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October 9, 2025

Consolidated Financial Results for the Six Months Ended August 31, 2025 (Under Japanese GAAP)

Company name: KOHNAN SHOJI CO., LTD.
Listing: Tokyo
Securities code: 7516
URL: https://www.hc-kohnan.com/
Representative: NAOTARO HIKIDA, PRESIDENT
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Telephone: +81-6-6397-1621
Scheduled date to file semi-annual securities report: October 10, 2025
Scheduled date to commence dividend payments: November 6, 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 six months ended August 31, 2025 (from March 1, 2025 to August 31, 2025)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
August 31, 2025	265,049	3.3	14,702	(7.6)	13,730	(10.8)	8,726	(5.4)
August 31, 2024	256,612	7.7	15,904	1.8	15,388	2.9	9,225	(10.0)

Note: Comprehensive income For the six months ended August 31, 2025: ¥8,821 million [(6.1)%]
For the six months ended August 31, 2024: ¥9,397 million [(10.6)%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
August 31, 2025	305.77	305.72
August 31, 2024	317.80	317.70

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
August 31, 2025	496,223	171,807	34.6
February 28, 2025	479,006	165,792	34.6

Reference: Equity
As of August 31, 2025: ¥171,807 million
As of February 28, 2025: ¥165,792 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, 2025	–	50.00	–	50.00	100.00
Fiscal year ending February 28, 2026	–	65.00			
Fiscal year ending February 28, 2026 (Forecast)			–	65.00	130.00

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

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
Full year	523,600	4.4	25,600	2.4	24,000	3.0	14,500	2.0	505.67

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

* **Notes**

(1) Significant changes in the scope of consolidation during the period: No

(2) Adoption of accounting treatment specific to the preparation of semi-annual 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

(4) Number of issued shares (common shares)

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

As of August 31, 2025	34,682,113 shares
As of February 28, 2025	34,682,113 shares

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

As of August 31, 2025	6,354,914 shares
As of February 28, 2025	6,007,704 shares

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

Six months ended August 31, 2025	28,539,995 shares
Six months ended August 31, 2024	29,027,358 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)” and the employee incentive plan “Employee Share Benefit Trust (J-ESOP).”

* Semi-annual financial results reports are exempt from 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 six months ended August 31, 2025, the company’s semi-annual financial statements as of the end of June have been used, with important transactions occurring during the interval between then and the consolidated balance sheet date (end of August) 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, October 9 and Friday, October 10, 2025.

Attached Material

1. Overview of operating results and others

(1) Overview of operating results for the period under review

During the six months ended August 31, 2025, the Japanese economy continued to be on a gradual recovery trend due to improvements in the employment and income environment, and other factors. On the other hand, 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. The 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 deteriorating consumer confidence against a backdrop of rising prices, increasing logistics costs, supply constraints caused by labor shortages, and other factors.

Under these circumstances, the Group announced in April 2025 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 and is working on various measures to achieve the plan. 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. The Group will continue to pursue sales expansion and high profitability while further strengthening its financial position.

In the area of store expansion, the Group opened 18 stores and closed two stores during the six months ended August 31, 2025. As a result, the number of stores of the Group as of the end of the period under review was brought to 652.

Since the first six months of KOHNAN VIETNAM CO., LTD. is from January 1, 2025 to June 30, 2025, the number of its stores as of the end of the period under review is presented as the number of stores as of June 30, 2025.

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 period under review
KOHNAN SHOJI CO., LTD.	502	12	(2)	512
KEN DEPOT Corporation [Number of franchise stores]	88 [3]	1 [–]	– [–]	89 [3]
HOME IMPROVEMENT HIROSE Co., Ltd.	33	2	–	35
Total in Japan [Number of franchise stores]	623 [3]	15 [–]	(2) [–]	636 [3]
KOHNAN VIETNAM CO., LTD.	13	3	–	16
Total [Number of franchise stores]	636 [3]	18 [–]	(2) [–]	652 [3]

As a result, for the first six months of the fiscal year under review, operating revenue was ¥265,049 million (up 3.3% year on year), gross profit was ¥94,705 million (up 3.0% year on year), selling, general and administrative expenses were ¥88,754 million (up 5.0% year on year), operating profit was ¥14,702 million (down 7.6% year on year), ordinary profit was ¥13,730 million (down 10.8% year on year), and profit attributable to owners of parent was ¥8,726 million (down 5.4% year on year).

