BRIDGE REPORT Bridge Salon



President Naoji Kageyama

# PICKLES HOLDINGS CO., LTD. (2935)

We deliver the vitality of vegetables.
PICKLES
New Traditional Taste

## Corporate Information

| | |
|---|---|
| Stock Exchange | TSE Prime Market |
| Industry | Food products (manufacturing) |
| Representative | Naoji Kageyama |
| Address | 7-8, Higashisumiyoshi, Tokorozawa-shi, Saitama |
| Accounting term | February |
| URL | https://www.pickles-hd.co.jp/en/ |

## Stock Information

| Share Price | Shares Outstanding (Term-end) | | Total Market Cap | ROE (Actual) | Trading Unit |
|---|---|---|---|---|---|
| ¥1,154 | 12,858,430 shares | | ¥14,838 million | 7.3% | 100 shares |
| DPS (Estimate) | Dividend Yield (Estimate) | EPS (Estimate) | PER (Estimate) | BPS (Actual) | PBR (Actual) |
| ¥32.00 | 2.8% | ¥98.33 | 11.7x | ¥1,568.51 | 0.7x |

*Stock price is the closing price on October 9. Each number is based on PICKLES HOLDINGS' financial results in the second quarter for the fiscal year ending February 2027. ROE and BPS are the results in the previous fiscal year.

## Consolidated Earnings Trend

| Fiscal Year | Sales | Operating Income | Ordinary Income | Net Income | EPS | DPS |
|---|---|---|---|---|---|---|
| February 2023 Act. | 41,052 | 1,538 | 1,650 | 1,138 | 88.80 | 22.00 |
| February 2024 Act. | 43,028 | 1,668 | 1,771 | 1,175 | 94.29 | 24.00 |
| February 2025 Act. | 41,518 | 1,279 | 1,345 | 958 | 77.09 | 26.00 |
| February 2026 Act. | 40,923 | 2,085 | 2,148 | 1,384 | 110.70 | 29.00 |
| February 2027 Est. | 41,000 | 1,820 | 1,860 | 1,231 | 98.33 | 32.00 |

*Unit: Million-yen. Net income is the net income attributable to owners of the parent company. The same applies below. Since the first quarter of the fiscal year ended February 2023, the accounting standards for revenue recognition, etc. have been applied.

This Bridge Report presents PICKLES HOLDINGS' summary of Financial Results for the first half of the Fiscal Year Ending February 2027.

## Table of Contents

Key Points
1. Company Overview
2. First Half of Fiscal Year Ending February 2027 Financial Results
3. Fiscal Year Ending February 2027 Earnings Forecasts
4. Progress of Medium/Long-Term Management Strategy
5. Conclusions
<Reference: Regarding Corporate Governance>

## Key Points

- **In the first half of the fiscal year ending February 2027, sales declined 3.6% year on year to 21,516 million yen. The "Gohan ga Susumu Kimchi" series and delicatessen foods sold well, but their overall business performance was affected by consumers' inclination to save money, sales to convenience stores dropped, and they decreased the number of kinds of products for improving profitability, so sales decreased, being 1.3% smaller than the company's forecast. Operating income dropped 21.9% year on year to 1,225 million yen. Gross profit declined due to the drop in sales, and the costs for manufacturing packaging materials, etc. augmented. The prices of vegetables as ingredients soared, as the yield of Chinese cabbages dropped due to the extreme heat and insufficient rainfall in the summer, the growth of cucumbers was delayed due to the rainy weather and low air temperatures in early summer, and so on. The factors in decreasing profit include the augmentation of SG&A expenses caused by the increases in logistics and personnel expenses. Gross profit margin declined 0.5 points year on year from 22.6% to 22.1%, and operating income margin dropped 1.4 points year on year from 7.1% to 5.7%. Operating income fell below the forecast by 5.7%.**

