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April 11, 2025

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

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 Securities code: 7516
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 Scheduled date of annual general meeting of shareholders: May 29, 2025
 Scheduled date to commence dividend payments: May 30, 2025
 Scheduled date to file annual securities report: May 30, 2025
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors)

(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

(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	501,403	6.1	25,001	3.8	23,306	3.1	14,210	1.1
February 29, 2024	472,655	7.7	24,097	9.4	22,598	9.0	14,054	6.2

Note: Comprehensive income For the fiscal year ended February 28, 2025: ¥14,455 million [0.6%]
 For the fiscal year ended February 29, 2024: ¥14,368 million [7.7%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
February 28, 2025	492.53	492.37	8.8	5.0	5.2
February 29, 2024	473.90	473.75	9.2	5.1	5.3

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	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
February 28, 2025	479,006	165,792	34.6	5,781.90
February 29, 2024	458,557	157,257	34.3	5,354.43

Reference: Equity
 As of February 28, 2025: ¥165,792 million
 As of February 29, 2024: ¥157,257 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
February 28, 2025	22,441	(21,723)	(1,433)	9,523
February 29, 2024	22,494	(24,013)	2,502	10,205

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended February 29, 2024	—	47.00	—	48.00	95.00	2,902	20.0	1.8
Fiscal year ended February 28, 2025	—	50.00	—	50.00	100.00	2,985	20.3	1.8
Fiscal year ending February 28, 2026 (Forecast)	—	65.00	—	65.00	130.00		25.7	

3. Consolidated financial forecasts for the fiscal year ending February 28, 2026 (from March 1, 2025 to February 28, 2026)

(Percentages indicate year-on-year changes.)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending August 31, 2025	267,200	4.1	16,400	3.1	15,600	1.4	9,500	3.0	331.30
Full year	523,600	4.4	25,600	2.4	24,000	3.0	14,500	2.0	505.67

*** Notes**

- (1) Significant changes in the scope of consolidation during the period: No
- (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: No
 - (ii) Changes in accounting policies due to other reasons: No
 - (iii) Changes in accounting estimates: No
 - (iv) Restatement: No

(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	34,682,113 shares
As of February 29, 2024	34,682,113 shares

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

As of February 28, 2025	6,007,704 shares
As of February 29, 2024	5,312,518 shares

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

Fiscal year ended February 28, 2025	28,852,243 shares
Fiscal year ended February 29, 2024	29,657,964 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.

Reference: Overview of non-consolidated financial results

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

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Operating revenue		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
February 28, 2025	428,041	4.9	23,623	2.9	21,624	1.5	13,523	(6.9)
February 29, 2024	408,178	4.9	22,953	10.6	21,295	9.9	14,525	18.3

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
February 28, 2025	464.87	464.72
February 29, 2024	486.83	486.68

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
February 28, 2025	442,732	164,404	37.1	5,686.32
February 29, 2024	425,054	156,774	36.9	5,295.09

Reference: Equity

As of February 28, 2025: ¥164,404 million
As of February 29, 2024: ¥156,774 million

2. Non-consolidated financial forecasts for the fiscal year ending February 28, 2026 (from March 1, 2025 to February 28, 2026)

(Percentages indicate year-on-year changes.)

	Operating revenue		Ordinary profit		Profit		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending August 31, 2025	229,700	4.4	14,300	0.6	9,100	2.3	314.74
Full year	447,300	4.5	22,000	1.7	13,800	2.0	477.30

* Financial results reports are exempt from audit 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 its fiscal year-end at the end of December, so there is a two-month difference from the consolidated fiscal year-end (end of February).

For the fiscal year under review, the company's financial statements as of the end of December have been used, with important transactions occurring during the interval between then and the consolidated fiscal year-end (end of February) 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. For notes regarding the assumptions and conditions of the financial results forecast and use of the financial results forecast, please refer to the attached materials on page 3 "1. Overview of operating results and others, (4) Future forecast."

The Company plans to hold financial results briefings for institutional investors on Friday, April 11 and Tuesday, April 15, 2025.

