Financial Performance

Consolidated Balance Sheets

Pan Pacific International Holdings Corporation and Consolidated Subsidiaries
As of June 30, 2024 and 2025

	Millions of yen		Millions of U.S. dollars
	2024	2025	2025
Assets			
Current assets			
Cash and deposits (Note 3)	¥ 172,719	¥ 171,958	$ 1,187
Notes and accounts receivables–trade (Note 1)	17,068	18,956	131
Accounts receivables–installment	57,333	57,749	399
Operating loans	9,613	9,456	65
Merchandise and finished goods (Note 3)	198,979	224,902	1,553
Prepaid expenses	8,695	9,476	65
Deposits paid	15,800	5,764	40
Other	36,452	35,367	244
Allowance for doubtful accounts	(3,227)	(5,637)	(39)
Total current assets	513,432	527,990	3,646
Non-current assets			
Property, plant and equipment			
Buildings and structures (Note 3)	540,773	559,008	3,860
Accumulated depreciation	(201,256)	(220,052)	(1,519)
Accumulated impairment loss	(30,843)	(43,243)	(299)
Buildings and structures, net	308,674	295,714	2,042
Tools, furniture and fixtures	135,202	144,664	999
Accumulated depreciation	(90,524)	(97,879)	(676)
Accumulated impairment loss	(6,707)	(8,889)	(61)
Tools, furniture and fixtures, net	37,971	37,895	262
Other	3,163	3,102	21
Accumulated depreciation	(1,629)	(1,535)	(11)
Accumulated impairment loss	(0)	(2)	(0)
Other, net	1,534	1,565	11
Land (Note 3)	356,663	354,219	2,446
Construction in progress	4,197	3,657	25
Right-of-use assets	40,985	39,752	274
Accumulated depreciation	(7,397)	(6,582)	(45)
Accumulated impairment loss	(7,166)	(8,236)	(57)
Right-of-use assets, net	26,423	24,934	172
Total property, plant and equipment	735,463	717,985	4,958
Intangible assets			
Goodwill	62,574	62,853	434
Other	32,074	40,738	281
Total intangible assets	94,647	103,590	715
Investments and other assets			
Investment securities (Note 2)	35,688	37,901	262
Long-term prepaid expenses	4,647	4,460	31
Retirement benefit asset	18,372	18,355	127
Deferred tax assets	25,609	28,042	194
Leasehold and guarantee deposits	68,737	68,226	471
Other (Note 3)	3,171	5,617	39
Allowance for doubtful accounts	(1,357)	(1,140)	(8)
Total investments and other assets	154,867	161,461	1,115
Total non-current assets	984,978	983,036	6,788
Total assets	¥ 1,498,410	¥ 1,511,026	$ 10,434

	Millions of yen		Millions of U.S. dollars
	2024	2025	2025
Liabilities			
Current liabilities			
Notes and accounts payables–trade	¥ 197,151	¥ 194,883	$ 1,346
Current portion of long-term loan payables (Note 8)	48,615	56,375	389
Current portion of bond payables	650	20,650	143
Accounts payables–other	60,874	57,483	397
Lease obligations	2,809	2,839	20
Accrued expenses	31,300	29,540	204
Deposits received	13,971	13,396	93
Income taxes payables	25,547	29,299	202
Provision for point card certificates	1,379	1,598	11
Contract liabilities	18,966	20,055	138
Other (Note 3)	17,958	15,475	107
Total current liabilities	419,220	441,593	3,049
Non-current liabilities			
Bond payables	191,075	170,425	1,177
Long-term loan payables (Note 8)	224,657	156,929	1,084
Lease obligations	32,897	35,370	244
Asset retirement obligations	31,395	32,077	221
Other (Note 3)	52,163	50,588	349
Total non-current liabilities	532,187	445,389	3,075
Total liabilities	951,407	886,982	6,125
Net assets			
Shareholders' equity			
Capital stock	23,538	23,689	164
Capital surplus	17,659	17,810	123
Retained earnings	559,538	629,753	4,349
Treasury shares	(80,956)	(80,957)	(559)
Total shareholders' equity	519,778	590,294	4,076
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	2,126	3,161	22
Foreign currency translation adjustment	13,857	11,656	80
Remeasurements of defined benefit plans	733	643	4
Total accumulated other comprehensive income	16,716	15,460	107
Share acquisition rights	1,442	2,080	14
Non-controlling interests	9,066	16,210	112
Total net assets	547,003	624,044	4,309
Total liabilities and net assets	¥ 1,498,410	¥ 1,511,026	$ 10,434

See accompanying notes to consolidated financial statements.

Consolidated Statements of Income

Pan Pacific International Holdings Corporation and Consolidated Subsidiaries
For the fiscal years ended June 30, 2024 and 2025

	Millions of yen		Millions of U.S. dollars
	2024	2025	2025
Net sales (Note 1)	¥2,095,077	¥2,246,758	$15,514
Cost of sales (Note 2)	1,432,179	1,530,025	10,565
Gross profit	662,898	716,733	4,949
Selling, general and administrative expenses (Note 3)	522,705	554,437	3,828
Operating income	140,193	162,296	1,121
Non-operating income			
Interest and dividend income	1,063	1,326	9
Share of profit of affiliates accounted for using equity method	666	615	4
Foreign exchange gains	10,278	-	-
Penalty income	1,068	519	4
Other	4,039	5,788	40
Total non-operating income	17,114	8,249	57
Non-operating expenses			
Interest expenses paid on loans and bonds	6,986	6,403	44
Foreign exchange losses	-	4,619	32
Other	1,612	981	7
Total non-operating expenses	8,598	12,002	83
Ordinary income	148,709	158,542	1,095
Extraordinary income			
Gain on sale of non-current assets (Note 4)	15	216	1
Compensation income	550	-	-
Gain on reversal of asset retirement obligations	228	-	-
Reversal of provision for loss on store closings	-	798	6
Other	94	10	0
Total extraordinary income	887	1,023	7
Extraordinary losses			
Impairment loss (Note 5)	14,165	18,467	128
Loss on retirement of non-current assets (Note 6)	1,834	1,507	10
Loss on store closings (Note 7)	2,240	1,745	12
Loss on disaster	654	52	0
Other	196	884	6
Total extraordinary losses	19,089	22,655	156
Profit before income taxes	130,506	136,910	945
Income taxes–current	47,395	48,276	333
Income taxes–deferred	(4,085)	(2,718)	(19)
Total income taxes	43,309	45,558	315
Profit	87,197	91,352	631
Profit (loss) attributable to non-controlling interests	(1,504)	840	6
Profit attributable to owners of parent	¥88,701	¥90,512	$625

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

Pan Pacific International Holdings Corporation and Consolidated Subsidiaries
For the fiscal years ended June 30, 2024 and 2025

	Millions of yen		Millions of U.S. dollars
	2024	2025	2025
Profit	¥87,197	¥91,352	$631
Other comprehensive income			
Valuation difference on available-for-sale securities	236	1,315	9
Foreign currency translation adjustment	6,580	(2,247)	(16)
Remeasurements of defined benefit plans, net of tax	221	(164)	(1)
Share of other comprehensive income of affiliates accounted for using equity method	65	73	1
Total other comprehensive income (Note)	7,101	(1,023)	(7)
Comprehensive income	¥94,298	¥90,329	$624
Comprehensive income attributable to:			
Owners of parent	¥95,427	¥89,256	$616
Non-controlling interests	(1,128)	1,073	7

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

Pan Pacific International Holdings Corporation and Consolidated Subsidiaries
For the fiscal years ended June 30, 2024 and 2025

Millions of yen

2024	Shareholders' equity					Accumulated other comprehensive income						
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Share acquisition rights	Non-controlling interests	Total net assets
Balance at beginning of current period	¥23,351	¥17,509	¥483,366	¥(80,956)	¥443,270	¥1,690	¥7,797	¥503	¥9,991	¥771	¥9,507	¥463,539
Changes of items during period												
Issuance of new shares	186	186			373							373
Dividends of surplus			(12,529)		(12,529)							(12,529)
Profit attributable to owners of parent			88,701		88,701							88,701
Purchase of treasury shares				(0)	(0)							(0)
Capital increase of consolidated subsidiaries		(37)			(37)							(37)
Net changes of items other than shareholders' equity						436	6,060	230	6,725	671	(441)	6,956
Total changes of items during period	186	149	76,172	(0)	76,508	436	6,060	230	6,725	671	(441)	83,464
Balance at end of current period	¥23,538	¥17,659	¥559,538	¥(80,956)	¥519,778	¥2,126	¥13,857	¥733	¥16,716	¥1,442	¥9,066	¥547,003

Millions of yen

2025	Shareholders' equity					Accumulated other comprehensive income						
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Share acquisition rights	Non-controlling interests	Total net assets
Balance at beginning of current period	¥23,538	¥17,659	¥559,538	¥(80,956)	¥519,778	¥2,126	¥13,857	¥733	¥16,716	¥1,442	¥9,066	¥547,003
Changes of items during period												
Issuance of new shares	151	151			302							302
Dividends of surplus			(20,297)		(20,297)							(20,297)
Profit attributable to owners of parent			90,512		90,512							90,512
Purchase of treasury shares				(1)	(1)							(1)
Capital increase of consolidated subsidiaries											6,120	6,120
Decrease in consolidated subsidiaries – non-controlling interests											(86)	(86)
Net changes of items other than shareholders' equity						1,036	(2,201)	(90)	(1,256)	638	1,111	492
Total changes of items during period	151	151	70,215	(1)	70,516	1,036	(2,201)	(90)	(1,256)	638	7,144	77,041
Balance at end of current period	¥23,689	¥17,810	¥629,753	¥(80,957)	¥590,294	¥3,161	¥11,656	¥643	¥15,460	¥2,080	¥16,210	¥624,044

Millions of U.S. dollars

2025	Shareholders' equity					Accumulated other comprehensive income						
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Share acquisition rights	Non-controlling interests	Total net assets
Balance at beginning of current period	$163	$122	$3,864	$(559)	$3,589	$15	$96	$5	$115	$10	$63	$3,777
Changes of items during period												
Issuance of new shares	1	1			2							2
Dividends of surplus			(140)		(140)							(140)
Profit attributable to owners of parent			625		625							625
Purchase of treasury shares				(0)	(0)							(0)
Capital increase of consolidated subsidiaries											42	42
Decrease in consolidated subsidiaries – non-controlling interests											(1)	(1)
Net changes of items other than shareholders' equity						7	(15)	(1)	(9)	4	8	3
Total changes of items during period	1	1	485	(0)	487	7	(15)	(1)	(9)	4	49	532
Balance at end of current period	$164	$123	$4,349	$(559)	$4,076	$22	$80	$4	$107	$14	$112	$4,309

Consolidated Statements of Cash Flows

Pan Pacific International Holdings Corporation and Consolidated Subsidiaries
For the fiscal years ended June 30, 2024 and 2025

		Millions of yen	Millions of U.S. dollars
	2024	2025	2025
Cash flows from operating activities			
Profit before income taxes	¥ 130,506	¥ 136,910	$ 945
Depreciation and amortization	46,231	47,889	331
Impairment loss	14,165	18,467	128
Increase in allowance for doubtful accounts	716	2,212	15
Interest and dividend income	(1,063)	(1,326)	(9)
Interest expenses on borrowings and bonds	6,986	6,403	44
Foreign exchange losses (gains)	(9,763)	4,162	29
Share of profit of entities accounted for using equity method	(666)	(615)	(4)
Gain on sale and retirement of non-current assets	1,823	1,322	9
Loss on store closings	2,240	1,745	12
Offset payments for house rental fee with lease and guarantee deposits	2,111	2,035	14
Increase in trade receivables	(3,012)	(1,958)	(14)
Increase in inventories	(1,623)	(26,931)	(186)
Increase (decrease) in trade payables	26,106	(1,902)	(13)
Increase in accounts receivable – installment	(2,164)	(650)	(4)
Increase (decrease) in accounts payable – other	8,722	(4,182)	(29)
Decrease in deposits received	(69)	(602)	(4)
Increase (decrease) in other current liabilities	2,394	(637)	(4)
Increase (decrease) in other non-current liabilities	78	(1,063)	(7)
Other, net	(20,841)	189	1
Subtotal	202,878	181,467	1,253
Interest and dividend income received	800	1,087	8
Interest paid	(7,296)	(6,628)	(46)
Income taxes paid	(48,659)	(48,129)	(332)
Income taxes refund	3,284	3,383	23
Proceeds from insurance income	-	1,043	7
Payments associated with disaster loss	(630)	(434)	(3)
Dividends received from entities accounted for using equity method	178	179	1
Net cash provided by operating activities	150,554	131,968	911
Cash flows from investing activities			
Purchase of property, plant and equipment	(86,221)	(38,672)	(267)
Proceeds from sale of property, plant and equipment	124	3,160	22
Purchase of intangible assets	(8,372)	(13,461)	(93)
Payments of leasehold and guarantee deposits	(1,199)	(1,484)	(10)
Proceeds from refund of leasehold and guarantee deposits	1,532	673	5
Payment for store opening in progress	(159)	(512)	(4)
Purchase of shares of subsidiaries and associates	(93)	(387)	(3)
Purchase of shares of subsidiaries resulting in change in scope of consolidation (Note 2)	-	(10,331)	(71)
Other, net	(345)	(67)	(0)
Net cash used in investing activities	(94,733)	(61,080)	(422)
Cash flows from financing activities			
Proceeds from long-term borrowings	50,000	40,000	276
Repayments of long-term borrowings	(84,820)	(99,257)	(685)
Proceeds from issuance of bonds	69,789	-	-
Redemption of bonds	(150,930)	(650)	(4)
Dividends paid	(12,529)	(20,297)	(140)
Proceeds from share issuance to non-controlling shareholders	407	6,120	42
Other, net	(1,862)	(1,830)	(13)
Net cash used in financing activities	(129,945)	(75,914)	(524)
Effect of exchange rate change on cash and cash equivalents	15,129	(6,336)	(44)
Net decrease in cash and cash equivalents	(58,995)	(11,362)	(78)
Cash and cash equivalents at beginning of period	246,195	187,199	1,293
Cash and cash equivalents at end of period (Note 1)	¥ 187,199	¥ 175,837	$ 1,214

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

For the fiscal years ended June 30, 2024 and 2025

(Basis of Presenting Consolidated Financial Statements)

The accompanying consolidated financial statements of Pan Pacific International Holdings Corporation ("the Company") and its consolidated subsidiaries (collectively, "the Group") have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of the International Financial Reporting Standards ("IFRSs"). Foreign subsidiaries maintain their records of account in conformity with the accounting and relevant legal requirements in the respective countries, and there are no significant differences from the accounting standards adopted by the Company.

Each amount in the accompanying consolidated financial statements is rounded off to the nearest million yen. The U.S. dollar amounts are included solely for the convenience of readers outside Japan and are stated at the exchange rate of ¥144.82 to U.S.$1, the rate prevailing on June 30, 2025. These translations should not be construed as representations that Japanese yen amounts actually represent or have been or could be converted into U.S. dollars at that or any other rate.

The consolidated financial statements are not intended to present the financial position, results of operations, and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

(Significant Matters for the Preparation of Consolidated Financial Statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries 73

Names of consolidated subsidiaries

- Don Quijote Co., Ltd.
- UNY Co., Ltd.
- Nagasakiya Co., Ltd.
- UD Retail Co., Ltd.
- Japan Asset Marketing Co., Ltd.
- Pan Pacific International Financial Service Corporation
- UCS Co., Ltd.
- Japan Commercial Establishment Co., Ltd.
- Pan Pacific Retail Management (Singapore) Pte. Ltd.
- Pan Pacific Retail Management (Hong Kong) Co., Ltd.
- Don Quijote (USA) Co., Ltd.
- Gelson's Markets
- MARUKAI CORPORATION
- QSI, Inc.
- And 59 other companies

During the fiscal year ended June 30, 2025, the Company acquired all shares of Mikuni Restaurant Group Inc. and included them in the scope of consolidation. In addition, the Company established Vanshow USA Co. and Vanshow California and included them in the scope of consolidation. Vanshow USA Co. and Vanshow California fall under specified subsidiaries.

During the fiscal year ended June 30, 2025, three companies were excluded from the scope of consolidation due to the completion of liquidation.

(2) Names, etc., of major non-consolidated subsidiaries

11 non-consolidated subsidiaries are excluded from the scope of consolidation due to the scale of their business, and total assets, net sales, profit or loss (amount corresponding to equity interest), and retained earnings (amount corresponding to equity interest) not having a material effect on the consolidated financial statements.

2. Application of the equity method

(1) Number of affiliates accounted for under the equity method 2

Names of affiliates accounted for under the equity method

- Accretive Co., Ltd.
- Kanemi Co., Ltd.

(2) Non-consolidated subsidiaries and affiliates not accounted for under the equity method

11 non-consolidated subsidiaries and five affiliates are not accounted for under the equity method because they are, individually or in aggregate, immaterial to the Group's financial position and results of operation with respect to their profit or loss (amount corresponding to equity interest) and retained earnings (amount corresponding to equity interest).

