



# Financial Results Briefing for the Fiscal Year Ended February 28, 2025

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(March 1, 2024 - February 28, 2025)

April 11, 2025

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**KOHNAN SHOJI CO., LTD.**

(Securities Code: 7516 TSE Prime)



## Fiscal Year ended February 28, 2025

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### Abbreviation and Definition

HC : Stands for "Home Center," which is our store format which offers daily necessities including DIY goods with a wide range of products and reasonable prices.

PRO: Refers to our product division or store format for professional customers. It is stocked with a wide range of specialist items including building materials, paints, and other work supplies.

PB : Stands for "Private Brand," which is originally designed and sold by us.

# 1

## **Summary of Financial Results for the Fiscal Year Ended February 28, 2025**

# Consolidated Statement of Income

- Increase in sales and profit at all levels
- Net sales, including existing store sales, increased due to the addition of new stores and strong sales of PRO products, home appliances, and daily necessities
- Profit items also increased due to increased sales and planned SG&A cost containment to compensate for lower gross profit margin (96-97% of plan was achieved)

Item (Millions of yen)	FYE Feb. 2024	Sales ratio	FYE Feb. 2025	Sales ratio	Year-on-year change	Year-on-year change (amount)	Plan ratio
Net sales	456,345	—	484,293	—	106.1%	27,947	100.0%
Existing stores net sales*1	454,839	—	463,267	—	101.9%	8,428	100.6%
Operating income	16,309	—	17,110	—	104.9%	800	101.8%
Operating revenue	472,655	—	501,403	—	106.1%	28,748	100.0%
Gross profit (Figures in parentheses indicate gross profit margin Y-o-Y difference)	170,806	<Gross profit margin> 37.43%	179,458	<Gross profit margin> 37.06%	105.1% [(0.37)pt]	8,652	99.0%
SG&A expenses	163,018	35.7%	171,567	35.4%	105.2%	8,549	99.7%
Operating profit	24,097	5.3%	25,001	5.2%	103.8%	904	96.5%
Ordinary profit	22,598	5.0%	23,306	4.8%	103.1%	707	97.1%
Profit attributable to owners of parent	14,054	3.1%	14,210	2.9%	101.1%	155	96.0%

\*1: For the period under review, stores that have been open for 13 months or longer are considered to be existing stores, and their sales results and those of the same period of the previous year are compared.

# Consolidated Statement of Income (Quarterly)

- (Q4) Net sales increased due to strong sales of seasonal products resulting from low temperatures
- (Q4) Operating profit increased as sales growth exceeded the increase in SG&A expenses Net profit increased significantly due to gain on sales of fixed assets of a subsidiary and return of income taxes commensurate with basic salary increases

Item (Millions of yen)	FYE Feb. 2025							
	1st Quarter (Mar.-May)	Year-on-year change	2nd Quarter (Jun.-Aug.)	Year-on-year change	3rd Quarter (Sep.-Nov.)	Year-on-year change	4th Quarter (Dec.-Feb.)	Year-on-year change
Net sales	121,345	109.2%	126,845	106.6%	117,768	103.5%	118,335	105.2%
Existing stores net sales*1	112,305	101.6%	122,090	103.7%	114,542	100.5%	114,328	101.4%
Operating income	4,160	104.2%	4,261	103.8%	4,348	105.9%	4,339	105.7%
Operating revenue	125,505	109.1%	131,106	106.5%	122,117	103.6%	122,674	105.2%
Gross profit	45,224	106.3%	46,751	105.5%	43,585	103.6%	43,897	104.9%
Gross profit margin	37.27%	(1.04)pt	36.86%	(0.38)pt	37.01%	0.03pt	37.10%	(0.11)pt
SG&A expenses	41,557	108.3%	42,935	104.7%	43,053	103.9%	44,021	104.2%
Operating profit	7,827	95.5%	8,077	108.6%	4,881	102.9%	4,215	113.2%
Ordinary profit	7,290	94.6%	8,098	111.7%	4,022	98.1%	3,895	110.1%
Profit attributable to owners of parent	4,764	86.3%	4,460	94.3%	2,466	94.1%	2,519	213.3%

\*1: For the period under review, stores that have been open for 13 months or longer are considered to be existing stores, and their sales results and those of the same period of the previous year are compared.

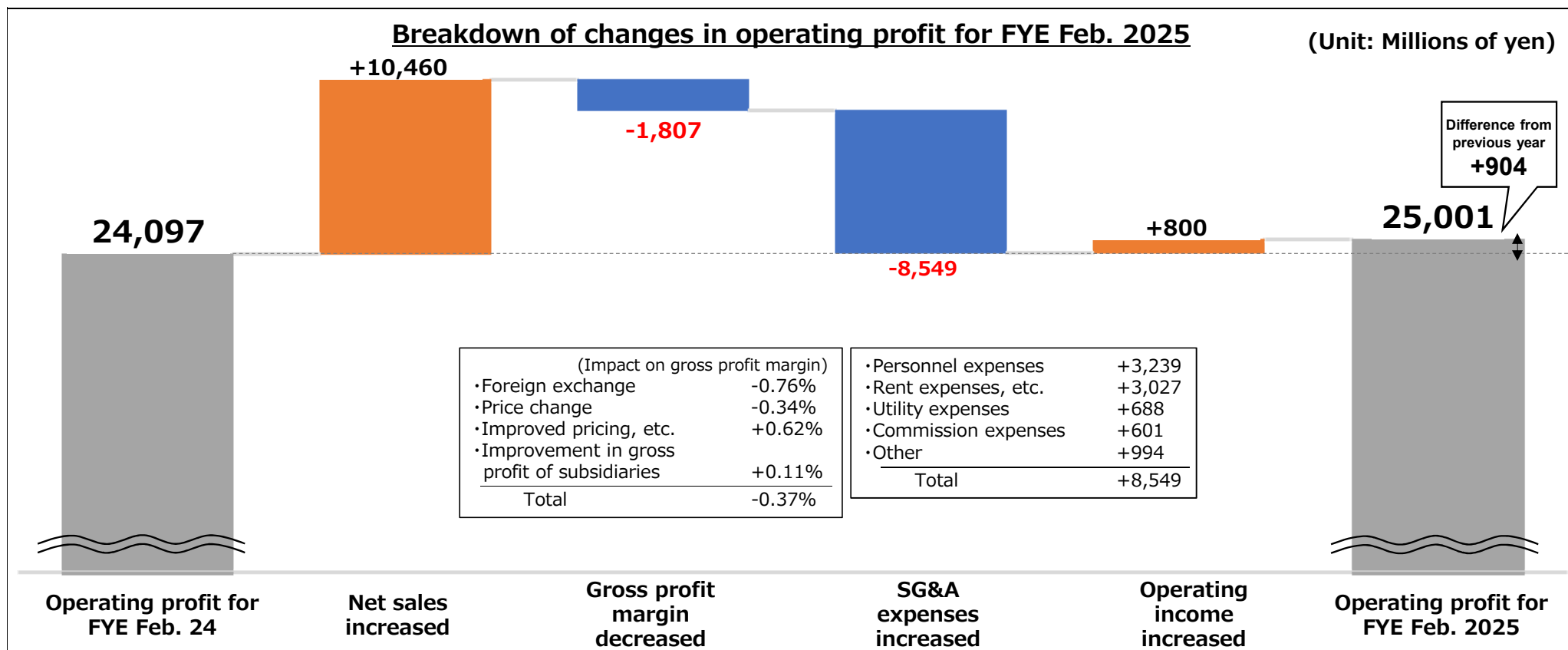
# Consolidated Statement of Income SG&A expenses

- SG&A expenses (consolidated): Increased due to new store openings, but controlled within the range of the full-year plan (99.7% of plan)
- SG&A ratio (consolidated): 35.7% in the same period of the previous year ⇒ 35.4% in the current period, an improvement of 0.3pt year on year
- SG&A expenses (KOHNAN non-consolidated): New stores: +¥7,636 million (+5.0%), existing stores: -¥2,162 million (-1.6%)
- Personnel expenses (KOHNAN non-consolidated): New stores: +¥2,160 million (+4.3%), existing stores: -¥294 million (-0.7%)
- Other SG&A expenses (consolidated)
  - ・Utility expenses: Increased +¥688 million (+13.3%) due to increase in electricity consumption due to climatic factors (summer and winter) and higher unit cost due to decrease in subsidies
  - ・Commission expenses: Increased +¥601 million (+11.8%) due to increase in cashless ratio (50.4% in the previous fiscal year → 53.4% in the current period)

Item (Millions of yen)	FYE Feb. 2024	Sales ratio	FYE Feb. 2025	Sales ratio	Year-on-year change	Year-on-year change (amount)
Personnel expenses	55,669	12.2%	58,909	12.2%	105.8%	3,239
Rent expenses	51,043	11.2%	53,101	11.0%	104.0%	2,058
Depreciation, etc.	15,848	3.5%	16,817	3.5%	106.1%	969
Other SG&A expenses	40,457	8.9%	42,738	8.8%	105.6%	2,281
<b>Total SG&amp;A expenses</b>	<b>163,018</b>	<b>35.7%</b>	<b>171,567</b>	<b>35.4%</b>	<b>105.2%</b>	<b>8,549</b>

