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January 10, 2025

## Consolidated Financial Results for the Nine Months Ended November 30, 2024 (Under Japanese GAAP)

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 Listing: Tokyo  
 Securities code: 7516  
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 Scheduled date to commence dividend payments: –  
 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 nine months ended November 30, 2024 (from March 1, 2024 to November 30, 2024)

#### (1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended								
November 30, 2024	378,729	6.4	20,785	2.0	19,410	1.8	11,691	(9.2)
November 30, 2023	356,050	7.6	20,374	13.7	19,058	14.0	12,874	16.8

Note: Comprehensive income For the nine months ended November 30, 2024: ¥11,757 million [(10.4)%]  
 For the nine months ended November 30, 2023: ¥13,128 million [18.2%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended		
November 30, 2024	404.40	404.26
November 30, 2023	432.69	432.55

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of			
November 30, 2024	486,819	163,094	33.5
February 29, 2024	458,557	157,257	34.3

Reference: Equity  
 As of November 30, 2024: ¥163,094 million  
 As of February 29, 2024: ¥157,257 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 29, 2024	–	47.00	–	48.00	95.00
Fiscal year ending February 28, 2025	–	50.00	–		
Fiscal year ending February 28, 2025 (Forecast)				50.00	100.00

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

## 3. Consolidated financial forecasts for the fiscal year ending February 28, 2025 (from March 1, 2024 to February 28, 2025)

(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	501,300	6.1	25,900	7.5	24,000	6.2	14,800	5.3	503.92

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 quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: No
  - (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 November 30, 2024	34,682,113 shares
As of February 29, 2024	34,682,113 shares

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

As of November 30, 2024	6,007,830 shares
As of February 29, 2024	5,312,518 shares

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

Nine months ended November 30, 2024	28,910,460 shares
Nine months ended November 30, 2023	29,753,426 shares

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

\* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit corporation: No

\* Proper use of earnings forecasts, and other special matters

1. Consolidated subsidiary KOHNAN VIETNAM CO., LTD. has the balance sheet date at the end of December, so there is a two-month difference from the consolidated balance sheet date (end of February). For the nine months ended November 30, 2024, the company’s quarterly financial statements as of the end of September have been used, with important transactions occurring during the interval between then and the consolidated balance sheet date (end of November) adjusted as necessary for consolidation.
2. Forward-looking statements in these materials, such as the forecast for financial results, are based on information currently available to the Company and assumptions deemed reasonable. They do not constitute a promise by the Company regarding their achievement. Furthermore, actual performance and so forth may differ considerably due to various factors.

The Company plans to hold financial results briefings for institutional investors on Friday, January 10 and Tuesday, January 14, 2025.

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## 1. Overview of operating results and others

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

During the nine months ended November 30, 2024, the Japanese economy continued to recover due to improvements in the employment and income environment, a recovery in inbound demand, and other factors. On the other hand, there are also concerns about a slowdown of economies due to the impact of geopolitical risks such as the worsening situation in the Middle East and the prolonged invasion of Ukraine, as well as concerns, among others, about economic recession that might be caused by monetary tightening in various countries and other factors.

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

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

In the area of store expansion, the Group opened 30 stores and closed one store during the nine months ended November 30, 2024. As a result, the number of stores of the Group as of the end of the quarter under review was brought to 624.

Since the first nine months of KOHNAN VIETNAM CO., LTD. is from January 1, 2024 to September 30, 2024, the number of its stores as of the end of the quarter under review is presented as the number of stores as of September 30, 2024.

#### 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 quarter under review
KOHNAN SHOJI CO., LTD.	470	23	(1)	492
KEN DEPOT Corporation [Number of franchise stores]	80 [3]	6 [-]	- [-]	86 [3]
HOME IMPROVEMENT HIROSE Co., Ltd.	32	1	-	33
Total in Japan [Number of franchise stores]	582 [3]	30 [-]	(1) [-]	611 [3]
KOHNAN VIETNAM CO., LTD.	13	-	-	13
Total [Number of franchise stores]	595 [3]	30 [-]	(1) [-]	624 [3]

As a result, for the first nine months of the fiscal year under review, operating revenue was ¥378,729 million (up 6.4% year on year), gross profit was ¥135,561 million (up 5.1% year on year), selling, general and administrative expenses were ¥127,546 million (up 5.6% year on year), operating profit was ¥20,785 million (up 2.0% year on year), ordinary profit was ¥19,410 million (up 1.8% year on year), and profit attributable to owners of parent was ¥11,691 million (down 9.2% year on year).

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

As of November 30, 2024, total assets increased by ¥28,261 million from the previous fiscal year-end to ¥486,819 million. Merchandise and finished goods increased by ¥13,113 million, accounts receivable - trade increased by ¥4,995 million, and buildings and structures increased by ¥10,530 million.

As of November 30, 2024, total liabilities increased by ¥22,424 million from the previous fiscal year-end to ¥323,724 million. Accounts payable - trade increased by ¥9,373 million, current portion of long-term borrowings increased by ¥3,119 million, and long-term borrowings increased by ¥18,602 million, while short-term borrowings decreased by ¥12,400 million.

