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April 14, 2025

Consolidated Financial Results for the Fiscal Year Ended February 28, 2025 (Under Japanese GAAP)

Company name: RETAIL PARTNERS CO., LTD.
 Listing: Tokyo Stock Exchange (Prime Market)
 Securities code: 8167
 URL: <https://retailpartners.co.jp/>
 Representative: Yasuo Tanaka, President and Representative Director
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 Scheduled date of annual general meeting of shareholders: May 29, 2025
 Scheduled date to file quarterly securities report: May 30, 2025
 Scheduled date to commence dividend payments: May 30, 2025
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: None

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

1. Consolidated financial results for the fiscal year ended February 28, 2025 (from March 1, 2024 to February 28, 2025)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

| | Operating revenue | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|-------------------|-------------------|-----|------------------|------|-----------------|------|---|------|
| Fiscal year ended | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| February 28, 2025 | 266,741 | 5.8 | 6,823 | 1.2 | 7,999 | 3.5 | 5,225 | 10.8 |
| February 29, 2024 | 252,161 | 7.4 | 6,740 | 27.6 | 7,725 | 25.0 | 4,717 | 61.7 |

Note: Comprehensive income For the fiscal year ended February 28, 2025: ¥4,981 million [-29.8 %]
 For the fiscal year ended February 29, 2024: ¥7,100 million [144.0 %]

| | Basic earnings per share | Diluted earnings per share | Rate of return on equity | Ordinary profit to total assets ratio | Operating profit to net sales ratio |
|-------------------|--------------------------|----------------------------|--------------------------|---------------------------------------|-------------------------------------|
| Fiscal year ended | Yen | Yen | % | % | % |
| February 28, 2025 | 121.75 | — | 6.3 | 6.3 | 2.7 |
| February 29, 2024 | 109.87 | — | 6.0 | 6.3 | 2.8 |

Reference: Share of profit (loss) of entities accounted for using equity method
 For the fiscal year ended February 28, 2025: — million
 For the fiscal year ended February 29, 2024: — million

(2) Consolidated financial position

| | Total assets | Net assets | Capital adequacy ratio | Net assets per share |
|-------------------|-----------------|-----------------|------------------------|----------------------|
| As of | Millions of yen | Millions of yen | % | Yen |
| February 28, 2025 | 127,036 | 84,682 | 66.7 | 1,972.76 |
| February 29, 2024 | 126,233 | 80,978 | 64.2 | 1,886.74 |

Reference: Owner's equity
 As of February 28, 2025: ¥84,682 million
 As of February 29, 2024: ¥80,978 million

(3) Consolidated cash flows

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and equivalents, end of period |
|-------------------|---|---|---|--|
| Fiscal year ended | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| February 28, 2025 | 8,839 | (5,921) | (3,690) | 18,746 |
| February 29, 2024 | 11,505 | (5,121) | (2,683) | 19,518 |

2. Cash dividends

| | Dividend per share | | | | | Total dividend paid | Payout ratio (consolidated) | Ratio of total amount of dividends to net assets (consolidated) |
|--|--------------------|-------------------|------------------|----------|--------|------------------------|--------------------------------|---|
| | First quarter | Second quarter | Third quarter | Year end | Annual | | | |
| | Yen | Yen | Yen | Yen | Yen | Millions of yen | % | % |
| Fiscal year ended February 29, 2024 | — | 12.00 | — | 16.00 | 28.00 | 1,201 | 25.5 | 1.5 |
| Fiscal year ended February 28, 2025 | — | 14.00 | — | 24.00 | 38.00 | 1,631 | 31.2 | 2.0 |
| Fiscal year ending February 28, 2026 (Forecast) | — | 20.00 | — | 20.00 | 40.00 | | 31.2 | |

Note: February 29, 2024 year-end dividend: Ordinary dividend 12.00 yen Commemorative dividend 4.00 yen (Commemorative dividend for the 70th anniversary of the Company's founding)

February 28, 2025 year-end dividend: Ordinary dividend 14.00 yen Commemorative dividend 10.00 yen (commemorative dividend for the 10th)

3. Consolidated financial forecast for the fiscal year ending February 28, 2026

(from March 1, 2025 to February 28, 2026)

(Percentages indicate year-on-year changes.)

| | Operating revenues | | 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 |
| Six months ending August 31, 2025 | 136,700 | 2.9 | 3,300 | 5.7 | 3,850 | 2.3 | 2,500 | 3.7 | 58.24 |
| Fiscal year ending February 28, 2026 | 274,700 | 3.0 | 7,300 | 7.0 | 8,400 | 5.0 | 5,500 | 5.2 | 128.13 |

* **Notes**

- (1) Significant changes in the scope of consolidation during the period : Yes

Newly included: -

Excluded: 1 company (Company name)Seed Miyazaki Ltd.

- (2) 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

- (3) Number of issued shares (common shares)

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

| | |
|-------------------------|-------------------|
| As of February 28, 2025 | 46,646,059 shares |
| As of February 29, 2024 | 46,646,059 shares |

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

| | |
|-------------------------|------------------|
| As of February 28, 2025 | 3,720,193 shares |
| As of February 29, 2024 | 3,726,138 shares |

- (iii) Average number of shares outstanding during the period

| | |
|-------------------------|-------------------|
| As of February 28, 2025 | 42,923,543 shares |
| As of February 29, 2024 | 42,938,719 shares |

* Financial results reports are exempt from audit conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

(Notes on forward-looking statements)

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and on certain assumptions deemed to be reasonable, and do not constitute guarantees by the Company of future performance. Actual results may differ materially from the forecast depending on a range of factors. Please refer to "1. Overview of Operating Results, etc., (4) Future Outlook" on page 10 of the attached material for the assumptions upon which the forecasts are based and notes for using the forecasts.

