



Fiscal year ending Feb. 2025  
(February 21, 2024 - February 20, 2025)

# Financial Results

Heiwado Co., Ltd.  
(Securities Code 8276)

**Note :** This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Financial Results Briefing  
April 3 and 4, 2025

# Financial Summary

## ◆ Consolidated results

Operating revenue	Increase
Operating profit	Increase
Ordinary profit	Increase
Profit attributable to owners of the parent	Increase

## ◆ Non-Consolidated results

Operating revenue	Increase
Operating profit	Decrease
Ordinary profit	Decrease
Profit	Increase

[Unit : Millions of yen,%]

	Consolidated			
	FYE 2/2024	FYE 2/2025		
	Results	Results	YoY	Change
Operating revenue	425,424	444,898	104.6	19,473
Operating profit	13,257	13,360	100.8	102
Ordinary profit	14,482	14,639	101.1	156
Profit attributable to owners of the parent/Profit	6,784	10,727	158.1	3,942

	Non-Consolidated			
	FYE 2/2024	FYE 2/2025		
	Results	Results	YoY	Change
Operating revenue	380,967	403,686	106.0	22,718
Operating profit	10,965	10,326	94.2	(638)
Ordinary profit	12,324	12,106	98.2	(217)
Profit	5,509	8,831	160.3	3,321

# Operating Revenue

- Both non-consolidated and consolidated subsidiaries saw revenue increases. Bestone and National Maintenance showed significant growth.
- Non-consolidated operating revenue increased by 106.0% YoY, driven by a 103.7% increase in existing store sales, a +4,975 million yen contribution from new store effects, and a +2,693 million yen impact from the subsidiary merger.

[Unit : Millions of yen,%]

	FYE 2/2024	FYE 2/2025		
	Results	Results	YoY	Change
Heiwado	380,967	403,686	106.0	22,718
Consolidated subsidiary	91,963	94,666	102.9	2,702
Bestone	37,268	42,168	113.1	4,899
Fivestar	11,049	11,339	102.6	290
National Maintenance	9,463	10,461	110.5	997
Heiwado(China)	7,824	6,743	86.2	(1,081)
Yell	6,857	7,294	106.4	436
Direct Shop	4,543	4,335	95.4	(208)
C.O.M.	3,819	4,082	106.9	263
Toyama Future Development	2,782	2,884	103.7	101

Exchange rate (average exchange rate for the period):(December 2023) 19.91yen/yuan, (December 2024) 21.27yen/yuan

# Non-Consolidated Existing Store Sales Growth of 103.7%: Detailed Components

- Growth in food customer traffic, driven in part by enhanced strategies for the 30-40 demographic (leap year impact approximately 0.2%).
- The average customer spend showed a marginal increase, with rising average item prices largely mitigated by a decline in average items per transaction.

[Unit : %]

		FYE 2/2024	FYE 2/2025	
		Existing stores YoY	Existing stores YoY	YoY
Net sales (internal standard)		102.8	103.7	105.2
Department	Food products	103.7	104.3	106.5
	Fresh foods	103.2	105.1	107.6
	General foods	104.1	103.5	105.6
	Apparel (clothing)	99.0	98.5	98.9
	Household goods	98.5	100.3	101.9
Number of Customers X Average Spend per Customer	Net sales of food products	103.7	104.3	
	Number of customers	102.1	103.6	
	Average spend per customer	101.6	100.7	
	Number of items purchased	97.1	97.9	
	Average cost per item	104.5	102.9	

# Operating Profit by Major Group Companies

- The profit increase for Bestone and National Maintenance was driven by expanded transactions with Heiwado.
- Five Star's profit decline was due to higher personnel expenses resulting from wage increases.

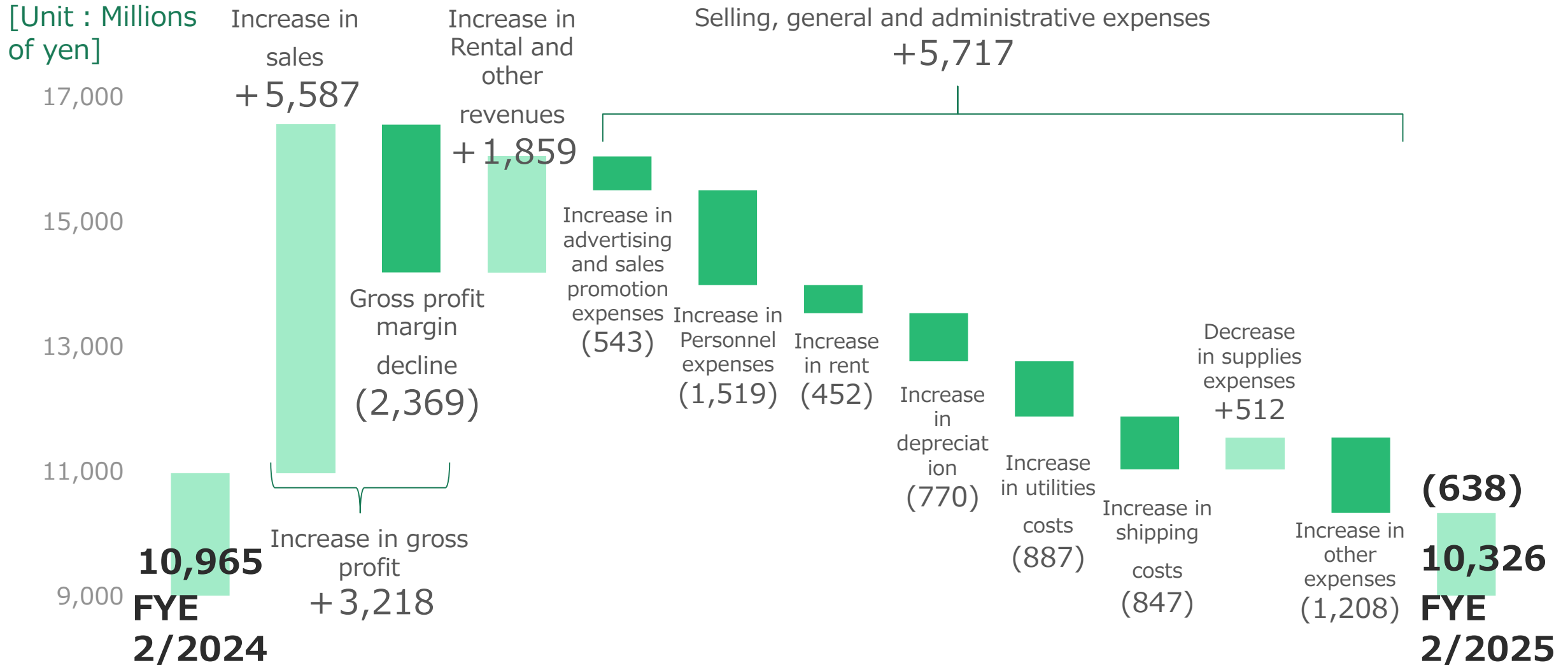
[Unit : Millions of yen,%]

	FYE 2/2024	FYE 2/2025		
	Results	Results	YoY	Change
Heiwado	10,965	10,326	94.2	(638)
Consolidated subsidiary	2,473	3,394	137.2	920
Bestone	189	814	428.9	624
Fivestar	266	135	50.9	(130)
Nactional Maintenance	471	702	148.7	230
Heiwado(China)	709	660	93.1	(49)
Yell	51	163	318.0	112
Direct Shop	(178)	(7)	-	170
C.O.M.	307	355	115.7	48
Toyama Future Development	258	289	112.1	31

Exchange rate (average exchange rate for the period):(December 2023) 19.91yen/yuan, (December 2024) 21.27yen/yuan

# YoY Change in Non-Consolidated Operating Profit

- Selling, general and administrative expenses were in line with initial forecasts. The primary factor behind the decline in operating profit was insufficient gross profit.
- Other expenses increased due to higher repair costs and sales commissions.



# Non-Consolidated Gross Profit Margin by Department

- Strategic pricing of high-turnover items, implemented to boost customer traffic among the 30-40 demographic, resulted in a lower markup rate.
- The standalone markup rate for fresh food declined due to higher supply volumes from Bestone, which negatively impacted the fresh food gross profit margin.

[Unit : %]

	FYE 2/2024	FYE 2/2025	
	Results	Results	Change
Net sales (internal standard)	26.8	26.3	(0.5)
Food products	27.2	26.4	(0.8)
Fresh foods	27.7	26.5	(1.1)
General foods	26.7	26.3	(0.4)
Apparel (clothing)	37.0	36.9	(0.2)
Household goods	27.8	27.4	(0.4)
Other	4.2	6.8	(2.6)

# Non-Consolidated Profit Breakdown

- Although ordinary profit increased by +229 million yen YoY due to higher dividend income from Heiwado (China), it decreased overall due to the significant impact of lower operating profit.
- Non-consolidated profit increased due to extraordinary gains (sale of strategic shareholdings) and the reversal of extraordinary losses in the previous year (Noto Peninsula Earthquake). The increase in Non-consolidated profit drove the consolidated figures upward.