# Consolidated Statement of Income Factors of Change in Operating Profit

- Operating profit increased as the increase in net sales and operating income exceeded the decrease in gross profit margin and increase in SG&A expenses



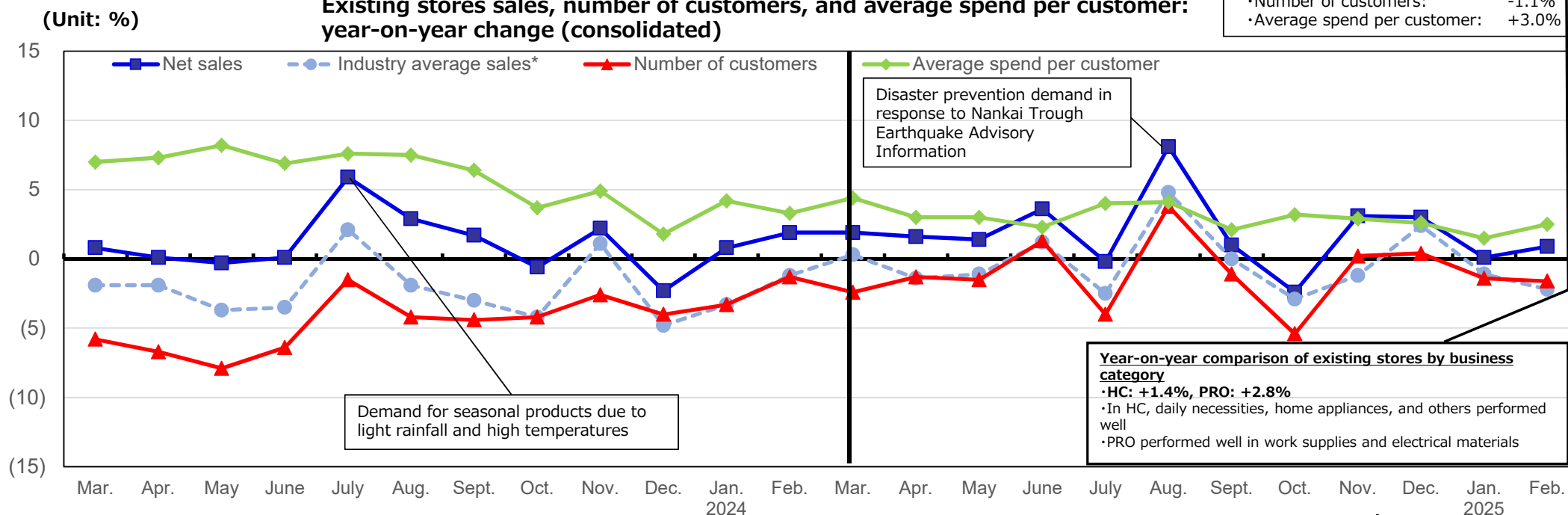
## Existing Stores Year-on-year Change (Consolidated): Net Sales, Number of Customers, and Average Spend per Customer

- Existing stores sales: Sales increased 1.9% year-on-year, far exceeding the industry average of -0.3%, due to strengthened sales of professional products such as tools, home appliances, and daily necessities
- Number of customers for existing stores: Although down 1.1% cumulatively, there are signs of improvement, as capturing demand for seasonal goods and disaster and security supplies will turn it positive in June, August, November, and December
- Average spend per customer for existing stores: +3.0% cumulatively, with a shrinking rate of growth due to price decreases aimed at attracting customers

### FYE Feb. 2025 cumulative year-on-year change

• Net sales:	+1.9%
(Industry average*)	-0.3%
• Number of customers:	-1.1%
• Average spend per customer:	+3.0%

Existing stores sales, number of customers, and average spend per customer: year-on-year change (consolidated)





## Results by Business Category (Sales, Gross Profit Margin, Operating Profit Margin) Consolidated/KOHNAN Non-consolidated

- **HC business:** Net sales increased due to strong sales volume growth in seasonal and daily necessities and other consumables as well as home appliances  
Gross profit margin declined, despite improvement in pricing and other factors, as it failed to offset the impact of foreign exchange rates in the first half of the fiscal year
- **PRO business:** Net sales increased due to strong sales of power tools, work consumables, interior construction materials, electrical materials, etc.  
Gross profit margin is on a recovery trend, but declined partly due to some sales promotions

(Millions of yen)	Business category	FYE Feb. 2025	Net sales year-on-year change	Gross profit margin	Previous year gross profit margin	Gross profit margin year-on-year difference	Operating profit margin	Operating profit margin year-on-year difference
Consolidated	HC*1	330,478	105.1%	38.59%	39.06%	(0.47)pt	6.2%	(0.1)pt
	PRO*1	139,150	107.8%	33.57%	33.72%	(0.15)pt	6.5%	(0.3)pt
KOHNAN (Non-consolidated)	HC*1	311,898	103.9%	38.87%	39.34%	(0.47)pt	6.7%	0.0pt
	PRO*1	88,626	108.2%	35.07%	35.43%	(0.36)pt	7.2%	(0.3)pt

\*1: Figures for each business category are at the store level.

### <Company total>

(Millions of yen)		FYE Feb. 2025	Net sales year-on-year change	Gross profit margin	Previous year gross profit margin	Gross profit margin year-on-year difference	Operating profit margin	Operating profit margin year-on-year difference
Consolidated	Company total*2	484,293	106.1%	37.06%	37.43%	(0.37)pt	5.2%	(0.1)pt
KOHNAN (Non-consolidated)	Company total*2	411,229	104.9%	37.67%	38.15%	(0.48)pt	5.7%	(0.2)pt

\*2: Company total includes other sales (e-commerce, CAMP DEPOT, supply of products to other companies, etc.).

## Results by Business Category (Sales and Gross Profit Margin), By Subsidiaries

- **KEN DEPOT:** Net sales increased due to the addition of 9 new stores and the capture of corporate members' needs. Gross profit margin increased, mainly due to expansion of PB products and cost improvements.
- **HI HIROSE:** In terms of sales, the HC division grew with pet and daily necessities and DIY products, while the food division struggled due to regional price competition.  
(Since it joined the Group in June 2023, the previous year represents 9 months' worth of results)
- **KOHNAN VIETNAM:** Net sales increased from the previous year, but the number of customers remained sluggish due to economic slowdown.

(Millions of yen)	Business category	FYE Feb. 2025	Net sales year-on-year change	Gross profit margin	Previous year gross profit margin	Gross profit margin year-on-year difference
KEN DEPOT	PRO*1	50,523	107.1%	30.95%	30.74%	0.21pt
HOME IMPROVEMENT HIROSE*2	HC+PRO*1	14,446	136.4%	33.99%	32.79%	1.20pt
	Food*1	7,854	136.5%	24.23%	25.90%	(1.67)pt
	HI HIROSE Company Total	23,499	132.4%	30.77%	29.86%	0.91pt
KOHNAN VIETNAM	HC*1	4,133	110.0%	33.91%	33.69%	0.22pt

\*1: Figures for each business category are at the store level.

\*2: HI HIROSE joined the Group in June 2023, and its year-on-year comparison is for the nine-month period from June 2023 to February 2024.

# Sales by Product Division (Consolidated)

Product division (Millions of yen)	Consolidated		
	FYE Feb. 2025	Year-on-year change	Sales composition ratio
Home improvement (DIY supplies, PRO products, gardening, and remodeling)	232,140	106.1%	47.9%
Housekeeping (household supplies)	152,519	105.5%	31.5%
Pet and leisure (pet and leisure supplies)	69,986	103.6%	14.5%
Food (food, alcoholic beverages)	14,215	125.2%	2.9%
Other (100 Yen Shops, kerosene, vending machines)	15,431	110.5%	3.2%
<b>Total</b>	<b>484,293</b>	<b>106.1%</b>	<b>100.0%</b>

- Home improvement    … Timber and building materials, tools, hardware and plumbing, painting and work supplies, gardening supplies, gardening plants, materials and exteriors, housing equipment, remodeling
- Housekeeping        … Dining supplies, interiors, electrical materials and lighting, daily necessities, storage supplies, medicines, footwear and clothing, household goods, home appliances, nursing care supplies
- Pet and leisure        … Automotive supplies, pet supplies, stationery and office supplies, cycling and leisure supplies

## Sales by Product Division (Detailed: KOHNAN Non-consolidated)

Product division (Millions of yen)	KOHNAN non-consolidated		
	FYE Feb. 2025	Year-on-year change	Sales composition ratio
Home improvement (HC)	56,742	103.8%	13.8%
Home improvement (PRO)	70,546	107.6%	17.1%
Gardening	39,290	101.3%	9.6%
Remodeling	15,843	111.6%	3.9%
Daily sundries and household supplies	88,345	104.1%	21.5%
Interiors, storage, home appliances, and stationery	63,148	105.0%	15.3%
Pet, automotive, and leisure	55,925	102.4%	13.6%
Other (100 Yen Shops, kerosene, vending machines)	21,386	110.7%	5.2%
<b>Total</b>	<b>411,229</b>	<b>104.9%</b>	<b>100.0%</b>