(Changes in the Presentation Unit of Amounts)

Amounts stated in the accounts and other items in our consolidated financial statements, which were previously stated in thousands of yen, have been presented on a Millions of yen basis from the fiscal year under review.

In order to facilitate comparisons, figures for the previous fiscal year have also been reclassified into Millions of yen units.

(Method of Obtaining Supplementary Briefing Materials on Financial Results)

Supplementary materials on financial results are disclosed on TDnet on the same day.

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1. Overview of operating results

(1) Overview of operating results for the fiscal year under review

During the fiscal year under review, the Japanese economy recovered moderately on the back of a recovery in the flow of people accompanying the normalization of social activities and an improvement in the employment and income situation. However, the outlook remains uncertain due to rising raw material prices and concerns over a deterioration in consumer sentiment caused by rising prices. In addition, in the business environment surrounding our group, amid intensifying competition among companies that transcend industry categories, there are concerns about a variety of problems, including shrinking markets and difficulties in securing human resources due to demographic changes, such as declining birthrates and an aging population, and an increase in store operating costs due to rising prices.

In response to this situation, we formulated our Third Medium-Term Management Plan, beginning in the fiscal year ending February 2025, in order to realize a sustainable increase in corporate value, and we have been promoting organizational and management reforms to further strengthen our earnings structure and group management.

[Outline of the Third Medium-Term Management Plan]

Basic Policy I

Strengthen existing businesses and respond to new needs

With supermarket brands trusted and loved by local customers
Establishing a retail CI

Strategy ① Growth Strategy

In the short term, we will invest aggressively in growth to strengthen existing areas and services, and in the medium to long term, we will engage in discontinuous growth through new services and M&A to expand areas and create new value.

Strategy ② Strengthen competitiveness

We will strengthen our competitiveness by providing customers with products and services that are unique to RETAIL PARTNERS and by developing attractive stores.

Strategy ③ Strengthening Profitability

We will reduce operating expenses and improve productivity by improving gross margin and operating low costs through joint purchasing, PB and streamlining operations.

Basic Policy II

Development and Upgrading of Management Infrastructure

To the creation of an environment in which employees can work happily and energetically
Improve profitability and efficiency by promoting group-wide management and DX

Strategy ④ strengthening Group Collaboration

By further strengthening group collaboration, we aim to increase the corporate value of the Group as a whole by utilizing the management resources of each Group company.

Strategy ⑤ Initiatives for human capital management

In order to realize our long-term vision, we will actively invest in human resources, which are important management resources.

Strategy ⑥ Promoting Digital Transformation (DX)

We will improve DX and strengthen relations and convenience with customers, while improving operations.

Basic Policy III

Strengthening relationships with stakeholders

Penetration of Management Vision and Enhancement of Corporate Value

Strategic ⑦ Promotion of ESG Management

Through the implementation of ESG management to "enrich the daily lives of local customers," our Group will strive to grow continuously and increase our corporate value by contributing to and developing with local communities.

Strategy ⑧ Financial Strategy

Aware of the cost of equity and stock price, we aim to achieve a ROE7% or higher by investing in growth and promoting measures to improve productivity. At the same time, we will generate stable operating cash flow and strive to achieve corporate growth through appropriate cash distribution to strengthen shareholder returns.

In addition, The New Japan Supermarket Alliance, which was formed at ARCS COMPANY, LIMITED and Valor Holdings Co., Ltd., has five subcommittees: the Product Subcommittee, the Business Reform Subcommittee, the Sustainability Subcommittee, the Next-Generation Domain Development Subcommittee, and the Management Subcommittee. We are pursuing a variety of initiatives, including conducting joint product purchasing and planning, reducing costs by procuring materials jointly, and examining issues common to retailers and sharing know-how.

As a result, the operating results for the fiscal year under review were as follows.

| | End of previous fiscal year | Current consolidated fiscal year | From the preceding year |
|---|-----------------------------|----------------------------------|-------------------------|
| | Millions of yen | Millions of yen | % |
| Operating revenue | 252,161 | 266,741 | + 5.8 |
| Operating income | 6,740 | 6,823 | + 1.2 |
| Ordinary income | 7,725 | 7,999 | + 3.5 |
| Profit attributable to owners of parent | 4,717 | 5,225 | + 10.8 |

Operating revenue amounted to 266.741 billion yen (up 5.8% year on year), with operating income of 6.823 billion yen (up 1.2% year on year) and ordinary income of 7.999 billion yen (up 3.5% year on year). Net income attributable to owners of the parent was 5.225 billion yen (up 10.8% year-on-year).

Results of operations by segment are as follows.

From this consolidated fiscal year, the classification of reportable segments has been changed. For the year-on-year comparisons below, the figures for the same period of the previous fiscal year have been reclassified into the revised segment classifications for comparative analysis. The details are described in "(5) Notes to Consolidated Financial Statements (Segment Information)" of "3. Consolidated Financial Statements and Major Notes."

[Supermarket Business]

| | End of previous fiscal year | Current consolidated fiscal year | From the preceding year |
|-------------------|-----------------------------|----------------------------------|-------------------------|
| | Millions of yen | Millions of yen | % |
| Operating revenue | 251,390 | 265,936 | + 5.8 |
| Operating income | 7,041 | 7,162 | + 1.7 |

In the supermarket business, we acquired Hattory Co., Ltd. on May 31, 2023 as the deemed acquisition date and became a consolidated subsidiary of our group. In addition, we established four new stores during the fiscal year under review. As a result, operating revenue grew 5.8% year on year, reaching a record high.