[Unit : Millions of yen,%]

		Results	YoY	Change
<b>Operating profit</b>		<b>10,326</b>	<b>94.2</b>	<b>(638)</b>
	Non-operating income	2,001	121.8	357
	Non-operating expenses	221	77.7	(63)
<b>Ordinary profit</b>		<b>12,106</b>	<b>98.2</b>	<b>(217)</b>
	Extraordinary income	1,572	1373.5	1,458
	Extraordinary losses	1,544	39.7	(2,348)
<b>Profit before income taxes</b>		<b>12,134</b>	<b>142.0</b>	<b>3,589</b>
	Total income taxes	3,303	108.8	267
<b>Profit</b>		<b>8,831</b>	<b>160.3</b>	<b>3,321</b>



# Progress of the Fifth Medium-Term Management Plan

# Heiwado Group's Mid- to Long-Term Vision

## Heiwado Group's Purpose

Heiwado Group, operating as essential regional infrastructure, is dedicated to addressing social challenges in collaboration with local communities, encompassing all aspects of daily living. We are committed to fostering a "dynamic regional society" and "enriched lifestyles," where diverse values are honored and all residents thrive within a sound social framework.

## Envisioned Future

We aspire to create communities where people lead comfortable, healthy, and dynamic lives, fostering a culture of mutual aid. This vision encompasses environments that minimize challenges for the elderly, enable children to thrive, and ease the complexities of childcare. We are committed to preserving local cultural heritage, promoting environmental sustainability, and enhancing overall quality of life. These outcomes are facilitated by robust community engagement and positive human relationships.

## Vision

**Heiwado aims to be a unique company that supports and creates better lifestyles for our local communities**

# Fifth Medium-Term Management Plan

Three key strategies to strengthen the Group's core retail business.

<p>① Building customer allegiance by effectively meeting parenting generation needs.</p>	<ul style="list-style-type: none"><li>• Optimizing pricing for frequent purchases to enhance competitiveness.</li><li>• Differentiating with fresh food and private-brand products.</li><li>• Strengthening customer communication and personalized experiences through the mobile app.</li></ul>
<p>② Expansion of HOP economic zone based on dominant strategy</p>	<ul style="list-style-type: none"><li>• Strategic expansion of stores in target regions via diverse formats.</li><li>• Strengthening customer loyalty through localized engagement efforts.</li><li>• Development of novel channels including compact stores and online supermarkets.</li></ul>
<p>③ Driving cost structure reform to enhance productivity</p>	<ul style="list-style-type: none"><li>• Balancing pay, engagement, and personnel costs through productivity and process optimization.</li><li>• Reducing overall expenditures by implementing reforms in logistics and redesigning existing product specifications.</li></ul>

**[The foundation for advancing the above strategies.]**

- Strengthen management foundation through the promotion of digitalization/DX and enhancement of human capital
- Advancing ESG practices to meet environmental goals, guided by our sustainability vision

We plan to strengthen our management resources throughout the period of our mid-term business plan, spanning FYE 2/2025-FYE 2/2027, with the objective of achieving significant acceleration from FYE 2/2028.

# Building customer allegiance by effectively meeting parenting generation needs.

Competitive pricing for high-frequency goods, expanded selection of bulk merchandise, store renovation and high-demand tenant recruitment, and dedicated in-store event management.

PB products



Large-size products & KVI (Key Value Items)



YoY Change in Active Point Card Members

[Unit : %]

	Active Member Count	Unique Customer Count	Average Customer Spend	Net sales
30-40 Age Group	95.7	96.5	105.3	101.6
Other Age Groups	101.6	100.1	105.2	105.4

- Unique customer growth (YoY) for 30-40s surpassed active member growth (YoY).
- The increase in cross-shopping across our stores led to higher average customer spend per visit across all demographics, not just the 30-40 age group.



YoY Change in Customer Count by Age Group at Stores with high-demand Tenants

[Unit : %]

	-20s.	30-40s	50s-.
Average of all stores	92.5	96.5	101.0
Viva City Heiwado	100.9	99.4	101.1
AL PLAZA Kusatsu	92.8	97.7	101.0
AL PLAZA Yokaichi	95.0	97.6	99.3
Friendmart Kaihotsu	103.4	102.4	102.5

- The attraction of high-profile tenants proves successful in generating customer traffic among individuals aged 40 and below.

# Building customer allegiance by effectively meeting parenting generation needs.

Our proprietary mobile app, the HOP app, was launched in July 2024, and we are enhancing functionality by adding bank account replenishment options.



App Member Count	810,000
Charge Method (excluding cash and points)	HOP-VISA Card Shiga Bank Japan Post Bank MUFG Bank※1 The Bank of Kyoto※1 ※1 Added January 2025
Bank Account and Credit Card Charge Ratio	9.9%
Love Kids Member Count※2	116,000

※2 Love kids is a membership program offering benefits to parents from pregnancy until their children turn 18.

We will strengthen our One-to-One marketing approach and promote data-driven management.

## Frequency/Monetary Analysis

	High ← Net sales → Low	
High		One-to-One promotions to increase customer spend
N of visits	One-to-One promotions to increase visit frequency	
Low		

Driving shifts in customer purchasing behavior through the analysis of customer purchase data and the deployment of tailored initiatives.

Promotional campaign participants saw a 108.6% month-over-month increase in average monthly spend.

- Targeted customer promotions to segmented groups, leveraging new POS (deployed in 2023) capabilities, proved effective.
- Pushing forward with the development of an information aggregation infrastructure for intensified One-to-One marketing.



# Expansion of HOP economic zone based on dominant strategy

Area expansion and dominant market development/penetration driven by new store rollout.

## ◆ Nisshin Kaguyama

(Nisshin, Aichi Pref.)  
Open Apr. 2024  
Total investment 2,070 million yen



## ◆ Friendmart Ibaraki Hirata

( Ibaraki, Osaka Pref. )  
Open Jun. 2024  
Total investment 818 million yen



## ◆ Friendmart Nagahama Gion

( Nagahama, Shiga Pref. )  
Open July 2024

## ◆ Heiwado Chita

( Chita, Aichi Pref. )  
Open October 2024

## ◆ Heiwado Moriyama Obata

(Nagoya, Aichi Pref.)  
Open November. 2024

We continued to renovate existing stores, which resulted in increased customer traffic and sales growth among the 30-40 age group.

## ■ AL PLAZA Ibaraki

( Ibaraki, Osaka Pref. )

## ■ AL PLAZA Tsurumi

( Ogaki, Gifu Pref. )

## ■ AL PLAZA Minakuchi

( Koka, Shiga Pref. )



※ Photo: AL PLAZA Ibaraki

# Expansion of HOP economic zone based on dominant strategy

Developing stores designed to attract more customers and compete effectively with rivals in Shiga, while strengthening the customer base.

## Renovation AL PLAZA Kusatsu (April 2023)

- Full-building renovation
- Introduction of tenants popular with younger generations, including Loft"

Unit : Million yen,%	FYE 2/2023	FYE 2/2024	FYE 2/2025	Compared to 2/2023
Own Areas	8,946	9,331	9,959	111.3
Tenants, etc.	4,042	4,982	5,244	129.7
Total	12,968	14,313	15,203	117.2

## Renovation Viva City Heiwado (October 2023)

- The strategic recruitment of major retail tenants, including MUJI and GU.
- Execution of proper zoning adjustments within own sales areas.

Unit : Million yen,%	FYE 2/2023	FYE 2/2024	FYE 2/2025	Compared to 2/2023
Own Areas	8,265	7,833	8,857	107.2
Tenants, etc.	5,882	6,768	8,758	148.9
Total	14,147	14,601	17,615	124.5

## Store revitalization through scrap and build

- Replacing deteriorated structures and facilities, specializing in food categories

Unit : Million yen,%		Before	After
S&B	Friendmart Nagahama Ekimae	917	863
	Friendmart Maibara Ekimae	674	820
	Friendmart Hachiman Takakai	1,037	1,293
	Friendmart Ritto	1,549	2,180
	Heiwado Ishiyama	2,728	3,989
	Friendmart Otsu Ekimae	858	1,432

※All stores except Heiwado Ishiyama had transitioned from GMS to SM format.

Our sales share within the supermarket sector in Shiga Pref. increased by approximately 108% compared to FYE 2/2020.

# Expansion of HOP economic zone based on dominant strategy

Enhance engagement with local communities and customers to adapt to changing needs



## 【Home Support Service】

- 100% Population Coverage in Shiga Pref.
- Expansion to 3 stores in Fukui Pref. (Population Coverage: 31.5%)



## 【Mobile Grocery Store】

- Mobile services facilitate community engagement beyond store locations.
- Enabling customers to use HOP money provides a competitive advantage for Heiwado



## 【Online Supermarket】

- Expand to 5 stores in FYE 2/2025, primarily in the Keihanshin area.



## 【Small Store Format】

- Our strategy involves covering market gaps in dominant areas by deploying a low-cost, small-store format.

Vibrant and thriving community



Sustainable local communities  
Heiwado

Community space→



←Gym & Studio  
"Flatplat"

- Average monthly purchase amount of community space users increased by 2,600 yen
- "Flatplat" gym & studio membership reached 127% of target.



# Expansion of HOP economic zone based on dominant strategy

We promote community revitalization and tackle local challenges through our business.

## ■ Dementia Supporter Training Initiatives

Fostering a culture of 'hospitality' and 'mutual support' by increasing dementia awareness and providing training in basic interaction skills.



▶ The internal supporter count reached 15,045 as of February 20, 2025



In response to the demographic shifts of an aging society and declining birthrate, Heiwado is developing its role as a community hub beyond traditional retail.