As of November 30, 2024, net assets stood at ¥163,094 million, and the equity ratio was 33.5%.

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

Consolidated earnings forecasts for the fiscal year ending February 28, 2025, are unchanged from the consolidated earnings forecasts for the full year ending February 28, 2025 that were announced on April 10, 2024, at the time of the announcement of consolidated financial results for the fiscal year ended February 29, 2024.

## 2. Quarterly consolidated financial statements and significant notes thereto

### (1) Quarterly consolidated balance sheet

(Millions of yen)

	As of February 29, 2024	As of November 30, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	11,723	11,931
Accounts receivable - trade	15,798	20,794
Merchandise and finished goods	121,758	134,872
Raw materials and supplies	1,387	1,218
Other	8,834	9,407
Allowance for doubtful accounts	(47)	(52)
<b>Total current assets</b>	<b>159,455</b>	<b>178,171</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	123,488	134,018
Land	52,135	52,135
Leased assets, net	18,428	19,362
Construction in progress	5,210	2,109
Other, net	7,523	8,007
<b>Total property, plant and equipment</b>	<b>206,786</b>	<b>215,634</b>
Intangible assets		
Trademark right	2,745	2,495
Customer-related intangible assets	2,085	1,916
Goodwill	14,608	13,603
Other	7,419	7,552
<b>Total intangible assets</b>	<b>26,860</b>	<b>25,568</b>
Investments and other assets		
Investment securities	4,550	4,788
Guarantee deposits	51,790	53,210
Deferred tax assets	7,231	7,681
Other	2,095	1,945
Allowance for doubtful accounts	(212)	(181)
<b>Total investments and other assets</b>	<b>65,455</b>	<b>67,444</b>
<b>Total non-current assets</b>	<b>299,101</b>	<b>308,647</b>
<b>Total assets</b>	<b>458,557</b>	<b>486,819</b>

(Millions of yen)

	As of February 29, 2024	As of November 30, 2024
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	34,530	43,904
Electronically recorded obligations - operating	10,293	11,995
Short-term borrowings	24,000	11,600
Current portion of long-term borrowings	27,673	30,793
Lease liabilities	2,477	2,632
Income taxes payable	4,743	3,842
Contract liabilities	4,060	3,687
Provision for bonuses	2,421	3,864
Provision for bonuses for directors (and other officers)	200	–
Other	14,631	15,349
<b>Total current liabilities</b>	<b>125,032</b>	<b>127,670</b>
<b>Non-current liabilities</b>		
Long-term borrowings	108,138	126,740
Lease liabilities	21,816	22,384
Guarantee deposits received	10,578	10,914
Provision for loss on voluntary recall of goods	527	470
Provision for share awards	938	1,185
Retirement benefit liability	353	363
Asset retirement obligations	18,245	19,012
Other	15,670	14,983
<b>Total non-current liabilities</b>	<b>176,267</b>	<b>196,054</b>
<b>Total liabilities</b>	<b>301,300</b>	<b>323,724</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	17,658	17,658
Capital surplus	17,922	17,922
Retained earnings	140,899	149,654
Treasury shares	(20,048)	(23,033)
<b>Total shareholders' equity</b>	<b>156,432</b>	<b>162,202</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	315	399
Deferred gains or losses on hedges	(79)	(91)
Foreign currency translation adjustment	501	504
Remeasurements of defined benefit plans	87	78
<b>Total accumulated other comprehensive income</b>	<b>825</b>	<b>891</b>
<b>Total net assets</b>	<b>157,257</b>	<b>163,094</b>
<b>Total liabilities and net assets</b>	<b>458,557</b>	<b>486,819</b>

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

(Millions of yen)

	Nine months ended November 30, 2023	Nine months ended November 30, 2024
Net sales	343,846	365,958
Cost of sales	214,900	230,397
Gross profit	128,946	135,561
Operating revenue	12,203	12,770
Selling, general and administrative expenses	120,775	127,546
Operating profit	20,374	20,785
Non-operating income		
Interest income	50	70
Insurance claim income	102	91
Foreign exchange gains	91	116
Gain on investments in silent partnerships	143	168
Income from compensation for damage	-	171
Subsidy income	269	4
Income from fees for business	-	54
Other	348	301
Total non-operating income	1,005	978
Non-operating expenses		
Interest expenses	1,639	1,715
Other	682	637
Total non-operating expenses	2,321	2,353
Ordinary profit	19,058	19,410
Extraordinary income		
Gain on sale of non-current assets	-	137
Gain on cancelation of guaranteed deposits received	25	9
Other	5	10
Total extraordinary income	31	157
Extraordinary losses		
Impairment losses	65	1,287
Loss on retirement of non-current assets	49	11
Loss on sale of non-current assets	-	22
Loss on step acquisitions	26	-
Total extraordinary losses	142	1,321
Profit before income taxes	18,947	18,246
Income taxes - current	6,440	7,169
Income taxes - deferred	(367)	(614)
Total income taxes	6,073	6,555
Profit	12,874	11,691
Profit attributable to owners of parent	12,874	11,691