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1. Overview of operating results and others

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

During the fiscal year ended February 28, 2025, the Japanese economy continued to recover due to improvements in the employment and income environment, a recovery in inbound demand, and other factors. On the other hand, there were also periods where concerns about a slowdown of economies intensified due to rising geopolitical risks, such as the worsening situation in the Middle East and the prolonged invasion of Ukraine, as well as due to monetary tightening in various countries, and other factors.

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 changes in consumer behavior due to rising prices and by rising costs for raw materials, logistics, utilities and personnel.

Under these circumstances, the Group has been 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 43 stores and closed two stores during the fiscal year ended February 28, 2025. As a result, the number of stores of the Group as of the end of the fiscal year under review was brought to 636.

Since the fiscal year of KOHNAN VIETNAM CO., LTD. is from January 1, 2024 to December 31, 2024, the number of its stores as of December 31, 2024 is presented as the number of stores as of the end of the fiscal year under review.

Changes in the number of stores (unit: stores)

	Number of stores as of the end of the previous fiscal year	Stores opened	Stores closed	Number of stores as of the end of the fiscal year under review
KOHNAN SHOJI CO., LTD.	470	33	(1)	502
KEN DEPOT Corporation [Number of franchise stores]	80 [3]	9 [-]	(1) [-]	88 [3]
HOME IMPROVEMENT HIROSE Co., Ltd.	32	1	–	33
Total in Japan [Number of franchise stores]	582 [3]	43 [-]	(2) [-]	623 [3]
KOHNAN VIETNAM CO., LTD.	13	–	–	13
Total [Number of franchise stores]	595 [3]	43 [-]	(2) [-]	636 [3]

As a result, for the fiscal year under review, operating revenue was ¥501,403 million (up 6.1% year on year), gross profit was ¥179,458 million (up 5.1% year on year), selling, general and administrative expenses were ¥171,567 million (up 5.2% year on year), operating profit was ¥25,001 million (up 3.8% year on year), ordinary profit was ¥23,306 million (up 3.1% year on year), and profit attributable to owners of parent was ¥14,210 million (up 1.1% year on year).

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

As of February 28, 2025, total assets stood at ¥479,006 million, up ¥20,449 million from the previous fiscal year-end. This mainly reflected increases of ¥2,094 million in accounts receivable - trade, ¥10,215 million in merchandise and finished goods, ¥9,683 million in buildings and structures, and ¥2,117 million in leased assets.

Total liabilities were ¥313,214 million, up ¥11,914 million from the previous fiscal year-end. This mainly reflected increases of ¥2,290 million in accounts payable - trade, ¥3,504 million in current portion of long-term borrowings, and ¥10,636 million in long-term borrowings, while there was a decrease of ¥6,900 million in short-term borrowings.

Total net assets stood at ¥165,792 million, an increase of ¥8,534 from the previous fiscal year-end. As a result, the equity ratio was 34.6%, up 0.3 percentage points from the previous fiscal year.

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

Cash and cash equivalents as of February 28, 2025 had decreased ¥681 million from the previous fiscal year end to ¥9,523 million.

The status of cash flows during the fiscal year under review and the main factors are as follows.

Cash flows from operating activities

Operating activities provided net cash of ¥22,441 million (down ¥53 million year on year). This mainly reflected profit before income taxes of ¥21,540 million and depreciation of ¥15,497 million, partially offset by an increase in inventories of ¥9,640 million and income taxes paid of ¥7,689 million.

Cash flows from investing activities

Investing activities used net cash of ¥21,723 million (down ¥2,290 million year on year). This was mainly the result of purchase of property, plant and equipment of ¥20,211 million and payments of guarantee deposits of ¥3,402 million.

Cash flows from financing activities

Financing activities used net cash of ¥1,433 million (compared to net cash of ¥2,502 million provided in the previous fiscal year). This mainly reflected repayments of short-term borrowings of ¥140,700 million, repayments of long-term borrowings of ¥28,358 million, repayments of lease liabilities of ¥2,698 million, dividends paid of ¥2,934 million, and purchase of treasury shares of ¥3,001 million, partially offset by proceeds from short-term borrowings of ¥134,000 million and proceeds from long-term borrowings of ¥42,500 million.