## ■ Contribution of donations to the 2024 Noto Peninsula heavy rain disaster relief fund

The collective amount of funds, including donations from our customers and employees, contributions from our business affiliates, and corporate funding from Heiwado, was entrusted to Ishikawa Pref.



Received a letter of appreciation from METI for our support in the recovery efforts following the 2024 Noto Peninsula Earthquake.

## ■ Other

Initiatives such as joint Lake Biwa shoreline cleaning campaigns with corporate partners, contributions to community meal programs for children, and collaborative business endeavors with regional firms, etc.

**The Heiwado Group, serving as an integral regional infrastructure, is dedicated to addressing social issues in partnership with local communities and encompassing all aspects of daily life.**

# Expansion of HOP economic zone based on dominant strategy

Reinforcing customer base loyalty through localized community outreach

- Partnering with the 2025 Japan Games and National Sports Festival for People with a Disability hosted by Shiga Prefecture.



- Collaboration with local banks for regional revitalization

Entering into a comprehensive partnership agreement with Shiga Bank.

Enhancing the financial literacy of local customer base.  
Driving regional growth by leveraging local data assets.

## Sponsorship of volunteer participant commemorative items

Provision of original HOP cards as commemorative items for event volunteers recruited by prefectural/municipal authorities.



※Designs are for illustrative purposes only.

## Capitalizing on demand from event personnel and attendees

Securing contracts for boxed meals and establishing vendor spaces at multiple locations, etc.

~An economic stimulus impact of approximately 4.3 billion yen, generated by around 750,000 participants (Shiga Prefectural Statistics Division estimate).~



Heiwado stores conducted educational workshops on personal finance for elementary and junior high school students.

# Driving cost structure reform to enhance productivity

Actions to anticipate and mitigate the impact of workforce reductions and increasing labor expenses have been pursued consistently since FYE 2/2018.

## Utilizing Processing and Delicatessen Centers



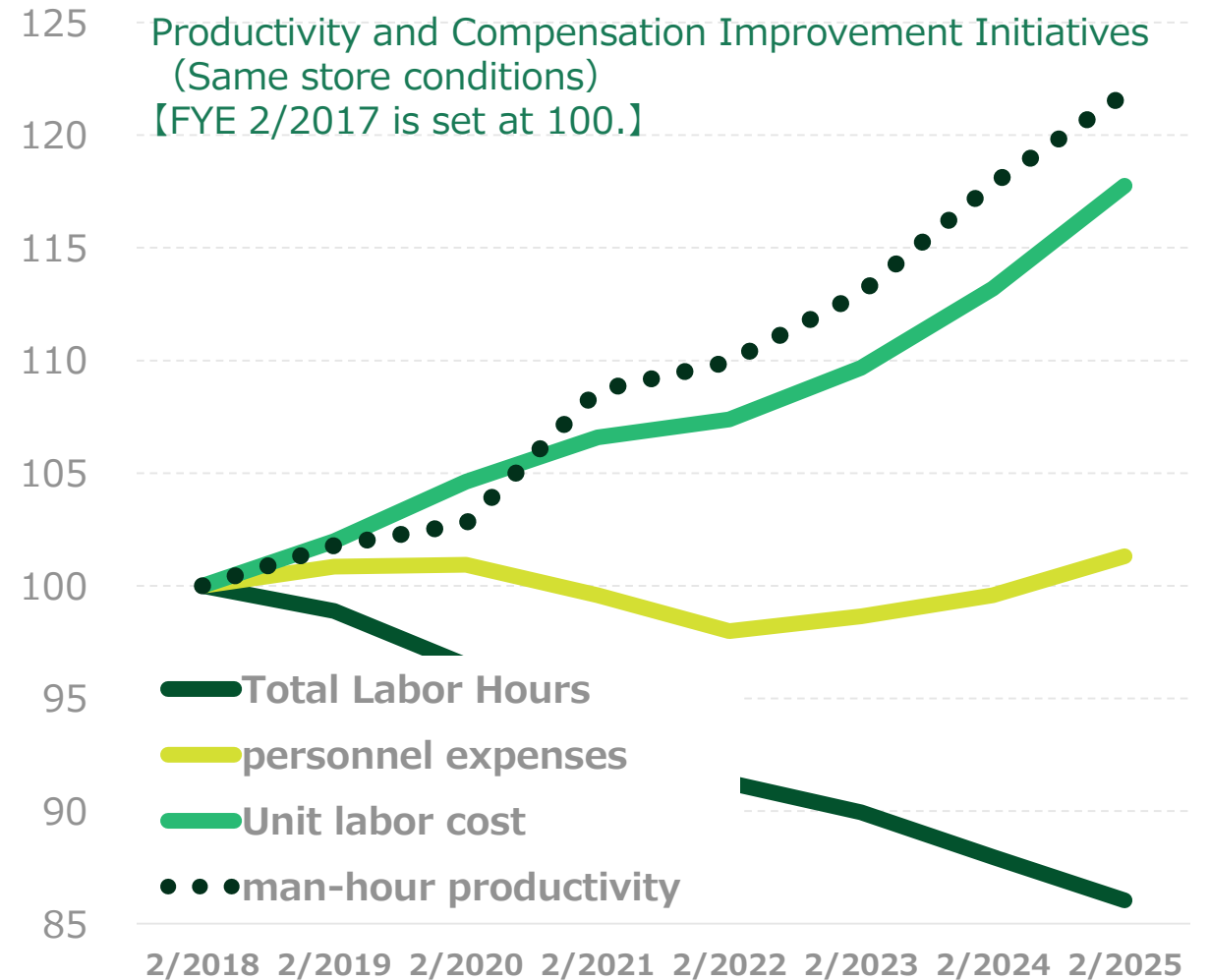
BESTONE Operating revenue (Unit : Millions of yen,%)		
FYE 2/2023	FYE 2/2024	FYE 2/2025
33,917	37,269	42,168
Compared to 2/2023		124.3

Increased use of processing and delicatessen centers reduced store labor hours and expanded product availability (improved assortment).

Existing Stores' Sales YOY	Unit : %
Lunch boxes, rice balls, etc.	109.9
Bakery	120.4

Labor cost savings are being reinvested to drive customer visits by enhancing in-store culinary offerings, promoting freshly made items, providing interdepartmental assistance, and presenting menu proposals.

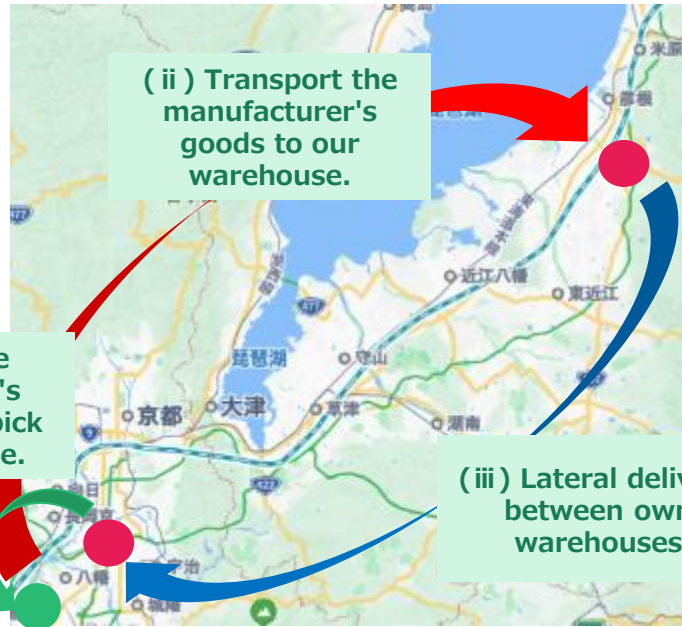
[Unit : %]



# Driving cost structure reform to enhance productivity

Drove logistics cost structure optimization in response to the operational challenges of the 2024 logistics Crisis.

## 【Inter-company collaborative logistics】



( i ) Go to the manufacturer's warehouse to pick up the package.

( ii ) Transport the manufacturer's goods to our warehouse.

( iii ) Lateral delivery between own warehouses

•Joint delivery across company boundaries (manufacturers, same industry)

## 【Reduce truck waiting times at logistics centers】

•Implementation of a delivery berth reservation system resulted in a reservation rate above 95% and a decrease in long-duration wait times (over 2 hours) to 1.7% of all deliveries.

## 【Improved Logistics Efficiency by Extending Processed Food Order Lead Times】

### <Implementation>

Extend order lead times from same-day to two-day-ahead.

### <Effects>

- Confirmed orders enable the allocation of staff and delivery trucks, resulting in the elimination of inefficiencies
- The reduction of stockouts at the distribution center resulted in an improvement in store delivery fill rates
  - Tokai area : 96.85% → 99.26%
  - Keihan area : 96.52% → 97.66%

## 【Toward Further Strengthening Efforts】

### SM Logistics Study Group

Discussion of initiatives in manufacturing, distribution, and sales.  
Information sharing between Metropolitan and Kansai SM Logistics Study Groups.

### Kansai SM Logistics Study Group

Discussed logistics issues in the Kansai area.  
Invite new companies to participate in joint delivery and study groups.