In terms of operating expenses, the increase in purchases due to the steep rise in commodity and raw material prices and the increase in logistics costs were partially offset by a reduction in electricity consumption and other factors. In addition to aggressively raising wages as an investment in human resources, the Company responded to customer requests by diversifying payment methods and responding to increases in cashless payment usage rates, and also actively invested in stores and other facilities. In addition, to cope with the increase in store operation costs, the Group worked to control operating expenses by improving productivity and taking measures to reduce expenses.

In the fiscal year under review, we launched Marukyo Net Supermarket in collaboration with Amazon and began providing on-line sales and delivery services for perishable foods. On Amazon's Web website and online supermarkets on the shopping app, you can order from about 7000 items, including fresh produce and meat for local consumption, fishmongers' specialties,

handmade prepared dishes, and sweets. Fukuoka Prefecture is currently covering Fukuoka City and some surrounding areas, but we are considering expanding the delivery area in the future.

In order to stabilize and optimize distribution in the Minami-Kyushu area, we acquired a distribution center in Miyazaki City, Prefecture, and began operating RPG Miyazaki Distribution Center as a shared distribution base that transcends the boundaries of operating companies and is used by three companies: Marumiya Store Co., Ltd., Hattory Co., Ltd. Co., Ltd., and Tomura Meat Honten Co., Ltd. As one of the initiatives of "Strategy ④ Strengthening Group Collaboration" in our Group's Third Medium-Term Management Plan, we expect to contribute to improving the profitability and efficiency of our Group.

The status of store development in the current consolidated fiscal year is as follows.

| Prefecture | End of the consolidated financial year Number of stores | During the fiscal year Changes in the number of stores |
|----------------------|--|---|
| Hiroshima Prefecture | 5 | - |
| Shimane Prefecture | 3 | + 2 |
| Yamaguchi Prefecture | 80 | + 2 |
| Fukuoka Prefecture | 61 | (2) |
| Oita Prefecture | 53 | - |
| Kumamoto Prefecture | 16 | - |
| Saga Prefecture | 6 | - |
| Nagasaki Prefecture | 14 | - |
| Miyazaki Prefecture | 35 | - |
| Kagoshima Prefecture | 1 | - |
| Total | 274 | + 2 |

| Prefecture | New construction, renovation, and closure of stores in the current consolidated fiscal year | | | |
|----------------------|---|----------|---------------------------|---------------------|
| Shimane Prefecture | [Newly established] | 2024 Mar | Y Shop Silkway | (Tsuwano Town) |
| | [Newly established] | 2024 Mar | Magokoro Ichiba Nichihara | (Tsuwano Town) |
| Yamaguchi Prefecture | [Newly established] | 2024 Mar | Aruk Nagato | (Nagato City) |
| | [Newly established] | 2025 Jan | Aruk EX | (Hofu City) |
| | [Renovation] | 2024 Apr | Sunmart Aio | (Yamaguchi City) |
| | [Renovation] | 2024 Jun | Aruk Kudamatsu | (Kudamatsu City) |
| | [Renovation] | 2024 Jul | Aruk Minamihama | (Ube City) |
| Fukuoka Prefecture | [Renovation] | 2024 Dec | Marukyo Higashi Aburayama | (Jonan-ku, Fukuoka) |
| | [Closure] | 2024 Nov | Marukyo Hayame | (Omuta City) |
| | [Closure] | 2024 Nov | Marumiya Store West Omuta | (Omuta City) |
| Miyazaki Prefecture | [Renovation] | 2024 Jun | Foodaly Takaoka | (Miyazaki City) |
| | [Renovation] | 2024 Sep | Marumiya Store Otsuka | (Miyazaki City) |
| | [Renovation] | 2025 Feb | Marumiya Store Sumiyoshi | (Miyazaki City) |

| Operating companies | End of the consolidated financial year Number of stores | Current consolidated fiscal year Changes in the number of stores |
|------------------------------|--|---|
| Marukyu Co., Ltd. | 92 | + 4 |
| Hattory Co., Ltd. | 6 | - |
| Marumiya Store Co., Ltd. | 90 | (1) |
| Tomura Meat Honten Co., Ltd. | 4 | - |
| Marukyo Co., Ltd. | 82 | (1) |
| Total | 274 | + 2 |

(NOTE)Renovated stores shown in "New Construction, Renovation, Closure, etc. of Stores in the Fiscal Year under Review" only represent major renovated stores with an investment of 100 million yen or more. Other minor renovated stores have been omitted.

As a result of the above, the Supermarket Business recorded operating revenue of 265.936 billion yen (up 5.8% year on year) and operating income of 7.162 billion yen (up 1.7% year on year).

[Other Businesses]

| | End of previous fiscal year | Current consolidated fiscal year | From the preceding year |
|-------------------|-----------------------------|----------------------------------|-------------------------|
| | Millions of yen | Millions of yen | % |
| Operating revenue | 910 | 967 | + 6.3 |
| Operating income | 123 | 114 | (7.0) |

Our Group's other businesses include insurance agency, sports club, and food manufacturing.

Tomura Foods Co., Ltd., which is engaged in the food manufacturing industry, has been expanding machinery and equipment at its manufacturing plants since the previous fiscal year to improve production capacity and work efficiency. The company also recorded steady growth in sales of its mainstay product Tomura Honten Yakimiku sauce. On the other hand, manufacturing costs trended upward due to higher raw material prices, higher labor costs, and higher depreciation expenses associated with capital investment.