- |  |   |
|--|---|
| <p>■ Home improvement (HC/PRO) ... Timber and building materials, tools, hardware and plumbing, painting and work supplies</p> <p>■ Remodeling ... Housing equipment, remodeling work, storage sheds</p> <p>■ Interior ... storage, home appliances, and stationery: Interior supplies, storage supplies, electrical materials and lighting, home appliances, stationery and office supplies</p> | <p>■ Gardening ... Gardening supplies, gardening plants, materials and exteriors</p> <p>■ Daily sundries and household supplies ... Dining supplies, daily necessities, medicines, footwear and clothing, household goods, nursing care supplies, food, alcoholic beverages</p> <p>■ Pet, automotive, and leisure ... Pet supplies, automotive supplies, cycling and leisure supplies</p> |
|--|---|

## Sales by PB Product Division (Consolidated/KOHNAN Non-consolidated)

	Product division (Millions of yen)	FYE Feb. 2024		FYE Feb. 2025	
		PB net sales	PB sales composition ratio*1	PB net sales	PB sales Composition ratio*1 (year-on-year change)
Consolidated	Home improvement (DIY supplies, PRO products, gardening)	65,227	34.1%	69,600	34.4% [0.3pt]
	Housekeeping (household supplies)	51,878	36.1%	53,516	35.3% [(0.8)pt]
	Pet and leisure (pet and leisure supplies)	26,272	39.7%	26,842	39.2% [(0.5)pt]
	Total	143,377	35.7%	149,959	35.5% [(0.2)pt]
KOHNAN non- consolidated	Home improvement (DIY supplies, PRO products, gardening)	56,509	35.5%	59,409	35.7% [0.2pt]
	Housekeeping (household supplies)	49,827	38.6%	50,536	37.6% [(1.0)pt]
	Pet and leisure (pet and leisure supplies)	25,863	40.8%	26,120	40.4% [(0.4)pt]
	Total	132,200	37.6%	136,065	37.2% [(0.4)pt]

\*1 Division sales composition ratios are calculated excluding remodeling, 100 Yen Shops, food and alcoholic beverages, etc.

# Consolidated Balance Sheet

Item (Millions of yen)	FYE Feb. 2024	FYE Feb. 2025	Change	Factors for change, etc.
<b>Total current assets</b>	<b>159,455</b>	<b>170,496</b>	<b>11,040</b>	
Cash and deposits	11,723	10,842	(881)	
Accounts receivable – trade	15,798	17,893	2,094	Increase in cashless ratio (50.4% of net sales at the end of the previous year ⇒ 53.4% this fiscal year)
Merchandise and finished goods	121,758	131,973	10,215	Increase in inventory due to new stores, etc.
<b>Total non-current assets</b>	<b>299,101</b>	<b>308,510</b>	<b>9,408</b>	
Property, plant and equipment	206,786	216,101	9,314	Impact of investment in new construction of Keiyo Funabashi Inter store (large store), etc.
Intangible assets	26,860	25,148	(1,711)	
<b>Total assets</b>	<b>458,557</b>	<b>479,006</b>	<b>20,449</b>	
<b>Total current liabilities</b>	<b>125,032</b>	<b>123,480</b>	<b>(1,551)</b>	
Accounts payable - trade	44,823	47,272	2,448	
Short-term borrowings	24,000	17,100	(6,900)	Impact of adjustment of ratio of long- and short-term borrowings (shift to long-term borrowings), etc.
Current portion of long-term borrowings	27,673	31,178	3,504	
<b>Total non-current liabilities</b>	<b>176,267</b>	<b>189,734</b>	<b>13,466</b>	
Long-term borrowings	108,138	118,774	10,636	Investment in new stores and increase in inventory due to new stores, etc.
<b>Total net assets</b>	<b>157,257</b>	<b>165,792</b>	<b>8,534</b>	Equity ratio: 34.6%
<b>Total liabilities and net assets</b>	<b>458,557</b>	<b>479,006</b>	<b>20,449</b>	

# Status of Cash Flows (Consolidated)

Unit: Millions of yen	FYE Feb. 2024	FYE Feb. 2025	Change	FYE Feb. 2025 Major breakdown of each CF (Millions of yen)
Cash flows from operating activities	22,494	22,441	(53)	Profit before income taxes 21,540 Depreciation 15,497 Interest paid (2,299) Income taxes paid (7,689)
Cash flows from investing activities	(24,013)	(21,723)	2,290	Purchase of property, plant and equipment (20,211) Purchase of intangible assets (925)
Cash flows from financing activities	2,502	(1,433)	(3,935)	Proceeds from short-term and long-term borrowings, etc. 176,500 Repayments of short-term and long-term borrowings, etc. (169,058) Purchase of treasury shares and dividends (5,935)
Cash and cash equivalents at beginning of period	9,199	10,205	1,005	
Cash and cash equivalents at end of period	10,205	9,523	(681)	
Free cash flows	(1,519)	717	2,237	(Operating CF + Investing CF)

# Interest-Bearing Debt

- Interest-bearing debt increased due to new store openings and associated inventory growth, etc.
- DE ratio (interest-bearing debt / net assets): 1.25x
- Equity ratio: 34.6%
- ROE (return on equity): 8.80%

(Unit: Billions of yen)

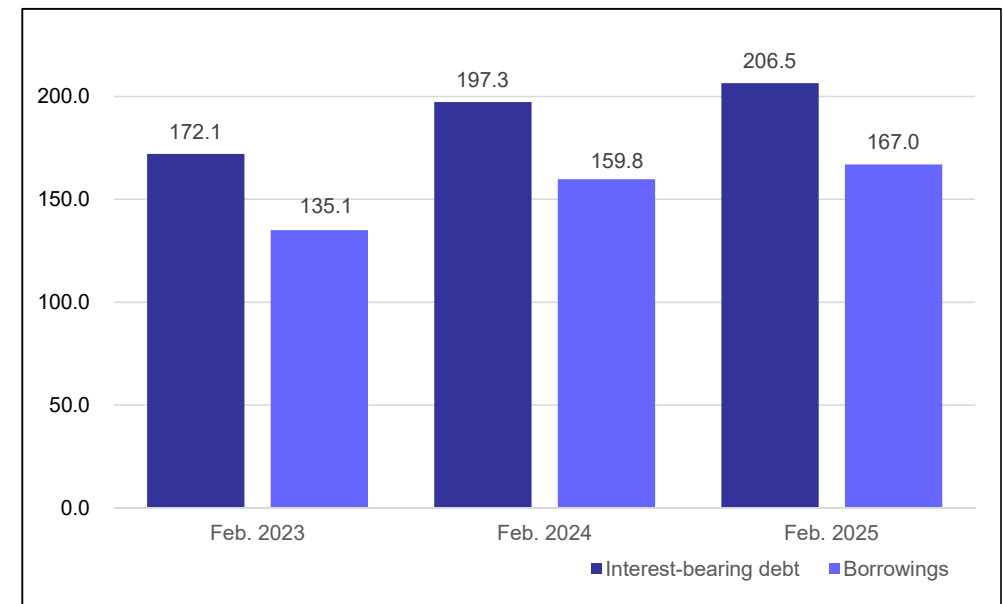
Item	FYE Feb. 2024	FYE Feb. 2025	Change
Total interest-bearing debt*1	197.3	206.5	9.1
Incl.) Total borrowings*2	159.8	167.0	7.2

\*1: Total interest-bearing debt: Total borrowings + current portion of lease liabilities + lease liabilities + current portion of long-term accounts payable - other + long-term accounts payable - other

\*2: Total borrowings: Short-term borrowings + long-term borrowings + current portion of long-term borrowings

Interest-bearing debt and borrowings chart

(Unit: Billions of yen)