# Plan for the FYE 2/2026



# Consolidated Capital Expenditure Plan for the FYE 2/2026

- New stores: 1 store in H1, 3 stores in H2
- To mitigate the operational disruptions caused by recent cyber threats, we are allocating more IT resources to 'Network Security.' We will further drive the implementation of the 'Information Aggregation Infrastructure' to enable data-driven management.

[Unit : Millions of yen]

		FYE 2/2025	FYE 2/2026
		Results	Annual forecast
Consolidated		20,371	20,721
Non-Consolidated		18,893	18,660
New stores		9,030	5,297
Existing stores	repair and renovation	6,448	7,178
Other	IT investment	2,349	4,985
	Other	1,066	1,200
Consolidated subsidiaries		1,478	2,061

# Consolidated Capital Expenditure Plan for the FYE 2/2026

- **New store CAPEX: ¥5,297 million**  
(¥2,493 million of which is designated for new stores opening in FYE 2/2026+)

- ◆ **Friendmart Yokaichi Myohoji**

(Higashiomi, Shiga Pref.)

Open April 18, 2025 Total investment 813 million yen



- ◆ **Friendmart Katata (Tentative)**

(Otsu, Shiga Pref.)

Open in the H2 of 2025 Total investment 2,344 million yen



2 other stores

- **Renovation CAPEX for H1 : ¥2,626 million across 5 stores**

- **Friendmart Notogawa** (Higashiomi, Shiga Pref. )
- **Heiwado Takatomi** (Yamagata, Gifu Pref.)
- **AL PLAZA Moriyama** (Moriyama, Shiga Pref.)
- **AL PLAZA Tsukashin** (Amagasaki, Hyogo Pref.)
- **AL PLAZA Komatsu** (Komatsu, Ishikawa Pref.)



※Photo: Friendmart Notogawa and Heiwado Takatomi

# Forecast for the FYE 2/2026

- We anticipate profit growth in the Non-consolidated segment as a result of 'Sales Growth Initiatives' and 'Productivity Improvement' measures under the 5th Mid-Term Management Plan. Based on FYE 2/2025 performance challenges, we are forecasting increased operating profit by managing gross profit margin and costs.
- Consolidated subsidiaries are forecasting operating revenue and income to be comparable to or reduced from the previous year, reflecting exceptional events in the preceding period (e.g., the reversal of Noto Peninsula Earthquake losses).

[Unit : Millions of yen,%]

	Consolidated			Non-Consolidated		
	Forecast	YoY	Change	Forecast	YoY	Change
Operating revenue	456,000	102.5	11,102	425,000	105.3	21,314
Operating profit	14,500	108.5	1,140	11,700	113.3	1,374
Ordinary profit	15,600	106.6	961	13,400	110.7	1,294
Profit attributable to owners of the parent	10,800	100.7	73	10,200	115.5	1,369



# Quantitative Targets for 2030

Quantitative Targets for 2030	
Operating Revenue (consolidated)	500 billion yen or more
Operating Profit Margin (consolidated)	4.5% or more
ROE	8%
Percentage of Women in Management	20% or more
CO2 Emissions (Scope 1 and 2)	46% reduction (compared to FYE 2/2014)
Amount of Food Waste	50% reduction (compared to FYE 2/2020)

**We strive to achieve accelerated growth leading up to 2030, while simultaneously targeting steady profit distribution to shareholders..**

Action to Implement Management  
that is Conscious of Cost of Capital  
and Stock Price(Update)

# Key update

- Tokyo Stock Exchange, Inc.(TSE) has Published “Cases Where Companies Are Not Aligned With Investors’ Perspectives” etc. in regard to management that is conscious of cost of capital and stock price on November 21, 2024



- Based on the TSE’s reports, we have revised our “Action to Implement Management that is Conscious of Cost of Capital and Stock Price” with updates in the following points;
  - Re-evaluated our current analysis and assessment from investors' perspectives.
  - Included a description of our engagement with investors.
  - Reviewed the cash allocation plan.

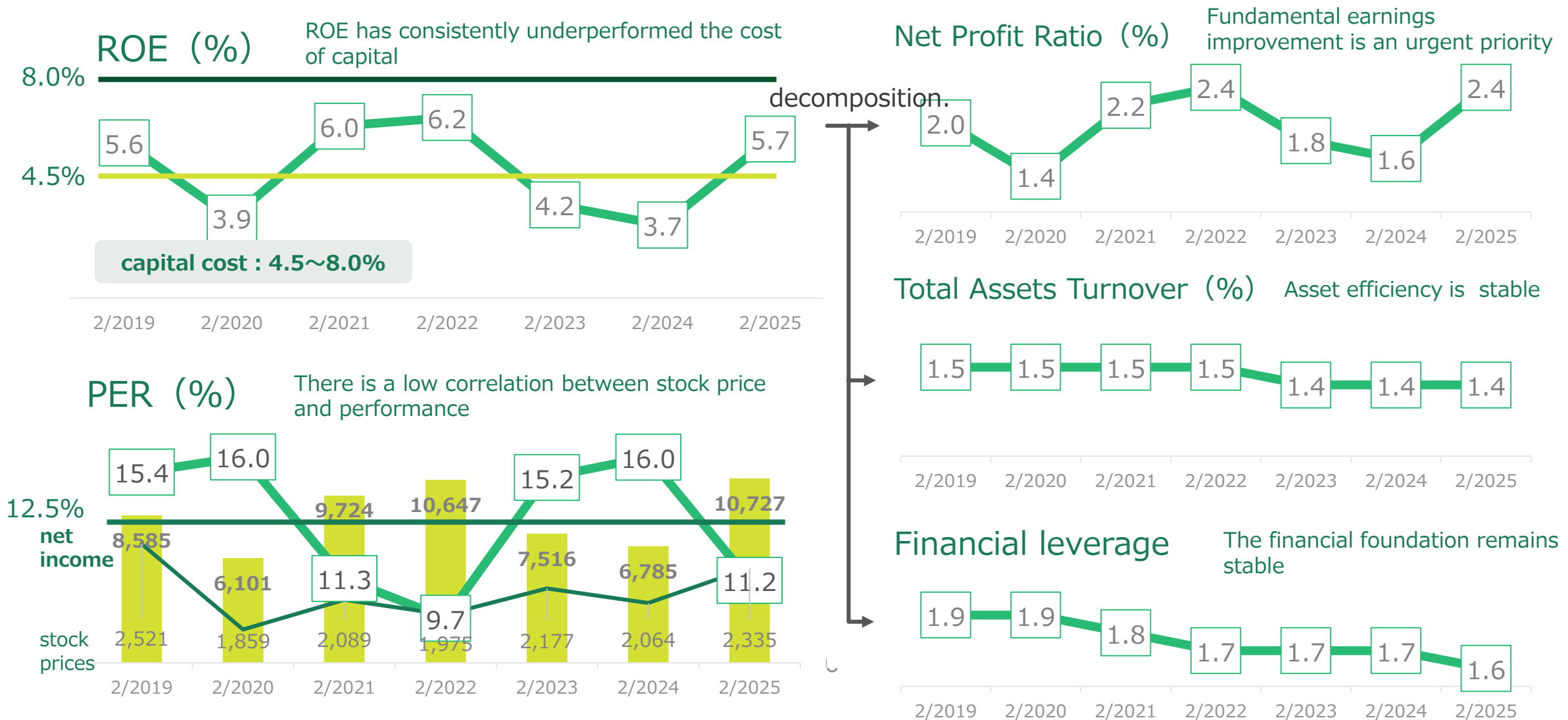
# Analysis and evaluation of current situation

- Given that our Price-to-Book Ratio (PBR) has remained below 1x for an extended period, we are committed to further enhancing our corporate value to realize management that is conscious of capital costs and stock prices.
- While our current cost of equity, internally calculated using the Capital Asset Pricing Model (CAPM), is approximately 4.5%, we aim to achieve an ROE of 8% as a medium- to long-term target, which aligns with the earnings yield perspective and the cost of equity expected by investors.

	FYE 2/2020	FYE 2/2021	FYE 2/2022	FYE 2/2023	FYE 2/2024	FYE 2/2025
Operating revenue (Millions of yen)	433,641	439,326	439,740	415,675	425,424	444,898
Operating profit (Millions of yen)	10,463	14,037	15,362	11,279	13,257	13,360
Ordinary profit (Millions of yen)	11,380	15,053	16,952	13,069	14,482	14,639
Net income attributable to owners of the parent (Millions of yen)	6,101	9,724	10,647	7,516	6,784	10,727
Operating profit ratio (%)	2.4	3.2	3.5	2.7	3.1	3.0
ROE (%)	3.9	6.0	6.2	4.2	3.7	5.7
PBR (%)	0.62	0.66	0.59	0.63	0.58	0.62
Net assets per share (yen)	3011.81	3156.74	3340.18	3439.19	3551.29	3764.48
Share price at end of period (yen)	1,859	2,089	1,975	2,177	2,064	2,335