As a result of the above, operating revenue in the Other Businesses was 967 million yen (up 6.3% year-on-year) and operating income was 114 million yen (down 7.0% year-on-year).

(2)Overview of financial position for the fiscal year under review

| | End of the previous consolidated fiscal term | End of the consolidated financial year | Change |
|--------------|--|--|-----------------|
| | Millions of yen | Millions of yen | Millions of yen |
| Total assets | 126,233 | 127,036 | + 803 |
| Liabilities | 45,254 | 42,354 | (2,900) |
| Net assets | 80,978 | 84,682 | + 3,703 |

Assets

Total assets at the end of the fiscal year under review increased by 803 million yen from the end of the previous fiscal year to 127.036 billion yen.

Current assets increased by 1.092 billion yen from the end of the previous fiscal year to 38.398 billion yen. This was mainly due to increases of 428 million yen in cash and deposits, 327 million yen in accounts receivable-trade, and 515 million yen in merchandise.

Non-current assets decreased by 288 million yen from the end of the previous fiscal year to 88.637 billion yen. This was mainly due to a decrease of 517 million yen in buildings and structures, while there was an increase of 408 million yen in land.

Liabilities

Liabilities at the end of the fiscal year under review decreased by 2.9 billion yen from the end of the previous fiscal year to 42.354 billion yen.

Current liabilities decreased by 1.095 billion yen from the end of the previous fiscal year to 32.473 billion yen. This was mainly due to decreases of 500 million yen in current portion of bonds and 386 million yen in income taxes payable, while there was an increase of 388 million yen in accounts payable-trade.

Non-current liabilities decreased by 1.804 billion yen from the end of the previous fiscal year to 9.88 billion yen. This was mainly due to a decrease of 1.709 billion yen in long-term loans payable.

(Net assets)

Net assets at the end of the fiscal year under review increased by 3.703 billion yen from the end of the previous fiscal year to 84.682 billion yen. This was mainly due to an increase of 3.938 billion yen in retained earnings, while valuation difference on available-for-sale securities decreased by 228 million yen. The equity ratio rose 2.5 percentage points from the end of the previous fiscal year to 66.7%.

(3) Overview of cash flows for the fiscal year under review

| | End of previous fiscal year | Current consolidated fiscal year | Change |
|--|-----------------------------|----------------------------------|-----------------|
| | Millions of yen | Millions of yen | Millions of yen |
| Net cash provided by operating activities | 11,505 | 8,839 | (2,665) |
| Cash flow from investing activities | (5,121) | (5,921) | (800) |
| Cash flow from financing activities | (2,683) | (3,690) | (1,006) |
| Cash and cash equivalents at beginning of period | 15,818 | 19,518 | + 3,700 |
| Cash and cash equivalents at end of term | 19,518 | 18,746 | (772) |

Cash and cash equivalents (hereinafter referred to as "cash") at the end of the fiscal year under review totaled 18.746 billion yen, a decrease of 772 million yen from the balance at the beginning of the fiscal year.

The status of each cash flow for the current consolidated fiscal year and its factors are as follows.

Cash flows from operating activities

Net cash provided by operating activities was 8.839 billion yen (a-year-on-year decrease of 23.2%).

This was mainly due to income before income taxes and minority interests of 7.623 billion yen, depreciation and amortization of 4.09 billion yen, and income taxes paid of 2.402 billion yen.

Cash flows from investing activities

Net cash used in investing activities was 5.921 billion yen (up 15.6% year on year).

This was mainly due to expenditures of 4.443 billion yen for the acquisition of fixed assets such as stores and distribution centers, and an increase in time deposits of 1.201 billion yen.

Cash flows from financing activities

Net cash used in financing activities was 3.69 billion yen (year-on-year increase of 37.5%).

This was mainly attributable to a net decrease of 1.598 billion yen in borrowings and repayments of loans payable, and cash dividends paid of 1.286 billion yen.

Trends in cash flow-related indicators are as follows.

| | End of previous fiscal year | Current consolidated fiscal year |
|---|-----------------------------|----------------------------------|
| Equity ratio (%) | 64.2 | 66.7 |
| Equity ratio based on market value (%) | 59.4 | 43.2 |
| Interest-bearing debt/cash flow Years | 1.4 | 1.5 |
| Interest coverage ratio (times) (times) | 188.2 | 132.3 |

(NOTE)1. The calculation method for each indicator is as follows.

| | |
|------------------------------------|--|
| Equity ratio | : Shareholders' equity/Total assets |
| Equity ratio based on market value | : Market capitalization/Total assets |
| Interest-bearing debt/cash flow | : Interest-bearing debt/Operating cash flow |
| Interest coverage ratio (times) | : Cash flows from operating activities/Interest payments |

2. All indicators are calculated using consolidated financial figures.

3. The total market value of outstanding shares is calculated by "Closing price of share at end of period" x "Total number of shares outstanding at end of period (after deducting treasury stocks)."

4. Operating cash flow represents the cash flow from operating activities on the consolidated statements of cash flows.

5. Interest-bearing debt refers to all liabilities on the consolidated balance sheet for which interest is paid.

6. Interest paid is the amount of interest paid in the consolidated statements of cash flows.

(4)Future outlook

Looking ahead, while the domestic economy is expected to recover on the back of improvement in the employment and income situation, the outlook is expected to remain uncertain due to factors such as price and exchange rate fluctuations amid unstable international conditions. In the business environment in which our Group operates, there are also concerns about a variety of issues, including intensifying competition beyond industry types, shrinking markets due to population decline and declining birthrate and aging population, difficulties in securing human resources, and other chronic issues, as well as rising store operating costs and rising consumer consciousness of saving due to rising prices.