3. Fiscal year-ends of consolidated subsidiaries

Of the consolidated subsidiaries, Don Quijote (USA) Co., Ltd. and 25 other companies have fiscal year-ends that differ from the consolidated fiscal year-end, but as the gap among the respective closing dates is not more than three months, the financial statements of these subsidiaries are used in the preparation of the consolidated financial statements.

However, necessary adjustments are made for the effects of significant transactions that occur during the gap between the fiscal year-ends of these subsidiaries and the consolidated fiscal year-end on June 30.

Of the consolidated subsidiaries, seven companies have fiscal year-ends that differ from the consolidated fiscal year-end by more than three months. Consequently, financial statements based on a provisional settlement of accounts on the consolidated closing date are used in the preparation of the consolidated financial statements.

Of the consolidated subsidiaries, Japan Asset Marketing Co., Ltd. and 13 other companies have fiscal year-ends that differ from the consolidated fiscal year-end. Consequently, financial statements based on a provisional settlement of accounts on the consolidated closing date are used in the preparation of the consolidate financial statements, as this would provide more appropriate management information.

4. Accounting policies

(1) Basis and method of valuation of significant assets

(a) Securities

Shares of subsidiaries and affiliates

Cost method by determining the cost using the moving average method

Available-for-sale securities

Securities other than stocks that do not have quoted market prices

Fair value method (The amounts of unrealized gains or losses from such securities, after accounting for tax effects, are presented in net assets. Costs of securities sold are calculated using the moving average method.)

Stocks that do not have quoted market prices

Cost method by determining the cost using the moving average method

(b) Derivatives

Fair value method

(c) Inventories

Cost method by determining the cost mainly using the moving average method (The amounts on the consolidated balance sheets are calculated using a method of writing down the book value due to a decline in profitability.)

For fresh food, cost method by determining the cost using the last purchased price method

(2) Depreciation method for significant depreciable assets

(a) Property, plant and equipment (excluding lease assets and right-of-use assets)

The declining-balance method is used for calculation of depreciation.

However, the Company and its domestic consolidated subsidiaries use the straight-line method for buildings (excluding fixtures) acquired on or after April 1, 1998 and tools, fixtures and structures acquired on or after April 1, 2016.

UNY Co., Ltd. and four other consolidated companies and foreign consolidated subsidiaries use the straight-line method.

The useful life and residual value are determined in accordance with the Corporation Tax Act of Japan.

(b) Intangible assets (excluding lease assets)

Straight-line method

Software for internal use is amortized using the straight-line method over an estimated internal useful life of five years.

(c) Lease assets and right-of-use assets

Lease assets and right-of-use assets are depreciated using the straight-line method over the lease term with no residual value.

(d) Long-term prepaid expenses

Straight-line method

(3) Accounting treatment for deferred assets

(a) Common stock issuance cost

Expense as incurred

(b) Bond issuance cost

Expense as incurred

(4) Basis for significant provision and allowance

(a) Allowance for doubtful accounts

Allowance for doubtful accounts is provided in amounts sufficient to cover possible losses on collection. It consists of the estimated uncollectible amount with respect to certain identified doubtful receivables and the amount calculated using the actual historical rate of losses and certain method based on the actual historical rate of losses. For foreign consolidated subsidiaries, the estimated uncollectible amount is provided mainly with respect to certain receivables.

(b) Provision for point card certificates

Provision for point card certificates is provided for the use of points given to members of credit cards, etc. at the amount expected to be used. The amount is estimated based on historical redemption experience and other factors.

(5) Accounting treatment for retirement benefits

(a) Allocation method of attributing expected benefits to period In calculating retirement benefit obligations, the benefit formula method is used to allocate expected retirement payments to the period up to the current fiscal year-end.

(b) Treatment for actuarial differences and past service costs

Past service cost is amortized by the straight-line method over a period of 10 years which is shorter than the average remaining years of service of the eligible employees.

Actuarial differences are amortized commencing in the following years after the differences are recognized by the straight-line method over a period of 10 years which are shorter than the average remaining years of service of the eligible employees.

As of June 30, 2025, since the amount of pension assets exceeds the amount of retirement benefit obligations, the excess amount is recognized as a retirement benefit asset and presented on the consolidated balance sheets under investments and other assets.

(6) Significant revenue and expense recognition standards

The details of the main performance obligations in the major businesses related to revenue from contracts with customers of the Company and its consolidated subsidiaries and the timing at which these performance obligations are typically satisfied (when revenue is typically recognized) are as follows:

(a) Sale of products

Revenue from sale of products in the Domestic business, North America business, and Asia business is recognized when products are transferred to a customer.

Revenue from sale of products in which the Company and its consolidated subsidiaries are deemed to be an agent is recognized at the net amount of the amount received in exchange for the products provided by the other party less the amount to be paid to the other party concerned.

(b) Rent business

In the Domestic business, North America business, and Asia business, the Company rents floor space in shopping malls and stores to tenants, and revenue is recognized from rental transactions in accordance with the ASBJ Statement No. 13 "Accounting Standard for Lease Transactions," and other standards.

(c) Financial income

Financial income in the Domestic business consists of credit fees and commissions from finance services, and revenue is recognized in accordance with the ASBJ Statement No. 10 "Accounting Standards for Financial Instruments" and other standards.

(7) Basis for foreign currency translation of significant assets and liabilities denominated in foreign currencies

All assets and liabilities denominated in foreign currencies are translated into Japanese yen at the prevailing rates of exchange at the consolidated balance sheet date except for shareholders' equity, which is translated at the historical rate. Exchange gains or losses resulting from translation of assets and liabilities are recognized in income or expenses.

The assets and liabilities of foreign consolidated subsidiaries are translated into Japanese yen at the prevailing rates of exchange at the respective balance sheet date. Income and expense items are translated at the average exchange rate prevailing during the fiscal year. Exchange gains or losses resulting from translation of financial statements are recognized as foreign currency translation adjustment and non-controlling interests under a separate component of net assets.

(8) Method and period of amortizing goodwill

Goodwill is amortized using the straight-line method over the reasonably estimated period in which investment effects will be revealed.

(9) Scope of cash and cash equivalents in the consolidated statements of cash flows

Funds (cash and cash equivalents) in the consolidated statements of cash flows comprise cash in hand, demand deposits, and short-term highly liquid investments with a maturity of three months or less from the time of purchase, which bear only low risks from fluctuations in value.

(Significant Accounting Estimates)

1. Loss on valuation of inventories

(1) Amount presented on the consolidated financial statements for the fiscal year ended June 30, 2025

	Millions of yen		Millions of U.S. dollars
	Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2025	Fiscal year ended June 30, 2025
Merchandise and finished goods	¥198,979	¥224,902	$1,553
Loss on valuation of inventories included in cost of sales	¥2,558	¥1,776	$12

(2) Information on the details of significant accounting estimates of identified item

(i) Method of calculating the amount of loss on valuation of inventories

If the net selling value of inventories is lower than their book value, the difference is recognized as a loss on valuation of inventories. The Company writes down the book value of inventories on a systematic basis that have been unsold and no longer part of the normal operating cycle process, and records a loss on valuation.

(ii) Major assumptions used in significant accounting estimates

In calculating a loss on valuation of inventories that have been unsold and no longer part of the normal operating cycle process, the Company identifies products whose turnover ratio becomes lower than a certain ratio, and writes down the book value of the identified products on a systematic basis by a depreciation rate that is determined based on such factors as the previous sales record of the product group to which the identified products belong, the quantity of inventories, and future sales plans.

(iii) Impacts on the consolidated financial statements for the following fiscal year

The aforementioned estimates and assumptions involve a high degree of uncertainty because they are affected by deterioration of market environments, changes in consumer preferences and lifestyles, and other factors. Therefore, depending on the future circumstances, an additional loss on valuation of inventories may arise in the following fiscal year.

2. Impairment of non-current assets

(1) Amount presented on the consolidated financial statements for the fiscal year ended June 30, 2025

	Millions of yen		Millions of U.S. dollars
	Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2025	Fiscal year ended June 30, 2025
Property, plant and equipment	¥735,463	¥717,985	$4,958
Intangible assets	¥94,647	¥103,590	$715
Impairment loss	¥14,165	¥18,467	$128

(2) Information on the details of significant accounting estimates of identified item

(i) Method of calculating the amount of impairment loss

The Group categorizes its assets by store and operating division as the smallest group of assets that generates cash flows. The Group determines whether or not there is any indication of impairment of rental properties and idle assets on an individual property basis. If any such indication exists, the Group determines whether or not it needs to recognize an impairment loss. As a result of such determination, if the Group needs to recognize an impairment loss, it reduces the book value of the asset to its recoverable amount, and recognizes the reduction as an impairment loss.

The Group determines that its assets have an indication of impairment when a store's profitability declines due to a seriously deteriorating operating environment and other factors; a store continuously generates losses from its operating activities; a property or store whose market price significantly declines; and a store that has been newly opened or is scheduled to be newly opened generates losses from its operating activities that exceed initial expectations, and is expected to continue to generate losses from its operating activities.

The Group determines that it needs to recognize an impairment loss of a property or store that has any indication of impairment when the total amount of undiscounted future cash flows is lower than the book value of the property or store.

The recoverable amount of each asset is determined

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to be the higher of either its net selling value or value in use. The net selling value is calculated based on factors such as the appraisal value by a real estate appraiser.

(ii) Major assumptions used in significant accounting estimates
Based on its past sales results, the Group takes into account changes in commercial zones, influences by competitors' stores, the operating environment, and other factors, forecasts future net sales and operating income and expenses by store, and calculates future cash flows.

(iii) Impacts on the consolidated financial statements for the following fiscal year
The aforementioned estimates and assumptions involve a high degree of uncertainty because they are affected by the future operating environment and changes in market trends. Therefore, depending on the future circumstances, an additional impairment loss may arise in the following fiscal year.

3. Recoverability of deferred tax assets
(1) Amount presented on the consolidated balance sheet for the fiscal year ended June 30, 2025

	Millions of yen		Millions of U.S. dollars
	Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2025	Fiscal year ended June 30, 2025
Deferred tax assets	¥25,609	¥28,042	$194

(2) Information on the details of significant accounting estimates of identified item
(i) Method of calculating the amount of deferred tax assets
According to standards such as the "Accounting Standard for Tax Effect Accounting" and the "Implementation Guidance on Recoverability of Deferred Tax Assets," the Group assesses and calculates the recoverability of deferred tax assets for future deductible temporary differences and net operating loss carryforward, based on the estimates of the future taxable income predicted on a Group company basis.

(ii) Major assumptions used in significant accounting estimates
The Group calculates the future taxable income considering the impacts of such factors as individual sales initiatives and changes in customer trends based on the past sales results of each Group company.

(iii) Impacts on the consolidated financial statements for the following fiscal year
The aforementioned estimates and assumptions involve a high degree of uncertainty because they are affected by the future operating environment and changes in market trends. Therefore, depending on the future circumstances, deferred tax assets may fluctuate and impact income taxes-deferred in the following fiscal year.

(Change in Accounting Methods)
(Application of the "Accounting Standard for Current Income Taxes," etc.)
From the beginning of the fiscal year ended June 30, 2025, the Group has adopted the "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022; hereinafter the "2022 Revised Accounting Standard"), etc.

Regarding the amendments to the classification of income taxes, etc. (taxation applicable to other comprehensive income), the Group has followed the transitional treatment prescribed in the proviso to Paragraph 20-3 of the 2022 Revised Accounting Standard and the transitional treatment prescribed in the proviso to Paragraph 65-2(2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the "2022 Revised Implementation Guidance"). This change in accounting methods has no impact on the consolidated financial statements.

In addition, with respect to the amendments related to the revision of the treatment in the consolidated financial statements when tax deferral is applied to gains and losses arising from the sale of shares of subsidiaries, etc. among consolidated companies, the Group has applied the 2022 Revised Implementation Guidance from the beginning of the fiscal year ended June 30, 2025. This change in accounting methods has been applied retrospectively, and the consolidated financial statements for the fiscal year ended June 30, 2024 have been prepared retrospectively. This change in accounting methods has no impact on the consolidated financial statements for the fiscal year ended June 30, 2024.

(Accounting Standards, etc. not yet Applied)
- "Accounting Standard for Leases" (ASBJ Statement No. 34, September 13, 2024)
- "Implementation Guidance on Accounting Standard for Leases" (ASBJ Guidance No. 33, September 13, 2024), as well as amendments related to accounting standards, implementation guidance, practical solution reports, and transfer guidance

(1) Overview
Consistent with international accounting standards, these set forth, the treatment requiring lessees to recognize assets and liabilities for all leases.

(2) Scheduled date of application
The standards will be scheduled to apply from the beginning of the fiscal year ending June 30, 2028.

(3) Impact of application of accounting standards, etc.
The impact of the application of the "Accounting Standard for Leases," etc. on the consolidated financial statements is currently being assessed.

(Changes in Presentation)
(Consolidated Statements of Cash Flows)
For the fiscal year ended June 30, 2024, the account "Increase in retirement benefit asset" under "Cash flows from operating activities," which was previously shown as a separate line item, is included in "Other, net" since the amount became immaterial. To reflect this change in presentation, certain reclassification was made to the consolidated financial statements for the fiscal year ended June 30, 2024.

As a result, the amount of ¥(275) million presented as "Increase in retirement benefit asset" under "Cash flows from operating activities" was reclassified to "Other, net" in the consolidated statement of cash flows for the fiscal year ended June 30, 2024.

(Notes to Consolidated Balance Sheets)
Note 1 Of notes and accounts receivables–trade, the amount of receivables from contracts with customers is presented in "Notes (Revenue recognition), 3. Basic information in understanding the amount of revenue for the fiscal year ended June 30, 2025 and beyond, (i) Balance of receivables from contracts with customers and contract liabilities" in the consolidated financial statements.

Note 2 The item relating to non-consolidated subsidiaries and affiliates is as follows:

	Millions of yen		Millions of U.S. dollars
	As of June 30, 2024	As of June 30, 2025	As of June 30, 2025
Investment securities (shares)	¥17,829	¥18,245	$126

Note 3 Assets pledged as collateral and liabilities corresponding to assets pledged as collateral
Assets pledged as collateral are as follows:

	Millions of yen		Millions of U.S. dollars
	As of June 30, 2024	As of June 30, 2025	As of June 30, 2025
Cash and deposits	¥1,535	¥2,651	$18
Merchandise and finished goods	438	526	4
Buildings and structures	791	742	5
Land	2,202	2,190	15
Other	200	342	2
Total	¥5,166	¥6,451	$45

Liabilities corresponding to assets pledged as collateral are as follows:

	Millions of yen		Millions of U.S. dollars
	As of June 30, 2024	As of June 30, 2025	As of June 30, 2025
Current liabilities (Other)	¥126	¥67	$0
Non-current liabilities (Other)	1,101	797	6
Total	¥1,227	¥864	$6

Note 4 Retroactive obligations due to securitization of receivables

	Millions of yen		Millions of U.S. dollars
	As of June 30, 2024	As of June 30, 2025	As of June 30, 2025
Retroactive obligations due to securitization of receivables	¥5,580	¥5,775	$40

Note 5 The Company and its consolidated subsidiaries entered into bank overdraft agreements with 40 banks as of June 30, 2024 and 39 banks as of June 30, 2025, respectively, to ensure the procurement of efficient funds as working capital. The balance of unused funds based on these agreements is as follows:

	Millions of yen		Millions of U.S. dollars
	As of June 30, 2024	As of June 30, 2025	As of June 30, 2025
Total credit line for bank overdraft	¥37,410	¥36,910	$255
Bank loans arranged	–	–	–
Unused balance	¥37,410	¥36,910	$255

Note 6 The Company has entered into loan commitment agreements with three banks to ensure the procurement of efficient funds as working capital.
The balance of unused funds based on these agreements is as follows:

	Millions of yen		Millions of U.S. dollars
	As of June 30, 2024	As of June 30, 2025	As of June 30, 2025
Total amount of loan commitment	¥30,000	¥30,000	$207
Bank loans arranged	–	–	–
Unused balance	¥30,000	¥30,000	$207

Note 7 UCS Co., Ltd., a consolidated subsidiary of the Company, engages in the credit card cash advance service business.
The unused amount of credit lines given is as follows:

	Millions of yen		Millions of U.S. dollars
	As of June 30, 2024	As of June 30, 2025	As of June 30, 2025
Total amount of credit lines given	¥539,880	¥511,430	$3,531
Loan receivables from cash advances	9,432	9,219	64
Unused balance	¥530,448	¥502,211	$3,468

As the credit lines are mostly given to credit card holders of UCS Co., Ltd. for cash advances of credit cards, the amount of all unused balance is not always executed as loan receivables.

