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January 11, 2024

Consolidated Financial Results for the Nine Months Ended November 30, 2023 (Under Japanese GAAP)

Company name: KOHNAN SHOJI CO., LTD.
 Listing: Tokyo
 Securities code: 7516
 URL: <https://www.hc-kohnan.com/>
 Representative: NAOTARO HIKIDA, PRESIDENT
 Inquiries: TETSUYA TAKEUCHI, GENERAL MANAGER OF ACCOUNTING DEPARTMENT
 Telephone: +81-6-6397-1621
 Scheduled date to file quarterly securities report: January 12, 2024
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: Yes (for institutional investors)

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

1. Consolidated financial results for the nine months ended November 30, 2023 (from March 1, 2023 to November 30, 2023)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

| | Operating revenue | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|-------------------|-------------------|-----|------------------|------|-----------------|------|---|------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Nine months ended | | | | | | | | |
| November 30, 2023 | 356,050 | 7.6 | 20,374 | 13.7 | 19,058 | 14.0 | 12,874 | 16.8 |
| November 30, 2022 | 330,803 | – | 17,916 | – | 16,715 | – | 11,024 | – |

Note: Comprehensive income For the nine months ended November 30, 2023: ¥13,128 million [18.2%]
 For the nine months ended November 30, 2022: ¥11,111 million [–%]

| | Basic earnings per share | Diluted earnings per share |
|-------------------|--------------------------|----------------------------|
| | Yen | Yen |
| Nine months ended | | |
| November 30, 2023 | 432.69 | 432.55 |
| November 30, 2022 | 357.93 | 357.82 |

Note: KOHNAN SHOJI CO., LTD. (the “Company”) has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the first quarter of the fiscal year ended February 28, 2023, and each figure for the nine months ended November 30, 2022 is the figure after applying the accounting standard and relevant ASBJ regulations. The percentage of year-on-year change is not shown.

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio |
|-------------------|-----------------|-----------------|--------------|
| | Millions of yen | Millions of yen | % |
| As of | | | |
| November 30, 2023 | 463,440 | 156,124 | 33.7 |
| February 28, 2023 | 419,249 | 149,555 | 35.7 |

Reference: Equity
 As of November 30, 2023: ¥156,124 million
 As of February 28, 2023: ¥149,555 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 28, 2023 | – | 45.00 | – | 45.00 | 90.00 |
| Fiscal year ending February 29, 2024 | – | 47.00 | – | | |
| Fiscal year ending February 29, 2024 (Forecast) | | | | 48.00 | 95.00 |

Note: Revisions to the cash dividend forecasts most recently announced: No

3. Consolidated financial forecasts for the fiscal year ending February 29, 2024 (from March 1, 2023 to February 29, 2024)

(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 | 470,450 | 7.2 | 22,900 | 4.0 | 21,100 | 1.8 | 13,550 | 2.4 | 452.49 |

Note: Revisions to the financial forecasts most recently announced: No

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: No
- (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: Yes
 - (ii) Changes in accounting policies due to other reasons: No
 - (iii) Changes in accounting estimates: No
 - (iv) Restatement: No

Note: For details, please refer to the attached materials on page 8 “2. Quarterly consolidated financial statements and significant notes thereto, (3) Notes to quarterly consolidated financial statements, Notes - Changes in accounting policies.”

(4) Number of issued shares (common shares)

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

| | |
|-------------------------|-------------------|
| As of November 30, 2023 | 34,682,113 shares |
| As of February 28, 2023 | 34,682,113 shares |

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

| | |
|-------------------------|------------------|
| As of November 30, 2023 | 5,312,818 shares |
| As of February 28, 2023 | 4,272,157 shares |

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

| | |
|-------------------------------------|-------------------|
| Nine months ended November 30, 2023 | 29,753,426 shares |
| Nine months ended November 30, 2022 | 30,801,714 shares |

Note: The number of treasury shares at the end of the period and the number of treasury shares excluded from the calculation of the average number of shares outstanding during the period include shares of the Company held by Custody Bank of Japan, Ltd. (Trust Account E), as trust assets for the executive officer incentive plan “Employee Share Benefit Trust (J-ESOP),” the employee incentive plan “Employee Share Benefit Trust (J-ESOP),” and the “Employee Share Benefit Trust (employee stock holding association disposal type).” The “Employee Share Benefit Trust (employee stock holding association disposal type)” was terminated in November 2023.