Our Group will continue to promote organizational and management reforms to further strengthen the Group's earnings structure and group management in order to realize sustainable increases in corporate value. The eight strategies of our Group's Third Medium-Term Management Plan and their main contents are as follows.

| Strategy | Content |
|--|---|
| ① Growth Strategy | <ul style="list-style-type: none">• Invest in area flagship stores and invest in new stores• Expand area share by dominating• Review our portfolio of businesses• M&A, Promoting Business Alliances |
| ②To strengthen the ompetitiveness | <ul style="list-style-type: none">• Optimization of store formats• Collaboration in local production and local consumption of local production• Enhance fresh foods, develop high-added products and PB products• Improving customer service |
| ③ Strengthen profitability | <ul style="list-style-type: none">• Reduction of cost of sales ratio and improvement of loss• Review of store operations• To further reduce costs |
| ④ Strengthening Group Collaboration | <ul style="list-style-type: none">• Development and utilization of group apps• Promote co-promotion, co-procurement and co-development of PB• Efficiency by unifying the operations of the administrative divisions• Strengthen cooperation with The New Japan Supermarket Alliance |
| ⑤ Human Capital Management Initiatives | <ul style="list-style-type: none">• Strengthen human resources through rank-based education and management education• Diverse human resources recruitment including female managers and foreign recruitment• Improvement of working environment and promotion of work style reforms• Health and Productivity Management (Support for prevention of illness, etc., enlightenment) |
| ⑥ Promoting DX | <ul style="list-style-type: none">• Improving and transforming the client experience (CX)• Improve operations using IT techniques |
| ⑦ Promotion of ESG management | <ul style="list-style-type: none">• Penetration of management vision into each and every employee• Revitalization of local communities through business activities• Strengthen contact with local communities by improving customer convenience• Addressing environmental issues |
| ⑧ Financial Strategy | <ul style="list-style-type: none">• Managing with the cost of capital in mind• Improve capital efficiency by improving profitability and investing in growth• Appropriate dialogue with shareholders• Flexible shareholder returns |

As a result, for the fiscal year ending February 2026, we forecast operating revenue of 274.7 billion yen (up 3.0% year on year), operating profit of 7.3 billion yen (up 7.0% year on year), ordinary profit of 8.4 billion yen (up 5.0% year on year), and profit attributable to owners of parent of 5.5 billion yen (up 5.2% year on year).

2.Basic approach to selection of accounting standards

Our group prepares consolidated financial statements in accordance with Japanese GAAP in consideration of the comparability of consolidated financial statements between periods and among companies.

With regard to the application of International Financial Reporting Standards, the Company intends to respond appropriately in light of various domestic and overseas circumstances.

3. Consolidated financial statements and major notes

(1) Consolidated balance sheet

(Millions of yen)

| | As of February 29, 2024 | As of February 28, 2025 |
|--|-------------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 23,954 | 24,382 |
| Accounts receivable - trade | 2,928 | 3,255 |
| Securities | 221 | 93 |
| Merchandise | 8,065 | 8,580 |
| Supplies | 81 | 78 |
| Prepaid expenses | 330 | 374 |
| Accounts receivable - other | 350 | 281 |
| Accrued revenue | 1,124 | 1,151 |
| Other | 254 | 205 |
| Allowance for doubtful accounts | (3) | (6) |
| Total current assets | 37,306 | 38,398 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 29,175 | 28,658 |
| Machinery, equipment and vehicles, net | 1,795 | 1,828 |
| Leased assets, net | 1,052 | 872 |
| Land | 29,051 | 29,459 |
| Construction in progress | 40 | 175 |
| Other, net | 3,702 | 3,839 |
| Total property, plant and equipment | 64,818 | 64,834 |
| Intangible assets | | |
| Goodwill | 840 | 719 |
| Other | 1,003 | 1,065 |
| Total intangible assets | 1,844 | 1,785 |
| Investments and other assets | | |
| Investment securities | 11,964 | 12,081 |
| Long-term loans receivable, net | 29 | 28 |
| Long-term prepaid expenses | 154 | 221 |
| Leasehold and guarantee deposits | 4,545 | 4,469 |
| Deferred tax assets | 3,750 | 3,591 |
| Other | 1,819 | 1,624 |
| Total investments and other assets | 22,264 | 22,017 |
| Total non-current assets | 88,926 | 88,637 |
| Total assets | 126,233 | 127,036 |

(Millions of yen)

| | As of February 29, 2024 | As of February 28, 2025 |
|--|-------------------------|-------------------------|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 14,970 | 15,359 |
| Short-term borrowings | 6,000 | 6,250 |
| Current portion of long-term borrowings | 1,848 | 1,709 |
| Current portion of bonds payable | 500 | — |
| Lease liabilities | 293 | 270 |
| Accrued consumption taxes | 840 | 681 |
| Income taxes payable | 1,683 | 1,296 |
| Accrued expenses | 1,785 | 1,849 |
| Provision for bonuses | 801 | 753 |
| Other | 4,845 | 4,303 |
| Total current liabilities | 33,569 | 32,473 |
| Non-current liabilities | | |
| Long-term borrowings | 6,438 | 4,728 |
| Long-term accounts payable - other | 77 | 77 |
| Lease liabilities | 828 | 660 |
| Retirement benefit liability | 89 | 112 |
| Provision for retirement benefits for directors (and other officers) | 13 | 13 |
| Asset retirement obligations | 3,260 | 3,292 |
| Other | 978 | 995 |
| Total non-current liabilities | 11,685 | 9,880 |
| Total liabilities | 45,254 | 42,354 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 7,218 | 7,218 |
| Capital surplus | 19,556 | 19,559 |
| Retained earnings | 57,074 | 61,012 |
| Treasury shares | (4,562) | (4,555) |
| Total shareholders' equity | 79,286 | 83,234 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,708 | 1,480 |
| Remeasurements of defined benefit plans | (16) | (33) |
| Total accumulated other comprehensive income | 1,691 | 1,447 |
| Total net assets | 80,978 | 84,682 |
| Total liabilities and net assets | 126,233 | 127,036 |