- **The earnings forecast has been left unchanged. For the fiscal year ending February 2027, sales are expected to grow slightly and profit is projected to drop. Sales are forecast to grow 0.2% year on year to 41 billion yen. They will actively conduct marketing activities by utilizing their nationwide network and engage in the development of a wide array of products, but the sales growth is projected to be slight because consumers will tend to save money. Operating income is forecast to decline 12.7% year on year to 1,820 million yen, and EBITDA is projected to drop 5.7% year on year to 3,042 million yen. Gross profit is forecast to decrease 3.3% year on year, due to the strategic investment in equipment, the augmentation of production costs through the rise in commodity prices, etc. Gross profit margin is forecast to decline 0.8 points year on year. They aim to steadily grow actual business performance, excluding temporary factors in boosting sales, such as campaigns of distributors, in the previous fiscal year.**

- **The dividend forecast has been revised. For year-end dividends, they will increase the common dividend amount by 1.00 yen/share from the previous fiscal year and pay a commemorative dividend of 2.00 yen/share for the 50th anniversary of establishment of PICKLES CORPORATION, so the total year-end dividend amount will be 17.00 yen/share, up 3.00 yen/share from the previous fiscal year. As a result, the annual dividend amount will be 32.00 yen/share, up 3.00 yen/share from the previous fiscal year. The expected payout ratio is 32.5%.**

- **The "expansion of products for industrial use" and the "evolution of national brand (NB) products" are their medium/long-term priority domains. Based on their forte, including "the nationwide production and distribution systems," "the functions as a vendor to meet the needs of clients," "initiatives for safety and peace of mind," and "capabilities of developing and proposing very unique products," they focus on these two new domains, and aim to evolve into a value creating maker that creates and diffuses a new food culture, while pursuing "a general maker of vegetables, fermented foods, and healthy foods" as an ideal state.**

- **The progress rate toward the annual forecast as of the end of the first half was 52.5% for sales and 67.3% for operating income. Sales are around the average of sales in the past few years, but operating income remains low, falling below 70% of the average. There is concern over the lingering effects of the drop in the yield of Chinese cabbages due to the extreme heat and insufficient rainfall in the summer, the delay in growth of cucumbers due to the rainy weather and low air temperatures in early summer, and so on. On the other hand, the sales to convenience stores, which declined in the first half, are expected to recover significantly in the second half, increasing 16.6% from the second half of the previous year thanks to the improvement in the capability of appealing to customers through the change of packages for some products, although the sales will decrease from the first half. They plan to cover the shortfall in the first half of the fiscal year, by implementing various measures. We would like to expect a lot, while paying attention to when the respective measures for mini cups, sweet potato, etc. in their medium/long-term management strategy will start contributing to revenues on a full-scale basis after trial sales, etc.**

## 1. Company Overview

As a holding company, PICKLES HOLDINGS CO., LTD. has established a nationwide production and sales network, with PICKLES CORPORATION, which is engaged in the production and sales of lightly pickled vegetables, kimchi, and delicatessen, as well as the purchase and sale of pickles, etc., PICKLES CORPORATION KANSAI, FOOD LABEL CO., LTD. and other group companies.
The theme color of the company, green, represents freshness under a slogan of "We deliver the vitality of vegetables." The company's own products are produced using vegetables grown and harvested mainly in Japan by contracted farmers so that their traceability is ensured (about 80% of the vegetables used are supplied by contracted farmers), and no preservatives or synthesized food colorings are used. Furthermore, the company has displayed "a commitment to food safety" at its production sites as demonstrated by such endeavors as thorough temperature control at the factories, checkups of the clothes and health of all the employees before they enter the factories, devotion to the 5S activities (5S represents sorting, setting-in-order, shining, standardizing, and sustaining the discipline) and acquisition of the certification of JFS-B.

### 1-1 Corporate Philosophy and Vision

PICKLES HOLDINGS' philosophy is "We deliver tasty and safe foods to consumers and aim at eco-conscious corporate management." Under the corporate philosophy, it is pursuing the following management policies: (1) quality control for producing safe and delicious food products, (2) environmentally friendly corporate management, and (3) arrangement of a working environment that puts instillation of morals and the principle of safety and health first. In accordance with this policy, they follow JFS-B, which is the standard for food safety, and ISO14001, which is an international standard for environmental management. In addition, they put energy into the education of employees while enriching systems for human resources, education, etc. and make efforts to foster the stance and corporate culture for encouraging employees to take on challenges. The company focuses also on SDGs and sustainability management, and prepares ESG reports with the aim of introducing its efforts and challenges related to ESG and its stories of enhancing the corporate value.