Note 8 The Company signed syndicated loan agreements with 33 financial institutions totaling ¥40,000 million as of June 30, 2024 and 16 financial institutions totaling ¥20,000 million ($138 million) as of June 30, 2025, respectively.
These agreements include financial covenants based on certain indices calculated from net assets on the consolidated balance sheets.
The balance of loan payables based on these agreements is as follows:

	Millions of yen		Millions of U.S. dollars
	As of June 30, 2024	As of June 30, 2025	As of June 30, 2025
Balance of loan payables based on syndicated loan agreements	¥40,000	¥20,000	$138

(Notes to Consolidated Statements of Income)

Note 1 Revenue from contracts with customers

The Company does not disaggregate revenue from contracts with customers and other sources of revenue. The amount of revenue from contracts with customers is presented in "Notes (Revenue Recognition), 1. Disaggregation of revenue from contracts with customers" in the consolidated financial statements.

Note 2 The balance of inventories at the fiscal year-end shows the amount after writing down the book value due to a decline in profitability.

The following amount of loss on valuation of inventories is included in cost of sales.

	Millions of yen	Millions of U.S. dollars
Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2025	Fiscal year ended June 30, 2025
¥2,558	¥1,776	$12

Note 3 Of selling, general and administrative expenses, major items and their amounts are as follows:

		Millions of yen	Millions of U.S. dollars
	Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2025	Fiscal year ended June 30, 2025
Payroll and allowances	¥194,409	¥202,974	$1,402
Rent expenses on land and buildings	62,257	63,212	436
Commission expenses	64,557	71,553	494
Depreciation	37,805	39,591	273
Provision for point card certificates	5,484	5,899	41
Amortization of goodwill	4,964	4,991	34
Retirement benefit expenses	1,835	1,650	11

Note 4 The breakdown of gain on sale of non-current assets is as follows:

		Millions of yen	Millions of U.S. dollars
	Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2025	Fiscal year ended June 30, 2025
Buildings and structures	¥ –	¥179	$1
Tools, furniture and fixtures	0	3	0
Land	5	21	0
Other	10	13	0
Total	¥15	¥216	$1

Note 5 Impairment loss

The Group recognized impairment loss on the following asset groups:

For the fiscal year ended June 30, 2024 (From July 1, 2023 to June 30, 2024)

			Millions of yen
Region	Usage	Asset Type	Impairment
Hokkaido	Store facilities	Buildings and structures; tools, furniture, and fixtures	¥731
Tohoku	Idle assets	Construction in progress	492
Kanto	Store facilities	Buildings and structures; tools, furniture, and fixtures	531
Chubu	Store facilities	Buildings and structures; tools, furniture, and fixtures	36
Kinki	Store facilities	Buildings and structures; tools, furniture, and fixtures	51
Kyushu	Store facilities	Buildings and structures; tools, furniture, and fixtures	46
Asia	Store facilities	Buildings and structures; tools, furniture, and fixtures; intangible assets (other)	3,831
North America	Store facilities	Buildings and structures; tools, furniture, and fixtures; right-of-use assets	8,448
Total			¥14,165

The Group categorizes its assets by store and operating division, which are the minimum cash-generating units. For rental properties and idle assets, each property is regarded as a minimum cash-generating unit.

In the fiscal year ended June 30, 2024, the Group reduced the book value of assets to their recoverable amounts for stores whose profitability declined significantly or stores that continuously generated losses from their operating activities. The amounts of these reductions were recorded as an impairment loss (¥5,655 million for buildings and structures, ¥2,075 million for tools, furniture and fixtures, ¥5,879 million for right-of-use assets, and ¥64 million for intangible assets (other) under extraordinary losses). The recoverable amounts of these asset groups were determined to be the higher of their net selling value or value in use. The net selling value was based on the appraisal value by a real estate appraiser, whereas the value in use is calculated by discounting the estimated future cash flows by 3.1%. If the value in use based on estimated future cash flows was negative, the Group recognized the recoverable amounts as zero. For idle assets, recoverable amounts were assessed as zero because the assert is not salable, resulting in an impairment loss of ¥492 million for construction in progress.

For the fiscal year ended June 30, 2025 (From July 1, 2024 to June 30, 2025)

			Millions of yen	Millions of U.S. dollars
Region	Usage	Asset Type	Impairment	
Hokkaido	Store assets	Buildings and structures; tools, furniture, and fixtures	¥546	$4
Kanto	Store assets	Buildings and structures; tools, furniture, and fixtures; land; intangible assets (other); long-term prepaid expenses	1,063	7
Chubu	Store assets	Buildings and structures; tools, furniture, and fixtures	138	1
Kinki	Store assets	Buildings and structures; tools, furniture, and fixtures	736	5
Asia	Store assets	Buildings and structures; tools, furniture, and fixtures; intangible assets (other)	1,029	7
North America	Store assets	Buildings and structures; tools, furniture, and fixtures; property, plant and equipment (other); land;right-of-use assets; intangible assets (other)	14,955	103
Total			¥18,467	$128

The Group categorizes its assets by store and operating division, which are the minimum cash-generating units. For rental properties and idle assets, each property is regarded as a minimum cash-generating unit.

In the fiscal year ended June 30, 2025, the Group reduced the book value of assets to their recoverable amounts for stores whose profitability declined significantly or stores that continuously generated losses from their operating activities. The amounts of these reductions were recorded as an impairment loss (¥13,060 million ($90 million) for buildings and structures, ¥2,383 million ($16 million) for tools, furniture and fixtures, ¥2 million ($0 million) for property, plant and equipment (other), ¥109 million ($1 million) for land, ¥1,946 million ($13 million) for right-of-use assets, ¥962 million ($7 million) for intangible assets (other), ¥6 million ($0 million) for long-term prepaid expenses under extraordinary losses).

The recoverable amounts of these asset groups were determined to be the higher of their net selling value or value in use. The net selling value was based on the appraisal value by a real estate appraiser, whereas the value in use is calculated by discounting the estimated future cash flows by 5.1%. If the value in use based on estimated future cash flows was negative, the Group recognized the recoverable amounts as zero.

Note 6 The breakdown of loss on retirement of non-current assets is as follows:

		Millions of yen	Millions of U.S. dollars
	Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2025	Fiscal year ended June 30, 2025
Buildings and structures	¥218	¥49	$0
Tools, furniture and fixtures	125	104	1
Property, plant and equipment (other)	414	2	0
Construction in progress	10	–	–
Intangible assets (other)	36	3	0
Removal expenses	1,031	1,349	9
Total	¥1,834	¥1,507	$10

Note 7 The breakdown of loss on store closings is as follows:

	Millions of yen		Millions of U.S. dollars
	Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2025	Fiscal year ended June 30, 2025
Buildings and structures	¥258	¥–	$–
Tools, furniture and fixtures	270	–	–
Removal expenses, etc.	1,712	1,745	12
Total	¥2,240	¥1,745	$12

(Notes to Consolidated Statements of Comprehensive Income)

Note The reclassification adjustments allocated to each component of other comprehensive income, and income taxes and tax effects are as follows:

	Millions of yen		Millions of U.S. dollars
	Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2025	Fiscal year ended June 30, 2025
Valuation difference on available-for-sale securities:			
Amount arising during the fiscal year	¥320	¥2,013	$14
Reclassification adjustment to profit (loss)	(2)	–	–
Amount before income taxes and tax effects	318	2,013	14
Amount of income taxes and tax effects	(81)	(698)	(5)
Valuation difference on available-for-sale securities	236	1,315	9
Foreign currency translation adjustment:			
Amount before income taxes and tax effects	6,580	(2,234)	(15)
Amount of income taxes and tax effects	–	(13)	(0)
Amount before income taxes and tax effects	6,580	(2,247)	(16)
Amount of income taxes and tax effects	–	–	–
Foreign currency translation adjustment	6,580	(2,247)	(16)
Remeasurements of defined benefit plans:			
Amount arising during the fiscal year	366	(166)	(1)
Reclassification adjustment to profit (loss)	(75)	(111)	(1)
Amount before income tax and tax effects	291	(277)	(2)
Amount of income taxes and tax effects	(70)	113	1
Remeasurements of defined benefit plans	221	(164)	(1)
Share of other comprehensive income of affiliates accounted for using equity method:			
Amount arising during the fiscal year	65	73	1
Total other comprehensive income	¥7,101	¥(1,023)	$(7)

(Notes to Consolidated Statements of Changes in Net Assets)

For the fiscal year ended June 30, 2024 (From July 1, 2023 to June 30, 2024)

1. Matters regarding class and total number of outstanding shares, and class and number of treasury shares

Thousands of shares

	Number of shares as of July 1, 2023	Increase	Decrease	Number of shares as of June 30, 2024
Outstanding shares Common shares (Note 1)	634,666	362	–	635,029
Total	634,666	362	–	635,029
Treasury shares Common shares (Note 2)	38,073	0	–	38,073
Total	38,073	0	–	38,073

(Note) 1. The increase of 362 thousand shares of common shares issued and outstanding is due to the exercise of stock options.
2. The increase of 0 thousand shares of common shares in treasury is due to the purchase of share less than one unit.

2. Matters regarding share acquisition rights and treasury share acquisition rights

Category	Scheme of share acquisition rights	Class of shares subject to rights	Number of shares subject to share acquisition rights (Shares)				As of June 30, 2024 (Millions of yen)
			Number of shares as of July 1, 2023	Increase	Decrease	Number of shares as of June 30, 2024	
The Company	Share-based compensation stock options	–	–	–	–	–	¥246
The Company	Paid-in stock options	–	–	–	–	–	1,196
Total		–	–	–	–	–	¥1,442

3. Matters regarding dividends

(1) Dividend payment

Resolution	Share Types	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on September 27, 2023	Common shares	¥9,545	¥16.0	June 30, 2023	September 28, 2023
Board of Directors' meeting held on February 13, 2024	Common shares	2,984	5.0	December 31, 2023	March 22, 2024

(2) Dividends with a record date during the fiscal year ended June 30, 2024, but with an effective date subsequent to the fiscal year ended June 30, 2024

Resolution	Class of share	Source of dividends	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on September 27, 2024	Common shares	Retained earnings	¥14,924	¥25.0	June 30, 2024	September 30, 2024

(Note) The dividends per share figure of ¥25.0 includes a commemorative dividend of ¥9.0 per share to celebrate consolidated net sales surpassing the ¥2 trillion mark.

4. Significant changes in net assets

Not applicable.

For the fiscal year ended June 30, 2025 (From July 1, 2024 to June 30, 2025)

1. Matters regarding class and total number of outstanding shares, and class and number of treasury shares

Thousands of shares

	Number of shares as of July 1, 2024	Increase	Decrease	Number of shares as of June 30, 2025
Outstanding shares Common shares (Note 1)	635,029	325	–	635,353
Total	635,029	325	–	635,353
Treasury shares Common shares (Note 2)	38,073	0	–	38,073
Total	38,073	0	–	38,073

(Notes) 1. The increase of 325 thousand shares of common shares issued and outstanding is due to the exercise of stock options.
2. The increase of 0 thousand shares of common shares in treasury is due to the purchase of shares less than one unit.

2. Matters regarding share acquisition rights and treasury share acquisition rights

Category	Scheme of share acquisition rights	Class of shares subject to rights	Number of shares subject to share acquisition rights (Shares)				As of June 30, 2025 (Millions of yen)	As of June 30, 2025 (Millions of U.S. dollars)
			Number of shares as of July 1, 2024	Increase	Decrease	Number of shares as of June 30, 2025		
The Company	Share-based compensation stock options	–	–	–	–	–	¥246	$2
The Company	Paid-in stock options	–	–	–	–	–	1,833	13
Total		–	–	–	–	–	¥2,080	$14

3. Matters regarding dividends

(1) Dividend payment

Resolution	Share type	Total amount of dividends (Millions of yen)	Total amount of dividends (Millions of U.S. dollars)	Dividends per share (Yen)	Dividends per share (U.S. dollars)	Record date	Effective date
Ordinary General Meeting of Shareholders held on September 27, 2024	Common shares	¥14,924	$103	¥25.0	$0.17	June 30, 2024	September 30, 2024
Board of Directors' meeting held on February 13, 2025	Common shares	5,374	37	9.0	0.06	December 31, 2024	March 25, 2025

(Note) The dividends per share figure of ¥25.0 ($0.17) includes a commemorative dividend of ¥9.0 ($0.06) per share to celebrate consolidated net sales surpassing the ¥2 trillion ($13,810 million) mark.

(2) Dividends with a record date during the fiscal year ended June 30, 2025, but with an effective date subsequent to the fiscal year ended June 30, 2025

The following proposal is scheduled to be submitted at the Annual General Meeting of Shareholders to be held on September 26, 2025.

Resolution	Share type	Source	Total amount of dividends (Millions of yen)	Total amount of dividends (Millions of U.S. dollars)	Dividends per share (Yen)	Dividends per share (U.S. dollars)	Record date	Effective date
Ordinary General Meeting of Shareholders held on September 26, 2025	Common shares	Retained earnings	¥15,529	$107	¥26.0	$0.18	June 30, 2025	September 29, 2025

4. Significant changes in net assets
Not applicable.

(Notes to Consolidated Statements of Cash Flows)

Note 1 The relationship between the fiscal year-end balances of cash and cash equivalents and the amounts of accounts on the consolidated balance sheets is as follows:

	Millions of yen		Millions of U.S. dollars
	Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2025	Fiscal year ended June 30, 2025
Cash and deposits	¥172,719	¥171,958	$1,187
Deposits and time deposits pledged as collateral	–	(494)	(3)
Cash equivalents included in deposits paid	14,480	4,373	30
Cash and cash equivalents	¥187,199	¥175,837	$1,214

Note 2 Breakdown of major assets and liabilities of a company which became a consolidated subsidiary due to the acquisition of shares
Fiscal year ended June 30, 2025

As a result of the share acquisition, Mikuni Restaurant Group, Inc. has become a newly consolidated subsidiary. The major components of its assets and liabilities at the time of consolidation, as well as the relationship between the acquisition cost of Mikuni Restaurant Group, Inc. shares and the net expenditure for the acquisition, are as follows:

	Millions of yen	Millions of U.S. dollars
Current assets	¥666	$5
Non-current assets	3,452	24
Goodwill	10,050	69
Current liabilities	(1,842)	(13)
Non-current liabilities	(1,733)	(12)
Share acquisition cost	10,592	73
Cash and cash equivalents	(261)	(2)
Net expenditure for the acquisition	¥10,331	$71

(Lease Transactions)
(As a lessee)
1. Finance lease transactions
Finance leases that do not transfer ownership
(a) Description of lease assets
Property, plant and equipment
Mainly store equipment and office equipment
(b) Depreciation method for lease assets
Stated in "4. Accounting policies, (2) Depreciation method for significant depreciable assets" in Significant Matters for the Preparation of Consolidated Financial Statements

2. Operating lease transactions
Future minimum lease payments under non-cancelable operating leases:

	Millions of yen		Millions of U.S. dollars
	As of June 30, 2024	As of June 30, 2025	As of June 30, 2025
Due within one year	¥11,539	¥11,427	$79
Due after one year	27,443	42,438	293
Total	¥38,982	¥53,865	$372

(Financial Instruments)
1. Status of financial instruments
(1) Policy on financial instruments
The Group's basic policy for management of surplus funds is to give priority to low risk financial assets, investing only in short-term financial instruments. For fund procurement, the Group raises funds mainly through bank loans. The Group uses derivative instruments to minimize exposure to fluctuations in foreign currency exchange and interest rates.

(2) Financial instruments, associated risks, and risk management systems
Notes and accounts receivables–trade are mainly due from credit companies. They are exposed to credit risk, although the Group believes that the credit risk related to these credit companies is minimal. For operating receivables other than those due from credit companies, the Group monitors due dates and outstanding balances, respectively.

Accounts receivables–installment and operating loans are exposed to credit risk arising from customer default. The Group manages such risk by establishing the credit management system including credit approvals, credit limit setting, and credit information monitoring.

Securities are exposed mostly to market fluctuation risk, credit risk, and liquidity risk. The Group manages and controls exposures to the risks within acceptable limits in accordance with its internal rules for managing securities. Significant transactions of securities require prior consultation with the Investment Committee and approval of the Board of Directors.

Lease obligations are primarily for the purchase of right-of-use assets and exposed to liquidity risk.
Long-term loan payables and bond payables provide funds primarily for capital investment and for working capital. Some long-term loan payables denominated in foreign currencies are exposed to foreign exchange risk. In order to avoid any losses arising from the fluctuation of foreign currencies, derivatives (interest rate currency swaps) are utilized for individual contracts as hedging instruments.

The Group manages derivative transactions in accordance with its policies and procedures for the risk management of derivative transactions. Significant transactions of derivative instruments require prior consultation with the Investment Committee and approval of the Board of Directors. The Group believes that the credit risk is limited since the only counterparties to such derivative transactions are financial institutions with a high credit rating.

Trade payables and loans are exposed to liquidity risk. The Group manages liquidity risk through such measures as monthly planning of cash flows.

Leasehold and guarantee deposits are mainly related to leasing properties for stores. They are exposed to the credit risk of lessors.

