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Summary of Consolidated Financial Results for the Six Months Ended August 31, 2025 (Based on Japanese GAAP)

October 14, 2025

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 Scheduled date to file Semi-annual Securities Report: October 14, 2025
 Scheduled date to commence dividend payments: November 19, 2025
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and securities analysts)

(Amounts of less than one million yen are rounded down.)

1. Consolidated financial results for six months ended August 31, 2025 (from March 1, 2025 to August 31, 2025)

(1) Consolidated financial 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	%
Six months ended August 31, 2025	281,037	17.8	12,685	5.1	12,614	1.8	8,084	(1.5)
August 31, 2024	238,670	2.3	12,074	(22.2)	12,392	(21.6)	8,211	(21.5)

(Note) Comprehensive income: Six months ended August 31, 2025: 8,577 million yen (5.3%)

Six months ended August 31, 2024: 8,146 million yen (-26.6%)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended August 31, 2025	114.05	—
August 31, 2024	114.79	—

(Note) In the first six months of the fiscal year ending February 28, 2026, the Company finalized the provisional accounting treatment for the business combination. Figures for the first six months of the fiscal year ended February 28, 2025 reflect the finalized accounting treatment for the business combination.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of August 31, 2025	597,259	301,902	48.2
February 28, 2025	575,963	299,603	49.6

(For reference) Equity: As of August 31, 2025: 288,105 million yen

As of February 28, 2025: 285,907 million yen

(Note) In the first six months of the fiscal year ending February 28, 2026, the Company finalized the provisional accounting treatment for the business combination. Figures for the first six months of the fiscal year ended February 28, 2025 reflect the finalized accounting treatment for the business combination.

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended February 28, 2025	—	45.00	—	45.00	90.00
Year ending February 28, 2026	—	45.00			
Year ending February 28, 2026 (Forecast)			—	45.00	90.00

(Note) Revisions to dividend forecasts published most recently: None

3. Forecast of consolidated financial results for the fiscal year ending February 28, 2026 (from March 1, 2025 to February 28, 2026)

Percentages indicate year-on-year changes

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	570,300	8.8	26,400	2.6	26,100	0.3	15,200	23.5	215.20

(Note) Revisions to business forecasts published most recently: Yes

(Note) Year-on-year changes were calculated based on figures that were revised retroactively to reflect the finalization of the provisional accounting treatment pertaining to the business combination that was implemented in the first six months of the fiscal year ending February 28, 2026.

Notes

- (1) Significant changes in the scope of consolidation during the period: None
- (2) Application of special accounting methods for preparing semi-annual consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- | | |
|--|------|
| Changes in accounting policies due to revisions to accounting standards and other regulations: | None |
| Changes in accounting policies due to other reasons: | None |
| Changes in accounting estimates: | None |
| Restatement of prior period financial statements: | None |
- (4) Number of issued shares (common shares)
- | | | | |
|---|-------------------|----------------------------------|-------------------|
| Total number of issued shares at the end of the period (including treasury shares) | | | |
| As of August 31, 2025 | 71,665,200 shares | As of February 28, 2025 | 71,665,200 shares |
| Number of treasury shares at the end of the period | | | |
| As of August 31, 2025 | 1,032,282 shares | As of February 28, 2025 | 111,165 shares |
| Average number of shares during the period (cumulative from the beginning of the fiscal year) | | | |
| Six months ended August 31, 2025 | 70,885,178 shares | Six months ended August 31, 2024 | 71,533,683 shares |

* These semi-annual financial results are outside the scope of review by a certified public accountant or an auditing corporation.

* Explanation regarding appropriate use of business forecasts and other special instructions

The forward-looking statements such as the forecasts of financial results stated in this document are based on the information currently available to the Company and certain assumptions that the Company judges as rational. These statements are not guarantees of future performance. Actual results may differ materially, depending on a range of factors. See “(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” in the section, “1. Qualitative Information on the Semi-annual Results,” on page 9 of the attached document for the assumptions used in the financial results forecast and precautions for using the financial results forecast.

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1. Qualitative Information on the Semi-annual Financial Results

The forward-looking statements herein are based on the judgments of the Group as of the end of the first six months of the fiscal year under review.

Regarding the absorption-type company split pertaining to the food supermarket business operated by Seiyu Co., Ltd. in the Kyushu region, which was implemented effective on August 1, 2024, provisional accounting treatment was made in the previous consolidated fiscal year. However, because it was finalized in the first six months of the fiscal year under review, values revised based on the finalization of the provisional accounting treatment were used for comparative analysis with values for the previous consolidated six-month period and those for the end of the previous consolidated fiscal year.