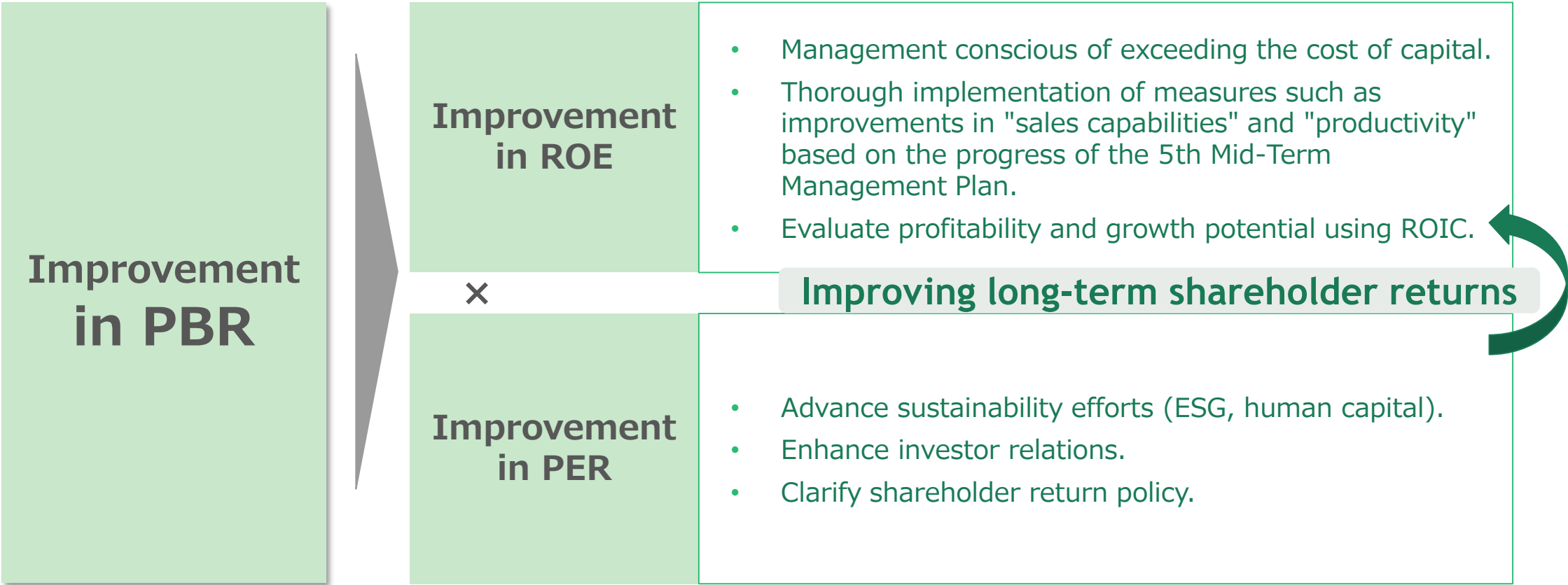
# Current Assessment

- Factors contributing to low PBR



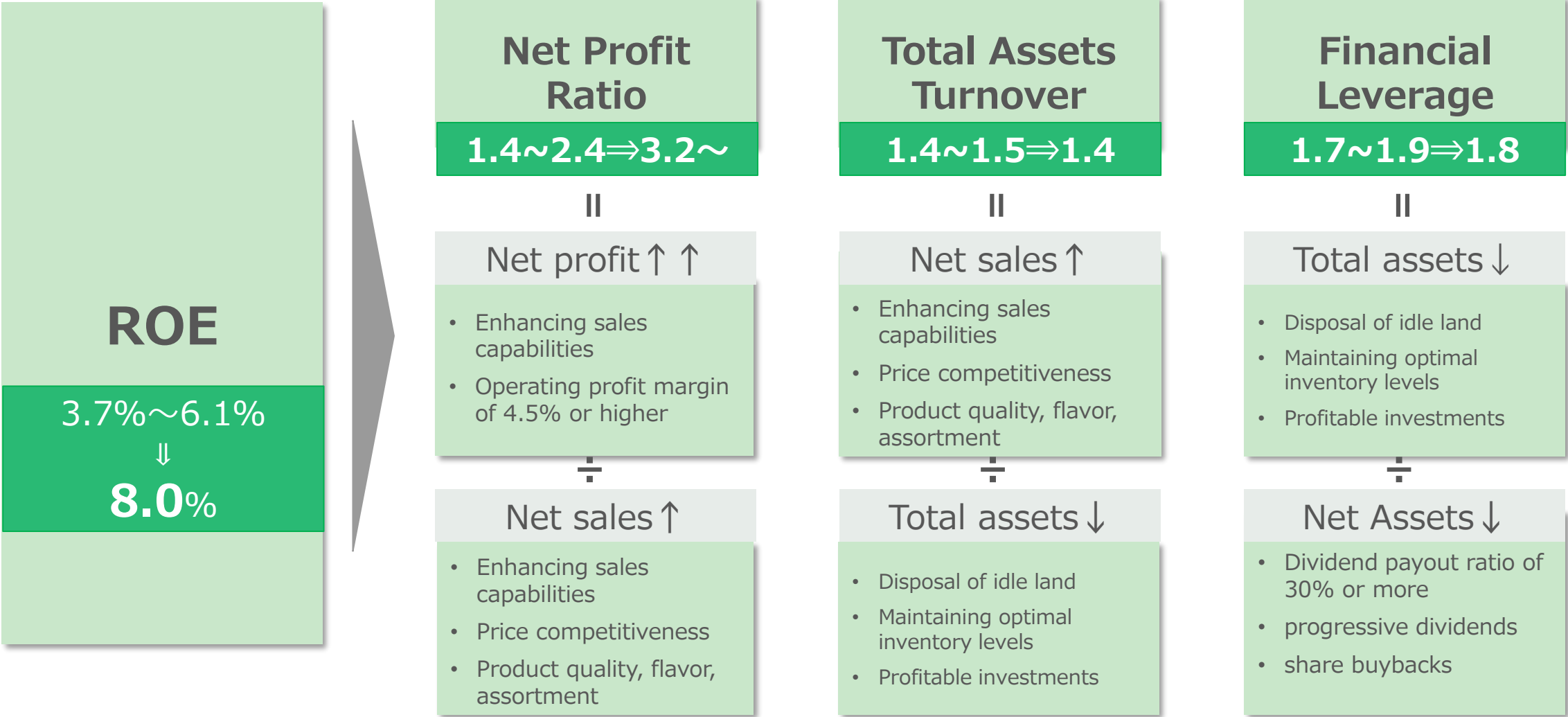
# Policy and Targets

- In our medium-term management plan, we will enhance sales capabilities and improve productivity, aiming to achieve an operating profit margin of 4.5% or higher and an ROE of 8% by 2030.
- We will aim to strengthen shareholder returns and improve capital efficiency through share buybacks, by conducting active investor relations activities, aiming to achieve a PBR of 1x.



# Challenges and Responses

- We aim to achieve an **8.0%** ROE through enhanced profitability and strategic capital allocation



# Review of executive compensation system

- Performance-Based Restricted Stock Unit Plan (Implemented in May 2024)

<b>Objectives of Implementation</b>	<ul style="list-style-type: none"><li>• To clarify the link between the compensation of eligible directors and both the company's financial performance and our stock value.</li><li>• To provide eligible directors with incentives to achieve sustainable enhancement of our corporate value, and to further promote the sharing of value between eligible directors and our shareholders.</li></ul>
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<b>Performance Metrics</b>	<ul style="list-style-type: none"><li>• Operating Profit Margin: Aligned with the 2030 target.</li><li>• ROIC: Target figures are set at the store level to promote company-wide management that is conscious of the cost of capital.</li></ul>
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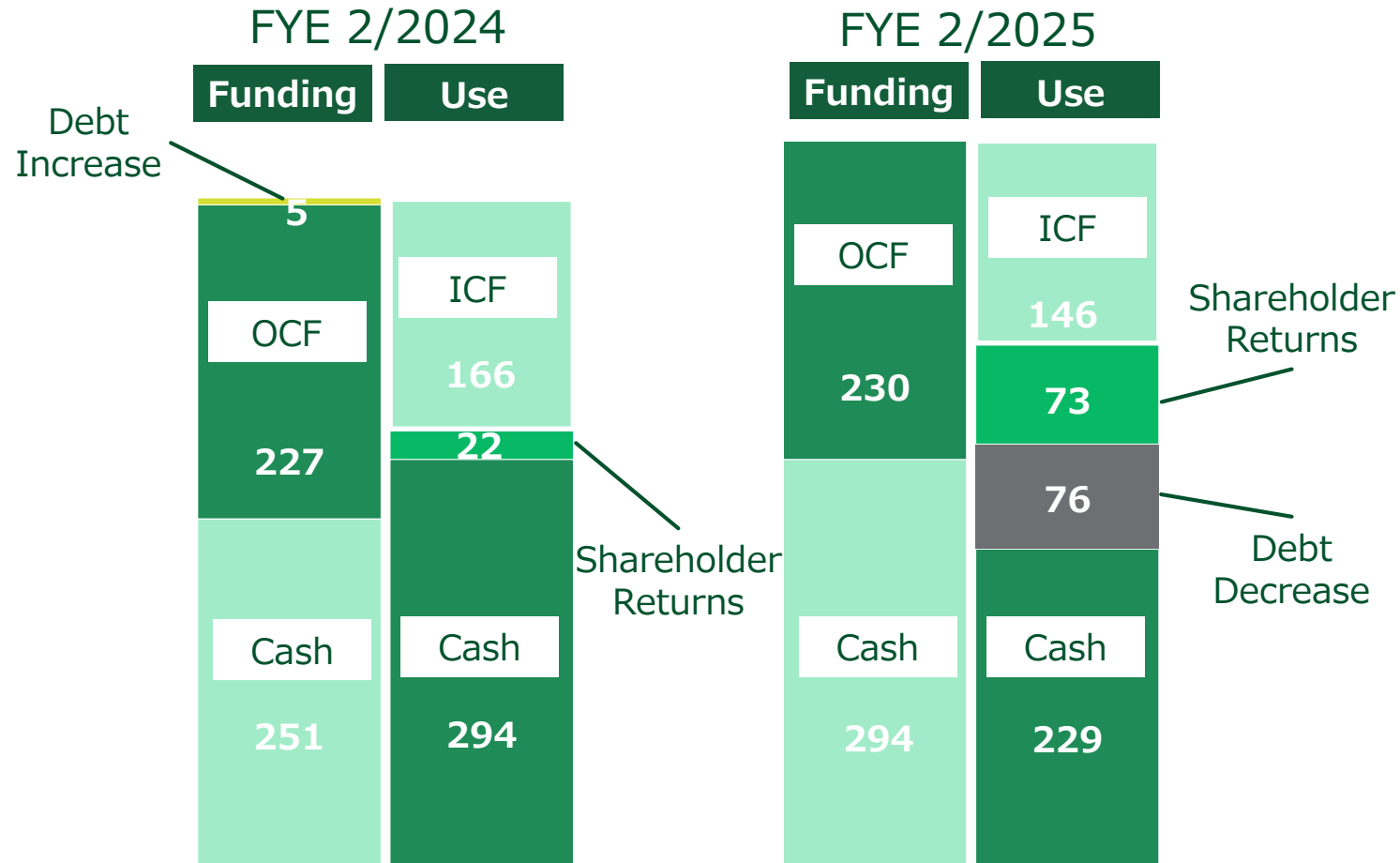
# Engagement with investors

