income

Three Months Ended May 20

(Millions of yen)

	For the three months ended May 20, 2025	For the three months ended May 20, 2026
Profit	2,197	1,210
Other comprehensive income		
Valuation difference on available-for-sale securities	389	394
Foreign currency translation adjustment	(269)	216
Remeasurements of defined benefit plans, net of tax	(42)	(72)
Total other comprehensive income	77	538
Comprehensive income	2,274	1,749
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,266	1,708
Comprehensive income attributable to non-controlling interests	7	40

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in case of significant changes in shareholders' equity)

Not applicable.

(Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements)

(Calculation of tax expenses)

The Company calculates tax expenses by making a reasonable estimate of the effective tax rate after application of tax effect accounting to profit before income taxes for the consolidated fiscal year that includes the first quarter under review, and multiplying profit before income taxes by the said estimated effective tax rate. In addition, income taxes deferred are included in "Income taxes."

(Notes on segment information, etc.)

(Segment information)

I. For the three months ended May 20, 2025

1. Information on operating revenue and profit or loss by reportable segment, and revenue breakdown information

(Millions of yen)

	Reportable segments			Other	Total	Adjustment	Amount on quarterly consolidated statements of income
	Retail	Retail-Related	Total				
Operating revenue							
Product sales	95,012	235	95,248	3,904	99,152	—	99,152
Service revenue	3,976	992	4,969	18	4,988	—	4,988
Revenue from contracts with customers	98,989	1,228	100,217	3,923	104,140	—	104,140
Other revenue	3,815	451	4,266	133	4,400	—	4,400
Net sales to outside customers	102,804	1,679	104,484	4,056	108,541	—	108,541
Intersegment net sales or transfers	877	12,098	12,975	78	13,054	(13,054)	—
Total	103,682	13,778	117,460	4,135	121,595	(13,054)	108,541
Segment profit	3,375	451	3,827	225	4,052	(716)	3,335

(Notes)

1. The “Other” category represents business segments not included in reportable segments, such as restaurant operation business, etc.
 2. The adjustment of ¥(716) million to segment profit is from the elimination of dividend income transactions, etc.
 3. Segment profit has been adjusted with ordinary profit on the quarterly consolidated statements of income.
 4. Other revenue represents real estate lease revenue included within the scope of the Accounting Standard for Lease Transactions.
2. Information on impairment losses on non-current assets and goodwill, etc. by reportable segment
No significant occurrences or changes.

II. For the three months ended May 20, 2026

1. Information on operating revenue and profit or loss by reportable segment, and revenue breakdown information

(Millions of yen)

	Reportable segments			Other	Total	Adjustment	Amount on quarterly consolidated statements of income
	Retail	Retail-Related	Total				
Operating revenue							
Product sales	97,959	272	98,231	4,144	102,376	—	102,376
Service revenue	4,391	942	5,333	18	5,352	—	5,352
Revenue from contracts with customers	102,350	1,214	103,565	4,162	107,728	—	107,728
Other revenue	3,955	512	4,468	1	4,470	—	4,470
Net sales to outside customers	106,306	1,727	108,034	4,164	112,199	—	112,199
Intersegment net sales or transfers	810	13,215	14,025	15	14,041	(14,041)	—
Total	107,117	14,943	122,060	4,179	126,240	(14,041)	112,199
Segment profit	5,011	478	5,489	173	5,663	(2,888)	2,774

(Notes)

1. The “Other” category represents business segments not included in reportable segments, such as restaurant operation business, etc.
2. The adjustment of ¥(2,888) million to segment profit is from the elimination of dividend income transactions, etc.
3. Segment profit has been adjusted with ordinary profit on the quarterly consolidated statements of income.
4. Other revenue represents real estate lease revenue included within the scope of the Accounting Standard for Lease Transactions.

2. Information on impairment losses on non-current assets and goodwill, etc. by reportable segment

No significant occurrences or changes.

(Notes on statements of cash flows)

Quarterly consolidated statements of cash flows for the three months ended May 20, 2026, have not been prepared. Depreciation for the three months ended May 20, 2026 (including amortization of intangible assets and long-term prepaid expenses, excluding goodwill) and amortization of goodwill are as follows:

	For the three months ended May 20, 2025	For the three months ended May 20, 2026
Depreciation	¥3,232 million	¥3,398 million
Amortization of goodwill	16	16

(Significant subsequent events)

Not applicable.