(1) Explanation of Operating Results

In the first six months of the fiscal year under review, the Japanese economy was on a moderate recovery track, with improvements in employment and income levels. However, the outlook for the business environment in the retail industry remains uncertain, chiefly reflecting concerns about a potential increase in the risk of an economic downturn due to U.S. tariffs, etc. and ongoing rises in the prices of essential goods that has kept personal consumption at a low level.

In this environment, the Izumi Group, guided by its management philosophy of filling our employees with pride and joy as we continue contributing to communities and our customers' lives has set the long-term goal of creating livable communities and fostering the growth of the population. The Group has been implementing the strategies set out in the Second Medium-term Management Plan formulated in April 2021 (the strategies and target figures were updated in April 2023). However, the Group was slow to respond to prolonged inflation and was not able to carry out new store openings and renovations as planned, as it prioritized restoring customer numbers after the recovery from the system failure caused by the ransomware infection on February 15, 2024. In April 2025, the Group revised its target figures. Going forward, the Group plans to respond flexibly to changes in the external environment. At the same time, it aims to strengthen its market dominance in the Kyushu region by leveraging the network of 70 SUNNY business stores that it took over from Seiyu Co., Ltd. in August 2024, ultimately driving growth for the entire Group.

As part of its growth strategy, the Group aims to develop a profitable New Supermarket (SM) business by utilizing the expertise gained from the SUNNY business across its existing stores. To develop the New Supermarket (SM) business into a key growth driver and a core revenue source, similar to the General Merchandising Store (GMS) business, the Company has established the New Supermarket (SM) Merchandising Department within the Food Division.

In April, Shigeki Machida became President and Representative Director. Under the new management, the Company transforms the Group's stores so that they are at the heart of our communities, serving not only as retailers but also fulfilling multiple roles. The Company intends to establish stores that collaborate with local governments, offer services utilizing their characteristics, address changing customer needs, and continuously evolve alongside the communities they serve for the Group to achieve sustainable growth and enhance corporate value.

In July, the Company established a new company, MAPLEREDS Co., Ltd., for Izumi MAPLEREDS Hiroshima, a handball team managed by the Company. The Company will continue to step up its hometown cooperation, aiming to give dreams and vitality to communities through handball and contribute to revitalizing society.

In August, the Company announced the launch of Youme-Ichi, its new private brand (PB). Buyers who are familiar with local food cultures will develop community-based products, building a unique community-based Company brand that reflects local characteristics and changing needs.

The Company has been steadily implementing initiatives to achieve its environmental KPIs in its Basic Sustainability Policy. In April, the Company merged the Public Relations Section and the Sustainability Promotion Section into the Corporate Planning Department. This aims to strengthen the sustainability promotion system in alignment with the management strategy. The Company has set up an organizational structure designed to improve its external communication capabilities. For more information about sustainability and the current status of the Company's sustainability activities, please visit the sustainability website.

Sustainability website

<https://www.izumi.co.jp/sustainability/>

In the core retail operations, the impact of the system failure caused by the ransomware infection in February 2024 diminished. As a result, the number of customers recovered significantly, and sales were strong at the directly operated sales floors, which were affected in various ways by product supply and system outages during the same period of the previous fiscal year.

On the other hand, given persistently high prices of rice, other food items, and household items, consumers reviewed their spending on essential goods.

As a result, operating results for the first six months of the fiscal year under review were as shown below.

	Six months ended August 31, 2024	Six months ended August 31, 2025	Change	Change (%)
Operating revenue	238,670 million yen	281,037 million yen	42,367 million yen	17.8%
[Net sales]	[210,541 million yen]	[251,932 million yen]	[41,390 million yen]	[19.7%]
[Operating revenue]	[28,128 million yen]	[29,105 million yen]	[976 million yen]	[3.5%]
Operating profit	12,074 million yen	12,685 million yen	611 million yen	5.1%
Ordinary profit	12,392 million yen	12,614 million yen	221 million yen	1.8%
Profit attributable to owners of parent	8,211 million yen	8,084 million yen	-126 million yen	-1.5%

Key factors contributing to operating results

(i) Operating revenue and operating gross profit

Operating revenue rose 42,367 million yen (17.8%) year on year to 281,037 million yen. This was primarily due to the contributions of an increase in the number of stores, which resulted from the acquisition of the SUNNY business, and an increase in sales reflecting the recovery from the system failure that occurred in the previous fiscal year.