The Group performs credit checks before concluding lease agreements and monitors creditworthiness of their counterparts regularly to limit the credit risk.

(3) Supplementary information on fair value of financial instruments
Since the valuation techniques for the fair values of financial instruments incorporate various assumptions, estimates may change depending on the different assumptions.

The contract amounts stated in matters regarding fair values in the note "Derivatives" indicate the nominal amounts of contracts or notional amounts for calculation purposes. Such amounts do not indicate the extent of market risk exposure of derivative transactions.

2. Fair value of financial instruments
Carrying amounts on the consolidated balance sheets, fair values, and respective differences are presented below. Note that "Cash and deposits," "Notes and accounts receivables–trade," "Deposits paid," "Notes and accounts payables–trade," "Accounts payables–other," "Accrued expenses," "Deposits received," and "Income taxes payables" are omitted, because they are cash, and their carrying amounts approximate their fair value as they are settled in a short period of time.

As of June 30, 2024

Millions of yen

	Carrying amount	Fair value	Difference
(1) Accounts receivables–installment	¥57,333		
Allowance for doubtful accounts(*1)	(2,685)		
Deferred installment income(*2)	(191)		
	54,457	¥60,490	¥6,033
(2) Operating loans	9,613		
Allowance for doubtful accounts(*1)	(209)		
	9,404	10,849	1,445
(3) Investment securities			
(i) Available-for-sale securities	15,484	15,484	–
(ii) Shares of subsidiaries and affiliates	12,153	12,655	501
(4) Leasehold and guarantee deposits	68,737		
Allowance for doubtful accounts(*1)	(1,132)		
	67,605	67,458	(147)
Total assets	159,103	166,936	7,833
(1) Current portion of long-term loan payables	48,615	48,666	51
(2) Current portion of bond payables	650	648	(2)
(3) Lease obligations (Current liabilities)	2,809	2,811	2
(4) Bond payables	191,075	189,229	(1,846)
(5) Long-term loan payables	224,657	227,956	3,298
(6) Lease obligations (Non-current liabilities)	32,897	33,292	395
Total liabilities	500,703	502,602	1,899
Derivative transactions(*3)	(955)	(955)	–

(*1) Not including allowance for doubtful accounts corresponding to each item.
(*2) Not including deferred installment income (liabilities account) related to accounts receivables–installment.
(*3) Net credit (obligation) arising from derivative transactions is shown as a net amount. If the total is a net obligation, the figures are shown in brackets.

As of June 30, 2025

	Millions of yen			Millions of U.S. dollars		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
(1) Accounts receivables–installment	¥57,749			$399		
Allowance for doubtful accounts(*1)	(4,484)			(31)		
Deferred installment income(*2)	(213)			(1)		
	53,053	¥60,086	¥7,034	366	$415	$49
(2) Operating loans	9,456			65		
Allowance for doubtful accounts(*1)	(783)			(5)		
	8,673	10,801	2,128	60	75	15
(3) Investment securities						
(i) Available-for-sale securities	17,498	17,498	–	121	121	–
(ii) Shares of subsidiaries and affiliates	12,510	12,674	164	86	88	1
(4) Leasehold and guarantee deposits	68,226			471		
Allowance for doubtful accounts(*1)	(878)			(6)		
	67,348	66,749	(600)	465	461	(4)
Total assets	159,081	167,808	8,726	1,098	1,159	60
(1) Current portion of long-term loan payables	56,375	56,341	(34)	389	389	(0)
(2) Current portion of bond payables	20,650	20,597	(53)	143	142	(0)
(3) Lease obligations (Current liabilities)	2,839	2,847	9	20	20	0
(4) Bond payables	170,425	168,590	(1,835)	1,177	1,164	(13)
(5) Long-term loan payables	156,929	156,220	(709)	1,084	1,079	(5)
(6) Lease obligations (Non-current liabilities)	35,370	35,176	(194)	244	243	(1)
Total liabilities	442,587	439,771	(2,816)	3,056	3,037	(19)
Derivative transactions(*3)	(530)	(530)	–	(4)	(4)	–

(*1) Not including allowance for doubtful accounts corresponding to each item.
(*2) Not including deferred installment income (liabilities account) related to accounts receivables–installment.
(*3) Net credit (obligation) arising from derivative transactions is shown as a net amount. If the total is a net obligation, the figures are shown in brackets.

Note: Stocks that do not have quoted market prices are not included in "(3) Investment securities." The carrying amount of those financial instruments on the consolidated balance sheet are as follows:

	Millions of yen		Millions of U.S. dollars
	As of June 30, 2024	As of June 30, 2025	As of June 30, 2025
Investment securities			
Unlisted equity securities	¥2,375	¥2,158	$15
Shares of non-consolidated subsidiaries and affiliates	5,676	5,735	40

3. Maturity analysis for monetary claims and securities with contractual maturities

As of June 30, 2024

Millions of yen

	Due in one year	Due after one year and within five years	Due after five years and within ten years	Due after ten years
Cash and deposits	¥172,719	¥ –	¥ –	¥ –
Notes and accounts receivables-trade	17,068	–	–	–
Accounts receivables-installment(*1)	30,744	15,799	4,477	–
Operating loans	5,045	4,529	39	–
Deposits paid	15,800	–	–	–
Leasehold and guarantee deposits(*2)	1,929	5,793	4,429	3,710
Total	¥243,307	¥26,121	¥8,945	¥3,710

As of June 30, 2025

Millions of yen

	Due in one year	Due after one year and within five years	Due after five years and within ten years	Due after ten years
Cash and deposits	¥171,958	¥ –	¥ –	¥ –
Notes and accounts receivables-trade	18,956	–	–	–
Accounts receivables-installment(*1)	28,645	16,158	5,487	–
Operating loans	4,985	4,437	34	–
Deposits paid	5,764	–	–	–
Leasehold and guarantee deposits(*2)	1,695	5,352	4,344	3,153
Total	¥232,001	¥25,947	¥9,865	¥3,153

Millions of U.S. dollars

	Due in one year	Due after one year and within five years	Due after five years and within ten years	Due after ten years
Cash and deposits	$1,187	$ –	$ –	$ –
Notes and accounts receivables-trade	131	–	–	–
Accounts receivables-installment(*1)	198	112	38	–
Operating loans	34	31	0	–
Deposits paid	40	–	–	–
Leasehold and guarantee deposits(*2)	12	37	30	22
Total	$1,602	$179	$68	$22

(*1) The tables above do not include the amounts of accounts receivables-installment whose collections on maturity dates cannot be reasonably determined.
(*2) Of leasehold and guarantee deposits, only those confirmed to be collected are presented. Entries without a determined date for collection are not included in the amount to be collected.

4. Redemption schedule for bond payables, long-term loan payables, and lease obligations

As of June 30, 2024

Millions of yen

	Due in one year	Due after one year and within two years	Due after two years and within three years	Due after three years and within four years	Due after four years and within five years	Due after five years
Bond payables	¥650	¥20,650	¥64,425	¥10,000	¥58,000	¥38,000
Long-term loan payables	48,615	60,797	32,142	19,452	4,338	107,928
Lease obligations	2,809	2,654	2,663	2,368	1,916	23,296
Total	¥52,074	¥84,102	¥99,229	¥31,820	¥64,254	¥169,224

As of June 30, 2025

Millions of yen

	Due in one year	Due after one year and within two years	Due after two years and within three years	Due after three years and within four years	Due after four years and within five years	Due after five years
Bond payables	¥20,650	¥64,425	¥10,000	¥58,000	¥–	¥38,000
Long-term loan payables	56,375	37,565	20,308	5,194	41,348	52,514
Lease obligations	2,839	3,261	2,882	2,440	2,536	24,251
Total	¥79,863	¥105,250	¥33,191	¥65,634	¥43,884	¥114,765

Millions of U.S. dollars

	Due in one year	Due after one year and within two years	Due after two years and within three years	Due after three years and within four years	Due after four years and within five years	Due after five years
Bond payables	$143	$445	$69	$400	$–	$262
Long-term loan payables	389	259	140	36	286	363
Lease obligations	20	23	20	17	18	167
Total	$551	$727	$229	$453	$303	$792

5. Fair value information by level within the fair value hierarchy

The fair value of financial instruments is classified into the following three levels according to the observability and materiality of inputs used to measure fair value.

Level 1 fair value: Fair value measured using observable inputs, i.e., quoted prices in active markets for assets or liabilities that are the subject of the measurement.
Level 2 fair value: Fair value measured using observable inputs other than Level 1 inputs.
Level 3 fair value: Fair value measured using unobservable inputs.

If multiple inputs are used that are significant to the fair value measurement, the fair value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement.

(1) Financial instruments measured at fair value

As of June 30, 2024

Millions of yen

	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Equity securities	¥15,484	¥–	¥–	¥15,484
Derivative transactions				
Currency related	–	55	–	55
Total assets	15,484	55	–	15,538
Derivative transactions				
Interest rate and currency related	–	1,010	–	1,010
Total liabilities	¥–	¥1,010	¥–	¥1,010

As of June 30, 2025

Millions of yen

	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Equity securities	¥17,498	¥–	¥–	¥17,498
Total assets	17,498	–	–	17,498
Derivative transactions				
Currency related	–	2	–	2
Interest rate and currency related	–	528	–	528
Total liabilities	¥–	¥530	¥–	¥530

Millions of U.S. dollars

	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Equity securities	$121	$–	$–	$121
Total assets	121	–	–	121
Derivative transactions				
Currency related	–	0	–	0
Interest rate and currency related	–	4	–	4
Total liabilities	$–	$4	$–	$4

(2) Financial instruments other than those measured at fair value

As of June 30, 2024

Millions of yen

	Fair value			
	Level 1	Level 2	Level 3	Total
Accounts receivables–installment	¥ –	¥60,490	¥ –	¥60,490
Operating loans	–	10,849	–	10,849
Investment securities				
Shares of subsidiaries and affiliates				
Equity securities	12,655	–	–	12,655
Leasehold and guarantee deposits	–	67,458	–	67,458
Total assets	12,655	138,797	–	151,452
Current portion of long-term loan payables	–	48,666	–	48,666
Current portion of bond payables	–	648	–	648
Lease obligations (Current liabilities)	–	2,811	–	2,811
Bond payables	–	189,229	–	189,229
Long-term loan payables	–	227,956	–	227,956
Lease obligations (Non-current liabilities)	–	33,292	–	33,292
Total liabilities	¥ –	¥502,602	¥ –	¥502,602

As of June 30, 2025

Millions of yen

	Fair value			
	Level 1	Level 2	Level 3	Total
Accounts receivables–installment	¥ –	¥60,086	¥ –	¥60,086
Operating loans	–	10,801	–	10,801
Investment securities				
Shares of subsidiaries and affiliates				
Equity securities	12,674	–	–	12,674
Leasehold and guarantee deposits	–	66,749	–	66,749
Total assets	12,674	137,636	–	150,310
Current portion of long-term loan payables	–	56,341	–	56,341
Current portion of bond payables	–	20,597	–	20,597
Lease obligations (Current liabilities)	–	2,847	–	2,847
Bond payables	–	168,590	–	168,590
Long-term loan payables	–	156,220	–	156,220
Lease obligations (Non-current liabilities)	–	35,176	–	35,176
Total liabilities	¥ –	¥439,771	¥ –	¥439,771

Millions of U.S. dollars

	Fair value			
	Level 1	Level 2	Level 3	Total
Accounts receivables–installment	$ –	$415	$ –	$415
Operating loans	–	75	–	75
Investment securities				
Shares of subsidiaries and affiliates				
Equity securities	88	–	–	88
Leasehold and guarantee deposits	–	461	–	461
Total assets	88	950	–	1,038
Current portion of long-term loan payables	–	389	–	389
Current portion of bond payables	–	142	–	142
Lease obligations (Current liabilities)	–	20	–	20
Bond payables	–	1,164	–	1,164
Long-term loan payables	–	1,079	–	1,079
Lease obligations (Non-current liabilities)	–	243	–	243
Total liabilities	$ –	$3,037	$ –	$3,037

Note: A description of the valuation technique(s) and inputs used in the fair value measurements

Investment securities

Listed shares are valued using quoted prices. As listed shares are traded in active markets, their fair value is classified as Level 1.

Derivative transactions

The fair value of interest rate swaps and forward exchange contracts is calculated based on prices obtained from financial institutions and is classified as Level 2.

Accounts receivables–installment and operating loans

The fair value of these items is measured using the discounted cash flow method based on estimated future cash flows of collectible principal and interest using market rates adjusted by an interest rate for expenses of collecting receivables and is classified as Level 2.

Doubtful receivables are stated at the book values after deducting allowance, since such amounts are assumed to approximate fair value.

Long-term loan receivables

The fair value of long-term loan receivables is categorized by a specified period and measured using the discounted cash flow method based on future cash flows and an interest rate obtained by adding the credit spread to government bond yields and other appropriate indicators, for each type of credit risk categorized for credit management purposes, and is classified as Level 2.

Leasehold and guarantee deposits

The fair value of leasehold and guarantee deposits is measured using the discounted cash flow method reflecting future cash flows based on an interest rate of government bond yields, etc., and is classified as Level 2.

Bond payables (including current portion)

The fair value of bond payables issued by the Company is measured using the discounted cash flow method based on the sum of principal and interest, remaining bond payables and an interest rate reflecting credit risk and is classified as Level 2.

Long-term loan payables (including current portion) and lease obligations

The fair value of these items is measured using the discounted cash flow method based on the sum of principal and interest, remaining maturities and an interest rate reflecting credit risk and is classified as Level 2.

(Securities)

1. Available-for-sale securities

As of June 30, 2024

Millions of yen

	Type	Carrying amount	Acquisition cost	Difference
Carrying amount exceeds acquisition cost	(1) Equity securities	¥15,465	¥12,083	¥3,382
	(2) Debt securities			
	(i) JGBs/muni bonds	–	–	–
	(ii) Corporate bonds	–	–	–
	(iii) Other	–	–	–
	(3) Other	–	–	–
	Subtotal	15,465	12,083	3,382
Carrying amount does not exceed acquisition cost	(1) Equity securities	18	19	(1)
	(2) Debt securities			
	(i) JGBs/muni bonds	–	–	–
	(ii) Corporate bonds	–	–	–
	(iii) Other	–	–	–
	(3) Other	–	–	–
	Subtotal	18	19	(1)
Total		¥15,484	¥12,102	¥3,382

(Note) Unlisted equity securities (carrying amount on the consolidated balance sheet: ¥2,375 million) and other items (carrying amount on the consolidated balance sheet: ¥0 million) are not included in the above table, since they are stocks that do not have quoted market prices.

As of June 30, 2025

	Type	Millions of yen			Millions of U.S. dollars		
		Carrying amount	Acquisition cost	Difference	Carrying amount	Acquisition cost	Difference
Carrying amount exceeds acquisition cost	(1) Equity securities	¥17,482	¥12,083	¥5,399	$121	$83	$37
	(2) Debt securities						
	(i) JGBs/muni bonds	–	–	–	–	–	–
	(ii) Corporate bonds	–	–	–	–	–	–
	(iii) Other	–	–	–	–	–	–
	(3) Other	–	–	–	–	–	–
	Subtotal	17,482	12,083	5,399	121	83	37
Carrying amount does not exceed acquisition cost	(1) Equity securities	16	19	(3)	0	0	(0)
	(2) Debt securities						
	(i) JGBs/muni bonds	–	–	–	–	–	–
	(ii) Corporate bonds	–	–	–	–	–	–
	(iii) Other	–	–	–	–	–	–
	(3) Other	–	–	–	–	–	–
	Subtotal	16	19	(3)	0	0	(0)
Total		¥17,498	¥12,102	¥5,396	$121	$84	$37

(Note) Unlisted equity securities (carrying amount on the consolidated balance sheet: ¥2,158 million ($15 million)) and other items (carrying amount on the consolidated balance sheet: ¥0 million ($0 million)) are not included in the above table, since they are stocks that do not have quoted market prices.

2. Sales amounts and gain (loss) on sales of available-for-sale securities

For the fiscal year ended June 30, 2024 (From July 1, 2023 to June 30, 2024)

Millions of yen

Type	Proceeds from sales	Gain on sales	Loss on sales
(1) Equity securities	¥11	¥2	¥–
(2) Debt securities			
(i) JGBs/muni bonds	–	–	–
(ii) Corporate bonds	–	–	–
(iii) Other	–	–	–
(3) Other	–	–	–
Total	¥11	¥2	¥–

For the fiscal year ended June 30, 2025 (From July 1, 2024 to June 30, 2025)

	Millions of yen			Millions of U.S. dollars		
Type	Proceeds from sales	Gain on sales	Loss on sales	Proceeds from sales	Gain on sales	Loss on sales
(1) Equity securities	¥2	¥2	¥–	$0	$0	$–
(2) Debt securities						
(i) JGBs/muni bonds	–	–	–	–	–	–
(ii) Corporate bonds	–	–	–	–	–	–
(iii) Other	–	–	–	–	–	–
(3) Other	–	–	–	–	–	–
Total	¥2	¥2	¥–	$0	$0	$–

3. Impaired securities

For the fiscal year ended June 30, 2024 (From July 1, 2023 to June 30, 2024)

Not applicable.

