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October 1, 2026

Consolidated Financial Results for the Six Months Ended August 20, 2026 (Under Japanese GAAP)

Company name: HEIWADO CO., LTD.
Listing: Tokyo Stock Exchange
Securities code: 8276
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Scheduled date to file semi-annual securities report: October 2, 2026
Scheduled date to commence dividend payments: November 2, 2026
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes (for institutional investors and securities analysts)

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

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

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
August 20, 2026	230,489	3.1	5,665	(17.1)	6,190	(17.6)	3,580	(27.0)
August 20, 2025	223,539	3.2	6,833	8.4	7,512	6.3	4,904	7.4

Note: Comprehensive income For the six months ended August 20, 2026: ¥5,185 million [2.5%]
For the six months ended August 20, 2025: ¥5,056 million [(9.8)%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
August 20, 2026	72.39	—
August 20, 2025	98.23	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
August 20, 2026	320,355	201,512	62.2
February 20, 2026	313,095	197,962	62.5

Reference: Equity
As of August 20, 2026: ¥199,269 million
As of February 20, 2026: ¥195,793 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended February 20, 2026	—	33.00	—	33.00	66.00
Fiscal year ending February 20, 2027	—	33.00			
Fiscal year ending February 20, 2027 (Forecast)			—	33.00	66.00

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

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

(Percentages indicate year-on-year changes.)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	478,000	4.8	14,300	7.4	15,200	4.1	9,800	4.1	198.16

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

*** Notes**

(1) Significant changes in the scope of consolidation during the period: None
Newly included: –
Excluded: –

(2) Accounting methods adopted particularly for the preparation of interim consolidated financial statements: Yes
Note: For details, please see "2. Interim Consolidated Financial Statements and Principal Notes (4) Notes to Interim Consolidated Financial Statements (Accounting methods adopted particularly for the preparation of interim consolidated financial statements)" on page 10 of the attachments.

(3) Changes in accounting policies, changes in accounting estimates, and restatement
(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
(ii) Changes in accounting policies due to other reasons: None
(iii) Changes in accounting estimates: None
(iv) Restatement: None

(4) Number of issued shares (common shares)

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

As of August 20, 2026	51,546,470 shares
As of February 20, 2026	51,546,470 shares

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

As of August 20, 2026	2,089,626 shares
As of February 20, 2026	2,091,568 shares

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

Six months ended August 20, 2026	49,455,725 shares
Six months ended August 20, 2025	49,928,911 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit corporation

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

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

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1. Qualitative Information on Interim Financial Results

(1) Explanation of Operating Results

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

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

Under these circumstances, the Group, as a "comprehensive community-based lifestyle (creation) company," has steadily executed its Medium-Term Management Plan, which ends in FY 2026, to support the lives of local customers. In particular, in responding to changing consumer behavior, we focused on maintaining price competitiveness and on improving convenience through the use of digital technology. Existing stores grew through initiatives such as deepening marketing through the use of customer data to provide products and services that match customer needs, developing store formats aimed at a store model that maximizes the potential of each individual store, and building systems that enable stable daily operations centered on part-time employees. In addition, operating revenue increased due to the growth of the five stores opened in the previous year, as well as strengthening relationships with subsidiaries and enhancing the Group's overall appeal. On the other hand, securing the gross profit margin has become challenging, partly due to the reversal of the effects of the rice supply-demand conditions and product price increases in the previous fiscal year.

As a result of the foregoing, the operating results for the six months under review were operating revenue of ¥230,489 million (up 3.1% year on year), operating profit of ¥5,665 million (down 17.1% year on year), ordinary profit of ¥6,190 million (down 17.6% year on year), and profit attributable to owners of parent of ¥3,580 million (down 27.0% year on year).

The overview of segment results is as given below.