(2) Consolidated statement of income and consolidated statement of comprehensive income

(Consolidated statement of income)

(Millions of yen)

| | Fiscal year ended February 29, 2024 | Fiscal year ended February 28, 2025 |
|--|--|--|
| Net sales | 243,463 | 257,107 |
| Cost of sales | 184,213 | 195,778 |
| Gross profit | 59,249 | 61,328 |
| Operating revenue | | |
| Real estate lease revenue | 1,450 | 1,499 |
| Other operating revenue | 7,248 | 8,135 |
| Total operating revenue | 8,698 | 9,634 |
| Operating gross profit | 67,948 | 70,963 |
| Selling, general and administrative expenses | | |
| Advertising expenses | 1,451 | 1,392 |
| Promotion expenses | 65 | 74 |
| Remuneration for directors (and other officers) | 454 | 471 |
| Employees' salaries and bonuses | 25,719 | 27,247 |
| Provision for bonuses | 796 | 791 |
| Retirement benefit expenses | 267 | 249 |
| Utilities expenses | 4,584 | 5,030 |
| Rent expenses | 5,070 | 5,143 |
| Depreciation | 3,986 | 4,055 |
| Amortization of goodwill | 111 | 120 |
| Other | 18,699 | 19,562 |
| Total selling, general and administrative expenses | 61,207 | 64,139 |
| Operating profit | 6,740 | 6,823 |
| Non-operating income | | |
| Interest income | 7 | 13 |
| Dividend income | 243 | 323 |
| Commission income | 334 | 436 |
| Other | 505 | 518 |
| Total non-operating income | 1,091 | 1,292 |
| Non-operating expenses | | |
| Interest expenses | 60 | 63 |
| Interest expenses on bonds | 5 | 2 |
| Amortization of long-term prepaid expenses | 6 | 6 |
| Other | 33 | 43 |
| Total non-operating expenses | 105 | 116 |
| Ordinary profit | 7,725 | 7,999 |

(Millions of yen)

| | Fiscal year ended February 29, 2024 | Fiscal year ended February 28, 2025 |
|--|--|--|
| Extraordinary income | | |
| Gain on sale of non-current assets | 2 | 1 |
| Gain on sale of investment securities | 13 | 19 |
| Insurance claim income | 2 | 6 |
| Subsidy income | 55 | — |
| Total extraordinary income | 74 | 28 |
| Extraordinary losses | | |
| Loss on sale of non-current assets | 0 | — |
| Loss on retirement of non-current assets | 335 | 98 |
| Impairment losses | 544 | 274 |
| Loss on sale of investment securities | 1 | 4 |
| Loss on disaster | 0 | 11 |
| Other | — | 16 |
| Total extraordinary losses | 882 | 403 |
| Profit before income taxes | 6,917 | 7,623 |
| Income taxes - current | 2,310 | 2,186 |
| Income taxes - deferred | (110) | 211 |
| Total income taxes | 2,199 | 2,397 |
| Profit | 4,717 | 5,225 |
| Profit attributable to non-controlling interests | — | — |
| Profit attributable to owners of parent | 4,717 | 5,225 |

(Consolidated statement of comprehensive income)

(Millions of yen)

| | Fiscal year ended February 29, 2024 | Fiscal year ended February 28, 2025 |
|--|--|--|
| Profit | 4,717 | 5,225 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 2,332 | (228) |
| Remeasurements of defined benefit plans, net of tax | 50 | (16) |
| Total other comprehensive income | 2,382 | (244) |
| Comprehensive income | 7,100 | 4,981 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 7,100 | 4,981 |
| Comprehensive income attributable to non-controlling interests | — | — |

(3) Consolidated statements of changes in net assets

Previous fiscal year (March 1, 2023, to February 29, 2024)

(Millions of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 7,218 | 19,554 | 53,346 | (4,269) | 75,849 |
| Changes during period | | | | | |
| Dividends of surplus | | | (989) | | (989) |
| Profit attributable to owners of parent | | | 4,717 | | 4,717 |
| Purchase of treasury shares | | | | (300) | (300) |
| Restricted stock payment | | 2 | | 7 | 9 |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | — | 2 | 3,728 | (293) | 3,437 |
| Balance at end of period | 7,218 | 19,556 | 57,074 | (4,562) | 79,286 |

| | 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 | (623) | (66) | (690) | — | 75,158 |
| Changes during period | | | | | |
| Dividends of surplus | | | | | (989) |
| Profit attributable to owners of parent | | | | | 4,717 |
| Purchase of treasury shares | | | | | (300) |
| Restricted stock payment | | | | | 9 |
| Net changes in items other than shareholders' equity | 2,332 | 50 | 2,382 | | 2,382 |
| Total changes during period | 2,332 | 50 | 2,382 | — | 5,819 |
| Balance at end of period | 1,708 | (16) | 1,691 | — | 80,978 |