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

1. Consolidated subsidiary KOHNAN VIETNAM CO., LTD. has the balance sheet date at the end of December, so there is a two-month difference from the consolidated balance sheet date (end of February). For the nine months under review, the company’s quarterly financial statements as of the end of September have been used, with important transactions occurring during the interval between then and the quarterly consolidated balance sheet date (end of November) adjusted as necessary for consolidation.
2. Forward-looking statements in these materials, such as the forecast for financial results, are based on information currently available to the Company and assumptions deemed reasonable. They do not constitute a promise by the Company regarding their achievement. Furthermore, actual performance and so forth may differ considerably due to various factors.

The Company plans to hold financial results briefings for institutional investors on Thursday, January 11 and Friday, January 12, 2024.

Attached Material

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1. Qualitative information on quarterly financial statements

(1) Operations explanation

During the nine months ended November 30, 2023, the impact of the novel coronavirus disease (COVID-19) on the economy decreased, and the Japanese economy continued to gradually recover. On the other hand, the risk of economic downturn caused by increasing costs of commodities, the slowdown of overseas economies, etc. has resulted in uncertainty with regard to the outlook for business conditions.

The outlook for business conditions in the retail industry, which is mainly where the KOHNAN Group (the “Group”) develops its business, continues to be uncertain as it has been affected by rising costs, such as raw material expenses, logistics expenses, utilities expenses and personnel expenses.

Under these circumstances, the Group is working on various measures to achieve the plan of its Medium-Term Management Plan Part III, “We love KOHNAN!! just fit for you, now and always,” which was released in April 2021.

In the area of store expansion, the Group opened 22 stores and closed three stores. As a result of HOME IMPROVEMENT HIROSE Co., Ltd. becoming a subsidiary through the acquisition of its shares on June 1, 2023, the number of stores increased by 32. As a result, the number of stores of the Group as of the end of the quarter under review was brought to 587.

Also, because the first nine months of KOHNAN VIETNAM CO., LTD. ran from January 1, 2023 to September 30, 2023, the number of stores as of the end of the quarter under review refers to the number of stores as of September 30, 2023.

Changes in the number of stores (unit: stores)

| | Number of stores as of the end of the previous fiscal year | Stores opened | Stores closed | Changes due to merger or subsidiarization | Number of stores as of the end of the quarter under review |
|-----------------------------------|--|---------------|---------------|---|--|
| KOHNAN SHOJI CO., LTD. | 442 | 14 | (3) | 11 | 464 |
| BEAVERTOZAN Co., Ltd. | 11 | – | – | (11) | – |
| KEN DEPOT Corporation | 72 | 6 | – | – | 78 |
| [Number of franchise stores] | [3] | [–] | [–] | [–] | [3] |
| HOME IMPROVEMENT HIROSE Co., Ltd. | – | – | – | 32 | 32 |
| Total in Japan | 525 | 20 | (3) | 32 | 574 |
| [Number of franchise stores] | [3] | [–] | [–] | [–] | [3] |
| KOHNAN VIETNAM CO., LTD. | 11 | 2 | – | – | 13 |
| Total | 536 | 22 | (3) | 32 | 587 |
| [Number of franchise stores] | [3] | [–] | [–] | [–] | [3] |

As a result, for the first nine months of the fiscal year under review, operating revenue was ¥356,050 million (up 7.6% year on year), gross profit was ¥128,946 million (up 7.2% year on year), selling, general and administrative expenses were ¥120,775 million (up 5.7% year on year), operating profit was ¥20,374 million (up 13.7% year on year), ordinary profit was ¥19,058 million (up 14.0% year on year), and profit attributable to owners of parent was ¥12,874 million (up 16.8% year on year).