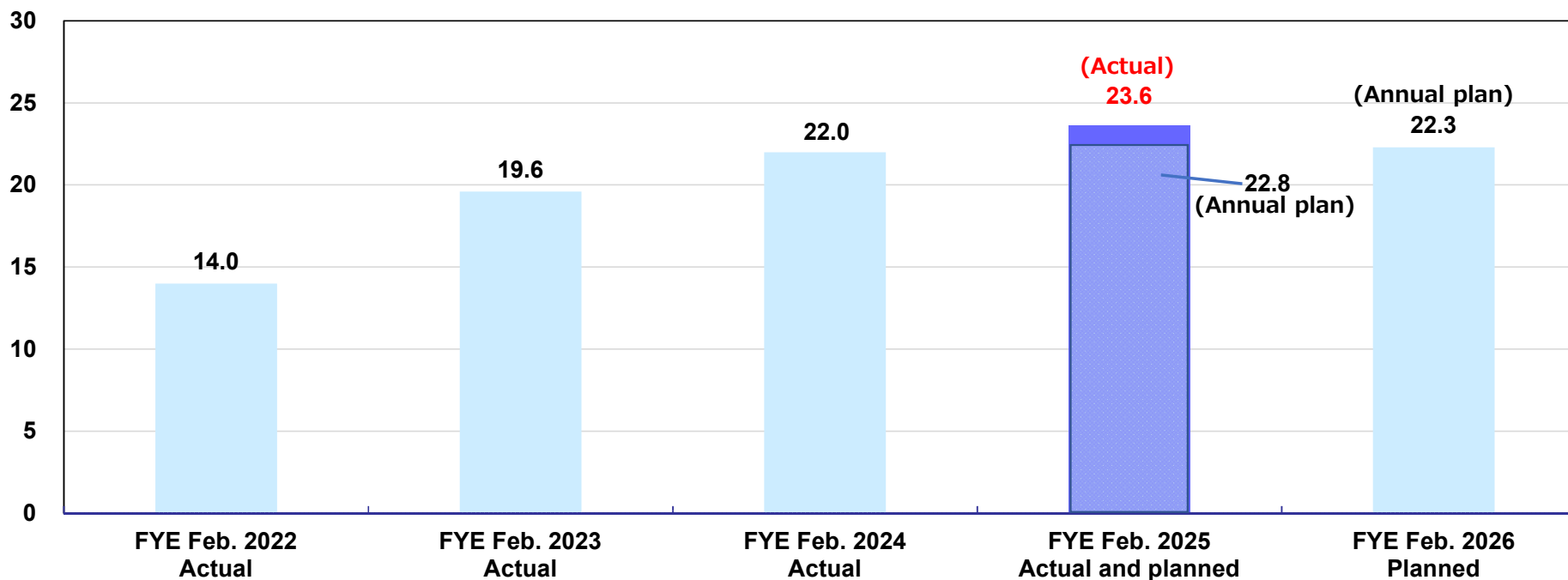


# Capital Investment: Actual & Planned

- FYE Feb. 2025 actual: 23.6 billion yen (103.5% of plan) Approximately 90% of investment was for store openings and renovations, which were more than planned due to additional openings at Super Value stores and other factors
- FYE Feb. 2026 planned: 22.3 billion yen Investment in new stores and remodeling of existing stores

(Unit: Billions of yen)

## Capital investment amount actual & planned



# 2

## **Forecast of Business Results and Shareholder Return Policy for the Fiscal Year Ending February 28, 2026**

## Forecast of Business Results for the Fiscal Year Ending February 28, 2026 (Consolidated)

- In the fiscal year ending February 28, 2026, we also aim to increase sales and profits for the third consecutive fiscal year through the implementation of growth strategies.

Item (Millions of yen)	FYE Feb. 2026 2nd Quarter	Sales ratio (previous year)	Year-on-year change	FYE Feb. 2026 Full Year	Sales ratio (previous year)	Year-on-year change
Operating revenue	267,200	—	104.1%	523,600	—	104.4%
Net sales	258,500	—	104.2%	506,000	—	104.5%
(Existing stores sales included)	—	—	—	—	—	101.1%
Gross profit	96,700	37.41% [37.06%]	105.1% [0.35pt]	189,000	37.35% [37.06%]	105.3% [0.29pt]
Operating income	8,700	—	103.3%	17,600	—	102.9%
SG&A expenses	89,000	34.4%	105.3%	181,000	35.8%	105.5%
Operating profit	16,400	6.3%	103.1%	25,600	5.1%	102.4%
Ordinary profit	15,600	6.0%	101.4%	24,000	4.7%	103.0%
Profit attributable to owners of parent	9,500	3.7%	103.0%	14,500	2.9%	102.0%

# Shareholder Return Policy

- Recognizing that shareholder returns are a key management issue, we will return profits to our shareholders based on the following policies.

## ■ Basic policies

- Regarding the return of profits to shareholders as one of our important management policies, we will pay stable dividends over the long term, based on a comprehensive assessment of our business outlook, investment in business activities, financial soundness, and other factors.
- We will consider treasury share buybacks as appropriate, depending on business performance, stock price levels, etc.

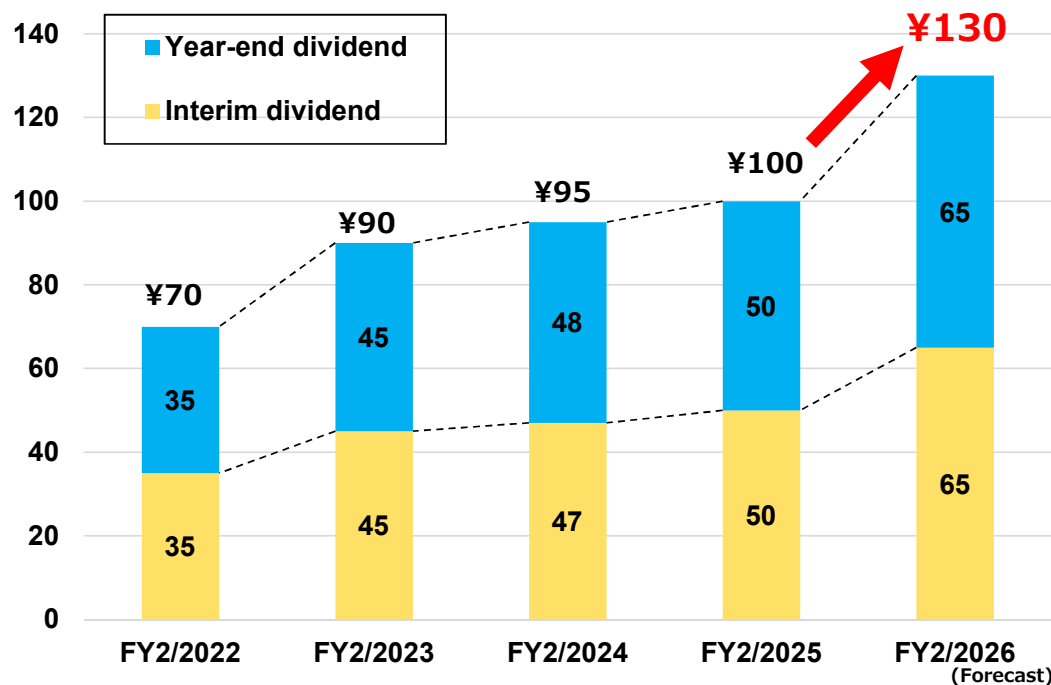
<Target> During the Medium-Term Management Plan Part IV (2025-2027)

- Total return ratio: 40% or more  
(FYE Feb. 2026 [planned]: dividend ¥130/year, treasury share buybacks ¥2.0 billion)
- Progressive dividends

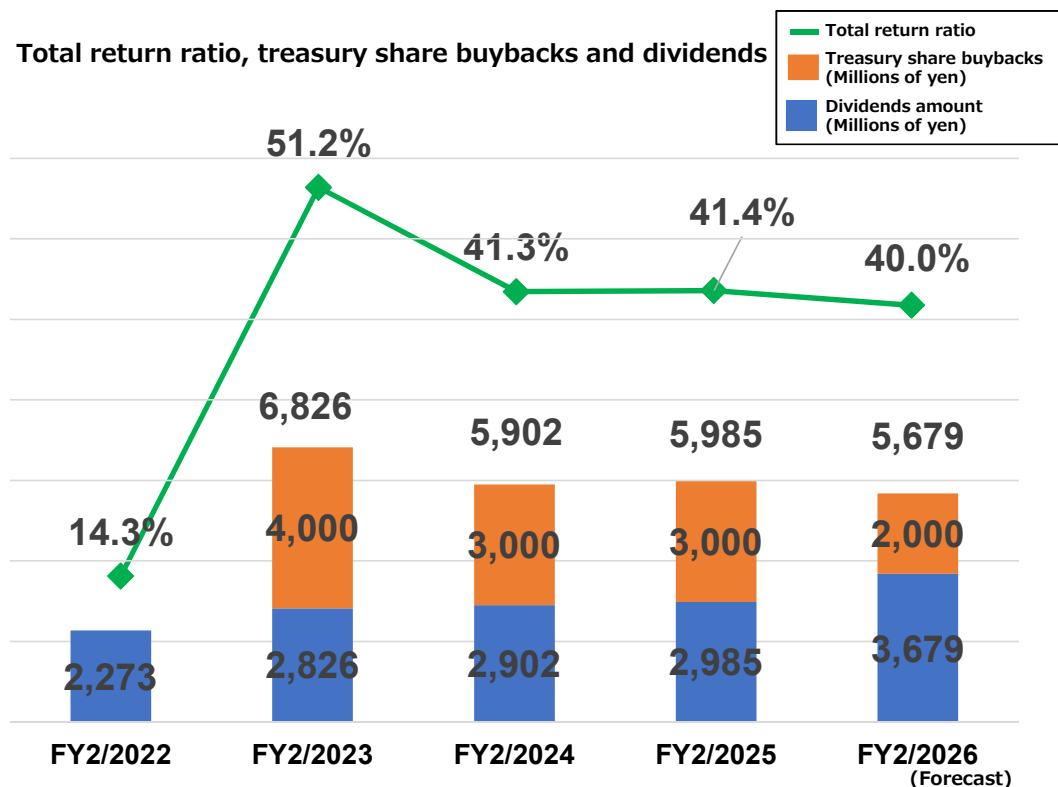
# Shareholder Returns: Dividends and Buybacks of Treasury Shares

- FYE Feb. 2026 ⇒ Dividends are expected to be increased by ¥30 per share for the full year, with a plan to buy back ¥2.0 billion of treasury shares.