「ESG Bridge Report」
https://www.bridge-salon.jp/report_bridge/archives/2026/02/260210_2935.html

Under the corporate philosophy, they pursue a "general maker of vegetables, fermented food, and health" that keeps creating new value as an ideal state in the medium/long term.

### 1-2 Market environment

**(1) Lightly pickled vegetables and kimchi**

According to the sales ranking in the field of pickled foods produced by the company with reference to the articles of the Shokuhin Shinbun, the company occupies the largest share with consolidated sales of 40.9 billion yen, followed by Tokai Pickling with sales of 24.9 billion yen, Bingo Tsukemono with sales of 14.4 billion yen, Akimoto Foods with sales of 12.5 billion yen, Yamamoto Shokuhin with sales of 12.1 billion yen, MIYAMA with sales of 11.8 billion yen, and TokyoNiitakaya with sales of 10.7 billion yen. Seven companies earn sales of over 10 billion yen.

Due to the changes in eating habits and a decline in demand for meals with rice, the scale of the market of pickles shrank from 480 billion yen in 2000 to approximately 314 billion yen in 2025. Under such an environment, lightly pickled vegetables and kimchi, the company's mainstay product, account for about 50% of the market of pickled foods.

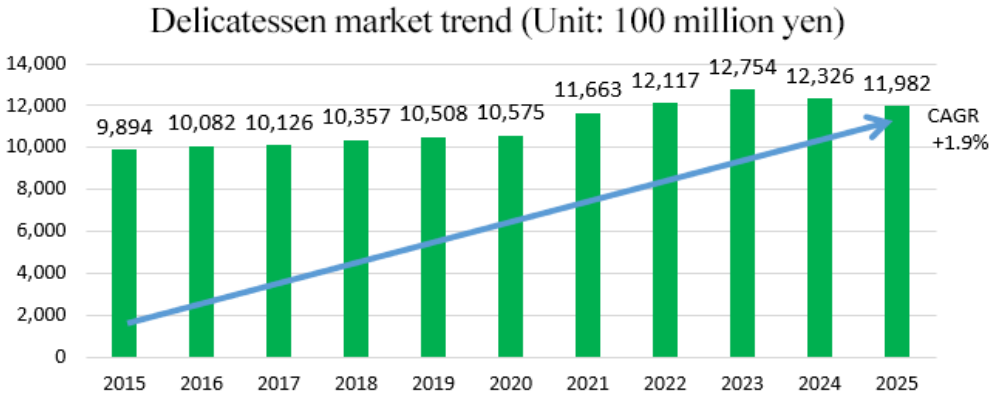
The market share of the company is 13.0%, much higher than that of the second company. The company will keep enhancing product development and strive to expand its market share, in order to increase their share to 15%.

**(2) Delicatessen**

According to the company's data (researched by the Japan Chain Stores Association), the market size of the delicatessen market (Japanese, Western, and Chinese deli foods, boxed meals, sandwiches, etc.) in 2025 was 1,198.2 billion yen, a decrease for the second consecutive year. However, it has been growing steadily since 2015 at a compound annual growth rate (CAGR) of 1.9%.

The growth is believed to be driven by factors such as an increase in single-person households, an aging population, the advancement of women in society, heightened interest in health and nutritional balance, and the need for convenience and time-saving in household chores.