- The content of the dialogues with investors is fed back to the Board of Directors.
- We indicated our wish to be contacted by institutional investors to enhance communication.
- We plan to explore increasing the number of briefings for individual investors for the FYE 2/2026
- We are preparing to facilitate a higher volume of small meetings and individual meetings than in the previous period.



		FYE 2/2024	FYE 2/2025
<b>Institutional Investors</b>	Financial Results Briefing Large Meeting	2	2
	Financial Results Briefing Small Meeting	0	1
	Financial Results Briefing 1ON1 Meeting	16	33
<b>Individual Investors</b>	Company Briefing Session	0	1

# Medium-term cash allocation (FYE 2/2025-FYE 2/2027 )



Unit: Billions of yen OCF: Operating Cash Flow  
ICF: Investing Cash Flow

## Highlights: FYE 2/2025

- ① Dividend increase
- ② Share Buybacks
- ③ Reduction of Interest-Bearing Debt
- ④ We optimized our cash and cash equivalents holdings to align with operational needs.

## Key Actions:

### FYE 2/2026-FYE 2/2027

- ① Enhance total shareholder payout ratio by implementing dividend increases and share buybacks based on performance.
- ② Ordinary investments will be funded within OCF.
- ③ Improve ROE through borrowing for significant growth investments.

# Shareholder Return Policy

	FYE 2/2021	FYE 2/2022	FYE 2/2023	FYE 2/2024	FYE 2/2025	FYE 2/2026
Net profit (Millions of yen)	9,724	10,647	7,516	6,774	10,727	10,800
Dividend per share (yen)	38	42	42	42	63	66
Dividend payout ratio (%)	20.5	20.7	29.3	32.5	30.1	30.4

- For the FYE 2/2025, the interim dividend will be 30 yen, and the year-end dividend will be 33 yen, in accordance with our shareholder return policy of returning 30% or more of net profit to shareholders as dividends, resulting in an annual dividend of 63 yen.
- For the FYE 2/2026, due to our profit growth plan and our policy of returning 30% or more of net profit to shareholders as dividends, the interim dividend and year-end dividend will each be 33 yen, for an estimated annual dividend of 66 yen.
- Our dividend policy will be "progressive dividends" until the FYE 2/2027.
- We will return surplus capital to shareholders while maintaining financial discipline.

# Supplementary Materials (Consolidated)

# Consolidated Operating Results Quarterly Changes for the FYE 2/2025

- Q1, Strategic price setting was successful in increasing the number of customers, resulting in an increase in sales. The leap year effect also boosted sales by about 1%.
- Q2, Overall sales were relatively firm. On a non-consolidated basis, sales and gross profit were lower than expected in July due to an increase in rainy days and sluggish sales of summer goods.
- Q3, Profit increased due to the incorporation of 6 Maruzen stores on a non-consolidated basis and the reversal of large investments in the previous fiscal year.
- Q4, Profit increased due to the sale of policy stockholding a decrease in impairment losses, and the absence of extraordinary losses related to the earthquake in the previous fiscal year.

[Unit : Millions of yen,%]

	Q1		Q2		Q3		Q4	
	Results	YoY	Results	YoY	Results	YoY	Results	YoY
Operating revenue	105,278	104.3	111,366	104.0	109,338	104.6	118,914	105.3
Operating profit	2,833	109.2	3,472	91.6	2,154	114.1	4,899	98.3
Ordinary profit	3,213	110.2	3,857	96.4	2,354	106.8	5,213	97.2
Profit attributable to owners of the parent	2,006	127.6	2,557	100.0	2,044	160.9	4,118	297.5

# Consolidated Results by Major Company Operating Revenue

- Decrease in Heiwado (China) and Direct Shop sales was due to withdrawal and downsizing from unprofitable businesses.

[Unit : Millions of yen,%]

	FYE 2/2024	FYE 2/2025		
	Results	Results	YoY	Change
Heiwado Co.,Ltd	380,967	403,686	106.0	22,718
Total consolidated subsidiary	91,963	94,666	102.9	2,702
Bestone Co.,Ltd	37,268	42,168	113.1	4,899
Fivestar Co.,Ltd	11,049	11,339	102.6	290
NationalMaintenance Co.,Ltd	9,463	10,461	110.5	997
Heiwado(China) Co.,Ltd	7,824	6,743	86.2	(1,081)
Yell Co.,Ltd	6,857	7,294	106.4	436
Direct Shop Co.,Ltd	4,543	4,335	95.4	(208)
C.O.M. Co.,Ltd	3,819	4,082	106.9	263
Toyama Future Development Co.,Ltd	2,782	2,884	103.7	101

Exchange rate (average exchange rate for the period):(December 2023) 19.91yen/yuan, (December 2024) 21.27yen/yuan

# Consolidated Results by Major Company Operating Revenue Increase/Decrease Factors

- Heiwado (China) closed its Zhuzhou store in the previous fiscal year.
- Direct Shop scales back rental business

[Unit : Millions of yen]

	FYE 2/2025		Increase/Decrease Factors
	Results	Change	
Total consolidated subsidiary	94,666	2,702	
Bestone Co.,Ltd	42,168	4,899	Sales increased significantly due to an increase in sales of meat, fresh fish, and delicatessen products on Heiwado.
Fivestar Co.,Ltd	11,339	290	Mainstay "COCO'S" business steady due to strengthened sales promotion
NationalMaintenance Co.,Ltd	10,461	997	Revenues increased due to response to Noto Peninsula earthquake and price hikes
Heiwado(China) Co.,Ltd	6,743	(1,081)	The closing of the Zhuzhou store and the performance of the only store open, the Goichi Plaza store, were also weak.
Yell Co.,Ltd	7,294	436	Mineyama store (4/19) and Higashi-Maizuru store (6/21) increased customer numbers by introducing large tenants
Direct Shop Co.,Ltd	4,335	(208)	Software rental business shrinking and software sales slumping.
C.O.M. Co.,Ltd	4,082	263	Steady performance of mainstay franchise business and effect of new stores
Toyama Future Development Co.,Ltd	2,884	101	Revenues increased due to occupancy of vacant parcels.

Exchange rate (average exchange rate for the period):(December 2023) 19.91yen/yuan, (December 2024) 21.27yen/yuan

# Consolidated Results by Major Company Ordinary profit

- The increase in profit from Bestone and National Maintenance is due to increased transactions with Heiwado
- Five Star profit decrease due to higher labor costs resulting from wage increase .