**Quarterly consolidated statement of comprehensive income (cumulative)**

(Millions of yen)

	Nine months ended November 30, 2023	Nine months ended November 30, 2024
Profit	12,874	11,691
Other comprehensive income		
Valuation difference on available-for-sale securities	12	84
Deferred gains or losses on hedges	92	(11)
Foreign currency translation adjustment	156	3
Remeasurements of defined benefit plans, net of tax	(6)	(8)
Total other comprehensive income	254	66
Comprehensive income	13,128	11,757
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	13,128	11,757
Comprehensive income attributable to non-controlling interests	-	-

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

Not applicable

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

In accordance with the resolution of the Board of Directors meeting held on April 10, 2024, the Company purchased 698,800 treasury shares during the first nine months of the fiscal year under review. As a result, treasury shares during the first nine months of the fiscal year under review increased by ¥2,985 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 provision of treasury shares to employees through the employee incentive plan "Employee Share Benefit Trust (J-ESOP)," and reached ¥23,033 million at the end of the quarter under review.

Notes to quarterly consolidated statements of cash flows

Quarterly consolidated statements of cash flows have not been prepared for the nine months ended November 30, 2024. Depreciation (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the nine months ended November 30, 2024 are as follows.

(Millions of yen)

	Nine months ended November 30, 2023	Nine months ended November 30, 2024
Depreciation	10,709	11,432
Amortization of goodwill	959	1,005

Notes on segment information, etc.

[Segment information]

## I. Nine months ended November 30, 2023 (from March 1, 2023 to November 30, 2023)

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. Nine months ended November 30, 2024 (from March 1, 2024 to November 30, 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.

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

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

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

## (1) Overview of transactions

In accordance with the Executive Officer Share Benefit Regulations formulated upon introduction of the plan, it is a system for providing shares of the Company to executive officers of the Company who satisfy certain conditions.

To acquire shares to be provided in the future beforehand, the Company entrusts money to Custody Bank of Japan, Ltd. (Trust Account E) as a trust asset for the executive officer incentive plan “Employee Share Benefit Trust (J-ESOP)” system, and the trust bank uses the entrusted money as financial funds to acquire the Company’s shares through the trading markets or by receiving the Company’s disposal of treasury shares.

## (2) Shares of the Company remaining in the trust

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

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

Not applicable

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

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

## (1) Overview of transactions

In accordance with the Employee Officer Share Benefit Regulations formulated upon introduction of the plan, it is a system for providing shares of the Company to employees of the Company who satisfy certain conditions.

To acquire shares to be provided in the future beforehand, the Company entrusts money to Custody Bank of Japan, Ltd. (Trust Account E) as a trust asset for the employee incentive plan “Employee Share Benefit Trust (J-ESOP)” system, and the trust bank uses the entrusted money as financial funds to acquire the Company’s shares through the trading markets or by receiving the Company’s disposal of treasury shares.

## (2) Shares of the Company remaining in the trust

Shares of the Company that remain in the trust are recorded as treasury shares under net assets at their carrying value in the trust (excluding the amount of incidental expenses). The carrying value and number of these treasury shares were ¥3,988 million and 938,900 shares as of the previous fiscal year-end and ¥3,979 million and 936,600 shares as of the end of the quarter under review.

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

Not applicable

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

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

(1) Overview of transactions

This plan is an incentive plan for returning the benefit of an increase in the Company's stock price to all employees who are enrolled in the "KOHNAN SHOJI Employee Shareholders Association" (hereinafter, the "Shareholders Association").

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

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

(2) Shares of the Company remaining in the trust

There are no shares of the Company remaining in the trust.

(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)	177,291	106.0
Housekeeping (household supplies)	113,637	106.0
Pet and leisure (pet and leisure supplies)	53,343	104.3
Food	10,547	131.6
Other	11,138	108.8
Total	365,958	106.4

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

- |                      |   |
|----------------------|---|
| (1) Home improvement | (Timber, building materials, tools, hardware and plumbing, painting and work supplies, gardening supplies, gardening plants, materials, exteriors, housing equipment, remodeling)               |
| (2) Housekeeping     | (Dining supplies, interiors, electrical materials and lighting, daily necessities, storage supplies, chemicals, footwear and clothing, household goods, home appliances, nursing care supplies) |
| (3) Pet and leisure  | (Automotive supplies, pet supplies, stationery and office supplies, cycling and leisure supplies)   |
| (4) Food             | (Food, alcoholic beverages)   |
| (5) Other            | (100 Yen Shop, books, vending machines, kerosene)   |
2. As a result of HOME IMPROVEMENT HIROSE Co., Ltd. becoming a consolidated subsidiary in June 2023, classifications of product divisions were reviewed, and the method of classifying food and alcoholic beverages, which were included in "Housekeeping," was changed to include them in "Food." With regard to year-on-year changes, the net sales for the first nine months of the previous fiscal year have been reclassified into the figures for the classifications after the change.