For the fiscal year ended June 30, 2025 (From July 1, 2024 to June 30, 2025)

We have recognized impairment losses on securities of 200 million yen ($1 million) (200 million yen on shares and other securities without market quotations).

If the fair value of a security at the end of the fiscal year declined by approximately 50% from its acquisition cost, the Company reduced the acquisition cost to the fair value and recognized an impairment loss.

(Derivatives)

1. Derivative transactions to which hedge accounting is not applied

(1) Currency related

As of June 30, 2024

Millions of yen

Category	Type of transaction	Contract amount	Due after one year	Fair value	Unrealized gain (loss)
OTC transaction	Foreign exchange forward contract Buy USD	¥444	¥–	¥55	¥55

(Note) As to fair value measurement, the Company uses the prices obtained from financial institutions that are counterparties to the transactions.

As of June 30, 2025

Millions of yen

Category	Type of transaction	Contract amount	Due after one year	Fair value	Unrealized gain (loss)
OTC transaction	Foreign exchange forward contract Buy USD	¥5,728	¥–	¥(2)	¥(2)

Millions of U.S. dollars

Category	Type of transaction	Contract amount	Due after one year	Fair value	Unrealized gain (loss)
OTC transaction	Foreign exchange forward contract Buy USD	$40	$–	$(0)	$(0)

(Note) As to fair value measurement, the Company uses the prices obtained from financial institutions that are counterparties to the transactions.

(2) Interest rate and currency related

As of June 30, 2024

Millions of yen

Category	Type of transaction	Contract amount	Due after one year	Fair value	Unrealized gain (loss)
OTC transaction	Interest rate and currency transaction Receive fixed / Pay fixed Pay USD Receive JPY	¥5,707	¥5,707	¥(1,010)	¥(1,010)

(Note) As to fair value measurement, the Company uses the prices obtained from financial institutions that are counterparties to the transactions.

As of June 30, 2025

Millions of yen

Category	Type of transaction	Contract amount	Due after one year	Fair value	Unrealized gain (loss)
OTC transaction	Interest rate and currency transaction Receive fixed / Pay fixed Pay USD Receive JPY	¥5,707	¥5,707	¥(528)	¥(528)

Millions of U.S. dollars

Category	Type of transaction	Contract amount	Due after one year	Fair value	Unrealized gain (loss)
OTC transaction	Interest rate and currency transaction Receive fixed / Pay fixed Pay USD Receive JPY	$39	$39	$(4)	$(4)

(Note) As to fair value measurement, the Company uses the prices obtained from financial institutions that are counterparties to the transactions.

(Retirement Benefits)

1. Overview of retirement benefit plans

The Company and some of its consolidated subsidiaries maintain defined contribution pension plans.

UNY Co., Ltd. concurrently maintains a defined benefit plan. The defined benefit plan is a closed funded defined benefit plan consisting solely of beneficiaries and those waiting to receive benefits.

2. Defined benefit plans

(1) Reconciliation between the beginning balance and ending balance of retirement benefit obligations

	Millions of yen		Millions of U.S. dollars
	Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2025	Fiscal year ended June 30, 2025
Beginning balance of retirement benefit obligations	¥10,661	¥9,406	$65
Interest costs	84	129	1
Increase/decrease in actuarial differences	(407)	182	1
Retirement benefit payments	(933)	(951)	(7)
Ending balance of retirement benefit obligations	¥9,406	¥8,766	$61

(2) Reconciliation between the beginning balance and ending balance of pension assets

	Millions of yen		Millions of U.S. dollars
	Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2025	Fiscal year ended June 30, 2025
Beginning balance of pension assets	¥28,467	¥27,778	$192
Expected return on assets	285	278	2
Increase/decrease in actuarial differences	(41)	16	0
Retirement benefit payments	(933)	(951)	(7)
Ending balance of pension assets	¥27,778	¥27,120	$187

(3) Reconciliation between (i) the ending balance of retirement benefit obligations and pension assets and (ii) retirement benefit asset and retirement benefit liability on the consolidated balance sheet

	Millions of yen		Millions of U.S. dollars
	Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2025	Fiscal year ended June 30, 2025
Retirement benefit obligations (Funded plan)	¥9,406	¥8,766	$61
Pension assets	(27,778)	(27,120)	(187)
Retirement benefit asset	(18,372)	(18,355)	(127)
Net of retirement benefit asset and retirement benefit liability on the consolidated balance sheet	¥(18,372)	¥(18,355)	$(127)

(4) Retirement benefit expenses and their breakdown

	Millions of yen		Millions of U.S. dollars
	Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2025	Fiscal year ended June 30, 2025
Interest costs	¥84	¥129	$1
Expected return on assets	(285)	(278)	(2)
Amortization of actuarial differences	75	111	1
Retirement benefit expense on retirement benefit plan	¥(126)	¥(38)	$(0)

(5) Retirement benefit adjustment

The breakdown of retirement benefit adjustment (before income taxes and tax effect adjustments) is as follows:

	Millions of yen		Millions of U.S. dollars
	Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2025	Fiscal year ended June 30, 2025
Actuarial differences	¥291	¥(277)	$(2)
Total	¥291	¥(277)	$(2)

(6) Remeasurements of defined benefit plans

The breakdown of remeasurements of defined benefit plans (before income taxes and tax effect adjustments)is as follows:

	Millions of yen		Millions of U.S. dollars
	Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2025	Fiscal year ended June 30, 2025
Unrecognized actuarial differences	¥982	¥705	$5
Total	¥982	¥705	$5

(7) Matters regarding pension assets

(a) The major breakdown of pension assets

The following summarizes the ratio of assets by major category to total pension assets.

	As of June 30, 2024	As of June 30, 2025
Life insurance general accounts	100%	100%
Alternatives	0	0
Total	100%	100%

(b) Method to determine the long-term expected rate of return

The Company determines the long-term expected rate of return on pension assets by taking into account the current and future allocation of pension assets and the current and future long-term rate of return expected from various assets that compose the pension assets.

(8) Assumptions for actuarial calculation

Major assumptions for the actuarial calculation are as follows (weighted-average):

	As of June 30, 2024	As of June 30, 2025
Discount rate	1.4%	1.6%
Long-term expected rate of return	1.0	1.0

3. Defined contribution plans

The Company and some of its consolidated subsidiaries maintain defined contribution plans. The necessary contributions to such plans were, in total, ¥1,962 million for the fiscal year ended June 30, 2024 and ¥1,688 million ($12 million) for the fiscal year ended June 30, 2025.

(Stock Options)

1. Amount of expenses recorded and name of account in connection with stock options

	Millions of yen		Millions of U.S. dollars
	Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2025	Fiscal year ended June 30, 2025
Selling, general and administrative expenses	¥736	¥642	$4

2. Amount recorded as income due to forfeitures resulting from the non-exercise of stock options

	Millions of yen		Millions of U.S. dollars
	Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2025	Fiscal year ended June 30, 2025
Gain on reversal of share acquisition rights	¥2	¥2	$0

3. Details and number of stock options

(1) Details of stock options

	The 1st Share-based Compensation Stock Options	The 2nd Share-based Compensation Stock Options	The 1st Paid-in Stock Options
Eligible grantees	3 directors	3 directors	1,633 persons including directors, Audit & Supervisory Board members, and employees of the Company and its subsidiaries
Class and number of stock options (Note 1)	Common stock 10,400 shares	Common stock 10,000 shares	Common stock 3,878,800 shares
Grant date	June 26, 2015	December 28, 2015	September 23, 2016
Condition for vesting	None	None	(Note 3)
Required service period	None	None	None
Exercise period	From June 26, 2015 to June 25, 2045	From December 28, 2015 to December 27, 2045	From October 1, 2018 to September 30, 2026
Condition for exercise	(Note 2)	(Note 2)	(Note 3)

	The 3rd Share-based Compensation Stock Options	The 4th Share-based Compensation Stock Options	The 5th Share-based Compensation Stock Options
Eligible grantees	3 directors	3 directors	3 directors
Class and number of stock options (Note 1)	Common stock 56,000 shares	Common stock 200,000 shares	Common stock 236,000 shares
Grant date	June 1, 2017	June 29, 2018	April 10, 2019
Condition for vesting	None	None	None
Required service period	None	None	None
Exercise period	From June 1, 2017 to May 31, 2047	From June 29, 2018 to June 28, 2048	From April 10, 2019 to April 9, 2049
Condition for exercise	(Note 2)	(Note 2)	(Note 2)

	The 2nd Paid-in Stock Options	The 7th Share-based Compensation Stock Options
Eligible grantees	2,189 persons including directors and employees of the Company and its subsidiaries	9 directors and executive officers of the Company
Class and number of stock options (Note 1)	Common stock 3,705,300 shares	Common stock 18,500 shares
Grant date	December 1, 2022	August 4, 2023
Condition for vesting	(Note 4)	None
Required service period	None	None
Exercise period	From October 1, 2025 to November 30, 2029	From August 4, 2023 to August 3, 2053
Condition for exercise	(Note 4)	(Note 5)

(Notes)

1. The number of stock options presents the number of shares to be issued. The Company executed a 2-for-1 stock split on July 1, 2015, and a 4-for-1 stock split on September 1, 2019. The number of shares for stock options reflects the effect of said stock splits.
2. Conditions for exercise are as follows:
   (1) Share acquisition rights holders may exercise all of their share acquisition rights at once during the exercise period only within 10 days from the day following the day they lose their position as a director of the Company.
   (2) In cases where a share acquisition rights holder deceases, an heir may exercise the share acquisition rights. In this case, notwithstanding (1) above, the heir may exercise the share acquisition rights all at once during the exercise period only within one year from the day following the day the rights are inherited.
3. Conditions for vesting and exercise are as follows:
   (1) Share acquisition rights holder may exercise their share acquisition rights, if and only when the amounts of net sales and operating income in the consolidated statements of income stated in the annual securities report, which had been submitted by the Company pursuant to the Financial Instruments and Exchange Act, satisfy all of the conditions stated in each of the items below:
      (a) Net sales exceed ¥820,000 million and operating income exceeds ¥45,000 million for the fiscal year ended June 30, 2017; and
      (b) Net sales exceed ¥880,000 million and operating income exceeds ¥48,000 million for the fiscal year ended June 30, 2018.

   However, in cases where a significant event, such as the major acquisition of a business, which has a significant impact on net sales and operating income on a consolidated basis, occurs during the aforementioned period (July 2016 to June 2018) and the Board of Directors of the Company determines that it is not appropriate to use the actual results stated in the annual securities report, the Company may make adjustments to the actual results used for the conditions for vesting and exercise by reducing the impact of the event to the extent deemed reasonable.

(2) The share acquisition rights holder must be a director, Audit & Supervisory Board member, or employee of the Company or its subsidiaries and affiliates at the time the share acquisition rights are exercised. However, this condition shall not necessarily apply in the case of retirement due to the expiry of the term of office, compulsory retirement, or any other reason deemed valid by the Board of Directors.
(3) An heir of the share acquisition rights holder is not allowed to exercise the share acquisition rights.
(4) Share acquisition rights may not be exercised in the case where the total number of shares issued after the exercise of the share acquisition rights exceeds the authorized shares as of the date of exercise.
(5) Acquisition rights of less than one unit may not be exercised.

4. Conditions for vesting and exercise are as follows:
(1) Share acquisition rights holder may exercise their share acquisition rights, if the amount of operating income in the consolidated statements of income stated in the annual securities report for the fiscal year ending June 30, 2025, which will be submitted by the Company pursuant to the Financial Instruments and Exchange Act, exceeds ¥120,000 million.
However, in cases where a significant event, such as the major acquisition of a business, which has a significant impact on operating income on a consolidated basis, occurs until the aforementioned period (the fiscal year ending June 30, 2025) ends and the Board of Directors of the Company determines that it is not appropriate to use the actual results stated in the annual securities report, the Company may make adjustments to the actual results used for the conditions for vesting and exercise by reducing the impact of the event to the extent deemed reasonable.
(2) The share acquisition rights holder must be a director, Audit & Supervisory Board member, or employee of the Company or its subsidiaries and affiliates at the time the share acquisition rights are exercised. However, this condition shall not necessarily apply in the case of retirement due to the expiry of the term of office, compulsory retirement, or any other reason deemed valid by the Board of Directors.
(3) An heir of the share acquisition rights holder is not allowed to exercise the share acquisition rights.
(4) Share acquisition rights may not be exercised in the case where the total number of shares issued after the exercise of the share acquisition rights exceeds the authorized shares as of the date of exercise.
(5) Acquisition rights of less than one unit may not be exercised.

5. Conditions for exercise are as follows:
(1) Share acquisition rights holders may exercise all of their share acquisition rights at once during the exercise period only within 10 days from the day following the day they lose their position as (i) director of the Company if they are a director of the Company on the allotment date of the share acquisition rights, or (ii) executive officer of the Company if they are an executive officer of the Company on the allotment date of the share acquisition rights (excluding directors of the Company, in which case (i) above shall apply).
(2) In cases where a share acquisition rights holder deceases, an heir may exercise the share acquisition rights. In this case, notwithstanding (1) above, the heir may exercise the share acquisition rights all at once during the exercise period only within one year from the day following the day the rights are inherited.

(2) Number and changes in number of stock options

Stock options as of the beginning of the fiscal year ended June 30, 2024 are stated below. The number of stock options presents the number of shares to be issued.

(i) Number of stock options

Shares

	The 1st Share-based Compensation Stock Options	The 2nd Share-based Compensation Stock Options	The 1st Paid-in Stock Options
Grant date	June 26, 2015	December 28, 2015	September 23, 2016
Before vesting			
Balance as of June 30, 2024	–	–	–
Granted	–	–	–
Forfeited	–	–	–
Vested	–	–	–
Balance as of June 30, 2025	–	–	–
After vesting			
Balance as of June 30, 2024	2,400	2,400	1,566,800
Vested	–	–	–
Exercised	–	–	324,800
Forfeited	–	–	1,200
Balance as of June 30, 2025	2,400	2,400	1,240,800

Shares

	The 3rd Share-based Compensation Stock Options	The 4th Share-based Compensation Stock Options	The 5th Share-based Compensation Stock Options
Grant date	June 1, 2017	June 29, 2018	April 10, 2019
Before vesting			
Balance as of June 30, 2024	–	–	–
Granted	–	–	–
Forfeited	–	–	–
Vested	–	–	–
Balance as of June 30, 2025	–	–	–
After vesting			
Balance as of June 30, 2024	20,000	40,000	80,000
Vested	–	–	–
Exercised	–	–	–
Forfeited	–	–	–
Balance as of June 30, 2025	20,000	40,000	80,000

Shares

	The 2nd Paid-in Stock Options	The 7th Share-based Compensation Stock Options
Grant date	December 1, 2022	August 4, 2023
Before vesting		
Balance as of June 30, 2024	3,384,100	–
Granted	–	–
Forfeited	73,800	–
Vested	–	–
Balance as of June 30, 2025	3,310,300	–
After vesting		
Balance as of June 30, 2024	–	16,400
Vested	–	–
Exercised	–	–
Forfeited	–	–
Balance as of June 30, 2025	–	16,400

(Note) The number of stock options presents the number of shares to be issued. The Company executed a 2-for-1 stock split on July 1, 2015, and a 4-for-1 stock split on September 1, 2019. The number of shares for stock options reflects the effect of said stock splits.

(ii) Stock option price information

	The 1st Share-based Compensation Stock Options		The 2nd Share-based Compensation Stock Options		The 1st Paid-in Stock Options	
	Yen	U.S. dollars	Yen	U.S. dollars	Yen	U.S. dollars
Grant date	June 26, 2015		December 28, 2015		September 23, 2016	
Exercise price	¥1	$0.01	¥1	$0.01	¥925	$6.39
Average stock price at time of exercise	–	–	–	–	4,243	29.30
Fair value at grant date	1,242.00	8.58	1,007.50	6.96	–	–

	The 3rd Share-based Compensation Stock Options		The 4th Share-based Compensation Stock Options		The 5th Share-based Compensation Stock Options	
	Yen	U.S. dollars	Yen	U.S. dollars	Yen	U.S. dollars
Grant date	June 1, 2017		June 29, 2018		April 10, 2019	
Exercise price	¥1	$0.01	¥1	$0.01	¥1	$0.01
Average stock price at time of exercise	–	–	–	–	–	–
Fair value at grant date	1,011.50	6.98	1,235.75	8.53	1,618.75	11.18

	The 2nd Paid-in Stock Options		The 7th Share-based Compensation Stock Options	
	Yen	U.S. dollars	Yen	U.S. dollars
Grant date	December 1, 2022		August 4, 2023	
Exercise price	¥2,560	$17.68	¥1	$0.01
Average stock price at time of exercise	–	–	–	–
Fair value at grant date	–	–	2,554.00	17.64

(Note) The Company executed a 2-for-1 stock split on July 1, 2015, and a 4-for-1 stock split on September 1, 2019. The exercise price for stock options reflects the effect of said stock splits.