Operating gross profit was 109,859 million yen (up 13,688 million yen year on year). This is 39.1% of operating revenue, a decrease of 1.2 percentage points from one year ago.

(ii) Selling, general and administrative expenses and operating profit

Selling, general and administrative expenses increased 13,077 million yen (15.6%) year on year to 97,173 million yen. This increase was primarily due to increases in personnel expenses, rent expenses, and amortization of goodwill related to the acquisition of the SUNNY business and a rise in advertising expenses, which were lower in the previous year due to a system failure. This is 34.6% of operating revenue, a decrease of 0.6 percentage points from one year ago.

As a result of the above, operating profit increased 611 million yen (5.1%) year on year, to 12,685 million yen. This is 4.5% of operating revenue, down 0.6 percentage points year on year, but the Company positions them as up-front investments for reinforcing its business foundations and enhancing brand value.

(iii) Non-operating income and expenses and ordinary profit

Non-operating income increased by 93 million yen (15.6%) year on year, to 695 million yen. Non-operating expenses climbed 483 million yen (170.6%) to 767 million yen, primarily due to higher interest expenses from a syndicated loan and increased funding interest rates for short-term borrowings.

As a result, ordinary profit increased 221 million yen (1.8%) year on year, to 12,614 million yen. This is 4.5% of operating revenue, a decrease of 0.7 percentage point from the previous year.

(iv) Extraordinary income and losses, income taxes, profit attributable to non-controlling interests, and profit attributable to owners of parent

Extraordinary income came to 139 million yen (a decrease of 898 million yen from the previous year), chiefly reflecting a gain on receipt of donated non-current assets of 95 million yen. Extraordinary losses came to 137 million yen (a decrease of 177 million yen from the year-ago level), chiefly reflecting a loss on retirement of non-current assets of 68 million yen and impairment losses of 40 million yen.

Income taxes amounted to 4,396 million yen (a decrease of 28 million yen from a year ago).

Profit attributable to non-controlling interests was 135 million yen (a decrease of 344 million yen from a year ago).

As a consequence, profit attributable to owners of parent increased 126 million yen (1.5%) year on year to 8,084 million yen. This is 2.9% of operating revenue, a decrease of 0.5 percentage point from the previous year.

Performance by Segment

■ Operating revenue

	Six months ended August 31, 2024	Six months ended August 31, 2025	Change	Change (%)
Retail operations	230,030 million yen	271,830 million yen	41,800 million yen	18.2%
Retail-peripheral operations	22,499 million yen	26,289 million yen	3,789 million yen	16.8%
Other	2,537 million yen	2,465 million yen	(71 million yen)	(2.8%)
Adjusted amount	(16,398 million yen)	(19,548 million yen)	(3,150 million yen)	—
Total	238,670 million yen	281,037 million yen	42,367 million yen	17.8%

■ Operating profit

	Six months ended August 31, 2024	Six months ended August 31, 2025	Change	Change (%)
Retail operations	9,367 million yen	9,530 million yen	163 million yen	1.7%
Retail-peripheral operations	2,491 million yen	2,907 million yen	416 million yen	16.7%
Other	306 million yen	384 million yen	78 million yen	25.6%
Adjusted amount	(91 million yen)	(137 million yen)	(46 million yen)	—
Total	12,074 million yen	12,685 million yen	611 million yen	5.1%

(i) Retail operations

In the core retail operations, the impact of the system failure caused by the ransomware infection in February 2024 diminished. As a result, the number of customers recovered significantly, and sales were strong at the directly operated sales floors, which were affected in various ways by product supply and system outages during the same period of the previous fiscal year. Meanwhile, given the persistently high prices of rice, other food items, and household items, consumers reviewed spending on essential goods.

In particular, sales in the lifestyle department decreased year on year, mainly because of rising budget-consciousness among consumers and the decrease in opportunities to go out that resulted from the extreme heat.

Sales in the food section were steady, despite repeated increases in the prices of food and household items. The robust performance was attributed to promotions, such as the All-out low prices campaign and app coupons.