Current fiscal year (March 1, 2024-February 28, 2025)

(Millions of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 7,218 | 19,556 | 57,074 | (4,562) | 79,286 |
| Changes during period | | | | | |
| Dividends of surplus | | | (1,287) | | (1,287) |
| Profit attributable to owners of parent | | | 5,225 | | 5,225 |
| Purchase of treasury shares | | | | (0) | (0) |
| Restricted stock payment | | 2 | | 7 | 9 |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | — | 2 | 3,938 | 7 | 3,947 |
| Balance at end of period | 7,218 | 19,559 | 61,012 | (4,555) | 83,234 |

| | 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 | 1,708 | (16) | 1,691 | — | 80,978 |
| Changes during period | | | | | |
| Dividends of surplus | | | | | (1,287) |
| Profit attributable to owners of parent | | | | | 5,225 |
| Purchase of treasury shares | | | | | (0) |
| Restricted stock payment | | | | | 9 |
| Net changes in items other than shareholders' equity | (228) | (16) | (244) | | (244) |
| Total changes during period | (228) | (16) | (244) | — | 3,703 |
| Balance at end of period | 1,480 | (33) | 1,447 | — | 84,682 |

(4) Consolidated statement of cash flows

(Millions of yen)

| | Fiscal year ended February 29, 2024 | Fiscal year ended February 28, 2025 |
|--|--|--|
| Cash flows from operating activities | | |
| Profit before income taxes | 6,917 | 7,623 |
| Depreciation | 4,017 | 4,090 |
| Impairment losses | 544 | 274 |
| Amortization of goodwill | 111 | 120 |
| Increase (decrease) in allowance for doubtful accounts | 1 | (9) |
| Increase (decrease) in provision for bonuses | 143 | (47) |
| Increase (decrease) in retirement benefit liability | 1 | (22) |
| Interest and dividend income | (251) | (337) |
| Interest expenses on borrowings and bonds | 65 | 66 |
| Amortization of long-term prepaid expenses | 6 | 6 |
| Insurance claim income | (2) | (6) |
| Subsidy income | (55) | — |
| Loss (gain) on sale of non-current assets | (2) | (1) |
| Loss on retirement of non-current assets | 335 | 98 |
| Loss (gain) on sale of investment securities | (11) | (15) |
| Loss on disaster | 0 | 11 |
| Decrease (increase) in trade receivables | (748) | (327) |
| Decrease (increase) in inventories | (277) | (512) |
| Increase (decrease) in trade payables | 745 | 388 |
| Increase (decrease) in accrued consumption taxes | 600 | (211) |
| Other, net | 901 | (201) |
| Subtotal | 13,043 | 10,984 |
| Interest and dividends received | 246 | 327 |
| Interest paid | (61) | (66) |
| Proceeds from insurance income | 2 | 6 |
| Income taxes paid | (1,725) | (2,402) |
| Payments associated with disaster loss | (0) | (10) |
| Net cash provided by (used in) operating activities | 11,505 | 8,839 |
| Cash flows from investing activities | | |
| Purchase of non-current assets | (4,218) | (4,443) |
| Proceeds from sale of non-current assets | 2 | 49 |
| Payments for retirement of non-current assets | (330) | (79) |
| Purchase of investment securities | (214) | (306) |
| Proceeds from sales and others of investment securities | 195 | 62 |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | (513) | — |
| Payments of leasehold and guarantee deposits | (200) | (116) |
| Proceeds from refund of leasehold and guarantee deposits | 94 | 100 |
| Long-term loan advances | (20) | (14) |
| Proceeds from collection of long-term loans receivable | 28 | 27 |
| Subsidies received | 55 | — |
| Decrease (increase) in time deposits | (0) | (1,201) |
| Net cash provided by (used in) investing activities | (5,121) | (5,921) |

(Millions of yen)

| | Fiscal year ended February 29, 2024 | Fiscal year ended February 28, 2025 |
|--|--|--|
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | (50) | 250 |
| Proceeds from long-term borrowings | 1,000 | — |
| Repayments of long-term borrowings | (1,973) | (1,848) |
| Redemption of bonds | — | (500) |
| Repayments of lease liabilities | (370) | (305) |
| Purchase of treasury shares | (300) | (0) |
| Dividends paid | (989) | (1,286) |
| Net cash provided by (used in) financing activities | (2,683) | (3,690) |
| Net increase (decrease) in cash and cash equivalents | 3,700 | (772) |
| Cash and cash equivalents at beginning of period | 15,818 | 19,518 |
| Cash and cash equivalents at end of period | 19,518 | 18,746 |

(5) Notes to Consolidated financial statements

(Notes on the going concern assumption)

Not applicable.

(Change in scope of consolidation or equity method application)

(Significant changes in the scope of consolidation)

During the fiscal year under review, the Company conducted an absorption-type merger in which Hattory Co., Ltd., our consolidated subsidiary, was the surviving company, and Seed Miyazaki Ltd., our consolidated subsidiary, was the extinguished company. As a result, Seed Miyazaki Ltd. has been excluded from the scope of consolidation from the fiscal year under review.

(Notes on Segment information)

1.The outline of any Reporting Segment

The reportable segments of the Group are the constituent units of the Group for which separate financial information is available and which are subject to periodic review by the Board of Directors for the purpose of deciding the allocation of management resources and evaluating business performance.