(2) Financial position explanation

As of November 30, 2023, total assets increased by ¥44,190 million from the previous fiscal year-end to ¥463,440 million. Merchandise and finished goods increased by ¥17,464 million, accounts receivable - trade increased by ¥4,272 million, buildings and structures increased by ¥8,592 million, and construction in progress increased by ¥3,293 million.

Total liabilities increased by ¥37,621 million from the previous fiscal year-end to ¥307,316 million. Accounts payable - trade increased by ¥8,953 million and long-term borrowings increased by ¥28,094 million, while short-term borrowings decreased by ¥3,787 million.

As of November 30, 2023, net assets stood at ¥156,124 million, and the equity ratio was 33.7%.

(3) Consolidated earnings forecast and other forward-looking statements

Consolidated earnings forecasts for the fiscal year ending February 29, 2024, are unchanged from the consolidated earnings forecasts for the full year ending February 29, 2024 that were announced on October 11, 2023, at the time of the announcement of “Notice Concerning Revisions to Earnings Forecasts.”

2. Quarterly consolidated financial statements and significant notes thereto

(1) Quarterly consolidated balance sheet

(Millions of yen)

| | As of February 28, 2023 | As of November 30, 2023 |
|--|-------------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 9,218 | 10,612 |
| Accounts receivable - trade | 13,568 | 17,841 |
| Merchandise and finished goods | 108,898 | 126,363 |
| Raw materials and supplies | 1,494 | 1,423 |
| Other | 8,123 | 9,716 |
| Allowance for doubtful accounts | (10) | (49) |
| Total current assets | 141,292 | 165,907 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 113,999 | 122,591 |
| Land | 50,471 | 52,240 |
| Leased assets, net | 17,533 | 19,050 |
| Construction in progress | 867 | 4,161 |
| Other, net | 6,522 | 7,545 |
| Total property, plant and equipment | 189,393 | 205,589 |
| Intangible assets | | |
| Trademark right | 3,078 | 2,828 |
| Customer-related assets | 2,311 | 2,142 |
| Goodwill | 14,086 | 14,943 |
| Other | 7,412 | 7,521 |
| Total intangible assets | 26,888 | 27,436 |
| Investments and other assets | | |
| Investment securities | 4,793 | 4,271 |
| Guarantee deposits | 48,458 | 51,263 |
| Deferred tax assets | 6,525 | 7,060 |
| Other | 2,117 | 2,114 |
| Allowance for doubtful accounts | (220) | (201) |
| Total investments and other assets | 61,675 | 64,507 |
| Total non-current assets | 277,957 | 297,533 |
| Total assets | 419,249 | 463,440 |

(Millions of yen)

| | As of February 28, 2023 | As of November 30, 2023 |
|---|-------------------------|-------------------------|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 33,053 | 42,006 |
| Electronically recorded obligations - operating | 9,226 | 9,785 |
| Short-term borrowings | 20,937 | 17,150 |
| Current portion of long-term borrowings | 26,624 | 26,910 |
| Lease liabilities | 2,416 | 2,562 |
| Income taxes payable | 3,574 | 3,434 |
| Contract liabilities | 4,622 | 3,669 |
| Provision for bonuses | 2,334 | 3,624 |
| Other | 12,763 | 14,775 |
| Total current liabilities | 115,553 | 123,918 |
| Non-current liabilities | | |
| Long-term borrowings | 87,626 | 115,721 |
| Lease liabilities | 21,197 | 22,419 |
| Guarantee deposits received | 10,397 | 10,540 |
| Provision for loss on voluntary recall of goods | 595 | 544 |
| Provision for share awards | 617 | 856 |
| Asset retirement obligations | 17,178 | 17,984 |
| Other | 16,527 | 15,330 |
| Total non-current liabilities | 154,140 | 183,397 |
| Total liabilities | 269,694 | 307,316 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 17,658 | 17,658 |
| Capital surplus | 17,922 | 17,922 |
| Retained earnings | 129,682 | 139,826 |
| Treasury shares | (16,220) | (20,049) |
| Total shareholders' equity | 149,043 | 155,358 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 198 | 210 |
| Deferred gains or losses on hedges | (180) | (88) |
| Foreign currency translation adjustment | 435 | 591 |
| Remeasurements of defined benefit plans | 58 | 52 |
| Total accumulated other comprehensive income | 511 | 766 |
| Total net assets | 149,555 | 156,124 |
| Total liabilities and net assets | 419,249 | 463,440 |