[Retail Business]

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

(1) Gaining customer support by addressing the needs of the child-rearing generation

- Strengthening pricing on daily-use products
- Differentiation through fresh foods and private brand products
- Strengthening communication using apps

(2) Expanding the HOP economic sphere based on the dominant strategy

- Expanding store openings in priority areas through multiple formats
- Solidifying our customer base through community-based initiatives
- Expanding new channels such as small stores and online supermarkets

(3) Promoting cost structure reform, including productivity improvement

- Improving productivity, raising wages through the review of business processes, and balancing job satisfaction improvement with labor cost control
- Optimizing various costs by promoting logistics reform and reviewing specifications

Owing to higher net sales from growth at existing stores, an increase in the number of new stores, and the absorption-type mergers of consolidated subsidiaries Yanagen Co., Ltd. on May 21, 2025, and Yell Co., Ltd. on August 21, 2025, Heiwado's non-consolidated operating revenue grew to ¥214,854 million (up 4.8% year on year). However, because the gross profit margin declined due to the reversal of the effects of the previous fiscal year's rice supply-demand conditions and product price increases, operating gross profit was insufficient, and operating profit was ¥4,172 million (down 19.9% year on year). Ordinary profit was ¥7,489 million (up 15.2% year on year) owing to an increase in dividends from consolidated subsidiaries, and profit was ¥5,427 million (up 16.2% year on year).

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

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

As a result of the above, operating revenue in the retail business was ¥218,225 million (up 3.1% year on year), and ordinary profit was ¥7,748 million (up 13.3% year on year).

[Retail-Related Business]

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

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

As a result of the above, operating revenue in the retail-related business was ¥3,580 million (up 3.8% year on year), and ordinary profit was ¥958 million (up 8.5% year on year).

[Other Businesses]

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

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

As a result of the above, operating revenue in other businesses was ¥8,683 million (up 4.0% year on year). However, ordinary profit was ¥410 million (down 25.8% year on year) due to an increase in operating expenses associated with the opening of new stores of Fivestar Co., Ltd.

(2) Explanation of Financial Position

Total assets as of the end of the second quarter under review increased by ¥7,260 million from the end of the previous fiscal year to ¥320,355 million. The main factors included increases of ¥1,174 million in notes and accounts receivable - trade, and contract assets, ¥913 million in merchandise and finished goods, ¥1,307 million in other under current assets, ¥2,127 million in property, plant and equipment, and ¥1,858 million in investment securities, which were partially offset primarily by a decrease of ¥754 million in deferred tax assets.

Liabilities increased by ¥3,709 million from the end of the previous fiscal year to ¥118,842 million. The main factors included increases of ¥3,058 million in notes and accounts payable - trade and ¥1,950 million in short-term borrowings, which were partially offset primarily by a decrease of ¥2,590 million in long-term borrowings.

Net assets increased by ¥3,550 million from the end of the previous fiscal year to ¥201,512 million. The main factors included increases of ¥1,948 million in retained earnings and ¥1,283 million in valuation difference on available-for-sale securities.

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

For the fiscal year ending February 20, 2027, the Group forecasts operating revenue of ¥478.0 billion (up 4.8% year on year), operating profit of ¥14.3 billion (up 7.4% year on year), ordinary profit of ¥15.2 billion (up 4.1% year on year), and profit attributable to owners of parent of ¥9.8 billion (up 4.1% year on year).

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

2. Interim Consolidated Financial Statements and Principal Notes

(1) Interim Consolidated Balance Sheets

(Millions of yen)

	As of February 20, 2026	As of August 20, 2026
Assets		
Current assets		
Cash and deposits	23,227	23,659
Notes and accounts receivable - trade, and contract assets	13,459	14,633
Merchandise and finished goods	20,140	21,053
Raw materials and supplies	170	224
Other	6,646	7,954
Allowance for doubtful accounts	(42)	(40)
Total current assets	63,602	67,484
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	99,259	96,901
Land	98,476	100,166
Other, net	11,303	14,099
Total property, plant and equipment	209,039	211,166
Intangible assets		
Goodwill	473	440
Leasehold interests in land	5,451	5,454
Other	3,853	4,240
Total intangible assets	9,778	10,135
Investments and other assets		
Investment securities	5,726	7,584
Leasehold and guarantee deposits	17,497	17,346
Retirement benefit asset	2,930	2,926
Deferred tax assets	2,314	1,560
Other	2,507	2,452
Allowance for doubtful accounts	(301)	(301)
Total investments and other assets	30,675	31,568
Total non-current assets	249,493	252,870
Total assets	313,095	320,355