Our Group has operating companies or business divisions that are mainly divided into products sold and services provided. Each operating company and business division formulates comprehensive strategies and conducts business activities accordingly.

Accordingly, our group consists of business segments by products and services based on operating companies or divisions, and the "Supermarket Business" is the reportable segment.

The supermarket business mainly sells fresh foods, processed foods, prepared foods, and daily necessities.

Previously, our Group had two reportable segments: the Supermarket Business and the Discount Store Business. However, from the current fiscal year, we have integrated these two reportable segments into the Supermarket Business and renamed the new reportable segment Supermarket Business. In formulating our Third Medium-Term Management Plan, which is the first year of the fiscal year ending February 2025, we reviewed our reporting segments from the viewpoints of the Group's business development, allocation of management resources, and actual conditions of the management management system. As a result, we determined that it is appropriate to change the reporting segments as described above.

Segment information for the previous fiscal year is prepared and disclosed based on the classification of reportable segments for the current fiscal year.

2.Calculation method for operating revenue, profit or loss, assets and other items by reportable segment

The method of accounting for reportable business segments is in accordance with the accounting policies used to prepare the consolidated financial statements.

Income of reportable segments is based on operating income. Inter-segment sales and transfers are based on prevailing market prices.

3.Information on operating revenue, income or loss, assets and other items by reportable segment

Previous fiscal year (March 1, 2023, to February 29, 2024)

(Millions of yen)

| | Reportable segments | Other | Total | Reconciling items | Per consolidated financial statements |
|---|---------------------|-------|---------|-------------------|---------------------------------------|
| | Supermarket | | | | |
| Sales | | | | | |
| Revenues from external customers | 251,377 | 784 | 252,161 | - | 252,161 |
| Transactions with other segments | 13 | 125 | 138 | (138) | - |
| Operating revenue | 251,390 | 910 | 252,300 | (138) | 252,161 |
| Operating profit (loss) | 7,041 | 123 | 7,164 | (424) | 6,740 |
| Assets | 117,394 | 1,093 | 118,487 | 7,745 | 126,233 |
| Other items | | | | | |
| Depreciation | 3,985 | 31 | 4,017 | - | 4,017 |
| Amortization of goodwill | 89 | 21 | 111 | - | 111 |
| Increase in property, plant and equipment and intangible assets | 4,068 | 221 | 4,290 | - | 4,290 |

(NOTE)1. "Others" is a business segment that is not included in the reportable segments, and includes insurance agency, sports club, and food manufacturing.

2. Adjustments to segment income are corporate expenses that are not allocated to each reportable segment. Corporate expenses mainly consist of group management expenses incurred by us as the holding company.

3. Segment income is adjusted with operating income in the consolidated statements of income.

4. Adjustments to segment assets include corporate assets and eliminations of inter-segment receivables and payables.

5. Depreciation and amortization includes amortization of long-term prepaid expenses.

Current fiscal year (March 1, 2024-February 28, 2025)

(Millions of yen)

| | Reportable segments | Other | Total | Reconciling items | Per consolidated financial statements |
|---|---------------------|-------|---------|-------------------|---------------------------------------|
| | Supermarket | | | | |
| Sales | | | | | |
| Revenues from external customers | 265,926 | 815 | 266,741 | - | 266,741 |
| Transactions with other segments | 10 | 151 | 162 | (162) | - |
| Operating revenue | 265,936 | 967 | 266,904 | (162) | 266,741 |
| Operating profit (loss) | 7,162 | 114 | 7,276 | (453) | 6,823 |
| Assets | 118,305 | 1,200 | 119,506 | 7,530 | 127,036 |
| Other items | | | | | |
| Depreciation | 4,054 | 36 | 4,090 | - | 4,090 |
| Amortization of goodwill | 99 | 21 | 120 | - | 120 |
| Increase in property, plant and equipment and intangible assets | 4,455 | 19 | 4,475 | - | 4,475 |

(NOTE)1. "Others" is a business segment that is not included in the reportable segments, and includes insurance agency, sports club, and food manufacturing.

2. Adjustments to segment income are corporate expenses that are not allocated to each reportable segment. Corporate expenses mainly consist of group management expenses incurred by us as the holding company.

3. Segment income is adjusted with operating income in the consolidated statements of income.

4. Adjustments to segment assets include corporate assets and eliminations of inter-segment receivables and payables.

5. Depreciation and amortization includes amortization of long-term prepaid expenses.

(Per share information)

| Item | End of previous fiscal year (March 1, 2023 To February 29, 2024) | Current consolidated fiscal year (March 1, 2024 To: February 28, 2025) |
|----------------------------|--|--|
| Net assets per share (yen) | 1886.74 | 1972.76 |
| Net income per share (yen) | 109.87 | 121.75 |

(NOTE)1. Diluted net income per share is not presented because there are no dilutive shares.

2. The basis for calculating net income per share is as follows.

| Item | End of previous fiscal year (March 1, 2023 To February 29, 2024) | Current consolidated fiscal year (March 1, 2024 To: February 28, 2025) |
|--|--|--|
| Profit attributable to owners of parent (Millions of yen) | 4,717 | 5,225 |
| Amount not attributable to common shareholders | - | - |

| Item | End of previous fiscal year (March 1, 2023 To February 29, 2024) | Current consolidated fiscal year (March 1, 2024 To: February 28, 2025) |
|--|--|--|
| Profit attributable to owners of parent related to common stock (millions of yen) | 4,717 | 5,225 |
| Average number of shares of common stock outstanding during the period (shares) | 42,938,719 | 42,923,543 |

(Significant subsequent events)

Not applicable.