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income**Quarterly consolidated statement of income (cumulative)**

(Millions of yen)

| | Nine months ended November 30, 2022 | Nine months ended November 30, 2023 |
|--|--|--|
| Net sales | 318,910 | 343,846 |
| Cost of sales | 198,663 | 214,900 |
| Gross profit | 120,246 | 128,946 |
| Operating revenue | 11,893 | 12,203 |
| Selling, general and administrative expenses | 114,223 | 120,775 |
| Operating profit | 17,916 | 20,374 |
| Non-operating income | | |
| Interest income | 65 | 50 |
| Insurance claim income | 51 | 102 |
| Foreign exchange gains | 337 | 91 |
| Gain on investments in silent partnerships | 142 | 143 |
| Subsidy income | - | 269 |
| Other | 176 | 348 |
| Total non-operating income | 772 | 1,005 |
| Non-operating expenses | | |
| Interest expenses | 1,595 | 1,639 |
| Other | 378 | 682 |
| Total non-operating expenses | 1,973 | 2,321 |
| Ordinary profit | 16,715 | 19,058 |
| Extraordinary income | | |
| Gain on cancellation of guaranteed deposits received | 72 | 25 |
| Other | - | 5 |
| Total extraordinary income | 72 | 31 |
| Extraordinary losses | | |
| Impairment losses | 107 | 65 |
| Loss on disaster | 230 | - |
| Loss on retirement of non-current assets | 77 | 49 |
| Loss on step acquisitions | - | 26 |
| Total extraordinary losses | 415 | 142 |
| Profit before income taxes | 16,372 | 18,947 |
| Income taxes - current | 5,694 | 6,440 |
| Income taxes - deferred | (347) | (367) |
| Total income taxes | 5,347 | 6,073 |
| Profit | 11,024 | 12,874 |
| Profit attributable to owners of parent | 11,024 | 12,874 |

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

| | Nine months ended November 30, 2022 | Nine months ended November 30, 2023 |
|--|--|--|
| Profit | 11,024 | 12,874 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 10 | 12 |
| Deferred gains or losses on hedges | (278) | 92 |
| Foreign currency translation adjustment | 360 | 156 |
| Remeasurements of defined benefit plans, net of tax | (5) | (6) |
| Total other comprehensive income | 86 | 254 |
| Comprehensive income | 11,111 | 13,128 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 11,111 | 13,128 |
| Comprehensive income attributable to non-controlling interests | — | — |

(3) Notes to quarterly consolidated financial statementsUncertainties of entity's ability to continue as going concern

Not applicable

Notes when there are significant changes in amounts of shareholders' equity

In accordance with the resolution of the Board of Directors meeting held on April 11, 2023, the Company purchased 846,000 treasury shares during the first nine months of the fiscal year under review. Furthermore, 237,900 of the Company's shares held by HOME IMPROVEMENT HIROSE Co., Ltd. have been included in treasury shares due to the said company being included within the scope of consolidation from the second quarter of the fiscal year ending February 29, 2024. As a result, treasury shares during the first nine months of the fiscal year under review increased by ¥3,829 million, including changes caused by disposals of treasury shares from the "Employee Share Benefit Trust (employee stock holding association disposal type)" dedicated trust to the employee stock holding association, and reached ¥20,049 million at the end of the quarter under review.