1 Dividend per share (yen)



Total return ratio, treasury share buybacks and dividends



DOE  
(dividend on  
equity ratio)

1.62%

1.90%

1.85%

1.80%

2.11%

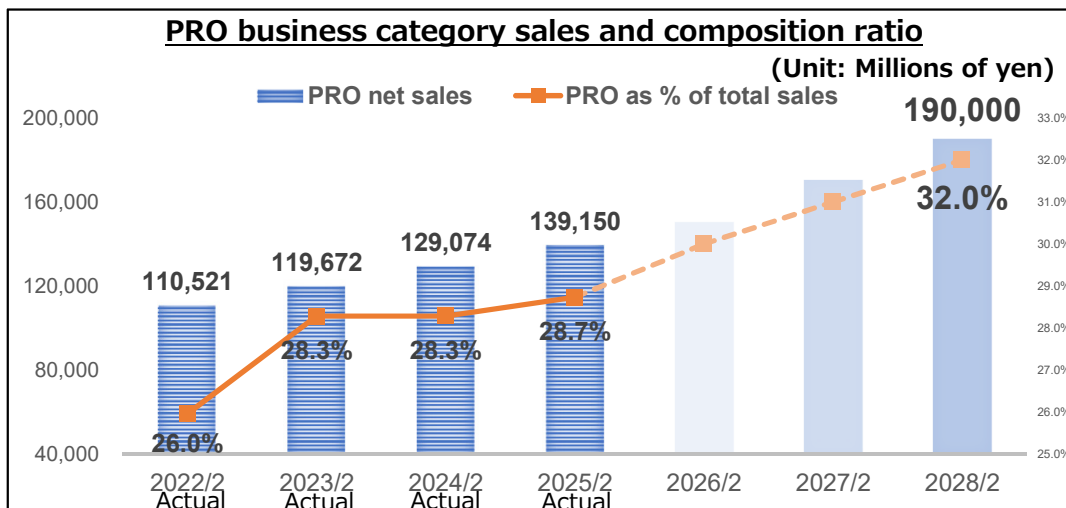
# 3




## Growth Strategy Initiatives

## Growth Strategy: Store Opening Strategy (further reinforcement of PRO business)

· Expand store network and capture demand by continuing to open stores in each PRO category (KOHNAN, KEN DEPOT, HI HIROSE)







- **Achieve overwhelming network of PRO business stores in Kanto, Kansai and Kyushu** areas where construction demand is high
  - Further strengthen dominance by increasing store openings
- Expanding store openings in major urban areas other than those mentioned above
  - **Steadily capture demand in the PRO market in regions other than the dominant market** by leveraging our accumulated know-how (emphasizing dialogue with craftspeople, reflecting this in product assortments and sales floor development tailored to each region, etc.)



	Kanto	Kansai	Kyushu	Other
	37	67	13	25
	53	2	16	17
	—	—	1	—
Total (As of February 28, 2025)	90	69	30	42

## Growth Strategy: Store Opening Strategy (Number of stores in FYE Feb. 2025)

■ As of February 28, 2025: Total number of stores: 641 (45 stores opened / 2 stores closed)

	No. of stores	Home Center	PRO		Home Center + Food + PRO
Japan	623				
		360 <sup>*1</sup>	142	88 (incl. 3 franchise stores)	33 (incl. 1 PRO store)
	43 stores opened 2 stores closed	21 stores opened 1 store closed	12 stores opened 0 stores closed	9 stores opened 1 store closed	1 store opened 0 stores closed
	No. of stores	Home Center			
Overseas	18	 KOHNAN VIETNAM CO.,LTD.		 KOHNAN (CAMBODIA) CO.,LTD. (Non-consolidated)	
		15 <sup>*2</sup>		3	
	2 stores opened 0 stores closed	2 stores opened 0 stores closed		0 stores opened 0 stores closed	

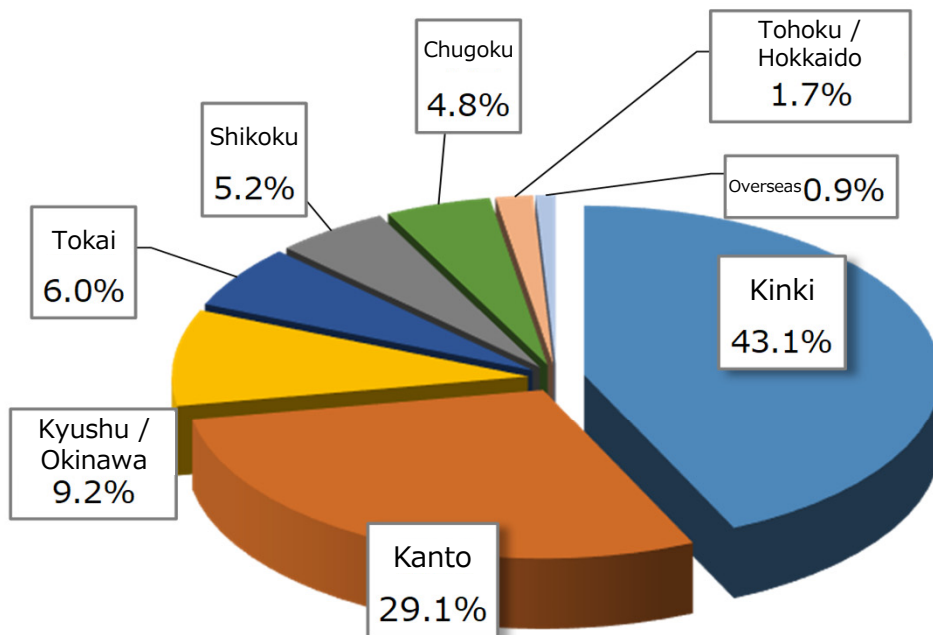
\*1: Includes 9 CAMP DEPOT stores.

\*2: The number of stores represents stores opened within the Company's accounting period (March-February), not the accounting period of KOHNAN VIETNAM (January-December).

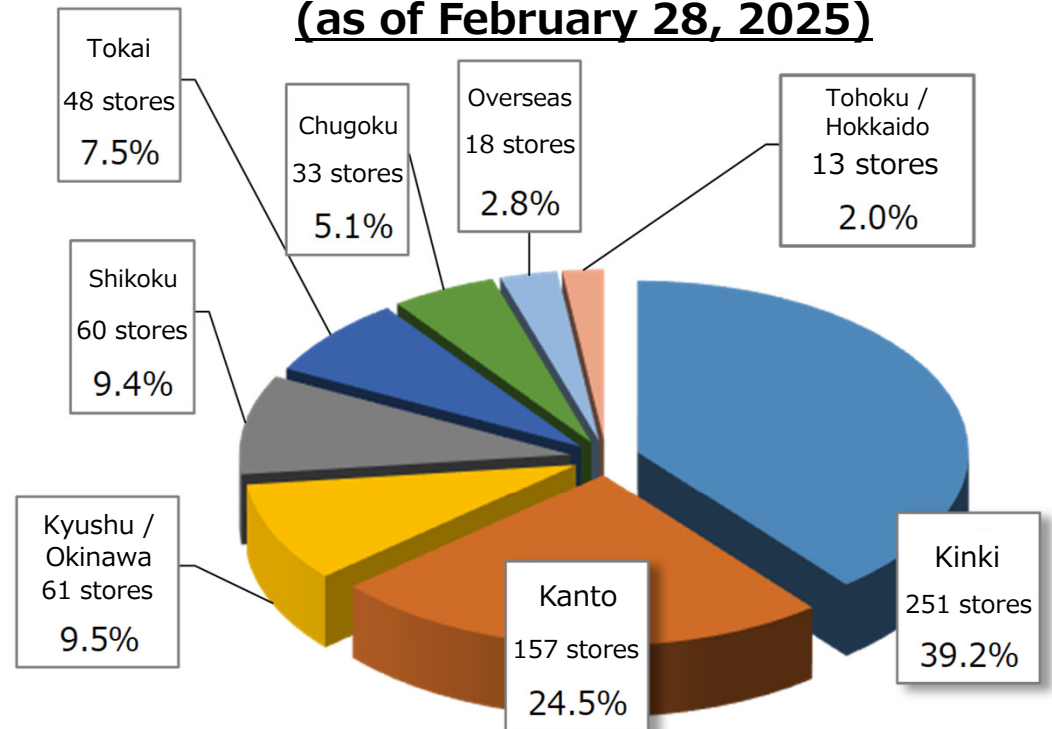


# Growth Strategy: Net Sales and Store Count Results by Region

**Net sales by Region**  
**(as of February 28, 2025)**









**Store Count by Region**  
**(as of February 28, 2025)**









**Total number of stores: 641**  
**(As of February 28, 2025)**

# Growth Strategy: Store Opening Plan for FYE Feb. 2026

## ■ Planned store openings in FYE Feb. 2026: 31 (planned)

	No. of stores	Home Center	PRO		
Japan	30				
		9	11	8	2
Overseas	1	 KOHNAN VIETNAM CO.,LTD.	 KOHNAN (CAMBODIA) CO.,LTD (Non-consolidated)		
		1*1	0		

## ■ Total number of stores by Feb. 28, 2026: 672 (planned)

	No. of stores	Home Center	PRO		HC + Food + PRO
Japan	653				
		369	153	96 (incl. 3 franchise stores)	35
Overseas	19	 KOHNAN VIETNAM CO.,LTD.	 KOHNAN (CAMBODIA) CO.,LTD (Non-consolidated)		
		16*1	3		



\*1: The number of stores of KOHNAN VIETNAM represents the number of stores based on the Company's accounting period (March-February), not the accounting period of KOHNAN VIETNAM (January-December).