	As of February 20, 2026	As of August 20, 2026
Liabilities		
Current liabilities		
Notes and accounts payable - trade	33,017	36,076
Short-term borrowings	9,280	11,230
Income taxes payable	2,908	2,678
Provision for bonuses	1,622	1,648
Contract liabilities	10,525	9,995
Refund liabilities	8,167	8,432
Provision for loss on interest repayment	7	6
Provision for loss on shop close	584	523
Provision for bonuses for directors (and other officers)	38	—
Other	18,585	20,393
Total current liabilities	84,736	90,983
Non-current liabilities		
Long-term borrowings	11,961	9,371
Retirement benefit liability	711	726
Asset retirement obligations	8,930	8,946
Leasehold and guarantee deposits received	8,204	8,222
Deferred tax liabilities	117	113
Other	470	478
Total non-current liabilities	30,396	27,858
Total liabilities	115,132	118,842
Net assets		
Shareholders' equity		
Share capital	11,614	11,614
Capital surplus	19,778	19,778
Retained earnings	161,928	163,876
Treasury shares	(5,165)	(5,161)
Total shareholders' equity	188,155	190,108
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,194	3,477
Foreign currency translation adjustment	3,009	3,384
Remeasurements of defined benefit plans	2,434	2,298
Total accumulated other comprehensive income	7,637	9,160
Non-controlling interests	2,168	2,242
Total net assets	197,962	201,512
Total liabilities and net assets	313,095	320,355

(2) Interim Consolidated Statements of Income and Comprehensive Income

Interim Consolidated Statements of Income

(Millions of yen)

	For the six months ended August 20, 2025	For the six months ended August 20, 2026
Operating revenue		
Net sales	204,686	210,620
Operating revenue	18,852	19,868
Total operating revenue	223,539	230,489
Cost of sales	142,385	146,813
Gross profit	62,301	63,807
Operating gross profit	81,153	83,676
Selling, general and administrative expenses	74,320	78,011
Operating profit	6,833	5,665
Non-operating income		
Interest income	72	68
Commission income	300	292
Receipt subsidy	218	154
Other	180	163
Total non-operating income	772	678
Non-operating expenses		
Interest expenses	52	92
Foreign exchange losses	9	—
Other	31	61
Total non-operating expenses	93	153
Ordinary profit	7,512	6,190
Extraordinary income		
Reversal of provision loss on store closing	8	19
Gain on sale of investment securities	—	53
Gain on sale of shares of subsidiaries and associates	239	—
Other	77	15
Total extraordinary income	325	88
Extraordinary losses		
Loss on retirement of non-current assets	64	248
Impairment losses	122	3
Provision for loss on stores closing	62	28
Other	0	0
Total extraordinary losses	249	280
Profit before income taxes	7,588	5,998
Income taxes	2,626	2,366
Profit	4,962	3,632
Profit attributable to non-controlling interests	57	51
Profit attributable to owners of parent	4,904	3,580

Interim Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the six months ended August 20, 2025	For the six months ended August 20, 2026
Profit	4,962	3,632
Other comprehensive income		
Valuation difference on available-for-sale securities	587	1,283
Foreign currency translation adjustment	(408)	405
Remeasurements of defined benefit plans, net of tax	(84)	(135)
Total other comprehensive income	94	1,553
Comprehensive income	5,056	5,185
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,029	5,103
Comprehensive income attributable to non-controlling interests	27	82

(3) Interim Consolidated Statements of Cash Flows

(Millions of yen)