Notes - Changes in significant subsidiaries during the period

Not applicable

Although this does not fall under a change in specified subsidiaries, changes in major subsidiaries and associates are as follows.

The Company's wholly owned consolidated subsidiary BEAVERTOZAN Co., Ltd. has been excluded from the scope of consolidation from the first quarter of the fiscal year ending February 29, 2024 as it disappeared due to an absorption-type merger in which the Company was the surviving company on March 1, 2023.

Furthermore, HOME IMPROVEMENT HIROSE Co., Ltd. has been included within the scope of consolidation from the second quarter of the fiscal year ending February 29, 2024 as a result of the Company acquiring all shares issued by the said company on June 1, 2023.

Notes - Changes in accounting policies*Application of implementation guidance on accounting standard for fair value measurement*

The Company has applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021; hereinafter the "Guidance on Fair Value Measurement") from the beginning of the first quarter of the fiscal year ending February 29, 2024, and it has applied the new accounting policy provided for by the Guidance on Fair Value Measurement prospectively in accordance with the transitional measures provided for in paragraph 27-2 of the Guidance on Fair Value Measurement. There is no impact on the quarterly consolidated financial statements as a result of this change.

Additional information*Transactions for issuing shares of the Company to employees, etc. through a trust*

1. Executive officer incentive plan “Employee Share Benefit Trust (J-ESOP)”

In accordance with a resolution of the Board of Directors meeting held on January 11, 2019, the Company has introduced the “Employee Share Benefit Trust (J-ESOP)” plan for executive officers, an executive officer incentive plan that uses shares of the Company from January 25, 2019.

(1) Overview of transactions

In accordance with the Executive Officer Share Benefit Regulations formulated upon introduction of the plan, it is a system for providing shares of the Company to executive officers of the Company who satisfy certain conditions. To acquire shares to be provided in the future beforehand, the Company entrusts money to Custody Bank of Japan, Ltd. (Trust Account E) as a trust asset for the executive officer incentive plan “Employee Share Benefit Trust (J-ESOP)” system, and the trust bank uses the entrusted money as financial funds to acquire the Company’s shares through the trading markets or by receiving the Company’s disposal of treasury shares.

(2) Shares of the Company remaining in the trust

Shares of the Company that remain in the trust are recorded as treasury shares under net assets at their carrying value in the trust (excluding the amount of incidental expenses). The carrying value and number of these treasury shares were ¥28 million and 10,500 shares as of the previous fiscal year-end and ¥28 million and 10,500 shares as of the end of the quarter under review.

(3) Carrying value of borrowings recorded under application of the gross amount method

Not applicable

2. Employee incentive plan “Employee Share Benefit Trust (J-ESOP)”

In accordance with a resolution of the Board of Directors meeting held on July 12, 2021, the Company has introduced the “Employee Share Benefit Trust (J-ESOP),” an incentive plan that provides shares of the Company to employees from July 26, 2021.

(1) Overview of transactions

In accordance with the Employee Officer Share Benefit Regulations formulated upon introduction of the plan, it is a system for providing shares of the Company to employees of the Company who satisfy certain conditions. To acquire shares to be provided in the future beforehand, the Company entrusts money to Custody Bank of Japan, Ltd. (Trust Account E) as a trust asset for the employee incentive plan “Employee Share Benefit Trust (J-ESOP)” system, and the trust bank uses the entrusted money as financial funds to acquire the Company’s shares through the trading markets or by receiving the Company’s disposal of treasury shares.

(2) Shares of the Company remaining in the trust

Shares of the Company that remain in the trust are recorded as treasury shares under net assets at their carrying value in the trust (excluding the amount of incidental expenses). The carrying value and number of these treasury shares were ¥3,994 million and 940,300 shares as of the previous fiscal year-end and ¥3,990 million and 939,200 shares as of the end of the quarter under review.