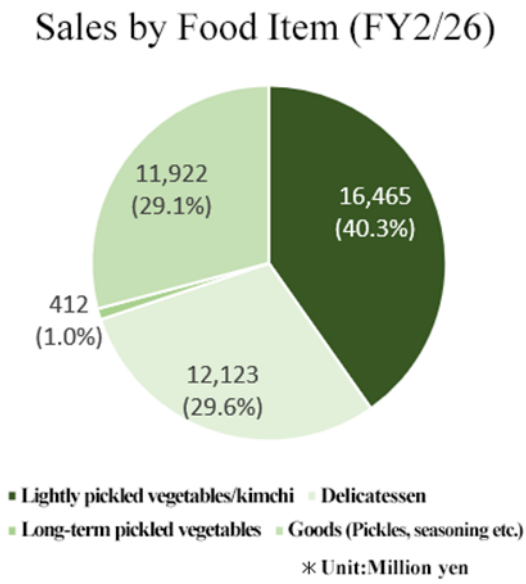
In this field, they are competing with some listed companies, including Fujicco (results from the fiscal year ended March 2026, the same shall apply hereinafter: sales of 55.5 billion yen, net income: 1,430 million yen in the previous fiscal year), KENKO Mayonnaise (sales: 92.3 billion yen, net income: 2,920 million yen), and Ebara Foods Industry (sales: 50.0 billion yen, net income: 1,780 million yen), and subsidiaries, etc. of listed companies, such as Deria Foods (the Kewpie Group) and initio foods (the Nisshin Seifun Group).




(Produced by Investment Bridge Co., Ltd. based on the company's reference material)

### 1-3 Business Description

In the fiscal year ended February 2026, sales from products (manufactured by PICKLES CORPORATION at its own factories) accounted for 70.9% (40.3% from lightly pickled vegetables and kimchi, 29.6% from delicatessen, and 1.0% from long-term pickled vegetables), and those from products of a group company, FOOD LABEL CO., LTD., and products purchased from outside companies made up 29.1%.




(Produced by Investment Bridge Co., Ltd. based on the company's reference material)

**(1) Product and Goods overview**

**◎ Lightly pickled vegetables and kimchi**

The company offers a lineup of lightly pickled vegetable, which can be eaten like a salad, according to the season of the vegetables. As the holdings emphasizes the provision of safe and secure food, the main ingredients, such as Chinese cabbage and cucumber, are produced in Japan. No preservatives or synthetic coloring agents are used.

"Gohan ga Susumu Kimchi (kimchi that goes well with rice)," which was released in October 2009 and became a long-selling core product for all generations as the cumulative sales of 3 major products has exceeded about 700 million packs, was embodied based on an idea of a young employee: "kimchi that can be enjoyed by all family members because it is not so spicy" under their stance of taking on challenges, while breaking away from the conventional mindset that kimchi is spicy.
They have developed with an original taste that accentuates sweetness and umami to suit Japanese tastes. In Addition, the package was designed to be slim enough to fit in the refrigerator, and the main color of the package was black instead of red or orange. As a result, the new product was well received by women and children.
They have developed some products in collaboration with some characters and food makers, and expanded the domain of products by utilizing the brand power of the "Gohan ga Susumu Kimchi" series, including delicatessen, seasonings, and frozen food products.
Lightly pickled vegetables and kimchi are made mainly from vegetables and are being reevaluated as low-calorie foods rich in dietary fiber, and future growth in demand is expected.




Gohan ga Susumu Kimchi




JOJOEN Pogi Kimchi




4 Kinds of Bran-flavored vegetables

(Source: the company)

**◎ Delicatessen**

The company began handling delicatessen in August 2002 and has been steadily increasing its sales. In recent years, consumers have become more budget-conscious and have been cutting back on eating out, resulting in a growing trend toward eating in at home by buying delicatessen, as well as a change in eating styles due to the increase in the number of elderly people, single-person households, and dual-earner households. Demand for delicatessen is expected to continue to grow in the future.

The corporate group is developing products based on the keyword "vegetables," which is one of its strengths, and currently Namul, Salad, rice bran pickles, and other products are doing well. In addition, the corporate group is developing products with originality and added value to its delicatessen, for example, by focusing on different varieties of vegetables and developing salad dressings in-house, etc. In addition, the company utilizes technologies such as pH control to prevent discoloration of green vegetables.