	Fiscal year ended February 29, 2024	Fiscal year ended February 28, 2025
Equity ratio (%)	34.3	34.6
Equity ratio based on market value (%)	26.9	21.6
Ratio of cash flow to interest-bearing debt (years)	8.8	9.3
Interest coverage ratio (times)	11.1	10.8

Equity ratio: shareholders' equity / total assets

Equity ratio based on market value: market value of stock / total assets

Ratio of cash flow to interest-bearing debt: interest-bearing debt / operating cash flow

Interest coverage ratio: Operating profit with interest and dividend income added / interest expenses

(Notes) 1. The market value of stock is calculated as the closing price at the end of the fiscal year × the number of issued shares at the end of the fiscal year (after deducting treasury shares).

2. For operating cash flows, cash flows from operating activities in the consolidated statements of cash flows is used.
For interest-bearing debt, all liabilities on the consolidated balance sheets for which interest is recorded are used.
Moreover, for interest expenses, interest expenses on the consolidated statements of income is used.

(4) Future forecastAnnouncement of the Medium-Term Management Plan Part IV

The Group today announced its Medium-Term Management Plan Part IV covering the period from the fiscal year ending February 28, 2026 to the fiscal year ending February 29, 2028. The final year targets of this plan are net sales of ¥560.0 billion, operating profit of ¥29.0 billion, and profit attributable to owners of parent of ¥16.5 billion, and the Group will continue to pursue sales expansion and high profitability while further strengthening its financial position.

Consolidated earnings forecast for the fiscal year ending February 28, 2026

In the next fiscal year, the impact of the new foreign policy and trade policy in the U.S. is filled with uncertainty, and there are concerns about a downturn in overseas economies due to rising geopolitical risks, an increase in tariffs, and other factors. In Japan, although a gradual upward trend in personal consumption is expected due to improvements in the employment and income environment, the business environment is still expected to remain uncertain due to a number of challenges, including deteriorating consumer confidence against a backdrop of rising prices, supply constraints caused by labor shortages, and increasing logistics costs.

Turning to the outlook for full-year consolidated financial results, the Company is forecasting operating revenue of ¥523,600 million (up 4.4% year on year), operating profit of ¥25,600 million (up 2.4% year on year), ordinary profit of ¥24,000 million (up 3.0% year on year), and profit attributable to owners of parent of ¥14,500 million (up 2.0% year on year).

2. Basic policy regarding selection of accounting standards

The Group adopts the Japanese GAAP as the accounting standards in order to ensure comparability among other domestic companies in the same industry.

3. Consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(Millions of yen)

	As of February 29, 2024	As of February 28, 2025
Assets		
Current assets		
Cash and deposits	11,723	10,842
Accounts receivable - trade	15,798	17,893
Merchandise and finished goods	121,758	131,973
Raw materials and supplies	1,387	1,186
Advance payments to suppliers	47	38
Prepaid expenses	5,058	5,382
Other	3,727	3,228
Allowance for doubtful accounts	(47)	(49)
Total current assets	159,455	170,496
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	123,488	133,171
Machinery, equipment and vehicles, net	1,269	1,255
Tools, furniture and fixtures, net	6,254	6,837
Land	52,135	51,741
Leased assets, net	18,428	20,546
Construction in progress	5,210	2,548
Total property, plant and equipment	206,786	216,101
Intangible assets		
Trademark right	2,745	2,412
Customer-related intangible assets	2,085	1,860
Goodwill	14,608	13,288
Leasehold interests in land	4,687	4,712
Software	2,142	1,958
Other	590	916
Total intangible assets	26,860	25,148
Investments and other assets		
Investment securities	4,550	4,515
Long-term loans receivable	32	26
Long-term prepaid expenses	1,686	1,461
Guarantee deposits	51,790	53,510
Retirement benefit asset	125	188
Deferred tax assets	7,231	7,532
Other	251	207
Allowance for doubtful accounts	(212)	(182)
Total investments and other assets	65,455	67,260
Total non-current assets	299,101	308,510
Total assets	458,557	479,006

(Millions of yen)