To address the increasing number of budget-conscious consumers, the Group expanded its All-out low prices initiative. In March, the Group increased the number of essential food and household items available at discount prices from 60 to 100. To address diverse customer needs and enhance store value, the Group actively developed new deli and fresh processed items and refined existing items under in-house manufactured brand, zehi. The Group has enhanced its product lineup with suitable sizes and promoted affordability. Seventy SUNNY stores operated by Youme Mart Kumamoto Co., Ltd., a consolidated subsidiary, conducted system conversion and gradually discontinued selling private brand products of Seiyu Co., Ltd. (Musashino, Tokyo) from March. It also introduced KURASHI- MORE, a private brand of the Nichiryu Group (Fukushima-ku, Osaka), which the Company joined in February 2024. Going forward, the Group will increase the number of KURASHI-MORE items to 900 to enhance its ability to respond to the growing demand for lower prices associated with the ongoing inflation. It also aims to offer more attractive products and services, replacing those that have been popular with its customers so far.

In July, the Group began to sell products using bonitos and Japanese amberjack that have obtained the Marine Eco-Label (MEL) certification, a first supermarkets in Chugoku, Shikoku, and Kyushu regions. The Group will continue to procure products with environmental, social, and economic considerations, thereby protecting resources and ecosystems, contributing to the sustainable development of the fishery industry, and encouraging ethical consumption.

In the same month, the Company began to offer a lineup of sundry items of SHUCA, the Company's own brand. In response to the extreme heat in the summer this year, the Company offered convenient items that are useful in life, adding functions such as cooling texture and antibiotic properties and deodorizing performance.

In March, the Company opened En Fleur Petit, its first cosmetics store, in minamore Hiroshima, the new Hiroshima station building (Minami-ku, Hiroshima). The new store offers a wide variety of cosmetics, including organic options, from both domestic and international brands. The store's theme is "petit récompense" (small reward). The Group opened Avance minamoa Hiroshima store (Minami-ku, Hiroshima). The key words are everyday and high quality. The store offers a range of high-value-added products,

featuring carefully chosen local ingredients and renowned national items to cater to various lifestyles, including those of local customers and tourists.

In June, the Company rebuilt Youme Town Sanyo (Akaiwa, Okayama) and opened Youme Mall Sanyo, the first Youme Mall, Neighborhood Shopping Center (NSC) in Okayama. With taglines of “Place to visit every day,” “Place for encounter,” and “Place to rest,” Youme Mall Sanyo provides the “Fun of visiting it every day,” with the core tenant being Youme Mart, the food supermarket operated by the Company, aiming to be a community-based shopping mall that is environmentally friendly, convenient, and comfortable, and that provides healthy lifestyles, as a facility that supports the life of local residents. It also creates opportunities for new encounters and interactions between local people to help establish healthy lifestyles in the local community.

The Group remodeled existing stores. In March, MUJI became a tenant of Youme Town Otake (Otake, Hiroshima). The Group aims to attract new young customers. To enhance the food section, the Group replaced outdated fixtures and expanded the popular frozen food section. Local specialty sweets were introduced. This approach strengthened the product lineup to better meet the needs of local customers and enhanced the shopping environment, making it a cornerstone of their daily lives. In April, HIMARAYA Sports Shop became a tenant at Youme Town Marugame (Marugame, Kagawa). The facility enhanced customer flow within the lifestyle sales area.

At Youme Town Kurume (Kurume, Fukuoka), the Company established its first franchise Little Planet space. This facility features a playground and a children’s clothing section. The kids’ area was restructured to attract young parents.

In June, Youme Town Nakatsu (Nakatsu, Oita) underwent the largest-scale renovation since its opening in May 1998. In addition to introducing new specialty tenants and refurbishing existing ones as well as directly operated food and lifestyle departments, the Group also renovated the free play area, toilets for customers, and nursing rooms to enhance the service functions, thus offering comfortable spaces. The Group also renovated facilities in the staff-only environment, including cafeteria, lounge, toilets, and changing rooms and improved the work environment to enhance employee engagement.

As a consequence, same-store sales (including specialty tenants’ sales) in the first six months of the fiscal year under review increased 3.1% year on year (before the application of the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29)). Same-store sales, excluding tenant sales, rose 3.3% year on year.

As a result, operating revenue increased 18.2% year on year, to 271,830 million yen, and operating profit increased 1.7% year on year, to 9,530 million yen.

(ii) Retail-peripheral operations

In the retail-peripheral operations, the impact of the ransomware infection diminished. In the financial business and facility management business, which were significantly affected by the retail operations during the same period of the previous fiscal year, both sales and profit rose as the retail operations returned to normal.