[Unit : Millions of yen,%]

	FYE 2/2024	FYE 2/2025		
	Results	Results	YoY	Change
Heiwado Co.,Ltd	12,324	12,106	98.2	(217)
Total consolidated subsidiary	2,818	3,643	129.3	824
Bestone Co.,Ltd	263	833	316.4	570
Fivestar Co.,Ltd	280	153	54.9	(126)
NationalMaintenance Co.,Ltd	480	702	146.2	222
Heiwado(China) Co.,Ltd	915	833	91.0	(82)
Yell Co.,Ltd	57	171	299.7	114
Direct Shop Co.,Ltd	(170)	(6)	-	164
C.O.M. Co.,Ltd	326	365	112.0	39
Toyama Future Development Co.,Ltd	256	278	108.6	21

Exchange rate (average exchange rate for the period):(December 2023) 19.91yen/yuan, (December 2024) 21.27yen/yuan



# Consolidated Results by Major Company Ordinary profit Increase/Decrease Factors

- Bestone and National Maintenance saw an increase in orders from Heiwado.
- Five Star increased labor costs due to wage hikes and one-time expenses related to new business

[Unit : Millions of yen]

	FYE 2/2025		Increase/Decrease Factors
	Results	Change	
Total consolidated subsidiary	<b>3,643</b>	<b>824</b>	
Bestone Co.,Ltd	<b>833</b>	<b>570</b>	Increase due to the one-time cost rebound from the operation of the new delicatessen center in May 2023 and strong sales.
Fivestar Co.,Ltd	<b>153</b>	<b>(126)</b>	Despite higher operating profit, labor costs increased due to wage hikes and one-time expenses related to new businesses
NationalMaintenance Co.,Ltd	<b>702</b>	<b>222</b>	Increase due to higher operating revenues.
Heiwado(China) Co.,Ltd	<b>833</b>	<b>(82)</b>	Decrease in SG&A expenses due to the closure of the loss-making Zhuzhou store.
Yell Co.,Ltd	<b>171</b>	<b>114</b>	Increase in operating profit due to solid increase in operating revenue from introduction of big-box tenants
Direct Shop Co.,Ltd	<b>(6)</b>	<b>164</b>	Profit increased due to downsizing of unprofitable businesses.
C.O.M. Co.,Ltd	<b>365</b>	<b>39</b>	Increase due to strong operating revenues and cost control by reassigning personnel.
Toyama Future Development Co.,Ltd	<b>278</b>	<b>21</b>	Revenues increased due to occupancy of vacant parcels.

Exchange rate (average exchange rate for the period):(December 2023) 19.91yen/yuan, (December 2024) 21.27yen/yuan

# Consolidated FYE 2/2025 Selling, general and administrative expenses

- Personnel expenses (Heiwado) increased by 1,469 million yen due to new stores. Subsidiaries increased labor costs due to wage increases.
- Utilities expenses increased due to higher electricity costs resulting from higher unit prices (Heiwado: +823 million yen)
- Depreciation increased due to Heiwado's new stores and existing store remodeling

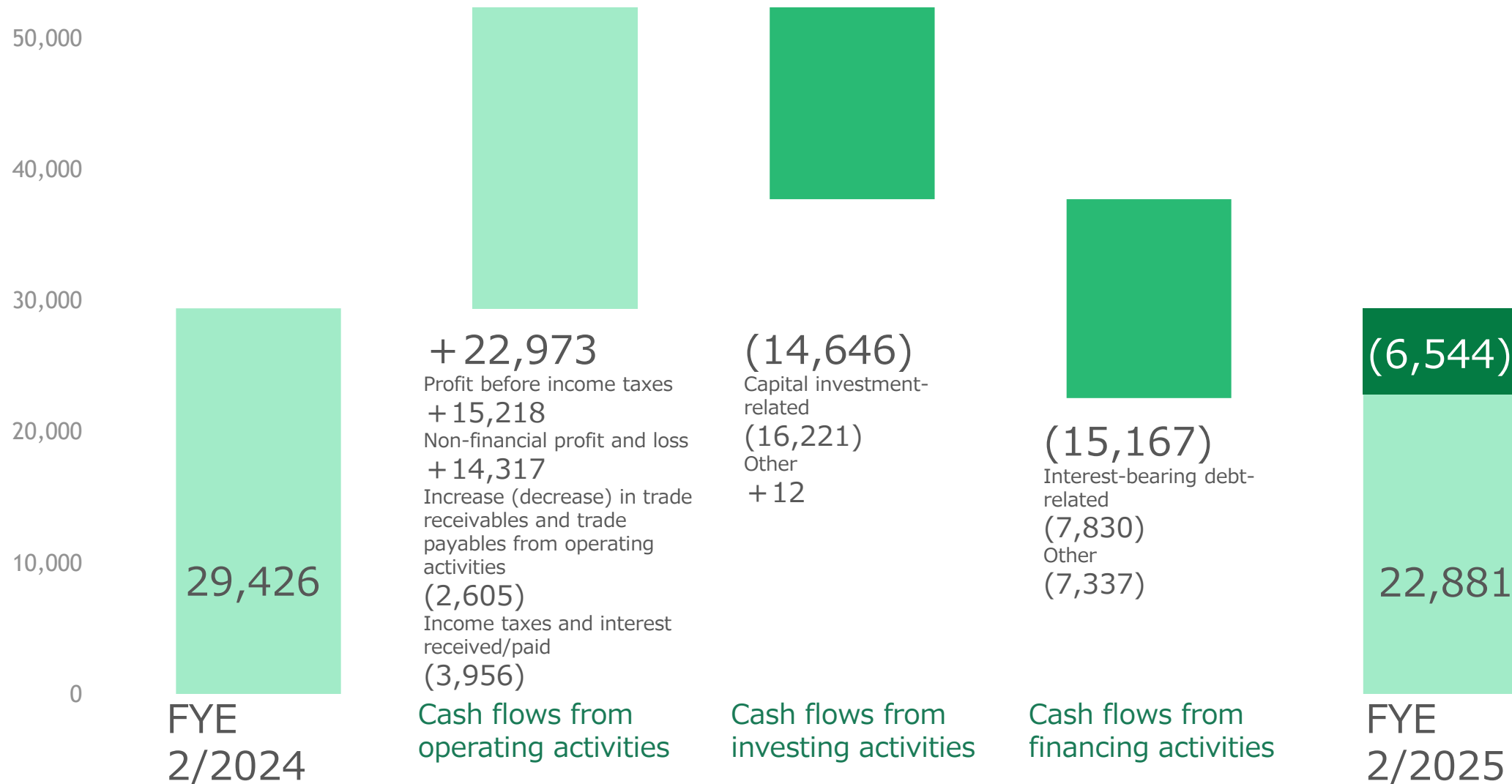
[Unit : Millions of yen,%]

	FYE 2/2024	FYE 2/2025		
	Results	Results	YoY	Change
Selling, general and administrative expenses	141,630	147,893	104.4	6,263
advertising expenses	3,182	3,200	100.6	18
sales promotion expenses	589	1,089	184.7	499
Personnel expenses	72,568	75,130	103.5	2,562
rent	13,317	13,467	101.1	150
depreciation	12,423	13,170	106.0	746
utilities costs	7,886	8,819	111.8	933
shipping costs	11,562	12,390	107.2	827
supplies expenses	4,267	3,624	84.9	(642)
other expenses	15,832	17,000	107.4	1,167

# Consolidated Statements of Cash Flows

60,000

[Unit : Millions of yen]



# Consolidated Key Financial Indicators

- Ratio of operating profit to operating revenue worsened slightly from the previous year, as profits did not increase as much as operating revenue increased.
- Net return on equity ratio increased per share indicators due to the impact of share buybacks and the securing of high net income for the period.

	FYE 2/2024	FYE 2/2025
Ratio of operating profit to operating revenue	3.1%	3.0%
Ratio of ordinary profit to operating revenue	3.4%	3.3%
Net return on equity	3.7%	5.7%
Ratio of ordinary profit to total assets	4.7%	4.7%
Interim earnings per share (Unit : yen)	129.37	209.08
Net assets per share (Unit : yen)	3,551.29	3,764.48
Equity-to-asset ratio	60.2%	61.7%

# Supplementary Materials (Non-consolidated)

# Non-Consolidated Financial Results Quarterly Changes for the FYE 2/2025

- Q1, strategic price setting was effective and increased the number of customers, resulting in an increase in sales. In addition, the leap year effect boosted sales by about 1%
- Q2, although overall sales were relatively firm, July sales and gross profit fell below expectations due to an increase in rainy days and sluggish sales of summer goods
- Q3, The growth rate was higher due to the incorporation of Maruzen as a stand-alone company, but existing store growth will be about the same as in the first half. Increase in operating profit due to reversal of large-scale refurbishment in the previous fiscal year
- Q4, Sales increased due to strong sales of apparel and household goods due to low temperatures since the end of January and a boost in fresh produce due to high fruits and vegetables prices. Profit increased due to the sale of policy stockholding a decrease in impairment losses, and the absence of extraordinary losses related to the earthquake in the previous year

[Unit : Millions of yen,%]

	Q1		Q2		Q3		Q4	
	Results	YoY	Results	YoY	Results	YoY	Results	YoY
Operating revenue	94,114	104.7	100,380	104.7	100,166	106.8	109,024	107.5
Operating profit	1,976	94.3	2,688	80.7	1,407	102.0	4,254	102.3
Ordinary profit	3,048	107.0	2,974	86.2	1,606	99.8	4,476	101.4
Profit attributable to owners of the parent	2,177	122.8	1,994	88.1	1,053	113.8	3,605	660.7

# Non-Consolidated Net Sales by Department

- Sales were boosted by about 0.2% due to the leap year
- Increase in the number of customers due to the effect of strategic pricing for food products, and increase in the unit price per item due to high market prices for fruits and vegetables and price increases for general food products and daily necessities
- Apparel and household goods products struggled with seasonal products due to inconsistent temperature conditions

[Unit : Millions of yen,%]

Management accounting figures	FYE 2/2024		FYE 2/2025			
	Results	Ratio	Results	Ratio	YoY	Existing stores YoY
Net sales	377,509	100.0	397,055	100.0	105.2	103.7
Food products	298,487	79.1	318,004	80.1	106.5	104.3
Fresh foods	138,943	36.8	149,472	37.6	107.6	105.1
General foods	159,544	42.3	168,531	42.4	105.6	103.5
Apparel (clothing)	25,034	6.6	24,749	6.2	98.9	98.5
Household goods	36,125	9.6	36,822	9.3	101.9	100.3
Supply of products to subsidiaries	8,498	2.3	6,746	1.7	79.4	—
Other	9,363	2.5	10,732	2.7	114.6	—