	For the six months ended August 20, 2025	For the six months ended August 20, 2026
Cash flows from operating activities		
Profit before income taxes	7,588	5,998
Depreciation	6,559	6,877
Amortization of goodwill	33	33
Increase (decrease) in retirement benefit liability	(4,217)	(143)
Increase (decrease) in provision for loss on store closing	6	(60)
Interest income	(72)	(68)
Interest expenses	52	92
Loss on retirement of non-current assets	64	248
Decrease (increase) in trade receivables	(995)	(1,164)
Decrease (increase) in inventories	319	(922)
Increase (decrease) in trade payables	2,720	3,037
Increase (decrease) in deposits received	1,259	1,112
Loss (gain) on sale of shares of subsidiaries and associates	(239)	—
Other, net	124	(1,102)
Subtotal	13,204	13,937
Interest and dividends received	111	137
Interest paid	(50)	(91)
Income taxes paid	(1,968)	(2,557)
Net cash provided by (used in) operating activities	11,297	11,426
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(7,219)	(9,168)
Purchase of long-term prepaid expenses	(71)	(46)
Payments of leasehold and guarantee deposits	(3)	(14)
Proceeds from refund of leasehold and guarantee deposits	223	174
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	296	—
Other, net	(104)	(161)
Net cash provided by (used in) investing activities	(6,878)	(9,217)
Cash flows from financing activities		
Proceeds from long-term borrowings	1,000	—
Repayments of long-term borrowings	(3,175)	(640)
Purchase of treasury shares	(2,697)	(0)
Dividends paid	(1,664)	(1,632)
Other, net	(38)	(8)
Net cash provided by (used in) financing activities	(6,575)	(2,281)
Effect of exchange rate change on cash and cash equivalents	(236)	239
Net increase (decrease) in cash and cash equivalents	(2,393)	166
Cash and cash equivalents at beginning of period	22,881	19,165
Cash and cash equivalents at end of period	20,488	19,331

(4) Notes to Interim Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

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

Not applicable.

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

(Calculation of tax expenses)

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

(Notes on segment information, etc.)

(Segment information)

I. For the six months ended August 20, 2025

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

(Millions of yen)

	Reportable segments			Other	Total	Adjustment	Amount on interim consolidated statements of income
	Retail	Retail-Related	Total				
Operating revenue							
Product sales	196,012	489	196,502	8,184	204,686	—	204,686
Service revenue	8,117	2,045	10,162	32	10,195	—	10,195
Revenue from contracts with customers	204,130	2,534	206,665	8,217	214,882	—	214,882
Other revenue	7,607	914	8,521	135	8,656	—	8,656
Net sales to outside customers	211,737	3,449	215,186	8,352	223,539	—	223,539
Intersegment net sales or transfers	1,750	24,806	26,557	91	26,648	(26,648)	—
Total	213,487	28,256	241,743	8,444	250,188	(26,648)	223,539
Segment profit	6,842	883	7,725	553	8,278	(765)	7,512

(Notes)

1. The “Other” category represents business segments not included in reportable segments, such as restaurant operation business, etc.
2. The adjustment of ¥(765) million to segment profit is from the elimination of dividend income transactions, etc.
3. Segment profit has been adjusted with ordinary profit on the interim consolidated statements of income.
4. Other revenue represents real estate lease revenue included within the scope of the Accounting Standard for Lease Transactions.

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

No significant occurrences or changes.

II. For the six months ended August 20, 2026

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

(Millions of yen)

	Reportable segments			Other	Total	Adjustment	Amount on interim consolidated statements of income
	Retail	Retail-Related	Total				
Operating revenue							
Product sales	201,405	569	201,974	8,646	210,620	—	210,620
Service revenue	8,956	1,986	10,943	33	10,976	—	10,976
Revenue from contracts with customers	210,362	2,555	212,917	8,679	221,597	—	221,597
Other revenue	7,863	1,025	8,888	3	8,892	—	8,892
Net sales to outside customers	218,225	3,580	221,806	8,683	230,489	—	230,489
Intersegment net sales or transfers	1,631	27,136	28,768	30	28,798	(28,798)	—
Total	219,857	30,717	250,574	8,714	259,288	(28,798)	230,489
Segment profit	7,748	958	8,707	410	9,117	(2,927)	6,190

(Notes)

1. The “Other” category represents business segments not included in reportable segments, such as restaurant operation business, etc.
2. The adjustment of ¥(2,927) million to segment profit is from the elimination of dividend income transactions, etc.
3. Segment profit has been adjusted with ordinary profit on the interim consolidated statements of income.
4. Other revenue represents real estate lease revenue included within the scope of the Accounting Standard for Lease Transactions.

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

No significant occurrences or changes.

(Significant subsequent events)

Not applicable.