(3) Carrying value of borrowings recorded under application of the gross amount method

Not applicable

3. “Employee Share Benefit Trust (employee stock holding association disposal type)”

In accordance with a resolution of the Board of Directors meeting held on July 12, 2021, the Company introduced the “Employee Share Benefit Trust (employee stock holding association disposal type)” from July 30, 2021. However, the trust was terminated in November 2023.

(1) Overview of transactions

This plan is an incentive plan for returning the benefit of an increase in the Company’s stock price to all employees who are enrolled in the “KOHNAN SHOJI Employee Shareholders Association” (hereinafter, the “Shareholders Association”). The trustee of the plan acquires at once beforehand all of the shares of the Company expected to be acquired by the Shareholders Association over the five years following the establishment of the trust, using the Trust Account E set up at Custody Bank of Japan, Ltd. and sells the shares of the Company when the Shareholders Association acquires them. Until the trust is terminated, in the case where an amount corresponding to a gain on sale of shares has accumulated within the entrusted assets of the trust through sales to the Shareholders Association, the amount is distributed as residual assets to persons enrolled in the Shareholders Association who satisfy the qualifying conditions for beneficiaries. Moreover, since the Company guarantees borrowings for the trustee to acquire the Company’s shares, upon termination of the trust, in cases where there is a loan balance in an amount corresponding to a loss on sale of the shares, the Company is to settle the balance in accordance with the guarantee contract.

All of the shares of the Company acquired were sold to the Shareholders Association, and the trust was terminated in November 2023.

(2) Shares of the Company remaining in the trust

Shares of the Company that remain in the trust are recorded as treasury shares under net assets at their carrying value in the trust (excluding the amount of incidental expenses). The carrying value and number of these treasury shares were ¥177 million and 40,100 shares as of the previous fiscal year-end. There are no shares of the Company remaining in the trust as of the end of the quarter under review.

(3) Carrying value of borrowings recorded under application of the gross amount method

At the end of the previous fiscal year: ¥256 million; at the end of the quarter under review: ¥117 million

Subsequent events

Not applicable

3. Supplementary information

Detailed breakdown of net sales by product division

| By product division | Amount (millions of yen) | Year-on-year change (%) |
|---|--------------------------|-------------------------|
| Home improvement (DIY supplies) | 167,263 | 105.8 |
| Housekeeping (household supplies) | 107,173 | 105.5 |
| Pet and leisure (pet and leisure supplies) | 51,163 | 112.0 |
| Food | 8,012 | 214.1 |
| Other | 10,233 | 103.9 |
| Total | 343,846 | 107.8 |

(Notes) 1. The composition of each product division is as follows.

- | | |
|----------------------|---|
| (1) Home improvement | (Timber, building materials, tools, hardware and plumbing, painting and work supplies, gardening supplies, gardening plants, materials, exteriors, housing equipment, remodeling) |
| (2) Housekeeping | (Dining supplies, interiors, electrical materials and lighting, daily necessities, storage supplies, chemicals, footwear and clothing, household goods, home appliances, nursing care supplies) |
| (3) Pet and leisure | (Automotive supplies, pet supplies, stationery and office supplies, cycling and leisure supplies) |
| (4) Food | (Food, alcoholic beverages) |
| (5) Other | (100 Yen Shop, books, vending machines, kerosene) |
2. As a result of HOME IMPROVEMENT HIROSE Co., Ltd. becoming a consolidated subsidiary in the second quarter of the fiscal year ending February 29, 2024, classifications of product divisions were reviewed with regard to net sales in the first nine months of the fiscal year under review, and the method of classifying food and alcoholic beverages, which were included in "Housekeeping," was changed to include them in "Food." With regard to year-on-year changes, the figures for the first nine months of the previous fiscal year have been reclassified into the figures for the classifications after the change.