4. Methods used to estimate fair value of stock options

Not applicable.

5. Methods used to estimate number of stock options vested

In general, it is difficult to reasonably estimate the forfeited number of stock options for future periods; thus, only the number of actually forfeited stock options in the past is reflected.

(Additional information)

Application of the Practical Solution on Transactions Granting Employees and Others Stock Acquisition Rights, which Involve Considerations, with Vesting Conditions, etc.

For the stock acquisition rights (share acquisition rights/stock options), which involve considerations, with vesting conditions granted to employees before the date of application of the "Practical Solution on Transactions Granting Employees and Others Stock Acquisition Rights, which Involve Considerations, with Vesting Conditions, etc." (Practical Issue Task Force ("PITF") No. 36, January 12, 2018, hereinafter "PITF No. 36"), the Company continues to apply the previous accounting treatment in accordance with PITF No. 36, 10-(3).

1. Overview of the stock acquisition rights, which involve considerations, with vesting conditions
The disclosure is omitted since the same information is stated in "3. Details and number of stock options" above.

2. Overview of accounting treatment applied
(Accounting treatment before the vesting date)
(1) The amounts received from employees for the granted stock acquisition rights, which involve considerations, with vesting conditions are recognized as share acquisition rights under net assets.
(2) Of the amounts recognized as share acquisition rights, the amounts corresponding to the unvested and forfeited portion are recognized as income.
(Accounting treatment after the vesting date)
(3) When the stock acquisition rights, which involve considerations, with vesting conditions are exercised and new shares are issued, the amounts corresponding to the exercised portion, of the amounts recognized as share acquisition rights, are transferred to capital stock.
(4) When unvested and forfeited, of the amounts recognized as share acquisition rights, the amounts corresponding to the unvested and forfeited portion are recognized as income. This treatment is made for the fiscal period when the rights are forfeited.

(Income Taxes)

1. Significant components of deferred tax assets and deferred tax liabilities

	Millions of yen		Millions of U.S. dollars
Deferred tax assets	As of June 30, 2024	As of June 30, 2025	As of June 30, 2025
Accrued enterprise taxes not deductible for tax purposes	¥2,259	¥1,591	$11
Inventories	3,257	3,033	21
Accrued bonus	2,349	2,079	14
Excess depreciation and amortization over tax purposes	22,420	25,792	178
Impairment loss	13,578	13,946	96
Loss on store closings	649	694	5
Net operating loss carryforward (Note)	4,653	4,422	31
Loss on valuation of investment securities not deductible for tax purposes	103	157	1
Long-term accounts payable	1,581	1,476	10
Excess allowance for doubtful accounts over tax purposes	1,248	1,931	13
Asset retirement obligations	5,227	5,834	40
Provision for point card certificates	275	315	2
Provision for loss on interest repayment	547	500	3
Valuation difference of consolidated subsidiaries	18,824	18,563	128
Other	9,426	10,050	69
Deferred tax assets total	86,396	90,381	624
Valuation allowance for net operating loss carryforward (Note)	(4,410)	(3,956)	(27)
Valuation allowance for future deductible temporary differences	(34,470)	(35,793)	(247)
Valuation allowance subtotal	(38,880)	(39,749)	(274)
Deferred tax assets total	47,516	50,632	350
Deferred tax liabilities			
Valuation of assets and liabilities of subsidiaries at market value for the purpose of consolidation	(14,432)	(14,341)	(99)
Retirement benefit asset	(5,571)	(5,697)	(39)
Reserve for advanced depreciation of non-current assets	(1,803)	(1,852)	(13)
Valuation difference on available-for-sale securities	(1,220)	(1,959)	(14)
Other	(203)	(245)	(2)
Deferred tax liabilities total	(23,229)	(24,093)	(166)
Net deferred tax assets	¥24,287	¥26,539	$183

(Note) Amounts of net operating loss carryforward and its corresponding deferred tax assets by carryover period

As of June 30, 2024

Millions of yen

	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years	Total
Net operating loss carryforward (*1)	¥35	¥223	¥447	¥178	¥98	¥3,671	¥4,653
Valuation allowance	(35)	(223)	(447)	(178)	(98)	(3,428)	(4,410)
Deferred tax assets	–	–	–	–	–	243	(*2)243

(*1) The amounts of net operating loss carryforward are calculated by using a statutory tax rate.
(*2) For the net operating loss carryforward of ¥4,653 million, calculated by using a statutory tax rate, deferred tax assets of ¥243 million are recognized. The Company does not recognize valuation allowance for the net operating loss carryforward expected to offset the future taxable income.

As of June 30, 2025

Millions of yen

	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years	Total
Net operating loss carryforward (*1)	¥132	¥289	¥169	¥182	¥469	¥3,180	¥4,422
Valuation allowance	(132)	(289)	(169)	(182)	(469)	(2,714)	(3,956)
Deferred tax assets	–	–	–	–	–	466	(*2)466

Millions of U.S. dollars

	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years	Total
Net operating loss carryforward (*1)	$1	$2	$1	$1	$3	$22	$31
Valuation allowance	(1)	(2)	(1)	(1)	(3)	(19)	(27)
Deferred tax assets	–	–	–	–	–	3	(*2)3

(*1) The amounts of net operating loss carryforward are calculated by using a statutory tax rate.
(*2) For the net operating loss carryforward of ¥4,422 million ($31 million), calculated by using a statutory tax rate, deferred tax assets of ¥466 million ($3 million) are recognized. The Company does not recognize valuation allowance for the net operating loss carryforward expected to offset the future taxable income.

2. Reconciliation of significant difference between statutory tax rate and effective tax rate

	As of June 30, 2024	As of June 30, 2025
Statutory tax rate	30.6%	30.6%
(Adjustments)		
Inhabitant tax per capital levy	0.9	0.9
Change in valuation allowance	(0.4)	1.0
Amortization of goodwill and other consolidation adjustments	1.0	0.9
Tax deduction	(2.8)	(1.4)
Difference in tax rate from consolidated subsidiaries	4.4	1.1
Other	(0.4)	0.2
Effective income tax rate after tax-effect accounting	33.2	33.3

3. Adjustments to deferred tax assets and deferred tax liabilities due to changes in rates for income taxes, etc.
In accordance with the enactment of the "Act on Partial Revision to the Income Tax Act" (Act No. 13 of 2025) by the Diet on March 31, 2025, the "Special Defense Corporate Tax" will be imposed from fiscal years beginning on or after April 1, 2026. Accordingly, for deferred tax assets and deferred tax liabilities related to temporary differences expected to reverse in and after the fiscal year beginning on July 1, 2026, the statutory tax rate used in the calculations has been changed from 30.6% to 31.5%.
As a result of this change, in the fiscal year ended June 30, 2025, deferred tax assets (net of deferred tax liabilities) increased by ¥504 million ($3 million), and accumulated adjustments related to defined benefit plans increased by ¥18 million ($0 million), while income taxes-deferred decreased by ¥533 million ($4 million) and valuation difference on available-for-sale securities decreased by ¥47 million ($0 million).

(Business Combinations)

Business combination by acquisition
1. Overview of the business combination
(1) Name and description of business of the acquired company
Name of acquired company Mikuni Restaurant Group, Inc.
Business description Operation of sushi restaurants
(2) Main reason of the business combination
The acquisition is intended to expand and streamline the food service operations of the Group in North America, and to contribute to the increased recognition and consumption of Japan-branded products.

(3) Date of business combination
April 1, 2025
(4) Legal form of the business combination
Share acquisition in exchange for cash
(5) Name of the entity after the business combination
There will be no change to be the name.
(6) Percentage of voting rights acquired
Percentage of voting rights held immediately before the business combination -%
Percentage of voting rights additionally acquired on the day of the business combination 100%
Percentage of voting rights held after the business combination 100%
(7) Major basis for determining the acquiring company Acquisition of shares in exchange for cash

2. The period of operations of the acquired company included in the consolidated financial statements
Mikuni Restaurant Group, Inc. has a fiscal year-end of December 31. For consolidation purposes, financial statements based on a provisional closing as of April 1, 2025 were used. Only the balance sheet is included in the fiscal year ended June 30, 2025.

3. The breakdown of the acquisition cost and the type of consideration given to acquire the acquired company

	Millions of yen	Millions of U.S. dollars
Consideration of acquisition	¥10,592	$73
Acquisition cost	¥10,592	$73

4.The description and amount of major acquisition-related cost
Advisory fees, etc. ¥682 million ($5 million)

5. The amount of goodwill recognized, cause of recognition, amortization method and period
(1) Amount of goodwill recognized
¥10,050 million yen ($69 million)
As of the end of the fiscal year ended June 30, 2025, the acquisition cost has not been finalized and the allocation of the acquisition cost has not been completed; therefore, the amount has been provisionally calculated.
(2) Cause of recognition
Because the acquisition cost exceeded the net amount allocated to the assets acquired and the liabilities assumed, the difference has been recognized as goodwill.
(3) Amortization method and period
Straight-line over 13 years

6. Amounts of assets acquired and liabilities assumed as of the business combination date and their principal components

	Millions of yen	Millions of U.S. dollars
Current assets	¥666	$5
Non-current assets	3,452	24
Total assets	4,117	28
Current liabilities	1,842	13
Non-current liabilities	1,733	12
Total liabilities	¥3,576	$25

7. Estimated impact on the consolidated statements of income for the fiscal year ended June 30, 2025, assuming the business combination had been completed at the beginning date of the fiscal year, and the method of calculation
This information is omitted due to its immateriality. The calculation of the impact has not received audit certification.

8. Description of contingent consideration stipulated in the business combination agreement and future accounting methods
(1) Description of the contingent consideration
The consideration for the acquisition does not include contingent consideration. The agreement provides for a contingent consideration (earn-out consideration) of up to 6 million U.S. dollars if specified conditions are met, but it has not been finalized at this time.
(2) Future accounting methods
If a change in the consideration occurs, then the acquisition cost will be adjusted as if the change had occurred at the acquisition date, and the amount of goodwill and the amount of goodwill amortization will be adjusted.

(Asset Retirement Obligations)
Asset retirement obligations recorded on the consolidated balance sheets
(1) Summary of asset retirement obligations
Asset retirement obligations recognized are mainly obligations to restore sites according to lease contracts for real estate used for stores.

(2) Calculation method for asset retirement obligations
Asset retirement obligations are calculated on the basis of estimated period of use of 1 to 42 years and discount rates of 0.00%–3.22%.

(3) Changes in asset retirement obligations

	Millions of yen		Millions of U.S. dollars
	Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2025	Fiscal year ended June 30, 2025
Beginning of the year	¥30,866	¥31,423	$217
Increase due to acquisition of property, plant and equipment	559	709	5
Adjustments over time	306	320	2
Decrease due to performance of asset retirement obligations	(72)	(23)	(0)
Decrease due to settlement of asset retirement obligations	(389)	(28)	(0)
Other increase (decrease)	153	(12)	(0)
End of the year	¥31,423	¥32,389	$224

(Investment and Rental Property)
The Company and some of its consolidated subsidiaries own commercial properties and facilities (including land) for lease in Tokyo and other areas. For the fiscal year ended June 30, 2024, rental income related to such properties and facilities was ¥6,940 million. (Rental income was recorded in net sales and significant rental expenses were recorded in cost of sales and selling, general and administrative expenses.)
For the fiscal year ended June 30, 2025, rental income related to such properties and facilities was ¥8,302 million ($57 million). (Rental income was recorded in net sales and significant rental expenses were recorded in cost of sales and selling, general and administrative expenses), and gain on sale of such properties was ¥200 million ($1 million), which was recorded in extraordinary income.
The carrying amounts on the consolidated balance sheets and the changes in and fair values of these assets for the fiscal years ended June 30, 2024 and 2025 are as follows:

	Millions of yen		Millions of U.S. dollars
	Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2025	Fiscal year ended June 30, 2025
Carrying amount			
Beginning of the year	¥171,926	¥166,182	$1,148
Net change	(5,744)	(2,943)	(20)
End of the year	166,182	163,239	1,127
Fair value	189,504	193,625	1,337

(Notes) 1. The carrying amount on the consolidated balance sheets is the acquisition cost minus accumulated depreciation and accumulated impairment loss.
2. Net change for the fiscal year ended June 30, 2024 consisted of a major increase of ¥26,792 million from the acquisition of real estate, and major decreases of ¥32,329 million from a change in rentable ratios and ¥207 million ($1 million) from impairment loss. Net change for the fiscal year ended June 30, 2025 consisted of a major increase of ¥28 million ($0 million) from the acquisition of real estate, and major decreases of ¥2,034 million ($14 million) from a change in rentable ratios and ¥925 million ($6 million) from the sale of real estate.
3. Fair value is primarily an amount calculated by the Company based on Japanese Real Estate Appraisal Standards, including adjustments made using certain financial indicators.

(Revenue Recognition)
1. Disaggregation of revenue from contracts with customers
For the fiscal year ended June 30, 2024 (From July 1, 2023 to June 30, 2024)

Millions of yen

	Reportable segment			
	Domestic business	North America business	Asia business	Total
(Discount store business)				
Household electrical appliances	¥ 90,178	¥ –	¥ –	¥ 90,178
Daily consumables	345,379	–	–	345,379
Food	569,108	–	–	569,108
Watches & fashion merchandise	168,431	–	–	168,431
Sporting good & leisure equipment	81,124	–	–	81,124
Other	20,902	–	–	20,902
(GMS business)				
Clothes	44,457	–	–	44,457
Household goods	65,113	–	–	65,113
Food	301,387	–	–	301,387
Other	197	–	–	197
(Overseas business)				
North America	–	244,671	–	244,671
Asia	–	–	84,973	84,973
Revenue from contracts with customers	1,686,276	244,671	84,973	2,015,920
Revenue from other sources (Note)	76,786	2,204	167	79,157
Sales to third parties	1,763,062	246,875	85,140	2,095,077

(Note) "Revenue from other sources" includes revenue based on the ASBJ Statement No. 13 "Accounting Standard for Lease Transactions" and the ASBJ Statement No. 10 "Accounting Standards for Financial Instruments."

For the fiscal year ended June 30, 2025 (From July 1, 2024 to June 30, 2025)

Millions of yen

	Reportable segment			
	Domestic business	North America business	Asia business	Total
(Discount store business)				
Household electrical appliances	¥92,391	¥–	¥–	¥92,391
Daily consumables	393,490	–	–	393,490
Food	613,713	–	–	613,713
Watches & fashion merchandise	182,209	–	–	182,209
Sporting good & leisure equipment	92,288	–	–	92,288
Other	21,998	–	–	21,998
(GMS business)				
Clothes	43,789	–	–	43,789
Household goods	67,551	–	–	67,551
Food	313,828	–	–	313,828
Other	986	–	–	986
(Overseas business)				
North America	–	257,088	–	257,088
Asia	–	–	91,037	91,037
Revenue from contracts with customers	1,822,243	257,088	91,037	2,170,368
Revenue from other sources (Note)	73,869	2,348	172	76,390
Sales to third parties	1,896,113	259,437	91,209	2,246,758

Millions of U.S. dollars

	Reportable segment			
	Domestic business	North America business	Asia business	Total
(Discount store business)				
Household electrical appliances	$638	$–	$–	$638
Daily consumables	2,717	–	–	2,717
Food	4,238	–	–	4,238
Watches & fashion merchandise	1,258	–	–	1,258
Sporting good & leisure equipment	637	–	–	637
Other	152	–	–	152
(GMS business)				
Clothes	302	–	–	302
Household goods	466	–	–	466
Food	2,167	–	–	2,167
Other	7	–	–	7
(Overseas business)				
North America	–	1,775	–	1,775
Asia	–	–	629	629
Revenue from contracts with customers	12,583	1,775	629	14,987
Revenue from other sources (Note)	510	16	1	527
Sales to third parties	13,093	1,791	630	15,514

(Note) "Revenue from other sources" includes revenue based on the ASBJ Statement No. 13 "Accounting Standard for Lease Transactions" and the ASBJ Statement No. 10 "Accounting Standards for Financial Instruments."

2. Basic information in understanding revenue from contracts with customers
Basic information in understanding revenue is as presented in "(Significant Matters for the Preparation of Consolidated Financial Statements), 4. Accounting policies, (6) Significant revenue and expense recognition standards" in the Notes to Consolidated Financial Statements.

3. Basic information in understanding the amount of revenue for the fiscal year ended June 30, 2025 and beyond
(i) Balance of receivables from contracts with customers and contract liabilities
Balance of receivables from contracts with customers and contract liabilities are as follows:

For the fiscal year ended June 30, 2024 (From July 1, 2023 to June 30, 2024)

Millions of yen

	Fiscal year ended June 30, 2024	
	Beginning balance	Ending balance
Receivables from contracts with customers		
Accounts receivables-trade	¥13,513	¥16,894
Contract liabilities	¥20,838	¥18,966

Contract liabilities include points given to customers when products, etc. are sold and advances received, etc. from payments into the Group's e-money service. These are balances for which the performance obligations have not been satisfied as of the fiscal year-end.