(2) Overview of financial position for the period under review

As of August 31, 2025, total assets stood at ¥496,223 million, up ¥17,216 million from the previous fiscal year-end. This mainly reflected increases of ¥3,648 million in cash and deposits, ¥2,710 million in accounts receivable - trade and ¥7,874 million in merchandise and finished goods.

As of August 31, 2025, total liabilities were ¥324,416 million, up ¥11,202 million from the previous fiscal year-end. This mainly reflected increases of ¥5,786 million in accounts payable - trade, ¥1,939 million in electronically recorded obligations - operating, ¥2,370 million in current portion of long-term borrowings, and ¥2,004 million in long-term borrowings, while there was a decrease of ¥3,300 million in short-term borrowings.

As of August 31, 2025, net assets stood at ¥171,807 million, and the equity ratio was 34.6%.

Status of cash flows

Cash and cash equivalents as of August 31, 2025 increased by ¥3,048 million from the previous fiscal year-end to ¥12,572 million.

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

Cash flows from operating activities

Operating activities provided net cash of ¥16,060 million (down ¥792 million year on year). This mainly reflected profit before income taxes of ¥13,164 million, depreciation of ¥7,990 million, and an increase in trade payables of ¥7,773 million, partially offset by an increase in trade receivables of ¥2,711 million, an increase in inventories of ¥8,344 million, and income taxes paid of ¥4,059 million.

Cash flows from investing activities

Investing activities used net cash of ¥9,852 million (down ¥1,065 million year on year). This was mainly the result of purchase of property, plant and equipment of ¥7,227 million and payments of guarantee deposits of ¥2,528 million.

Cash flows from financing activities

Financing activities used net cash of ¥3,106 million (down ¥561 million year on year). This mainly reflected repayments of short-term borrowings of ¥60,000 million, repayments of long-term borrowings of ¥15,125 million, repayments of lease liabilities of ¥1,388 million, dividends paid of ¥1,480 million, and purchase of treasury shares of ¥1,343 million, partially offset by proceeds from short-term borrowings of ¥56,100 million and proceeds from long-term borrowings of ¥19,500 million.

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

Consolidated earnings forecasts for the fiscal year ending February 28, 2026, are unchanged from the consolidated earnings forecasts for the full year ending February 28, 2026 that were announced on April 11, 2025, at the time of the announcement of consolidated financial results for the fiscal year ended February 28, 2025.

2. Semi-annual consolidated financial statements and significant notes thereto

(1) Semi-annual consolidated balance sheet

(Millions of yen)

	As of February 28, 2025	As of August 31, 2025
Assets		
Current assets		
Cash and deposits	10,842	14,491
Accounts receivable - trade	17,893	20,604
Merchandise and finished goods	131,973	139,847
Raw materials and supplies	1,186	1,218
Other	8,649	10,675
Allowance for doubtful accounts	(49)	(48)
Total current assets	170,496	186,789
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	133,171	132,690
Land	51,741	51,741
Leased assets, net	20,546	19,190
Construction in progress	2,548	3,919
Other, net	8,093	8,129
Total property, plant and equipment	216,101	215,672
Intangible assets		
Trademark right	2,412	2,246
Customer-related intangible assets	1,860	1,747
Goodwill	13,288	12,733
Other	7,587	7,594
Total intangible assets	25,148	24,321
Investments and other assets		
Investment securities	4,515	5,350
Guarantee deposits	53,510	54,814
Deferred tax assets	7,532	7,525
Other	1,883	1,915
Allowance for doubtful accounts	(182)	(164)
Total investments and other assets	67,260	69,440
Total non-current assets	308,510	309,434
Total assets	479,006	496,223

(Millions of yen)