At Youme Card Co., Ltd., the financial business experienced strong fee revenue due to an increase in the transaction value of the Youme Card electronic money. At the end of the first six months of the fiscal year under review, the cumulative number of Youme Cards issued rose to 10,930,000, up from 10,670,000 at the end of the previous fiscal year. In July, Youme Card Co., Ltd. launched youme club yell, a loan-only card service. In August, it launched the Youme Card Pay service, which also permits code payment using Youme Card on Youme app at member stores other than the Group’s stores. Going forward, the Group will increase the number of member stores to improve customer convenience and help build a local digital infrastructure.

In the facility management business, Izumi Techno Co., Ltd. saw strong construction orders in addition to an increase in facilities that it administers as the designated administrator, and both sales and profit increased.

At Izumi Food Service Co., Ltd., which operates restaurant businesses, key brands, including Mister Donut and BR 31 Ice Cream, continued to perform well, and operating revenue increased. However, rising personnel expenses due to higher hourly wages led to a decline in profits.

As a result, operating revenue increased 16.8% year on year, to 26,289 million yen, and operating profit increased 16.7% year on year, to 2,907 million yen.

(iii) Other businesses

In the wholesale business, factors including solid sales and a decrease in cost attributed to the stronger yen contributed to profit improvement. In the real estate lease business, stable rental income contributed to profit improvement.

As a result, operating revenue amounted to 2,465 million yen (down 2.8% year on year) and operating profit was 384 million yen (up 25.6% year on year).

(2) Explanation of Financial Position

(i) Assets, liabilities and net assets

Total assets, liabilities, and net assets at the end of the first six months of the fiscal year ending February 28, 2026 are as stated below.

	As of February 28, 2025	As of August 31, 2025	Change
Total assets	575,963 million yen	597,259 million yen	21,295 million yen
Liabilities	276,359 million yen	295,356 million yen	18,996 million yen
Net assets	299,603 million yen	301,902 million yen	2,298 million yen

Total assets

- Cash and deposits increased 6,971 million yen, mainly reflecting a delay in settlement of trade payables. The last day of the fiscal period was a bank holiday, resulting in the postponement of settlement to the beginning of the following month.
- Notes and accounts receivable - trade, and contract assets rose 6,809 million yen, mainly due to an increase in the credit transaction volume.
- Capital expenditures during the first six months of the fiscal year under review amounted to 11,541 million yen, chiefly due to investments in new store openings, renovations of existing stores, and digital transformation, including prior investments. Property, plant and equipment rose 5,808 million yen after accounting for depreciation.
- For goodwill, provisional accounting treatment was finalized, and the revised value is used for the amount for the end of the previous fiscal year. Details are listed under 2. Semi-annual Consolidated Financial Statements and Primary Notes, (4) Notes to Semi-annual Consolidated Financial Statements (Notes on business combination, etc.).

Liabilities

- Notes and accounts payable - trade rose 32,909 million yen, reflecting a delay in settlement. The last day of the fiscal period was a bank holiday, resulting in the postponement of settlement to the beginning of the following month.
- Short-term and long-term borrowings decreased 21,357 million yen.

Net assets

- Retained earnings rose 4,860 million yen, indicating an increase in internal reserves.
- The Company acquired 959,400 treasury shares for 3,170 million yen through off-floor purchase transactions. The value of treasury shares increased by 3,040 million yen compared to the end of the previous fiscal year.
- As a result, the equity ratio was 48.2%, a 1.4 percentage point decline from 49.6% at the end of the previous fiscal year.

(ii) Analysis of cash flow

The cash flow situation in the first six months of the fiscal year under review are as follows:

	Six months ended August 31, 2024	Six months ended August 31, 2025	Change
Cash flows from operating activities	45,912 million yen	44,755 million yen	(1,157 million yen)
Cash flows from investing activities	(86,762 million yen)	(9,915 million yen)	76,847 million yen
Cash flows from financing activities	45,172 million yen	(27,868 million yen)	(73,040 million yen)

Cash flows from operating activities

- The main cash inflows were profit before income taxes of 12,615 million yen, an increase in trade payables of 32,909 million yen, and depreciation amounting to 9,356 million yen.
- The major cash outflows were an increase in accounts receivable - trade, and contract assets of 6,809 million yen and income taxes paid of 4,505 million yen.

Cash flows from investing activities

- The primary cash outflow was the purchase of property, plant and equipment totaling 9,968 million yen. The purchase of property, plant and equipment was mainly attributable to investments in new store openings, renovations of existing stores, and digital transformation, including prior investments.

Cash flows from financing activities

- The major cash outflows were a decrease of 11,850 million yen in short-term borrowings, repayments of long-term borrowings of 9,507 million yen, dividends paid of 3,219 million yen, and purchase of treasury shares amounting to 3,172 million yen.