For points, contract liabilities are recognized when points are given to customers, and reversed when the performance obligation is satisfied upon their use or expiration.

For e-money, contract liabilities are recognized when payments into the service are made, and reversed when the performance obligation is satisfied upon products being transferred to a customer.

Revenue recognized in the fiscal year ended June 30, 2024 that was included in the contract liability balance at the beginning of the year was ¥20,838 million. Contract liabilities decreased by ¥1,872 million in the fiscal year ended June 30, 2024 mainly due to a decrease of ¥1,701 million in payments into the e-money service.

For the fiscal year ended June 30, 2025 (From July 1, 2024 to June 30, 2025)

Millions of yen

	Fiscal year ended June 30, 2025	
	Beginning balance	Ending balance
Receivables from contracts with customers Accounts receivables-trade	¥16,894	¥18,703
Contract liabilities	¥18,966	¥20,055

Millions of U.S. dollars

	Fiscal year ended June 30, 2025	
	Beginning balance	Ending balance
Receivables from contracts with customers Accounts receivables-trade	$117	$129
Contract liabilities	$131	$138

Contract liabilities include points given to customers when products, etc. are sold and advances received, etc. from payments into the Group's e-money service. These are balances for which the performance obligations have not been satisfied as of the fiscal year-end.

For points, contract liabilities are recognized when points are given to customers, and reversed when the performance obligation is satisfied upon their use or expiration.

For e-money, contract liabilities are recognized when payments into the service are made, and reversed when the performance obligation is satisfied upon products being transferred to a customer.

Revenue recognized in the fiscal year ended June 30, 2025 that was included in the contract liability balance at the beginning of the year was ¥18,966 million ($131 million). Contract liabilities increased by ¥1,089 million ($8 million) in the fiscal year ended June 30, 2025 mainly due to a increase of ¥499 million ($3 million) in payments into the e-money service and ¥498 million ($3 million) in the issuance of company-issued gift certificates.

(ii) Transaction price allocated to the remaining performance obligations
The description is omitted because the Group has applied the practical expedient as there are no significant transactions with an original expected contract duration of more than one year.

There are no material amounts of compensation from contracts with customers that are not included in the transaction price.

(Segment Information)
Segment information
1. Overview of reportable segments
Reportable segments of the Company are components of the Company whose segregated financial information is available and that are subject to regular review by the Board of Directors for the purpose of determining the allocation of management resources and assessment of business results.

The Company is mainly engaged in merchandise sales and has three reportable segments: "Domestic business," "North America business," and "Asia business."

The Domestic business segment mainly operates the big discount convenience store "Don Quijote," the general discount store for families "MEGA Don Quijote," "MEGA Don Quijote UNY," and the general supermarket stores such as "APITA" and "PIAGO."

The "North America business" is a segment operates discount stores and supermarkets in the states of Hawaii and California in the United States.

The "Asia business" segment operates "DON DON DONKI" stores based on the concept of Japan brand specialty stores in the Asian region.

2. Method of calculating sales, profit or loss, assets, liabilities, and other items by reportable segment
Accounting procedures of reportable operating segments are as described in Significant Matters for the Preparation of Consolidated Financial Statements.

Profit in the reportable segments is operating income, and intersegment sales are mainly based on quoted market prices.

3. Information on amounts of sales, profit or loss, assets, liabilities, and other items by reportable segment

For the fiscal year ended June 30, 2024 (From July 1, 2023 to June 30, 2024)

Millions of yen

	Reportable segment					
	Domestic business	North America business	Asia business	Total	Adjustments (Note 1)	Consolidated (Note 2)
Sales						
Sales to third parties	¥1,763,062	¥246,875	¥85,140	¥2,095,077	¥ –	¥2,095,077
Intersegment sales and transfer	12,662	–	129	12,791	(12,791)	–
Total	1,775,724	246,875	85,269	2,107,868	(12,791)	2,095,077
Segment profit	136,606	3,442	146	140,193	–	140,193
Segment assets	1,162,700	200,996	28,890	1,392,586	105,824	1,498,410
Other items (Note 3)						
Depreciation and amortization	31,707	10,777	3,747	46,231	–	46,231
Increase in property, plant and equipment and intangible assets	77,884	13,538	4,383	95,804	–	95,804

(Notes) 1. The ¥105,824 million adjustment to segment assets includes surplus funds of ¥112,102 million of the Company, which are Companywide assets (cash and deposits and investment securities), and elimination of receivables between reportable segments of ¥(6,278) million.
2. Segment profit is the same as operating income in the consolidated statements of income.
3. Increase in property, plant and equipment and intangible assets includes the increase in long-term prepaid expenses.

For the fiscal year ended June 30, 2025 (From July 1, 2024 to June 30, 2025)

Millions of yen

	Reportable segment					
	Domestic business	North America business	Asia business	Total	Adjustments (Note 1)	Consolidated (Note 2)
Sales						
Sales to third parties	¥1,896,113	¥259,437	¥91,209	¥2,246,758	¥ –	¥2,246,758
Intersegment sales and transfer	14,140	33	245	14,418	(14,418)	–
Total	1,910,253	259,470	91,454	2,261,176	(14,418)	2,246,758
Segment profit	158,084	2,283	1,929	162,296	–	162,296
Segment assets	1,181,856	201,603	27,944	1,411,403	99,624	1,511,026
Other items (Note 3)						
Depreciation and amortization	34,179	10,916	2,794	47,889	–	47,889
Increase in property, plant and equipment and intangible assets	43,199	7,995	1,517	52,711	–	52,711

Millions of U.S. dollars

	Reportable segment					
	Domestic business	North America business	Asia business	Total	Adjustments (Note 1)	Consolidated (Note 2)
Sales						
Sales to third parties	$13,093	$1,791	$630	$15,514	$ –	$15,514
Intersegment sales and transfer	98	0	2	100	(100)	–
Total	13,191	1,792	632	15,614	(100)	15,514
Segment profit	1,092	16	13	1,121	–	1,121
Segment assets	8,161	1,392	193	9,746	688	10,434
Other items (Note 3)						
Depreciation and amortization	236	75	19	331	–	331
Increase in property, plant and equipment and intangible assets	298	55	10	364	–	364

(Notes) 1. The ¥99,624 million ($688 million) adjustment to segment assets includes surplus funds of ¥104,122 million ($719 million) of the Company, which are Companywide assets (cash and deposits and investment securities), and elimination of receivables between reportable segments of ¥(4,498) million ($(31) million).
2. Segment profit is the same as operating income in the consolidated statements of income.
3. Increase in property, plant and equipment and intangible assets includes the increase in long-term prepaid expenses.

Related information

For the fiscal year ended June 30, 2024 (From July 1, 2023 to June 30, 2024)

1. Information by product and service

Description is omitted because the same information is stated in "Notes (Revenue Recognition), 1. Disaggregation of revenue from contracts with customers" in the consolidated financial statements.

2. Information by region

(1) Net sales

Millions of yen

Japan	United States	Asia	Total
¥1,763,062	¥246,875	¥85,140	¥2,095,077

(Note) Net sales are classified by country or region based on the customer's location.

(2) Property, plant and equipment

Millions of yen

Japan	United States	Asia	Total
¥637,114	¥87,715	¥10,634	¥735,463

3. Information by major customer

Description is omitted because there are no third-party customer accounts with 10% or more of net sales in the consolidated statements of income.

For the fiscal year ended June 30, 2025 (From July 1, 2024 to June 30, 2025)

1. Information by product and service

Description is omitted because the same information is stated in "Notes (Revenue Recognition), 1. Disaggregation of revenue from contracts with customers" in the consolidated financial statements.

2. Information by region

(1) Net sales

Millions of yen

Japan	United States	Asia	Total
¥1,896,113	¥259,437	¥91,209	¥2,246,758

Millions of U.S. dollars

Japan	United States	Asia	Total
$13,093	$1,791	$630	$15,514

(Note) Net sales are classified by country or region based on the customer's location.

(2) Property, plant and equipment

Millions of yen

Japan	United States	Asia	Total
¥633,540	¥76,744	¥7,701	¥717,985

Millions of U.S. dollars

Japan	United States	Asia	Total
$4,375	$530	$53	$4,958

3. Information by major customer

Description is omitted because there are no third-party customer accounts with 10% or more of net sales in the consolidated statements of income.

Information on the impairment loss of non-current assets by reportable segment

For the fiscal year ended June 30, 2024 (From July 1, 2023 to June 30, 2024)

Millions of yen

	Reportable segment				Adjustments	Consolidated
	Domestic business	North America business	Asia business	Total		
Impairment loss	¥1,886	¥8,448	¥3,831	¥14,165	¥ –	¥14,165

For the fiscal year ended June 30, 2025 (From July 1, 2024 to June 30, 2025)

Millions of yen

	Reportable segment				Adjustments	Consolidated
	Domestic business	North America business	Asia business	Total		
Impairment loss	¥2,482	¥14,955	¥1,029	¥18,467	¥ –	¥18,467

Millions of U.S. dollars

	Reportable segment				Adjustments	Consolidated
	Domestic business	North America business	Asia business	Total		
Impairment loss	$17	$103	$7	$128	$ –	$128

Information on amortization of goodwill and unamortized balance of goodwill by reportable segment

For the fiscal year ended June 30, 2024 (From July 1, 2023 to June 30, 2024)

Millions of yen

	Reportable segment				Adjustments	Consolidated
	Domestic business	North America business	Asia business	Total		
Amortization for the year	¥228	¥4,736	¥–	¥4,964	¥–	¥4,964
Balance at year-end	1,901	60,673	–	62,574	–	62,574

There is no amortization of negative goodwill nor unamortized balance of negative goodwill incurred by business combinations conducted before April 1, 2010.

For the fiscal year ended June 30, 2025 (From July 1, 2024 to June 30, 2025)

Millions of yen

	Reportable segment				Adjustments	Consolidated
	Domestic business	North America business	Asia business	Total		
Amortization for the year	¥228	¥4,763	¥ –	¥4,991	¥ –	¥4,991
Balance at year-end	1,673	61,179	–	62,853	–	62,853

Millions of U.S. dollars

	Reportable segment				Adjustments	Consolidated
	Domestic business	North America business	Asia business	Total		
Amortization for the year	$2	$33	$ –	$34	$ –	$34
Balance at year-end	12	422	–	434	–	434

There is no amortization of negative goodwill nor unamortized balance of negative goodwill incurred by business combinations conducted before April 1, 2010.

Information on gain on bargain purchase by reportable segment

For the fiscal year ended June 30, 2024 (From July 1, 2023 to June 30, 2024)

Not applicable.

For the fiscal year ended June 30, 2025 (From July 1, 2024 to June 30, 2025)

Not applicable.

(Information on related parties)

Transactions with related parties

Transactions between the Company and related parties

(1) The Company's parent and major shareholders (corporations)

For the fiscal year ended June 30, 2024 (From July 1, 2023 to June 30, 2024)

No significant matter to be disclosed.

For the fiscal year ended June 30, 2025 (From July 1, 2024 to June 30, 2025)

No significant matter to be disclosed.

(2) The Company's non-consolidated subsidiaries and affiliates

For the fiscal year ended June 30, 2024 (From July 1, 2023 to June 30, 2024)

No significant matter to be disclosed.

For the fiscal year ended June 30, 2025 (From July 1, 2024 to June 30, 2025)

No significant matter to be disclosed.

(3) The Company's directors and major shareholders (individuals)

For the fiscal year ended June 30, 2024 (From July 1, 2023 to June 30, 2024)

Category	Name	Location	Capital stock (Millions of yen)	Type of business	% of voting rights (owned)	Business relationship	Description of transactions	Transaction amount (Millions of yen)	Account	Balance at year-end (Millions of yen)
Foundation at which a director serves as chairman	Yasuda Scholarship Foundation	Meguro-ku, Tokyo	¥–	(Note 1)	(Own) Direct 2.41 Indirect –	Directors holding concurrent positions: 2	Compensation received for seconded employees (Note 2)	¥16	–	¥–
Company at which the majority of voting rights are held by a director and/ or his/her close relatives	Palau Coral Club Co., Ltd.	The Republic of Palau	90 millions of U.S. dollars	Hotel business	–	Directors holding concurrent positions: 1	Outsourcing fee income (Note 3)	¥11	–	¥–

(Notes) The terms and conditions of transactions and their decisions are as follows:

1. The purpose of the foundation's activities is to provide scholarship support to students studying in Japan and overseas, as well as to students striving to train in athletic skills; to focus on the importance of motivating learning through exposure to foreign cultures and provide assistance and other support for primary and secondary education and cultural exchange programs; and thereby to contribute to the development of human resources and international goodwill.
2. The secondment fee for the dispatch of seconded employees is determined by agreement through mutual consultation based on the salary of the seconded employee.
3. Outsourcing fee income is determined by agreement through mutual consultation.

For the fiscal year ended June 30, 2025 (From July 1, 2024 to June 30, 2025)

Category	Name	Location	Capital stock		Type of business	% of voting rights (owned)	Business relationship	Description of transactions	Transaction amount		Account	Balance at year-end	
			(Millions of yen)	(Millions of U.S. dollars)					(Millions of yen)	(Millions of U.S. dollars)		(Millions of yen)	(Millions of U.S. dollars)
Foundation at which a director serves as chairman	Yasuda Scholarship Foundation	Shibuya-ku, Tokyo	¥–	$–	(Note 1)	(Own) Direct 2.41 Indirect –	Directors holding concurrent positions: 3	Compensation received for seconded employees (Note 2)	¥14	$0	–	¥–	$–
Company at which the majority of voting rights are held by a director and/ or his/her close relatives	Palau Coral Club Co., Ltd.	The Republic of Palau	¥–	$90	Hotel business	–	Directors holding concurrent positions: 1	Outsourcing fee income (Note 3)	¥18	$0	–	¥–	$–
Company at which the majority of voting rights are held by a director and/ or his/her close relatives	PAN PACIFIC PARTNERSHIP PTE. LTD. (Note 4)	Singapore	2,293 Millions of Singapore dollars	$1,804	Asset Management	(Own) Direct – Indirect 22.44	Directors holding concurrent positions: 2	Underwriting of investments (Note 5)	¥6,120	$42	–	¥–	$–

(Notes) The terms and conditions of transactions and their decisions are as follows:

1. The purpose of the foundation's activities is to provide scholarship support to students studying in Japan and overseas, as well as to students striving to train in athletic skills; to focus on the importance of motivating learning through exposure to foreign cultures and provide assistance and other support for primary and secondary education and cultural exchange programs; and thereby to contribute to the development of human resources and international goodwill.
2. The secondment fee for the dispatch of seconded employees is determined by agreement through mutual consultation based on the salary of the seconded employee.
3. Outsourcing fee income is determined by agreement through mutual consultation.
4. This is a company established by a close relative of Director Takao Yasuda.
5. At the time of the capital increase of Vanshow Holdings Co., Ltd., a joint investment was made together with the Company's consolidated subsidiary, PAN PACIFIC STRATEGY INSTITUTE PTE. LTD.

(Per Share Information)

Fiscal year ended June 30, 2024	Yen	Fiscal year ended June 30, 2025	Yen	U.S. dollars Fiscal year ended June 30, 2025
Net assets per share	¥898.72	Net assets per share	¥1,014.19	$7.00
Profit per share	148.64	Profit per share	151.59	1.05
Diluted profit per share	148.09	Diluted profit per share	150.95	1.04

(Note) The basis for calculating profit per share and diluted profit per share is as follows:

	Millions of yen Fiscal year ended June 30, 2024	Millions of yen Fiscal year ended June 30, 2025	Millions of U.S. dollars Fiscal year ended June 30, 2025
Profit per share			
Profit attributable to owners of parent (millions of yen)	¥88,701	¥90,512	$625
Profit not attributable to common stock owners (millions of yen)	–	–	–
Profit attributable to common stock owners of parent (millions of yen)	88,701	90,512	625
Weighted-average number of shares of common stock (shares)	596,760,042	597,073,234	–
Diluted profit per share			
Adjustment of profit attributable to owners of parent (millions of yen)	–	–	–
Increase in number of shares of common stock (shares)	2,219,538	2,546,715	–
(Of which, share acquisition rights)	(2,219,538)	(2,546,715)	–
Descriptions of potentially dilutive common shares not included in the calculation of diluted profit per share due to the absence of their dilutive effect	–	–	–

(Subsequent Events)

(Stock split and partial amendment to the Articles of Incorporation associated with the stock split)

On August 18, 2025, the Company's Board of Directors resolved to conduct a stock split and to partially amend the Articles of Incorporation in connection with the split, and to revise the shareholder benefit.

(1) Purpose of stock split

The stock split is intended to enhance the liquidity of the Company's shares and broaden the investor base by lowering amount per trading unit price.