	As of February 28, 2025	As of August 31, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	36,820	42,607
Electronically recorded obligations - operating	10,451	12,390
Short-term borrowings	17,100	13,800
Current portion of long-term borrowings	31,178	33,548
Lease liabilities	2,769	2,762
Income taxes payable	4,748	5,414
Contract liabilities	4,124	3,612
Provision for bonuses	2,593	2,689
Provision for bonuses for directors (and other officers)	180	–
Other	13,513	16,395
Total current liabilities	123,480	133,220
Non-current liabilities		
Long-term borrowings	118,774	120,778
Lease liabilities	23,366	22,279
Guarantee deposits received	10,851	10,809
Provision for loss on voluntary recall of goods	455	426
Provision for share awards	1,270	1,447
Retirement benefit liability	361	370
Asset retirement obligations	19,108	19,286
Other	15,544	15,796
Total non-current liabilities	189,734	191,195
Total liabilities	313,214	324,416
Net assets		
Shareholders’ equity		
Share capital	17,658	17,658
Capital surplus	17,922	17,922
Retained earnings	152,173	159,419
Treasury shares	(23,033)	(24,358)
Total shareholders’ equity	164,722	170,642
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	431	653
Deferred gains or losses on hedges	(130)	(78)
Foreign currency translation adjustment	619	451
Remeasurements of defined benefit plans	149	139
Total accumulated other comprehensive income	1,070	1,165
Total net assets	165,792	171,807
Total liabilities and net assets	479,006	496,223

(2) Semi-annual consolidated statement of income and semi-annual consolidated statement of comprehensive income

Semi-annual consolidated statement of income

(Millions of yen)

	Six months ended August 31, 2024	Six months ended August 31, 2025
Net sales	248,190	256,297
Cost of sales	156,214	161,592
Gross profit	91,975	94,705
Operating revenue	8,421	8,751
Selling, general and administrative expenses	84,493	88,754
Operating profit	15,904	14,702
Non-operating income		
Interest income	60	52
Insurance claim income	62	42
Foreign exchange gains	191	242
Gain on investments in silent partnerships	168	168
Subsidy income	4	–
Income from fees for business	54	–
Other	342	270
Total non-operating income	883	775
Non-operating expenses		
Interest expenses	1,123	1,386
Other	275	361
Total non-operating expenses	1,399	1,747
Ordinary profit	15,388	13,730
Extraordinary income		
Gain on sale of non-current assets	137	–
Gain on cancellation of guaranteed deposits received	3	5
Total extraordinary income	140	5
Extraordinary losses		
Impairment losses	1,287	429
Loss on disaster	–	123
Loss on retirement of non-current assets	5	18
Total extraordinary losses	1,293	571
Profit before income taxes	14,235	13,164
Income taxes - current	5,268	4,670
Income taxes - deferred	(257)	(232)
Total income taxes	5,010	4,437
Profit	9,225	8,726
Profit attributable to owners of parent	9,225	8,726

Semi-annual consolidated statement of comprehensive income

(Millions of yen)

	Six months ended August 31, 2024	Six months ended August 31, 2025
Profit	9,225	8,726
Other comprehensive income		
Valuation difference on available-for-sale securities	38	221
Deferred gains or losses on hedges	(8)	51
Foreign currency translation adjustment	148	(167)
Remeasurements of defined benefit plans, net of tax	(5)	(10)
Total other comprehensive income	172	94
Comprehensive income	9,397	8,821
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,397	8,821
Comprehensive income attributable to non-controlling interests	–	–

(3) Semi-annual consolidated statement of cash flows

(Millions of yen)

	Six months ended August 31, 2024	Six months ended August 31, 2025
Cash flows from operating activities		
Profit before income taxes	14,235	13,164
Depreciation	7,538	7,990
Amortization of goodwill	670	554
Increase (decrease) in provision for bonuses for directors (and other officers)	(200)	(180)
Increase (decrease) in provision for loss on voluntary recall of goods	(41)	(28)
Increase (decrease) in provision for share awards	162	176
Gain on sale of non-current assets	(137)	–
Gain on cancellation of guaranteed deposits received	(3)	(5)
Impairment losses	1,287	429
Loss on disaster	–	123
Loss on retirement of non-current assets	5	18
Income from fees for business	(54)	–
Subsidy income	(4)	–
Interest and dividend income	(60)	(52)
Interest expenses	1,123	1,386
Decrease (increase) in trade receivables	(5,609)	(2,711)
Decrease (increase) in inventories	(5,160)	(8,344)
Increase (decrease) in trade payables	8,822	7,773
Increase (decrease) in contract liabilities	(102)	(512)
Increase (decrease) in accrued consumption taxes	(1,417)	1,474
Other, net	606	161
Subtotal	21,660	21,420
Interest and dividends received	23	42
Interest paid	(1,108)	(1,369)
Payments associated with disaster loss	–	(1)
Fees for business received	54	–
Subsidies received	4	–
Income taxes refund (paid)	(3,909)	(4,059)
Other, net	127	28
Net cash provided by (used in) operating activities	16,852	16,060
Cash flows from investing activities		
Purchase of property, plant and equipment	(9,634)	(7,227)
Purchase of intangible assets	(378)	(558)
Proceeds from sale of property, plant and equipment	6	6
Proceeds from sale of investment securities	20	–
Payments of guarantee deposits	(1,682)	(2,528)
Proceeds from refund of guarantee deposits	641	1,216
Guarantee deposits received	434	331
Refund of guarantee deposits received	(100)	(368)
Other, net	(226)	(722)
Net cash provided by (used in) investing activities	(10,918)	(9,852)