	As of February 29, 2024	As of February 28, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	34,530	36,820
Electronically recorded obligations - operating	10,293	10,451
Short-term borrowings	24,000	17,100
Current portion of long-term borrowings	27,673	31,178
Lease liabilities	2,477	2,769
Accounts payable - other	6,710	7,139
Accrued expenses	2,939	3,109
Income taxes payable	4,743	4,748
Accrued consumption taxes	2,952	1,066
Unearned revenue	1,340	1,421
Contract liabilities	4,060	4,124
Provision for bonuses	2,421	2,593
Provision for bonuses for directors (and other officers)	200	180
Other	689	777
Total current liabilities	125,032	123,480
Non-current liabilities		
Long-term borrowings	108,138	118,774
Lease liabilities	21,816	23,366
Guarantee deposits received	10,578	10,851
Long-term accounts payable - other	14,026	14,180
Provision for loss on voluntary recall of goods	527	455
Provision for share awards	938	1,270
Retirement benefit liability	353	361
Asset retirement obligations	18,245	19,108
Deferred tax liabilities	1,282	1,102
Other	361	261
Total non-current liabilities	176,267	189,734
Total liabilities	301,300	313,214
Net assets		
Shareholders' equity		
Share capital	17,658	17,658
Capital surplus	17,922	17,922
Retained earnings	140,899	152,173
Treasury shares	(20,048)	(23,033)
Total shareholders' equity	156,432	164,722
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	315	431
Deferred gains or losses on hedges	(79)	(130)
Foreign currency translation adjustment	501	619
Remeasurements of defined benefit plans	87	149
Total accumulated other comprehensive income	825	1,070
Total net assets	157,257	165,792
Total liabilities and net assets	458,557	479,006

(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	456,345	484,293
Cost of sales	285,539	304,834
Gross profit	170,806	179,458
Operating revenue	16,309	17,110
Operating gross profit	187,115	196,568
Selling, general and administrative expenses	163,018	171,567
Operating profit	24,097	25,001
Non-operating income		
Interest and dividend income	72	99
Insurance claim income	140	102
Foreign exchange gains	127	202
Gain on investments in silent partnerships	326	337
Subsidy income	270	4
Income from fees for business	—	54
Income from compensation for damage	—	219
Other	452	422
Total non-operating income	1,389	1,440
Non-operating expenses		
Interest expenses	2,173	2,330
Commission expenses	415	373
Other	300	432
Total non-operating expenses	2,888	3,136
Ordinary profit	22,598	23,306
Extraordinary income		
Gain on cancellation of guaranteed deposits received	31	20
Gain on sale of non-current assets	—	683
Total extraordinary income	31	704
Extraordinary losses		
Impairment losses	1,488	1,960
Loss on retirement of non-current assets	63	13
Loss on sale of non-current assets	—	22
Loss on valuation of investments in capital of subsidiaries and associates	—	474
Loss on step acquisitions	26	—
Total extraordinary losses	1,578	2,470
Profit before income taxes	21,051	21,540
Income taxes - current	7,472	7,794
Income taxes - deferred	(476)	(464)
Total income taxes	6,996	7,329
Profit	14,054	14,210
Profit attributable to owners of parent	14,054	14,210

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended February 29, 2024	Fiscal year ended February 28, 2025
Profit	14,054	14,210
Other comprehensive income		
Valuation difference on available-for-sale securities	117	115
Deferred gains or losses on hedges	101	(50)
Foreign currency translation adjustment	65	118
Remeasurements of defined benefit plans, net of tax	29	61
Total other comprehensive income	313	245
Comprehensive income	14,368	14,455
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	14,368	14,455
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated statement of changes in equity

Fiscal year ended February 29, 2024 (From 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	17,658	17,922	129,682	(16,220)	149,043
Changes during period					
Dividends of surplus			(2,838)		(2,838)
Changes in parent company shares held by consolidated subsidiaries				(1,018)	(1,018)
Profit attributable to owners of parent			14,054		14,054
Purchase of treasury shares				(2,999)	(2,999)
Disposal of treasury shares		(0)		191	190
Net changes in items other than shareholders' equity					
Total changes during period	—	(0)	11,216	(3,827)	7,388
Balance at end of period	17,658	17,922	140,899	(20,048)	156,432

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	198	(180)	435	58	511	149,555
Changes during period						
Dividends of surplus						(2,838)
Changes in parent company shares held by consolidated subsidiaries						(1,018)
Profit attributable to owners of parent						14,054
Purchase of treasury shares						(2,999)
Disposal of treasury shares						190
Net changes in items other than shareholders' equity	117	101	65	29	313	313
Total changes during period	117	101	65	29	313	7,702
Balance at end of period	315	(79)	501	87	825	157,257