# Growth Strategy: Product Strategy

FYE Feb. 2025 Actual

FYE Feb. 2026 Planned

PB Products

## ➤ PB Product Development Promotion

- Uniqueness of products developed through workshops

\* "Product information" on the Company's website (introducing new products and recommended PB products)  
(<https://www.hc-kohnan.com/news/products/>)



## ➤ Chateraise franchise, HI Hirose Shokunokura opens

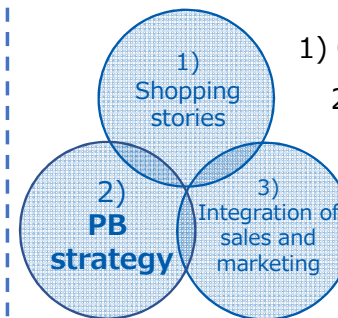
- 9/16 Opened Chateraise as a franchise in KOHNAN Shin-Osaka store
- 11/30 Opened HI Hirose Shokunokura in KOHNAN JR Imamiyaeki-mae store



## ➤ PB Product Development Promotion

→ Reflection of medium-term management plan initiatives such as improvement of customer problems

## ➤ Initiatives of Medium-Term Management Plan Part IV



- 1) Optimize category-specific sales space composition
- 2) **Establish PB products that are supported by customers**
- 3) Create a system to ensure consistency from development to display, sales, and advertising

## ➤ New initiatives

- Improve **number of customers and floor space efficiency** in existing stores through introduction of food products
- Consider **new format that strengthens food products**
- **Create group synergies** through HI Hirose's know-how

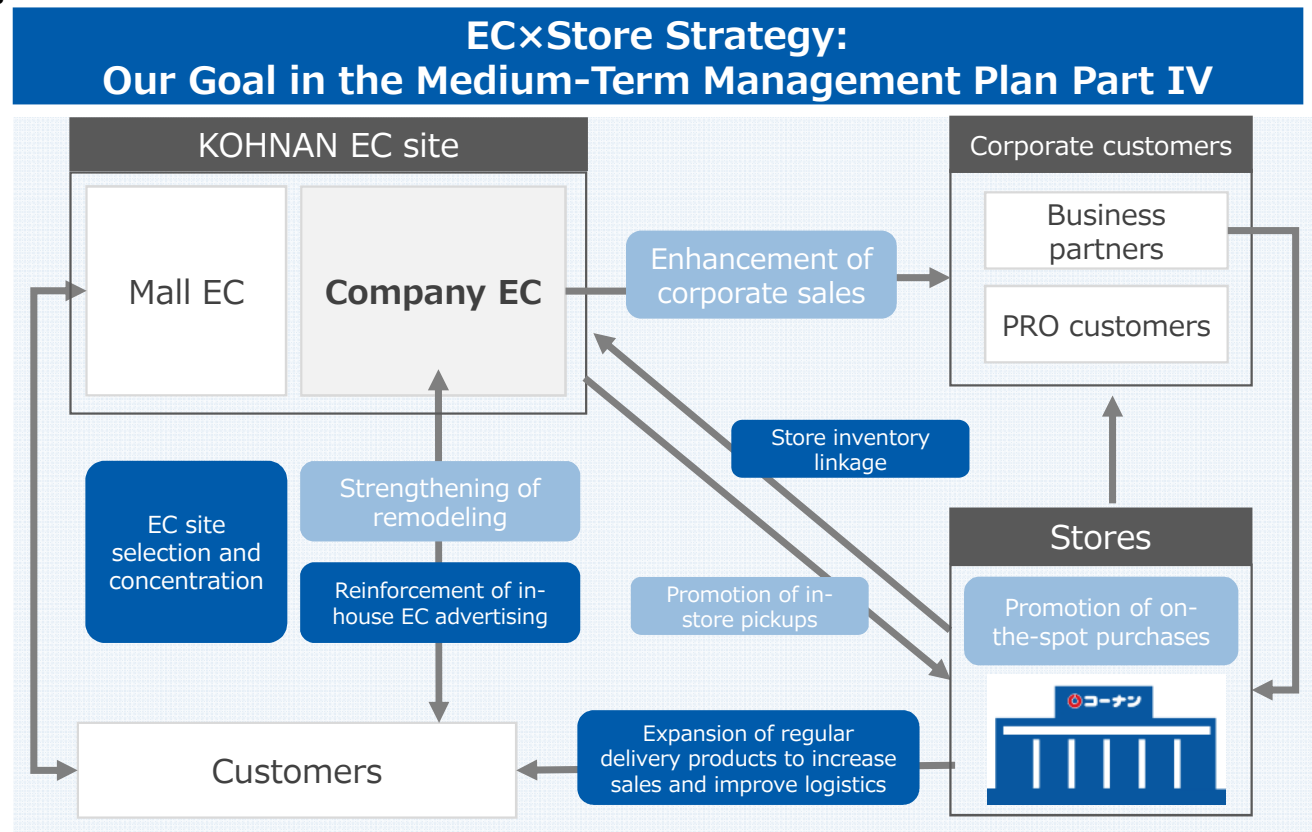
# Growth Strategy: EC/Store Strategy

## ➤ Role of EC site

- Critical positioning in sending customers to stores  
→ Promote in-store pickup and on-the-spot purchases  
(in-store pickups 154% compared to the previous fiscal year)



- Capturing demand for remodeling, corporate, etc.  
→ Customers directed to dedicated sites



# Growth Strategy: Fan Strategy

FYE Feb. 2025 Actual

- Build a customer base for greater customer convenience  
Update KOHNAN app as a point of contact with customers



- Launch new member services  
→ Provide **services exclusive to app members**
- Launch KOHNAN Plus services  
→ Provide **various services under a single ID**, such as ID integration with e-shop and linking with Rakuten Points  
→ Enables **provision of sales promotions tailored to each customer**



**KOHNAN Plus membership exceeded 500,000 in the first year!**

FYE Feb. 2026 Planned

- Promote expansion of app membership



- Outlook in the Medium-Term Management Plan Part IV  
→ Retain loyal customers and attract new customers  
Special focus on our priority categories  
→ Promote **KOHNAN's fan base**  
Building **better relationships with app members**



# Growth Strategy: Logistics Strategy

FYE Feb. 2025 Actual

- Shared storage and delivery operations with Group companies (Kanto region)  
⇒ Consolidate KEN DEPOT's logistics bases from "Shin Sagamihara C" to "Kawasaki Bay C" to reduce costs

	Current	After the change
KEN DEPOT (in Shin Sagamihara C)	45 stores	—
KOHNAN (Kawasaki Bay C jurisdiction)	74 stores	<b>119 stores</b>
KOHNAN (Shin Sagamihara C jurisdiction)	25 stores	25 stores

- Opening of logistics subsidiary SOUTHERNPORT LINE CO.,LTD

- [Goal] 1) Driver Shortage and Disaster Response  
⇒ Stabilize store transportation through in-house operations
- 2) Logistics cost containment  
⇒ Contain rising logistics costs by delivering goods by in-house vehicles



FYE Feb. 2026 Planned

- Conversion of a portion of the storage warehouse in Osaka into a distribution center

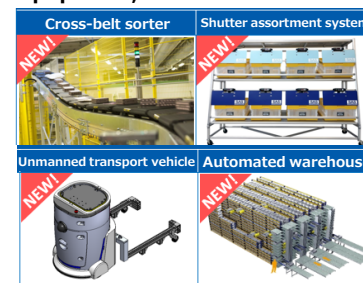
- ⇒ Expect to respond to new store openings, improve sorting and delivery efficiency, and reduce costs

◆50% reduction in delivery distance by opening in the center of the current three bases in the Kansai region

LP大阪ベイ 京都C 神戸西C 新貝塚C



- Introduction of new sorting equipment, etc.