As a result, the balance of cash and cash equivalents increased 6,971 million yen from the end of the previous fiscal year, to 22,689 million yen.

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

Regarding the consolidated earnings forecast for the fiscal year ending February 2026, we have revised the forecast figures announced on April 14, 2025, based on the performance trends. For details, please refer to today's announcement, 'Notice on Revisions to Full-Year Earnings Forecast and the Numerical Targets of the Second Medium-Term Management Plan.

2. Semi-annual Consolidated Financial Statements and Primary Notes

(1) Semi-annual Consolidated Balance Sheet

(Millions of yen)

	As of February 28, 2025	As of August 31, 2025
Assets		
Current assets		
Cash and deposits	15,717	22,689
Notes and accounts receivable - trade, and contract assets	59,259	66,068
Merchandise and finished goods	29,145	29,620
Work in process	72	5
Raw materials and supplies	771	781
Other	15,384	18,642
Allowance for doubtful accounts	(586)	(562)
Total current assets	119,765	137,245
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	149,317	147,546
Land	187,005	187,863
Other, net	16,155	22,876
Total property, plant and equipment	352,478	358,286
Intangible assets		
Goodwill	36,419	35,202
Other	29,374	29,005
Total intangible assets	65,793	64,208
Investments and other assets		
Other	38,093	37,686
Allowance for doubtful accounts	(168)	(168)
Total investments and other assets	37,925	37,518
Total non-current assets	456,198	460,013
Total assets	575,963	597,259

(Millions of yen)

	As of February 28, 2025	As of August 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	29,024	61,933
Short-term borrowings	24,500	12,650
Current portion of long-term borrowings	18,711	19,106
Accounts payable - other	13,141	14,702
Income taxes payable	4,946	4,457
Provision for bonuses	2,389	2,906
Provision for bonuses for directors (and other officers)	4	5
Contract liabilities	7,398	8,540
Provision for loss on building demolition	261	—
Provision for loss on lease contracts	32	32
Other	26,683	27,337
Total current liabilities	127,095	151,672
Non-current liabilities		
Long-term borrowings	96,232	86,330
Long-term leasehold and guarantee deposits received	22,021	21,925
Provision for retirement benefits for directors (and other officers)	53	58
Provision for loss on interest repayment	274	295
Provision for loss on lease contracts	325	309
Retirement benefit liability	10,361	10,209
Asset retirement obligations	11,253	11,678
Other	8,740	12,876
Total non-current liabilities	149,264	143,683
Total liabilities	276,359	295,356
Net assets		
Shareholders' equity		
Share capital	19,613	19,613
Capital surplus	22,739	22,758
Retained earnings	241,684	246,544
Treasury shares	(473)	(3,513)
Total shareholders' equity	283,565	285,403
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,935	2,135
Remeasurements of defined benefit plans	407	566
Total accumulated other comprehensive income	2,342	2,702
Non-controlling interests	13,696	13,796
Total net assets	299,603	301,902
Total liabilities and net assets	575,963	597,259

(2) Semi-annual Consolidated Statement of Income and Semi-annual Consolidated Statement of Comprehensive Income

Semi-annual Consolidated Statement of Income

(Millions of yen)

	Six months ended August 31, 2024	Six months ended August 31, 2025
Operating revenue	238,670	281,037
Net sales	210,541	251,932
Cost of sales	142,499	171,177
Gross profit	68,042	80,754
Operating revenue	28,128	29,105
Operating gross profit	96,170	109,859
Selling, general and administrative expenses	84,096	97,173
Operating profit	12,074	12,685
Non-operating income		
Interest and dividend income	101	99
Purchase discounts	86	95
Other	414	500
Total non-operating income	601	695
Non-operating expenses		
Interest expenses	159	634
Share of loss of entities accounted for using equity method	5	2
Other	119	130
Total non-operating expenses	283	767
Ordinary profit	12,392	12,614
Extraordinary income		
Gain on sale of non-current assets	34	28
Gain on receipt of donated non-current assets	—	95
Gain on sale of investment securities	1,003	—
Other	—	15
Total extraordinary income	1,037	139
Extraordinary losses		
Loss on retirement of non-current assets	29	68
Impairment losses	146	40
Loss on store closings	0	16
Provision for loss on building demolition	117	—
Other	20	11
Total extraordinary losses	314	137
Profit before income taxes	13,115	12,615
Income taxes – current	4,028	3,864
Income taxes – deferred	395	531
Total income taxes	4,424	4,396
Profit	8,691	8,219
Profit attributable to non-controlling interests	479	135
Profit attributable to owners of parent	8,211	8,084