Fiscal year ended February 28, 2025 (From March 1, 2024 to February 28, 2025)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	17,658	17,922	140,899	(20,048)	156,432
Changes during period					
Dividends of surplus			(2,936)		(2,936)
Profit attributable to owners of parent			14,210		14,210
Purchase of treasury shares				(3,001)	(3,001)
Disposal of treasury shares		0		16	16
Net changes in items other than shareholders' equity					
Total changes during period	—	0	11,274	(2,984)	8,289
Balance at end of period	17,658	17,922	152,173	(23,033)	164,722

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	315	(79)	501	87	825	157,257
Changes during period						
Dividends of surplus						(2,936)
Profit attributable to owners of parent						14,210
Purchase of treasury shares						(3,001)
Disposal of treasury shares						16
Net changes in items other than shareholders' equity	115	(50)	118	61	245	245
Total changes during period	115	(50)	118	61	245	8,534
Balance at end of period	431	(130)	619	149	1,070	165,792

(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	21,051	21,540
Depreciation	14,553	15,497
Amortization of goodwill	1,294	1,320
Increase (decrease) in provision for bonuses for directors (and other officers)	3	(20)
Increase (decrease) in provision for loss on voluntary recall of goods	(68)	(71)
Increase (decrease) in provision for share awards	320	332
Gain on sale of non-current assets	—	(683)
Gain on cancellation of guaranteed deposits received	(31)	(20)
Impairment losses	1,488	1,960
Loss on valuation of investments in capital of subsidiaries and associates	—	474
Loss (gain) on step acquisitions	26	—
Loss on retirement of non-current assets	63	13
Loss on sale of non-current assets	—	22
Income from compensation for damage	—	(219)
Income from fees for business	—	(54)
Subsidy income	(270)	(4)
Interest and dividend income	(72)	(99)
Interest expenses	2,173	2,330
Commission expenses	415	373
Decrease (increase) in trade receivables	(1,558)	(2,094)
Decrease (increase) in inventories	(7,208)	(9,640)
Increase (decrease) in trade payables	(630)	2,103
Increase (decrease) in contract liabilities	(878)	63
Increase (decrease) in accrued consumption taxes	1,193	(1,837)
Other, net	(726)	822
Subtotal	31,138	32,108
Interest and dividends received	32	43
Interest paid	(2,154)	(2,299)
Payments associated with disaster loss	(77)	—
Subsidies received	269	4
Fees for business received	—	54
Income from compensation for damage received	—	219
Income taxes refund (paid)	(6,714)	(7,689)
Net cash provided by (used in) operating activities	22,494	22,441
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	360	—
Purchase of property, plant and equipment	(17,998)	(20,211)
Purchase of intangible assets	(755)	(925)
Proceeds from sale of property, plant and equipment	754	1,425
Payments of guarantee deposits	(3,658)	(3,402)
Proceeds from refund of guarantee deposits	1,772	1,324
Guarantee deposits received	428	645
Refund of guarantee deposits received	(360)	(346)
Purchase of investment in acquisition of new consolidated subsidiary	(4,422)	—
Other, net	(133)	(233)
Net cash provided by (used in) investing activities	(24,013)	(21,723)

(Millions of yen)

	Fiscal year ended February 29, 2024	Fiscal year ended February 28, 2025
Cash flows from financing activities		
Proceeds from short-term borrowings	214,600	134,000
Repayments of short-term borrowings	(217,887)	(140,700)
Proceeds from long-term borrowings	42,500	42,500
Repayments of long-term borrowings	(28,370)	(28,358)
Repayments of lease liabilities	(2,605)	(2,698)
Collection of accounts receivable installment and others on sales of assets	1,204	1,406
Repayments of installment payables	(1,204)	(1,281)
Dividends paid	(2,924)	(2,934)
Purchase of treasury shares	(2,999)	(3,001)
Other, net	190	(364)
Net cash provided by (used in) financing activities	2,502	(1,433)
Effect of exchange rate change on cash and cash equivalents	22	34
Net increase (decrease) in cash and cash equivalents	1,005	(681)
Cash and cash equivalents at beginning of period	9,199	10,205
Cash and cash equivalents at end of period	10,205	9,523

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

Not applicable

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 fiscal year 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 ¥3,988 million and 938,900 shares as of the previous fiscal year-end and ¥3,978 million and 936,400 shares as of the end of the fiscal year 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

Not applicable

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

Not applicable

Notes on segment information, etc.