- Improve work capacity at existing distribution centers  
(efficiency target: 15%)

- ⇒ Expect to improve work capacity and reduce costs by enhancing/expanding existing sorting equipment, introducing automated equipment, and renovating logistics systems.

Enhancement and expansion of existing sorting equipment



Introduction of automated equipment






Renovation of logistics system



# Growth Strategy: Operational Strategy

FYE Feb. 2025 Actual

## ➤ Improved efficiency of store operations [actual]

[POS system]	[Store operations terminal "NAVI-KO"]	[Automated work schedule]
		

Effects of  
Introduction

Compared to existing stores as of FYE Feb. 2021  
(before the start of medium-term management plan part III)

**Reduction of approx.**  
**870,000 hours, ¥1,750 million/year**

FYE Feb. 2026 Planned

## ➤ Improve efficiency of store and headquarters operations [planned]

[Store operations terminal "NAVI-KO"]	Strengthen store functions
	<ul style="list-style-type: none"> <li>• Enhance floor map functionality to improve efficiency of sales floor operations</li> <li>• Visualization of sales floor figures with heat-map function</li> <li>• Improvement of operational efficiency by digitalization of separate order processing</li> </ul>
	Strengthen utilization of headquarters
	<ul style="list-style-type: none"> <li>• Expansion of floor map functionality to improve efficiency of new stores and remodeling operations</li> <li>• Activation of store shelf rearrangement operation by heat-map function</li> </ul>

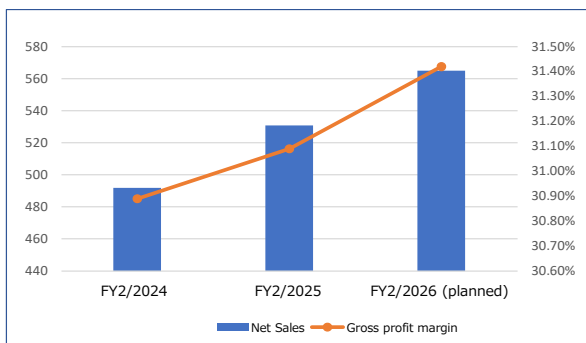
Expected  
Effects

By improving store operations, streamlining operations,  
and improving operations within the headquarters

**Reduction of approx.**  
**300,000 hours and ¥600 million/year**

# Growth Strategy: Group Company Strategy

## KEN DEPOT



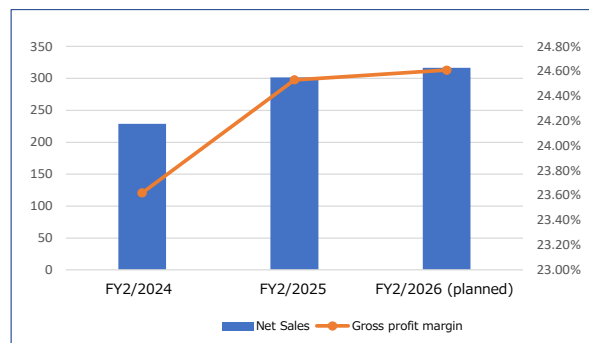
\* Net sales: Before application of revenue recognition accounting

### Main Initiatives Plan

- Strengthen dominance of PRO business
- Strengthen product competitiveness (in-house PB development, etc.)
- Expand product areas and development of new sales channels in corporate and wholesale sales
- Expand e-commerce, outlets, second-hand purchase and sales



## HOME IMPROVEMENT HIROSE



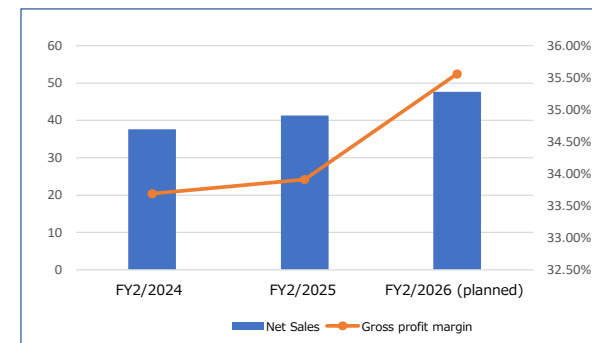
\* Net sales: Before application of revenue recognition accounting / 9 months for FYE Feb. 2023

### Main Initiatives Plan

- Attract customers by appealing to them on price
- Enhance group synergy (Common logistics/PB/Shelf allocation/Sales promotion)
- Expand sales of CGC products and differentiate food products
- Open new PRO business stores



## Vietnam



### Main Initiatives Plan

- Strengthen SB sales (Composition ratio target: 18%)
- Pursue assortment and depth of housing and lifestyle products
- Thoroughly control general costs







**Fiscal year ended February 28, 2025**

# **Supplementary Materials**

**(FYE Feb. 2023 - FYE Feb. 2025)**

**\* The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29) and relevant ASBJ regulations from the fiscal year ended February 28, 2023. Year-on-year comparisons show estimated percentage changes based on the assumption that the said accounting standard and regulations were applied in the fiscal year ended February 28, 2022.**

# 01. Consolidated Statement of Income

Item (Millions of yen)	FYE Feb. 2023			FYE Feb. 2024			FYE Feb. 2025		
	Actual	Year-on-year change* <sup>1</sup>	Sales ratio	Actual	Year-on-year change	Sales ratio	Actual	Year-on-year change	Sales ratio
Net sales	423,136	101.8%	—	456,345	107.8%	—	484,293	106.1%	—
Existing stores net sales* <sup>2</sup>	410,253	98.9%	—	424,373	101.0%	—	463,267	101.9%	—
Operating income	15,888	102.4%	—	16,309	102.7%	—	17,110	104.9%	—
Operating revenue	439,024	101.9%	—	472,655	107.7%	—	501,403	106.1%	—
Gross profit	159,835	100.4%	37.77%	170,806	106.9%	37.43%	179,458	105.1%	37.06%
SG&A expenses	153,704	103.2%	36.3%	163,018	106.1%	35.7%	171,567	105.2%	35.4%
Operating profit	22,019	85.2%	5.2%	24,097	109.4%	5.3%	25,001	103.8%	5.2%
Non-operating income and expenses	(1,287)	—	—	(1,498)	—	—	(1,695)	—	—
Ordinary profit	20,732	85.5%	4.9%	22,598	109.0%	5.0%	23,306	103.1%	4.8%
Extraordinary income/losses	(1,190)	—	—	(1,547)	—	—	(1,766)	—	—
Profit attributable to owners of parent	13,235	84.7%	3.1%	14,054	106.2%	3.1%	14,210	101.1%	2.9%

\*1: Year-on-year comparisons for the fiscal year ended February 28, 2023 are calculated based on the assumption that the “Accounting Standard for Revenue Recognition” and other regulations were applied in the previous year.

\*2: Stores that have been open for 13 months or longer during each period are considered to be existing stores, and their sales results and those of the same period of the previous year are compared.



## 02. Selling, General and Administrative Expenses (Consolidated), etc.

Item (Millions of yen)	FYE Feb. 2023			FYE Feb. 2024			FYE Feb. 2025		
	Actual	Year-on-year change*	Sales ratio	Actual	Year-on-year change	Sales ratio	Actual	Year-on-year change	Sales ratio
Personnel expenses	52,078	101.9%	12.3%	55,669	106.9%	12.2%	58,909	105.8%	12.2%
Rent expenses	48,076	103.4%	11.4%	51,043	106.2%	11.2%	53,101	104.0%	11.0%
Depreciation (incl. amortization of goodwill)	14,537	102.8%	3.4%	15,848	109.0%	3.5%	16,817	106.1%	3.5%
Other SG&A expenses	39,013	105.0%	9.2%	40,457	103.7%	8.9%	42,738	105.6%	8.8%
<b>Total</b>	<b>153,704</b>	<b>103.2%</b>	<b>36.3%</b>	<b>163,018</b>	<b>106.1%</b>	<b>35.7%</b>	<b>171,567</b>	<b>105.2%</b>	<b>35.4%</b>

\* Year-on-year comparisons for the fiscal year ended February 28, 2023 are calculated based on the assumption that the “Accounting Standard for Revenue Recognition” and other regulations were applied in the same period of the previous fiscal year.