4 kinds of Namul Set



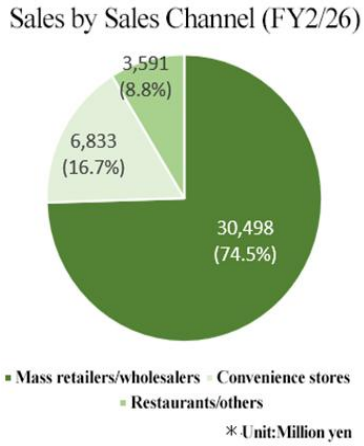
Protein-rich Bangbangji Salad



Assortment of rice bran pickles

(Source: the company)

(Sales Destination)
Mass merchandisers, retailers, and wholesalers throughout Japan are the sales destinations, with 74.5% of the total sales channels being mass merchandisers and wholesalers, 16.7% being convenience stores, and 8.8% being restaurants and others as of fiscal year ended February 2026.



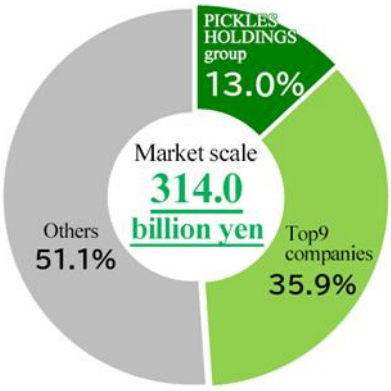

(Produced by Investment Bridge Co., Ltd. based on the company's reference material)

## 1-4 Features, Strengths, and Competitive Advantages

The company has the following features, strengths, and competitive advantages.

### (1) Top share in the pickles industry

As mentioned above, PICKLES HOLDINGS group ranked first with consolidated sales of 40.9 billion yen for the fiscal year ended February 2026, pulling far ahead of the other companies with a market share of 13.0% while endeavoring to attain its target of a market share of 15% through M&A etc.




(Source: the company)

**(2) Highly unique product development capabilities**

In order to swiftly and flexibly develop about 200 items per year, they have organized development and marketing teams for respective business partners, including convenience stores, mass retailers, and restaurants, to reflect the opinions of clients in product development and differentiate the products from competitors. The company promotes development from multiple aspects, from the selection of ingredients such as vegetables and seasonings to processing methods, taste, and packaging.

Development personnel are assigned to business establishments around Japan, so that local needs can be grasped and met.

The Research and Development Laboratory, which is responsible for basic research, is engaged in future-oriented initiatives, including research on lactic acid bacteria, such as the plant-derived lactic acid bacteria Pne-12 (Piene lactic acid bacteria), which the company has developed on its own.

**(3) Production and distribution system covering the entire country**

The company operates about 20 production sites. Group companies, mainly PICKLES CORPORATION, cover the entire Japan, and can produce and ship products 365 days a year. It is the only company in the pickles industry that has established a nationwide network of manufacturing, distribution, development, and sales functions. As a result, the company is able to provide the same lightly pickled vegetables, kimchi, and delicatessen to all of its customers' stores nationwide, which is a major selling point for the company.

For production, they have adopted JFS-B as the standards for food safety, and produced an HACCP plan for each factory for pickles and delicatessen, to supply safer and more worry-free products.

Production and distribution system covering the entire country




(Source: the company)

**(4) Proposal-Based Sales with Close Relationships to Customers**

There are a broad range of clients, including leading nationwide chains and local small-sized retailers. Their sales offices scattered around Japan had about 60 marketing staff members as of February 2026, who conduct proposal-based marketing for each region and each client and make direct transactions based on the trusting relationships and sales networks they have developed for many years.