Semi-annual Consolidated Statement of Comprehensive Income

(Millions of yen)

	Six months ended August 31, 2024	Six months ended August 31, 2025
Profit	8,691	8,219
Other comprehensive income		
Valuation difference on available-for-sale securities	(476)	190
Remeasurements of defined benefit plans, net of tax	(66)	159
Share of other comprehensive income of entities accounted for using equity method	(2)	7
Total other comprehensive income	(545)	357
Comprehensive income	8,146	8,577
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,103	8,444
Comprehensive income attributable to non-controlling interests	42	133

(3) Semi-annual Consolidated Statement of Cash Flows

(Millions of yen)

	Six months ended August 31, 2024	Six months ended August 31, 2025
Cash flows from operating activities		
Profit before income taxes	13,115	12,615
Depreciation	8,554	9,356
Share-based payment expenses	48	61
Amortization of goodwill	437	1,216
Increase (decrease) in allowance for doubtful accounts	10	(23)
Interest and dividend income	(101)	(99)
Interest expenses	159	634
Share of loss (profit) of entities accounted for using equity method	5	2
Loss (gain) on sale of non-current assets	(34)	(28)
Gain on receipt of donated non-current assets	—	(95)
Loss on retirement of non-current assets	29	68
Loss (gain) on sale of investment securities	(1,003)	—
Impairment losses	146	40
Loss on store closings	0	16
Increase (decrease) in provision for loss on building demolition	117	(111)
Decrease (increase) in accounts receivable - trade, and contract assets	(9,206)	(6,809)
Decrease (increase) in inventories	(926)	(417)
Increase (decrease) in trade payables	27,718	32,909
Increase (decrease) in deposits received	2,878	3,051
Other	10,032	(2,607)
Subtotal	51,984	49,784
Interest and dividend received	107	104
Interest paid	(123)	(632)
Expenses paid to address system failures	(957)	—
Income taxes refund (paid)	(5,097)	(4,505)
Other	—	4
Net cash provided by (used in) operating activities	45,912	44,755
Cash flows from investing activities		
Purchase of property, plant and equipment	(9,262)	(9,968)
Proceeds from sale of property, plant and equipment	47	792
Purchase of intangible assets	(445)	(796)
Proceeds from sale of investment securities	2,111	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,564)	—
Payments for absorption-type company split	(77,676)	—
Other	26	56
Net cash provided by (used in) investing activities	(86,762)	(9,915)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	55,300	(11,850)
Repayments of long-term borrowings	(6,868)	(9,507)
Purchase of treasury shares	(1)	(3,172)
Dividends paid	(3,218)	(3,219)
Dividends paid to non-controlling interests	(32)	(32)
Other	(6)	(85)
Net cash provided by (used in) financing activities	45,172	(27,868)
Net increase (decrease) in cash and cash equivalents	4,322	6,971
Cash and cash equivalents at beginning of period	11,997	15,717
Cash and cash equivalents at end of period	16,320	22,689

(4) Notes to Semi-annual Consolidated Financial Statements

(Notes on going concern assumptions)

Not applicable.

(Note on significant changes in the amount of shareholders' equity)

Pursuant to a resolution passed at a Board of Directors meeting held on April 14, 2025, the Company acquired 959,400 treasury shares for 3,170 million yen through off-floor purchase transactions on April 15, 2025. Consequently, the Company's treasury shares stood at 3,513 million yen at the end of the first six months of the fiscal year under review.

(Notes on segment information, etc.)

[Segment information]

I. Six months ended August 31, 2024

1. Operating revenue and profit (loss) for each reportable segment and the breakdown of revenue

(Millions of yen)

	Reportable segment			Other (Note 1)	Total	Adjusted amount (Note 2)	Amount in semi-annual consolidated statement of income (Note 3)
	Retail operations	Retail- peripheral operations	Total				
Operating revenue							
Sales from contracts with customers	219,845	6,221	226,066	1,545	227,612	—	227,612
Other sales	9,598	1,422	11,021	36	11,057	—	11,057
Operating revenue from external customers	229,444	7,643	237,087	1,582	238,670	—	238,670
Inter-segment internal sales or transfers	586	14,856	15,442	955	16,398	(16,398)	—
Total	230,030	22,499	252,530	2,537	255,068	(16,398)	238,670
Segment profit	9,367	2,491	11,859	306	12,165	(91)	12,074

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

(Note 2) The segment profit adjustment, -91 million yen, includes an adjustment related to intersegment unrealized gains.