Item (Millions of yen)	FYE Feb. 2023		FYE Feb. 2024		FYE Feb. 2025	
	Actual	Year-on-year change	Actual	Year-on-year change	Actual	Year-on-year change
Equity ratio	35.7%	(0.1)pt	34.3%	(1.4)pt	34.6%	0.3pt
Interest-bearing debt	172,122	107.0%	197,398	114.7%	206,587	104.7%
DE ratio	1.15 times	—	1.26 times	—	1.25 times	—

## 03. Consolidated Balance Sheet

Item (Millions of yen)	FYE Feb. 2023	Change	FYE Feb. 2024	Change	FYE Feb. 2025	Change
Total current assets	141,292	17,408	159,455	18,163	170,496	11,040
Cash and deposits	9,218	(3,024)	11,723	2,505	10,842	(881)
Accounts receivable - trade	13,568	2,932	15,798	2,230	17,893	2,094
Merchandise and finished goods	108,898	15,785	121,758	12,859	131,973	10,215
Total non-current assets	277,957	3,764	299,101	21,144	308,510	9,408
Property, plant and equipment	189,393	1,822	206,786	17,392	216,101	9,314
Intangible assets	26,888	(1,281)	26,860	(28)	25,148	(1,711)
Total assets	419,249	21,173	458,557	39,307	479,006	20,449
Total current liabilities	115,553	13,139	125,032	9,478	123,480	(1,551)
Accounts payable – trade	42,280	2,868	44,823	2,542	47,272	2,448
Short-term borrowings	20,937	11,750	24,000	3,062	17,100	(6,900)
Current portion of long-term borrowings	26,624	882	27,673	1,049	31,178	3,504
Total non-current liabilities	154,140	922	176,267	22,127	189,734	13,466
Long-term borrowings	87,626	1,638	108,138	20,511	118,774	10,636
Total net assets	149,555	7,110	157,257	7,702	165,792	8,534
Total liabilities and net assets	419,249	21,173	458,557	39,307	479,006	20,449

## 04. Net Sales by Product Division (Consolidated/KOHNAN Non-consolidated)

### ■ Consolidated

Product Division (Millions of yen)	FYE Feb. 2023		FYE Feb. 2024		FYE Feb. 2025	
	Net sales	Year-on-year change* <sup>1</sup>	Net sales	Year-on-year change	Net sales	Year-on-year change
Home improvement (DIY supplies, PRO products, gardening)	207,336	103.5%	218,848	105.6%	232,140	106.1%
Housekeeping (household supplies)	141,815	99.2%	144,630	105.6%	152,519	105.5%
Pet and leisure (pet and leisure supplies)	60,549	102.1%	67,554	111.6%	69,986	103.6%
Food (food, alcoholic beverages)	—	—	11,351	—	14,215	125.2%
Other (100 Yen Shops, kerosene, vending machines, etc.)	13,434	105.0%	13,961	103.9%	15,431	110.5%
<b>Total</b>	<b>423,136</b>	<b>101.8%</b>	<b>456,345</b>	<b>107.8%</b>	<b>484,293</b>	<b>106.1%</b>

### ■ KOHNAN Non-consolidated

Product Division (Millions of yen)	FYE Feb. 2023* <sup>2</sup>			FYE Feb. 2024			FYE Feb. 2025		
	Net sales	Year-on-year change* <sup>1</sup>	Gross profit margin	Net sales	Year-on-year change	Gross profit margin	Net sales	Year-on-year change	Gross profit margin
Home improvement	162,274	101.9%	39.37%	173,190	106.7%	39.03%	182,423	105.3%	38.45%
Housekeeping	132,775	97.7%	37.56%	134,844	101.6%	37.21%	141,256	104.8%	36.89%
Pet and leisure	59,916	102.0%	41.59%	64,738	108.0%	41.80%	66,162	102.2%	41.39%
Other	18,102	112.3%	25.57%	19,327	106.8%	24.58%	21,386	110.7%	24.57%
<b>Total</b>	<b>373,068</b>	<b>100.8%</b>	<b>38.41%</b>	<b>392,101</b>	<b>105.1%</b>	<b>38.15%</b>	<b>411,229</b>	<b>104.9%</b>	<b>37.67%</b>

\*1: Year-on-year comparisons for the fiscal year ended February 28, 2023 are calculated based on the assumption that the "Accounting Standard for Revenue Recognition" and other regulations were applied in the same period of the previous fiscal year.

\*2: Figures for BEAVERTOZAN are not included.



## 05. Net Sales by PB Product Division (Consolidated/KOHNAN Non-consolidated)

### ■ Consolidated

Product Division (Millions of yen)	FYE Feb. 2023			FYE Feb. 2024			FYE Feb. 2025		
	PB net sales	PB sales composition ratio*1	Composition ratio year-on-year difference	PB net sales	PB sales composition ratio*1	Composition ratio year-on-year difference	PB net sales	PB sales composition ratio*1	Composition ratio year-on-year difference
Home improvement (DIY supplies)	60,757	33.7%	2.2pt	65,227	34.1%	0.4pt	69,600	34.4%	0.3pt
Housekeeping (household supplies)	50,541	37.1%	0.6pt	51,878	36.1%	(1.0)pt	53,516	35.3%	(0.8)pt
Pet and leisure (pet and leisure supplies)	24,126	40.8%	1.9pt	26,272	39.7%	(1.1)pt	26,842	39.2%	(0.5)pt
Total	135,425	36.0%	1.5pt	143,377	35.7%	(0.3)pt	149,959	35.5%	(0.2)pt

### ■ KOHNAN Non-consolidated

Product Division (Millions of yen)	FYE Feb. 2023*2			FYE Feb. 2024			FYE Feb. 2025		
	PB net sales	PB sales composition ratio*1	Composition ratio year-on-year difference	PB net sales	PB sales composition ratio*1	Composition ratio year-on-year difference	PB net sales	PB sales composition ratio*1	Composition ratio year-on-year difference
Home improvement (DIY supplies)	53,353	36.0%	1.2pt	56,509	35.5%	(0.5)pt	59,409	35.7%	0.2pt
Housekeeping (household supplies)	49,513	38.9%	1.0pt	49,827	38.6%	(0.3)pt	50,536	37.6%	(1.0)pt
Pet and leisure (pet and leisure supplies)	23,942	40.9%	1.9pt	25,863	40.8%	(0.1)pt	26,120	40.4%	(0.4)pt
Total	126,809	37.9%	1.2pt	132,200	37.6%	(0.3)pt	136,065	37.2%	(0.4)pt

\*1: Division sales composition ratios for both consolidated and KOHNAN non-consolidated are calculated excluding remodeling, 100 Yen Shops, food and alcoholic beverages, etc.

\*2: Figures for BEAVERTOZAN are not included.



## 06. Results by Business Category at Companies

Company name (Millions of yen)	Business category	FYE Feb. 2023			FYE Feb. 2024			FYE Feb. 2025		
		Net sales	Year-on-year change*1	Gross profit margin	Net sales	Year-on-year change	Gross profit margin	Net sales	Year-on-year change	Gross profit margin
KOHNAN	HC	294,372	98.6%	39.62%	300,074	101.9%	39.34%	311,898	103.9%	38.87%
	PRO	75,016	107.6%	35.29%	81,903	109.2%	35.43%	88,626	108.2%	35.07%
	Other*2	9,793	—	—	10,123	—	—	10,704	—	—
	Total	379,183	100.8%	38.33%	392,101	103.4%	38.15%	411,229	104.9%	37.67%
KEN DEPOT	PRO	44,655	110.9%	30.01%	47,170	105.6%	30.74%	50,523	107.1%	30.95%
	Other*2	1,034	—	—	1,564	—	—	1,981	—	—
	Total	45,690	111.0%	29.66%	48,734	106.7%	30.25%	52,505	107.7%	30.35%
HI HIROSE	HC+PRO	—	—	—	10,588	—	32.79%	14,446	136.4%	33.99%
	Food	—	—	—	5,753	—	25.90%	7,854	136.5%	24.23%
	Other*2	—	—	—	1,406	—	—	1,197	—	—
	Total	—	—	—	17,748	—	29.86%	23,499	132.4%	30.77%
KOHNAN VIETNAM	Total	3,077	194.1%	32.73%	3,757	122.1%	33.69%	4,133	110.0%	33.91%
Consolidation adjustment		(4,815)	—	—	(5,996)	—	—	(7,073)	—	—
Consolidated total	Total	423,136	101.8%	37.77%	456,345	107.8%	37.43%	484,293	106.1%	37.06%

\*1: Year-on-year comparisons for the fiscal year ended February 28, 2023 are calculated based on the assumption that the “Accounting Standard for Revenue Recognition” and other regulations were applied in the same period of the previous fiscal year.

\*2: Others: EC, supply of products to other companies (including within own group), etc.

## 07. Number of Stores (as of February 28, 2025)

	Business category	FYE Feb. 2023			FYE Feb. 2024			FYE Feb. 2025		
		Stores opened	Stores closed	No. of stores	Stores opened	Stores closed	No. of stores	Stores opened	Stores closed	No. of stores
KOHANAN	HC*	15	1	334	8	2	340	21	1	360
	PRO	13	0	119	12	1	130	12	0	142
	Total	28	1	453	20	3	470	33	1	502
KEN DEPOT	PRO	6	2	72	8	0	80	9	1	88
HI HIROSE	HC+Food +PRO	—	—	—	32	0	32	1	0	33
KOHANAN VIETNAM	HC	3	0	11	2	0	13	2	0	15
KOHANAN CAMBODIA	HC	3	0	3	0	0	3	0	0	3
Total	Total	40	3	539	62	3	598	45	2	641

\* Including 9 CAMP DEPOT stores





**[Notes on Prospects]**

**Some of the information disclosed by the Company may contain forward-looking statements. These statements are based on assumptions determined from information currently available to the Company, and are subject to various risks, uncertainties and assumptions. Therefore, actual results may differ from our estimates.**