(2) Overview of stock split

① Method

Each share held by shareholders listed or recorded in the final shareholder registry as of September 30, 2025, will be split at a ratio of 5 shares for every 1 share.

② Increase in number of shares

Total shares issued before the split: 635,370,940 shares
Increase in shares due to the split: 2,541,483,760 shares
Total shares issued after the split: 3,176,854,700 shares
Total authorized shares after the split: 9,360,000,000 shares

(Note)

The above figures are based on the status as of July 31, 2025. The number of shares may increase due to the exercise of share acquisition rights before the record date.

③ Schedule

Public notice of record date: September 12, 2025
Record date: September 30, 2025
Effective date: October 1, 2025

④ Impact on per share information

If the stock split had been effective as of the beginning of the fiscal year ended June 30, 2024, per share figures would have been as follows:

Fiscal year ended June 30, 2024	Yen	Fiscal year ended June 30, 2025	Yen	U.S. dollars Fiscal year ended June 30, 2025
Net assets per share	¥179.74	Net assets per share	¥202.84	$1.40

Fiscal year ended June 30, 2024	Yen	Fiscal year ended June 30, 2025	Yen	U.S. dollars Fiscal year ended June 30, 2025
Earnings per share	¥29.73	Earnings per share	¥30.32	$0.21
Diluted earnings per share	29.62	Diluted earnings per share	30.19	0.21

(3) Partial amendment to Articles of Incorporation

① Reason for the Amendment

In accordance with Article 184, Paragraph 2 of the Companies Act of Japan, the Company will amend Article 6 of its Articles of Incorporation to reflect the change in authorized shares resulting from the stock split, effective as of October 1, 2025, pursuant to the Board resolution dated August 18, 2025.

② Details of the amendment

The underlined portions indicate the amendments.

Current Article (Total Authorized Shares)	Amended Article (Total Authorized Shares)
Article 6: The total number of shares authorized by the Company shall be 1,872,000,000 shares.	Article 6: The total number of shares authorized by the Company shall be 9,360,000,000 shares.

③ Effective date

October 1, 2025

(4) Changes to shareholder benefit

The Company currently grants points for the Group's electronic money service "majica" to shareholders who hold 100 shares or more and are listed in the shareholder register as of June 30 or December 31 each year. In connection with the stock split, the shareholder benefit will be revised as follows:

①Details of change

Before change:

Number of shares held	Benefits details
≥100 shares	2,000 yen worth of majica points

After change:

Number of shares held	Benefits details
100-300 shares	300 yen worth of majica points
300-500 shares	1,000 yen worth of majica points
≥500 shares	2,000 yen worth of majica points

② Timing of change

The revised criteria will apply to the post-split number of shares held by shareholders recorded in the shareholder registry as of the record date, December 31, 2025.

(5) Other

① Change in capital

No change in the amount of stated capital as a result of the stock split.

② Adjustment to exercise price of share acquisition rights

In connection with the stock split, the exercise price per share of the Company's share acquisition rights will be adjusted as follows, effective from October 1, 2025:

	Board resolution date	Pre-adjustment exercise price	Post-adjustment exercise price
1st Series of Paid-in Share Acquisition Rights	June 30, 2016	¥925 ($6)	¥185 ($1)
2nd Series of Paid-in Share Acquisition Rights	October 3, 2022	¥2,560 ($18)	¥512 ($4)

(Notes)

1.The pre-adjustment exercise price of the 1st series of paid-in share acquisition rights reflects the 4-for-1 stock split conducted on September 1, 2019.

2.The Company has issued multiple share-based compensation stock acquisition rights, each with an exercise price of ¥1 ($ 0.01) per share. As the resolutions authorizing these rights did not include provisions for adjustment of the exercise price in the event of a stock split, no adjustment to the exercise price has occurred as a result of the stock split.

(Acquisition of treasury share by an equity-method affiliate)

Kanemi Co., Ltd., which had been an equity-method affiliate of the Company, acquired a portion of its issued shares as treasury share as of August 20, 2025.

As a result of this, because the Company came to hold 40.3% of the voting rights of Kanemi Co., Ltd., it has been treated as a consolidated subsidiary based on the substantive control standard.

(1) Overview of the business combination

① Name and description of business of the acquired company

Name of acquired company: Kanemi Co., Ltd.
Business description: Manufacture and sale of boxed lunches, sushi, rice balls, delicatessen items, etc.

② Main reason of the business combination

The Company determined that the delicatessen business operated by Kanemi Co., Ltd. is expected to achieve high growth going forward and that the corporate value of both companies can be enhanced by leveraging each company's strengths.

③ Date of business combination

August 20, 2025 (Deemed acquisition date: September 30, 2025)

④ Legal form of the business combination

Acquisition of treasury shares by the acquired company

⑤ Name of the entity after the business combination
There will be no change to be the name.
⑥ Percentage of voting rights changed

Percentage of voting rights held immediately before the business combination	39.4%
Percentage of voting rights additionally acquired on the day of the business combination	0.9%
Percentage of voting rights held after the business combination	40.3%

⑦ Major basis for determining the acquired company
Because the Company's percentage of voting rights increased due to the acquisition of treasury shares that was carried out by Kanemi Co., Ltd.

(2) Matters related to the calculation, etc. of the acquired company
① Acquisition cost of the acquired company
Fair value at the business combination date of the shares held immediately before the business combination
¥12,846 million ($89 million)
② Difference between the acquisition cost of the acquired company and the total acquisition cost by transaction leading to the acquisition
Not yet determined at this time.

(3) Amount of goodwill recognized, cause of recognition, amortization method and period
Not yet determined at this time.

(4) Amounts of assets accepted and liabilities assumed as of the business combination date and their principal components
Not yet determined at this time.

(Supplemental information)
Corporate bonds

Issuer	Type of issue	Issue date	Balance at July 1, 2024 (Millions of yen)	Balance at June 30, 2025 (Millions of yen)	Balance at June 30, 2025 (Millions of U.S. dollars)	Interest rate (%)	Collateral	Redemption date
The Company	The 11th unsecured corporate bond	March 10, 2016	¥10,000 (¥-)	¥10,000 (¥10,000)	$69 ($69)	0.73	N/A	March 10, 2026
The Company	The 14th unsecured corporate bond	March 8, 2018	10,000 (–)	10,000 (–)	69 (–)	0.48	N/A	March 8, 2028
The Company	The 16th unsecured corporate bond	March 7, 2019	10,000 (–)	10,000 (10,000)	69 (69)	0.35	N/A	March 6, 2026
The Company	The 17th unsecured corporate bond	March 7, 2019	10,000 (–)	10,000 (–)	69 (–)	0.45	N/A	March 7, 2029
The Company	The 18th unsecured corporate bond	October 21, 2021	40,000 (–)	40,000 (–)	276 (–)	0.13	N/A	October 21, 2026
The Company	The 19th unsecured corporate bond	October 21, 2021	10,000 (–)	10,000 (–)	69 (–)	0.25	N/A	October 20, 2028
The Company	The 20th unsecured corporate bond	October 21, 2021	30,000 (–)	30,000 (–)	207 (–)	0.40	N/A	October 21, 2031
The Company	The 21st unsecured corporate bond	November 9, 2023	24,000 (–)	24,000 (–)	166 (–)	0.44	N/A	November 9, 2026
The Company	The 22nd unsecured corporate bond	November 9, 2023	38,000 (–)	38,000 (–)	262 (–)	0.73	N/A	November 9, 2028
The Company	The 23rd unsecured corporate bond	November 9, 2023	5,000 (–)	5,000 (–)	35 (–)	0.99	N/A	November 8, 2030
The Company	The 24th unsecured corporate bond	November 9, 2023	3,000 (–)	3,000 (–)	21 (–)	1.32	N/A	November 9, 2033
Japan Asset Marketing Co., Ltd.	The 6th unsecured corporate bond	September 21, 2016	625 (250)	375 (250)	3 (2)	0.18	N/A	September 18, 2026
Japan Asset Marketing Co., Ltd.	The 7th unsecured corporate bond	September 26, 2016	1,000 (400)	600 (400)	4 (3)	0.22	N/A	September 25, 2026
Other	–	–	100 (–)	100 (–)	1 (–)	–	–	–
Total	–	–	¥191,725 (¥650)	¥191,075 (¥20,650)	$1,319 ($143)	–	–	–

(Notes) 1. Figures in parentheses represent the current portion.
2. The annual redemption schedule for five years is as follows:

Millions of yen

Due in one year	Due after one year and within two years	Due after two years and within three years	Due after three years and within four years	Due after four years and within five years
¥20,650	¥64,425	¥10,000	¥58,000	¥ –

Millions of U.S. dollars

Due in one year	Due after one year and within two years	Due after two years and within three years	Due after three years and within four years	Due after four years and within five years
$143	$445	$69	$400	$ –

Loan payables, etc.

Classification	Balance at June 30, 2024 (Millions of yen)	Balance at June 30, 2025 (Millions of yen)	Balance at June 30, 2025 (Millions of U.S. dollars)	Average interest rate(%)	Redemption date
Current portion of long-term loan payables	¥48,615	¥56,375	$389	0.39	–
Current portion of lease obligations	2,809	2,839	20	–	–
Long-term loan payables excluding current portion	224,657	156,929	1,084	0.64	From September 2026 to February 2033
Lease obligations excluding current portion	32,897	35,370	244	–	From August 2026 to November 2045
Other interest-bearing debt	–	–	–	–	–
Total	¥308,978	¥251,512	$1,737	–	–

(Notes) 1. Average interest rate represents the weighted-average interest rate of loans as of June 30, 2025.
2. The average interest rate of lease obligations is not provided because the amount of lease obligations before deducting the interest amount included in the total amount of lease payments is presented on the consolidated balance sheet.
3. The annual repayment schedule for long-term loan payables and lease obligations excluding current portion for five years is as follows:

Millions of yen

	Due after one year and within two years	Due after two years and within three years	Due after three years and within four years	Due after four years and within five years
Long-term loan payables	¥37,565	¥20,308	¥5,194	¥41,348
Lease obligations	3,261	2,882	2,440	2,536

Millions of U.S. dollars

	Due after one year and within two years	Due after two years and within three years	Due after three years and within four years	Due after four years and within five years
Long-term loan payables	$259	$140	$36	$286
Lease obligations	23	20	17	18

Details of asset retirement obligations
The details of asset retirement obligations are omitted since the information is included in the notes to the accompanying financial statements as prescribed in Article 15-23 of the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements.

Others
Interim Information for the fiscal year ended June 30, 2025

	As of December 31, 2024	As of June 30, 2025
Net sales (millions of yen)	¥1,128,614	¥2,246,758
Profit before income taxes (millions of yen)	85,398	136,910
Profit attributable to owners of parent (millions of yen)	53,977	90,512
Profit per share (yen)	90.41	151.59

	As of December 31, 2024	As of June 30, 2025
Net sales (millions of U.S. dollars)	$7,793	$15,514
Profit before income taxes (millions of U.S. dollars)	590	945
Profit attributable to owners of parent (millions of U.S. dollars)	373	625
Profit per share (U.S. dollars)	0.62	1.05

Independent Auditor's Report

To the Board of Directors
Pan Pacific International Holdings Corporation

Opinion
We have audited the accompanying consolidated financial statements of Pan Pacific International Holdings Corporation and its consolidated subsidiaries ("the Group"), which comprise the consolidated balance sheet as of June 30, 2025, and the consolidated statement of income and comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.
In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion
We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Ethics in Japan, and we have fulfilled our other responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter
Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Impairment Loss on Non-current Assets

Description of Key Audit Matter	Auditor's Response
Property, plant and equipment amounted to 717,985 million yen, while intangible assets totaled 103,590 million yen in the company's consolidated balance sheet, together accounting for 54.4% of total assets. In addition, as disclosed in the note "(Significant accounting estimate) Impairment of non-current assets", an impairment loss of 18,467 million yen was recognized on non-current assets. The Group evaluated indicators of impairment for each store, division, and rental property unit. If any indicators of impairment were identified, the Group then assessed whether it was necessary to recognize an impairment loss. When the carrying amount of assets subject to impairment exceeded their recoverable amount, an impairment loss was recognized to reduce the carrying amount to the recoverable amount. The recoverable amount is determined as the higher of the value in use and the net realizable value, and the net realizable value is calculated based on factors including the valuation provided by the real estate appraiser. Future cash flow is estimated based on projections of each store's future sales and operating income or loss, taking into account changes in the commercial area, competitive influences, and the business environment, with these projections derived from past performance. In examining impairment losses on non-current assets, we noted that the significant underlying assumptions involve inherent uncertainty and require management's judgement. Accordingly, we have determined this to be a key audit matter.	The primary audit procedures we performed to assess the impairment loss on non-current assets include following, among others: • We evaluated the effectiveness of the design and operational effectiveness of internal controls related to impairment loss on non-current assets. • We considered the consistency of the estimated period for future cash flows by reviewing the economic useful life of the main asset and inspecting the lease contract. • We considered the consistency between the future cash flow estimates and the budget, ensuring that the budget was prepared through an appropriate process. • We assessed the reasonableness of the assumptions through inquiries with the person responsible for operations regarding changes in the commercial area, competitive influences, and the business environment, all of which were considered in the future cash flow projections. • We compared the budget from the previous fiscal year with the actual results in order to assess the effectiveness of the estimation process conducted by management.

Valuation of Inventories in The Domestic Retail Business

Description of Key Audit Matter	Auditor's Response
Merchandise and finished goods were recorded at 224,902 million yen in the Company's consolidated balance sheet, representing 14.9% of total assets. In addition, as disclosed in the note "(Significant accounting estimate), the Group recognized a loss on valuation of inventory of 1,776 million yen, which was included in cost of sales for the year. Matters concerning accounting policy are disclosed in note 4. Basis and method of valuation of significant assets are disclosed in note (1)(c). The value of inventories in the consolidated balance sheet is calculated by the moving average method (writing down method based on decline in profitability). Regarding the recognition of inventory valuation losses, the Group recognizes a valuation loss in accordance with the general accounting principle when the net realizable value is lower than the carrying amount. Inventories that remain unsold and are no longer part of the normal operating cycle are systematically written down to reflect their diminished value. Furthermore, unsold inventories are periodically written down using a depreciation rate determined by historical sales performance, inventory levels, and future sales plans within the inventory group. This group comprises inventories identified as having low turnover ratios. In examining the valuation of inventories within the domestic retail business, we noted that significant underlying assumptions involve inherent uncertainty and require management's judgment. Accordingly, we have determined this to be a key audit matter.	The primary audit procedures we performed to assess the valuation of inventories in the domestic retail business include following, among others: • We evaluated the effectiveness of the design and operational effectiveness of internal controls over the valuation of inventories. • We considered the validity of unsold inventories when calculating a loss on valuation. Based on this, we examined whether the unsold inventories were extracted from the core system, and assessed the appropriateness of the data used in the loss calculation. • Regarding the depreciation rate used to calculate losses on unsold inventories, we recalculated the rate applied in the current fiscal year for inventories that were subject to valuation losses in the previous fiscal year. We then assessed the accuracy of the depreciation rate used last year. We also assessed the reasonableness of the depreciation rate used in the current fiscal year through discussions with the person responsible for stock management, inquiries with management, and comparisons with current fiscal year sales results and future sales strategies. • We confirmed the appropriateness of the write-down amount for unsold inventories in the domestic retail business for the current fiscal year by recalculating it, using both inventory data and the applicable depreciation rate.

Other Information
The other information comprises the information included in the disclosure documents that contain or accompany the audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon. Management is responsible for the preparation and presentation of the other information. The Audit and Supervisory Committee is responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management, the Audit and Supervisory Committee for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for the design, implementation and maintenance of internal control deemed necessary by management for the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit and Supervisory Committee are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.
From the matters communicated with the Audit and Supervisory Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matter. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonable be expected to outweigh the public interest benefits of such communication.

Fee-Related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its subsidiaries for the year ended June 30, 2025 are 277 million yen and none, respectively.
The dependence of fees stipulated in the Code of Ethics of the Japanese Institute of Certified Public Accountants continued to exceed 15% from the fiscal year ended June 30, 2025.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

We have no interest in the Group which should be disclosed in accordance with the Certified Public Accountants Act of Japan.
UHY Tokyo & Co
Tokyo, Japan
September 25, 2025

Convenience Translation

The accompanying consolidated financial statements expressed in Japanese yen have been translated into U.S. dollars on the basis set forth in notes to consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

STATEMENT ON ACCOUNTING PRINCIPLES AND AUDITING STANDARDS

This statement is to remind users that accounting principles and auditing standards and their application in practice may vary among nations and therefore could affect, possibly materially, the reported financial position and results of operations. The accompanying consolidated financial statements are prepared based on accounting principles generally accepted in Japan and filed with the local finance bureau of the Ministry of Finance (MOF) as required by the Financial Instruments and Exchange Act. The auditing standards and their application in practice are those generally accepted in Japan, and Report of Independent Auditors is translated into English from the statutory Japanese language consolidated financial statements.