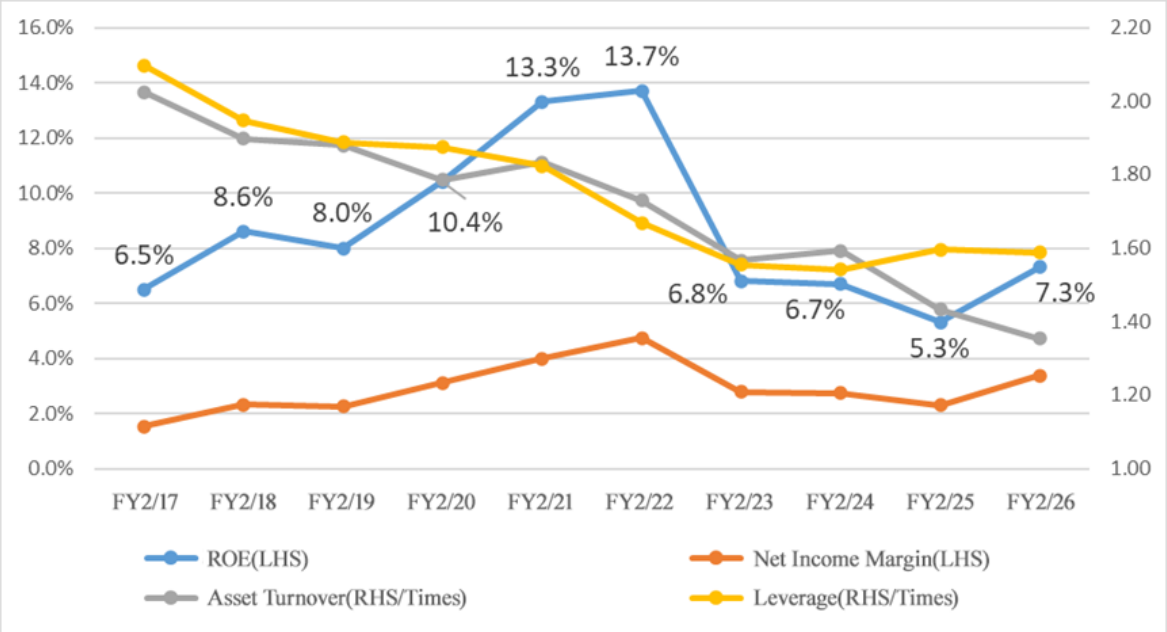
In addition to the mainstay lightly pickled vegetables and Kimchi products, the company is enhancing its product lineup for the delicatessen section, and its sales representatives are proposing sales methods, creating sales areas, holding pickle fairs, and considering various approaches to consumers together with the customers. In addition, information obtained from communication with customers is fed back to the company and used for product development based on consumer trends.

**(5) Vendor functions to meet the needs of customers**

The company has two functions: one as a manufacturer of its own products such as lightly pickled vegetables, kimchi, and delicatessen, and the other as a wholesaler of products such as pickled plums that cannot be manufactured at its own factory, which it purchases from pickle manufacturers throughout Japan. By taking advantage of its vendor function, which allows it to offer both its own products and those of other companies at the same time, the company is able to propose total sales floor development that meets the needs of its customers.

### 1-5 ROE Analysis

| | FY 2/19 | FY 2/20 | FY 2/21 | FY 2/22 | FY 2/23 | FY 2/24 | FY 2/25 | FY 2/26 |
|---|---|---|---|---|---|---|---|---|
| **ROE (%)** | **8.0** | **10.4** | **13.3** | **13.7** | **6.8** | **6.7** | **5.3** | **7.3** |
| Net Profit Margin (%) | 2.26 | 3.11 | 3.98 | 4.73 | 2.77 | 2.73 | 2.31 | 3.38 |
| Total Asset Turnover (times) | 1.88 | 1.79 | 1.83 | 1.73 | 1.57 | 1.59 | 1.43 | 1.35 |
| Leverage (times) | 1.89 | 1.88 | 1.83 | 1.67 | 1.55 | 1.54 | 1.60 | 1.59 |




*Prepared by Investment Bridge Co., Ltd. based on disclosed material.

ROE was over 10% for 3 consecutive fiscal years until the fiscal year ended February 2022, but it has been lower than 8%, which is the value that should be targeted by Japanese enterprises, although it improved somewhat in the fiscal year ended February 2026. Profitability and asset efficiency need to be improved.