(Note 3) Segment profit is reconciled with operating profit in the semi-annual consolidated statement of income.

(Note 4) As a result of significant revisions to the initial allocation of acquisition costs stated in (Finalization of provisional treatment related to a business combination) under (Notes on business combination, etc.), values reflecting the revisions are listed.

2. Information on assets by reportable segment

(A significant increase in assets due to business acquisition)

In the retail business segment, Youme Mart Kumamoto Co., Ltd. acquired the supermarket business operated by Seiyu Co., Ltd. in the Kyushu region through an absorption-type company split. Due to the acquisition, assets in the retail business segment increased 92,879 million yen from the end of the previous fiscal year. The amount of increase in the segment assets is one after the revision reflecting the finalization of the provisional accounting treatment.

3. Information on impairment losses on non-current assets and goodwill by reportable segment

(Significant changes in amount of goodwill)

In the retail business segment, Youme Mart Kumamoto Co., Ltd. acquired the supermarket business operated by Seiyu Co., Ltd. in the Kyushu region through an absorption-type company split. Goodwill of 36,434 million yen posted due to this event. This amount of goodwill reflects significant revisions to the initial allocation of acquisition costs linked to the finalization of the applied provisional accounting treatment pertaining to business combinations.

II. Six months ended August 31, 2025

1. Operating revenue and profit (loss) for each reportable segment and the breakdown of revenue

(Millions of yen)

	Reportable segment			Other (Note 1)	Total	Adjusted amount (Note 2)	Amount in semi-annual consolidated statement of income (Note 3)
	Retail operations	Retail- peripheral operations	Total				
Operating revenue							
Sales from contracts with customers	261,570	6,887	268,457	1,455	269,913	—	269,913
Other sales	9,637	1,450	11,088	36	11,124	—	11,124
Operating revenue from external customers	271,207	8,337	279,545	1,492	281,037	—	281,037
Inter-segment internal sales or transfers	623	17,951	18,574	973	19,548	(19,548)	—
Total	271,830	26,289	298,120	2,465	300,586	(19,548)	281,037
Segment profit	9,530	2,907	12,438	384	12,823	(137)	12,685

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

(Note 2) The segment profit adjustment, -137 million yen, includes an adjustment related to intersegment unrealized gains.

(Note 3) Segment profit is reconciled with operating profit in the semi-annual consolidated statement of income.

2. Information on assets by reportable segment

Not applicable.

3. Information on impairment losses on non-current assets and goodwill by reportable segment

(Significant changes in amount of goodwill)

Not applicable.

(Notes on business combination, etc.)

(Finalization of a provisional accounting for business combinations and significant revisions to the initial allocation amounts of acquisition costs in comparative information)

Regarding the absorption-type company split pertaining to the food supermarket business operated by Seiyu Co., Ltd. in the Kyushu region, which was implemented effective on August 1, 2024, provisional accounting treatment was made in the previous consolidated fiscal year. However, the accounting treatment was finalized in the first six months of the fiscal year under review, excluding some acquisition costs that are under negotiation.

Significant revisions to the allocation of the acquisition costs due to the finalization of this provisional accounting treatment is reflected in the comparative information included in the semi-annual consolidated financial statements for the first six months of the fiscal year under review. Details of the revisions are as follows. If the consideration for the acquisition changes in the future, the Company will revise the acquisition costs, and accordingly, revise the amount of goodwill and treat the corresponding amount of amortization of goodwill for the preceding period as a profit or loss.

(1) Details of revisions to the allocation

Revised items	Revised amount of goodwill
Goodwill (before revision)	56,318 million yen
Property, plant and equipment	(6,966 million yen)
Intangible assets (trademark right, etc.)	(20,220 million yen)
Non-current liabilities (asset retirement obligations)	(1,453 million yen)
Other	8,757 million yen
Total revised amount	(19,883 million yen)
Goodwill (after revision)	36,434 million yen

As a result of the above, adjustments to figures at the end of the previous consolidated fiscal year are decreases of 19,303 million yen in goodwill, 2,119 million yen in investments and other assets, and 85 million yen in current assets and increases of 19,852 million yen in intangible assets excluding goodwill, 8,008 million yen in property, plant and equipment, 5,821 million yen in non-current liabilities, 145 million yen in current liabilities, and 384 million yen in retained earnings.

(2) Amortization period of intangible assets other than goodwill

Item	Amortization period
Trademark right	30 years