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To whom it may concern,

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Notice of Difference between Full-year Performance Forecast and Actual Results (Consolidated and Non-consolidated) for Fiscal Year Ended February 2026

The Company hereby announces a discrepancy between its full-year performance forecast for the fiscal year ended February 2026 (consolidated and non-consolidated) announced on October 9, 2025 and the actual results announced today.

1. Differences between full-year performance forecast and actual results

(1) Consolidated

Difference between Forecasts and Actual Results for Consolidated Performance for Full Fiscal Year Ended February 2026 (March 1, 2025 to February 28, 2026)

	Net sales (million yen)	Operating profit (million yen)	Ordinary profit (million yen)	Profit attributable to owners of parent (million yen)	Per share Profit (yen)
Previously announced forecasts (A)	81,850	1,700	1,950	1,000	29.07
Actual results (B)	81,377	1,090	1,508	237	6.91
Change (B-A)	(472)	(609)	(441)	(762)	-
Change (%)	(0.6)	(35.8)	(22.7)	(76.2)	-
(Reference) Previous full fiscal year (Fiscal year ended February 2025)	91,835	2,193	2,566	2,923	83.11

(2) Non-consolidated

Difference between Forecasts and Actual Results for Non-Consolidated Performance for Full Fiscal Year Ended February 2026 (March 1, 2025 to February 28, 2026)

	Net sales (million yen)	Ordinary profit (million yen)	Profit (million yen)	Per share Profit (yen)
Previously announced forecasts (A)	79,400	1,600	750	21.81
Actual results (B)	78,934	1,144	14	0.43
Change (B-A)	(465)	(455)	(735)	-
Change (%)	(0.6)	(28.5)	(98.0)	-
(Reference) Previous full fiscal year results (Fiscal year ended February 2025)	80,060	3,152	2,832	80.52

2. Reason for the difference

Expenses increased 103.1% year on year due to inflation and higher personnel expenses, but the non-consolidated performance remained in line with the plan.

However, in terms of gross margins and inventories, an increase in inventories due to unmet sales targets resulted in discounts for optimization. In addition, we accelerated our price reduction plan in the face of intense price competition in the market. As a result, gross profit margin fell below the plan by 0.4 percentage points.

Furthermore, the sales promotion measures implemented in the first half of the fiscal year, which were aimed at medium- to long-term effects, did not lead to short-term customer attraction, and the number of existing store customers in the first half of the fiscal year remained at 93.8% of the same period of the previous fiscal year. As we reviewed our sales promotion measures and took countermeasures based on the result from November onwards, the number of existing store customers in the second half of the fiscal year showed a recovery trend, reaching 95.9% year-on-year. On the other hand, number of customers did not reach the level of the previous year due to the fact that the product lineup remained conservative and sales promotion measures aimed at attracting new customers lacked novelty. As a result, the decline in the number of customers had a significant impact on net sales, which fell 472 million yen short of the plan, contributing to a decline in gross profit.

In addition, as a result of careful consideration of deferred tax assets based on future business plans, approximately 500 million yen in deferred tax assets was reversed and the same amount was recorded as Income taxes - deferred, resulting in operating profit, ordinary profit, and profit falling short of the plan.

Consolidated results are mainly from non-consolidated result. Results of consolidated subsidiaries are minimal and have little impact on overall results.

Discrepancies between the forecast and actual results arose as the result.

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