(Millions of yen)

	Six months ended August 31, 2024	Six months ended August 31, 2025
Cash flows from financing activities		
Proceeds from short-term borrowings	72,400	56,100
Repayments of short-term borrowings	(81,700)	(60,000)
Proceeds from long-term borrowings	25,390	19,500
Repayments of long-term borrowings	(13,566)	(15,125)
Repayments of lease liabilities	(1,394)	(1,388)
Collection of accounts receivable installment and others on sales of assets	402	1,397
Repayments of installment payables	(636)	(670)
Dividends paid	(1,454)	(1,480)
Purchase of treasury shares	(3,000)	(1,343)
Other, net	(108)	(96)
Net cash provided by (used in) financing activities	(3,668)	(3,106)
Effect of exchange rate change on cash and cash equivalents	44	(52)
Net increase (decrease) in cash and cash equivalents	2,310	3,048
Cash and cash equivalents at beginning of period	10,205	9,523
Cash and cash equivalents at end of period	12,515	12,572

(4) Notes to semi-annual consolidated financial statements

Uncertainties of entity's ability to continue as going concern

Not applicable

Notes on changes in accounting policies

Application of the "Accounting Standard for Current Income Taxes," etc.

The Company has applied the "Accounting Standard for Current Income Taxes" (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; the "Revised Accounting Standard of 2022"), etc. from the beginning of the first six months of the fiscal year under review.

Revisions to categories for recording current income taxes (taxation on other comprehensive income) conform to the transitional treatment in the proviso of paragraph 20-3 of the Revised Accounting Standard of 2022 and to the transitional treatment in the proviso of paragraph 65-2(2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022; the "Revised Guidance of 2022"). This change in accounting policies has no impact on the semi-annual consolidated financial statements.

In addition, for changes related to the revised treatment in consolidated financial statements when a gain or loss on sale arising from the sale of shares of subsidiaries, etc. among consolidated companies is deferred for tax purposes, the Revised Guidance of 2022 has been applied from the beginning of the first six months of the fiscal year under review. This change in accounting policies has been applied retrospectively, and is reflected in the semi-annual consolidated financial statements for the same period of the previous fiscal year and the consolidated financial statements for the previous fiscal year. This change in accounting policies has no impact on the semi-annual consolidated financial statements for the same period of the previous fiscal year and the consolidated financial statements for the previous fiscal year.

Application of the "Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules," etc.

The Company has applied the "Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules" (ASBJ Practical Solution No. 46, March 22, 2024), etc. from the beginning of the first six months of the fiscal year under review. For the first six months of the fiscal year under review, as the Company has applied the treatment in paragraph 7 of the Practical Solution No. 46, the Company does not record current taxes related to the global minimum tax rules.

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, 2025, the Company purchased 352,100 treasury shares during the first six months of the fiscal year under review. As a result, treasury shares during the first six months of the fiscal year under review increased by ¥1,325 million, including an increase in treasury shares due to requests for the Company to purchase shares less than one share unit and a decrease in treasury shares due to the disposal of treasury shares as restricted stock compensation, and reached ¥24,358 million at the end of the period under review.

Notes on segment information, etc.

[Segment information]

I. Six months ended August 31, 2024

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.

II. Six months ended August 31, 2025

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.

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 ¥26 million and 9,700 shares as of the end of the period 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 ¥3,978 million and 936,400 shares as of the previous fiscal year-end and ¥3,976 million and 935,900 shares as of the end of the period under review.

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

   Not applicable

3. Supplementary information

Net sales by product division

Product division	Amount (millions of yen)	Year-on-year change (%)
Home improvement (DIY supplies)	123,462	103.7
Housekeeping (household supplies)	79,676	102.3
Pet and leisure (pet and leisure supplies)	36,615	100.4
Food	8,655	119.2
Other	7,886	105.6
Total	256,297	103.3

(Note) 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)