Segment information is omitted since the Group has only one segment, which conducts retail sales, sales of construction materials and so forth, and ancillary business.

Per share information

(Yen)

	Fiscal year ended February 29, 2024	Fiscal year ended February 28, 2025
Net assets per share	5,354.43	5,781.90
Basic earnings per share	473.90	492.53
Diluted earnings per share	473.75	492.37

(Note) The basis for calculation of basic earnings per share and diluted earnings per share is as follows.

	Fiscal year ended February 29, 2024	Fiscal year ended February 28, 2025
Basic earnings per share		
Profit attributable to owners of parent (millions of yen)	14,054	14,210
Profit (loss) not attributable to common shareholders (millions of yen)	—	—
Profit attributable to owners of parent pertaining to common shares (millions of yen)	14,054	14,210
Average number of outstanding common shares during period (shares)	29,657,964	28,852,243
Diluted earnings per share		
Adjustments to profit attributable to owners of parent (millions of yen)	—	—
Increase in the number of common shares (shares)	9,400	9,400
(Of the above, stock options (shares))	(9,400)	(9,400)
Overview of potential shares not included in the calculation of diluted earnings per share because of having no dilutive effect	—	—

(Note) The Company has introduced 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).” 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)” are included in treasury shares deducted when calculating the number of common shares at the end of the period used for calculating net assets per share and the average number of outstanding common shares during the period used as the basis for calculating basic earnings per share and diluted earnings per share. The “Employee Share Benefit Trust (employee stock holding association disposal type)” was terminated in November 2023.

The number of treasury shares at the end of the period that is deducted when calculating net assets per share was 949 thousand for the previous fiscal year and 946 thousand for the fiscal year under review. The average number of treasury shares during period deducted in calculating the basic earnings per share and diluted earnings per share was 963 thousand for the previous fiscal year and 947 thousand for the fiscal year under review.

Subsequent events*Acquisition of treasury shares*

The Company resolved at a Board of Directors meeting held on April 11, 2025 to acquire treasury shares in accordance with Article 156 of the Companies Act as applied pursuant to the provisions of paragraph (3), Article 165 of the Act, as follows.

1. Reason for conducting the acquisition of treasury shares

The Company will acquire treasury shares to enhance shareholder returns and increase capital efficiency, and to execute an agile capital policy in response to changes in the management environment.

2. Details of the Board of Directors resolution regarding the acquisition of treasury shares

(1) Class of shares to be acquired	Common shares of the Company
(2) Number of shares to be acquired	650,000 shares (upper limit)
(3) Total amount of the acquisition price of the shares	¥2,000 million (upper limit)
(4) Period of acquisition	From April 14, 2025 to October 31, 2025
(5) Acquisition method	Market purchase on the Tokyo Stock Exchange

4. Other

(1) Net sales by product division

	Fiscal year ended February 29, 2024		Fiscal year ended February 28, 2025	
	Amount (millions of yen)	Year-on-year change (%)	Amount (millions of yen)	Year-on-year change (%)
Home improvement (DIY supplies)	218,848	105.6	232,140	106.1
Housekeeping (household supplies)	144,630	105.6	152,519	105.5
Pet and leisure (pet and leisure supplies)	67,554	111.6	69,986	103.6
Food	11,351	236.2	14,215	125.2
Other	13,961	103.9	15,431	110.5
Total	456,345	107.8	484,293	106.1

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

- (1) Home improvement (Timber and 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 June 2023, classifications of product divisions were reviewed, and the method of classifying food and alcoholic beverages, which were included in “Housekeeping,” was changed to include them in “Food.” Net sales for the previous fiscal year have been restated to conform with the classification after the change. With regard to year-on-year changes for the previous fiscal year and the fiscal year under review, the net sales have been compared against figures for net sales in the corresponding preceding fiscal year that were restated to conform with the classification after the change.