# Non-Consolidated FYE 2/2025 Selling, general and administrative expenses

- +2,055 million yen due to 5 new stores in the current period, +738 million yen due to incorporation of 6 Maruzen stores
- Shipping costs increased with handling volume due to increased sales, and at the same time, operating revenues also increased.
- Utilities expenses increased due to higher electricity costs resulting from higher unit prices (+823 million yen)

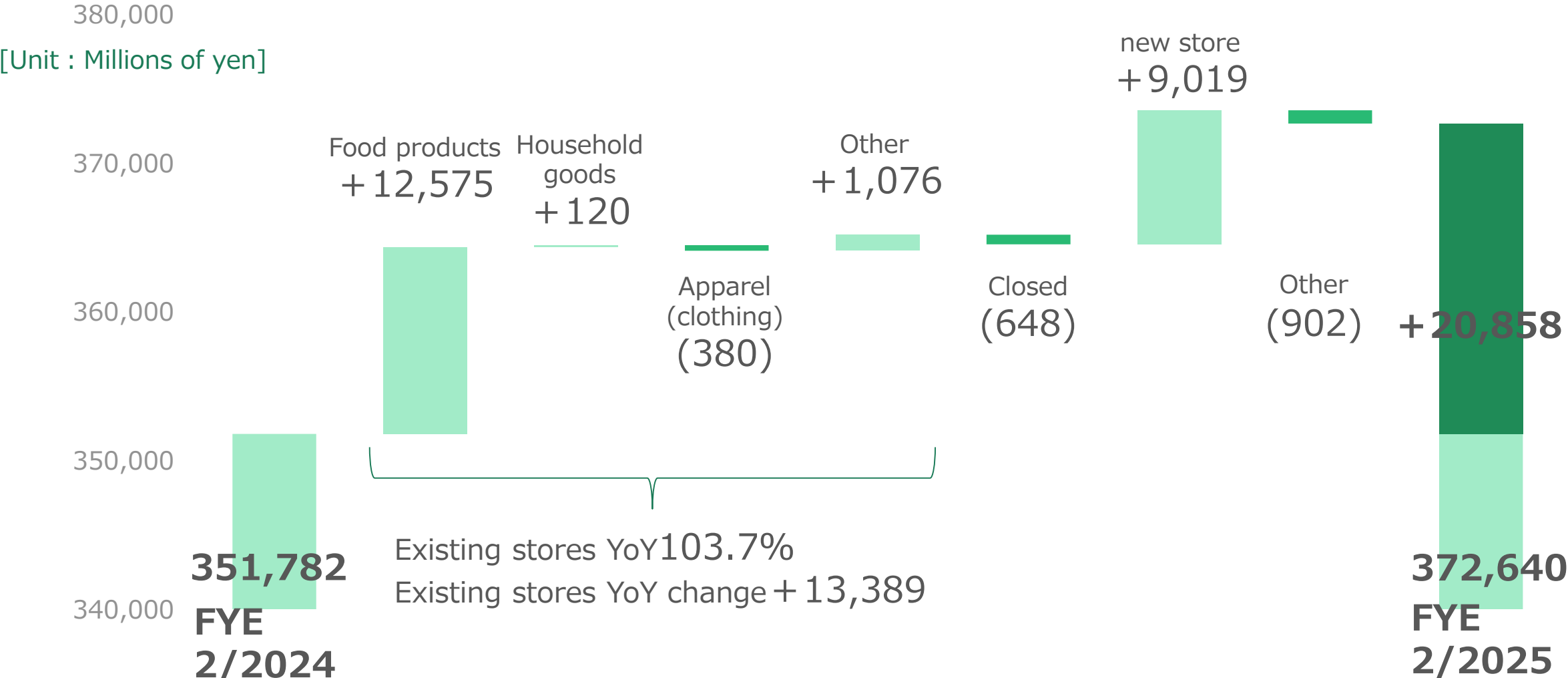
[Unit : Millions of yen,%]

	FYE 2/2024	FYE 2/2025		
	Results	Results	YoY	Change
Selling, general and administrative expenses	112,468	118,185	105.1	5,717
advertising expenses	2,318	2,369	102.2	50
sales promotion expenses	232	725	312.4	493
Personnel expenses	52,407	53,926	102.9	1,519
rent	12,197	12,650	103.7	452
depreciation	9,587	10,358	108.0	770
utilities costs	5,656	6,543	115.7	887
shipping costs	11,389	12,236	107.4	847
supplies expenses	3,262	2,749	84.3	(512)
other expenses	15,417	16,626	107.8	1,208



# Non-consolidated Net sales Factors for change

- New stores” were 2 in the previous fiscal year, 5 in the current fiscal year, and 6 stores incorporated into Maruzen.
- Closed” were Friendmart Nango store, Friendmart Yawata Ichinotsubo store, and Friendmart Kishibe store.



# Non-Consolidated Existing stores' customer counts and average spend per customer YOY

- Although price hikes continued and the prices of rice and fruits and vegetables soared, average price per item growth slowed from the previous year.
- Number of customers increased 102.8% due to strategic pricing and enhanced product assortment (leap year effect + about 0.2%)

[Unit : %]

Management accounting figures		FYE 2/2024	FYE 2/2025
Total for stores	Net sales	102.8	103.7
	Number of customers	101.0	102.8
	Average spend per customer	101.8	100.8
	Number of items purchased per capita	98.1	98.4
	Average price per item	103.7	102.5
Food products	Net sales	103.7	104.3
	Number of customers	102.1	103.6
	Average spend per customer	101.6	100.7
	Number of items purchased per capita	97.1	97.9
	Average price per item	104.5	102.9

# Non-Consolidated Net Sales by Region Existing Stores YOY

- Leap year effect pushed up about 0.2% in each region
- Shiga increased significantly in areas where competitors' stores closed, boosting overall sales.
- In Hyogo, growth was higher due to the closure of a competitor store.
- In Hokuriku, growth was higher due to the revival of paper-based sales promotions, which had been scaled back. Rebound from business contraction due to Noto Peninsula earthquake in the previous year

※Management accounting figures

[Unit : %]

	FYE 2/2024	FYE 2/2025		FYE 2/2024	FYE 2/2025		FYE 2/2024	FYE 2/2025
Total for stores	102.8	103.7				Shiga Pref.	104.3	104.3
Total for Tokai Region	100.7	103.6	Total for Hokuriku Region	100.6	103.6	Total for Keihanshin Region	102.4	103.0
Gifu Pref.	100.0	102.5	Fukui Pref.	100.2	101.6	Kyoto Pref.	103.1	102.2
Aichi Pref.	101.0	104.0	Ishikawa Pref.	99.8	104.7	Osaka Pref.	101.7	103.1
			Toyama Pref.	103.2	105.4	Hyogo Pref.	102.2	106.6

# Supplementary Materials (earnings forecast)

# Non-Consolidated Existing stores Sales target YOY

- High sales growth is expected due to the progress of the 5th Mid-Term Management Plan.
- Yell Corporation will be merged into a single entity as of August 21, 2025, but will not be treated as an existing store
- Existing stores boosted by planned renovation of 5 stores in the first half and 5 stores in the second half

[Unit : %]

	Q1	Q2	Q3	Q4
quarter (of a year)	102.7	103.1	103.0	101.1
half(of a year)	102.9		102.0	
Nine months ended	102.9			
full year (period of)	102.4			

# Forecast for the first half of the FYE 2/2026

- Friendmart Yokaichi Myohoji Store (Shiga) scheduled to open on 18 April, and remodeling of five existing stores.
- Electricity costs are budgeted based on the assumption that they will remain at the same level as at the time of the financial results briefing.

[Unit : Millions of yen,%]

	Consolidated			Non-Consolidated		
	Forecast	YoY	Change	Forecast	YoY	Change
Operating revenue	221,000	102.0	4,355	204,000	104.9	9,504
Operating profit	7,100	112.6	794	5,800	124.3	1,135
Ordinary profit	7,800	110.3	729	7,000	116.2	976
Profit attributable to owners of the parent	5,700	124.9	1,136	5,300	127.0	1,128

# Non-Consolidated March 2025 Net Sales by Department

- Store statistics: Pre-existing stores: 99.3% No of customers, 103.2% Average spend per customer, 98.3% Number of items purchased per capita, 104.9% Average price per item
- Existing stores increased 102.5% over the previous year, despite the negative 2.4% impact of the previous year's leap year. apparel sales of winter season products were strong due to low temperatures in February.

[Unit : Millions of yen,%]

Management accounting figures	3/2024		3/2025			
	Results	Ratio	Results	Ratio	YoY	Existing stores YoY
Net sales	29,064	100.0	30,584	100.0	104.9	102.5
Food products	24,280	83.5	24,625	80.5	105.6	103.0
Fresh foods	11,412	39.3	11,455	37.5	106.6	103.6
General foods	12,869	44.3	13,169	43.1	104.8	102.4
Apparel (clothing)	1,469	5.1	2,005	6.6	101.2	100.4
Household goods	2,653	9.1	2,988	9.8	99.3	97.8
Supply of products to subsidiaries	662	2.3	965	3.2	113.8	111.1

# Notes.

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