## 2. First Half of Fiscal Year Ending February 2027 Financial Results

### 2-1 Consolidated Business Results

| | FY 2/26 1H | Ratio to sales | FY 2/27 1H | Ratio to sales | YoY | Compared to the forecast |
|---|---|---|---|---|---|---|
| Sales | 22,321 | 100.0% | 21,516 | 100.0% | -3.6% | -1.3% |
| Gross profit | 5,037 | 22.6% | 4,750 | 22.1% | -5.7% | - |
| SG&A expenses | 3,467 | 15.5% | 3,525 | 16.4% | +1.7% | - |
| Operating income | 1,569 | 7.1% | 1,225 | 5.7% | -21.9% | -5.7% |
| Ordinary income | 1,623 | 7.3% | 1,271 | 5.9% | -21.6% | -4.1% |
| Interim net income | 1,102 | 4.9% | 847 | 3.9% | -23.2% | -3.5% |
| EBITDA | 2,139 | 9.6% | 1,809 | 8.4% | -15.4% | - |

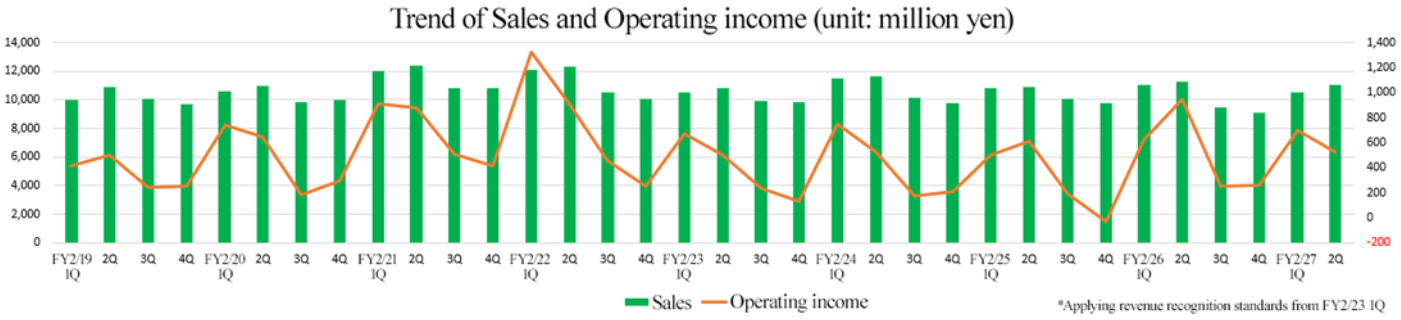
*Unit: million yen. Interim net income is the interim net income attributable to owners of the parent company. EBITDA was calculated with the equation: Operating income + Depreciation.

**Both sales and profit dropped, falling below the forecast.**

In the first half of the fiscal year ending February 2027, sales declined 3.6% year on year to 21,516 million yen. The "Gohan ga Susumu Kimchi" series and delicatessen foods sold well, but their business performance was affected by consumers' inclination to save money, sales to convenience stores dropped, and they decreased the number of kinds of products for improving profitability, so sales decreased, being 1.3% smaller than the company's forecast.

Operating income dropped 21.9% year on year to 1,225 million yen. Gross profit declined due to the drop in sales, and the costs for manufacturing packaging materials, etc. augmented. The prices of vegetables as ingredients soared, as the yield of Chinese cabbages dropped due to the extreme heat and insufficient rainfall in the summer, the growth of cucumbers was delayed due to the rainy weather and low air temperatures in early summer, and so on. The factors in decreasing profit include the augmentation of SG&A expenses caused by the increases in logistics and personnel expenses.

Gross profit margin declined 0.5 points year on year from 22.6% to 22.1%, and operating income margin dropped 1.4 points year on year from 7.1% to 5.7%. Operating income fell below the forecast by 5.7%.




Regarding quarterly performance, sales dropped, but profit grew in the first quarter, but in the second quarter (Jun. to Aug.), gross profit margin decreased around 3.0 points year on year from around 23.8% to around 20.8%, as profit was significantly affected by the rises in prices of vegetables as ingredients and manufacturing costs. Operating income declined 44.3% year on year.

**① Trends by Food Item and Sales Channel**

◎ Sales by Food Item

| | FY 2/25 1H | Composition ratio | FY 2/26 1H | Composition ratio | FY 2/27 1H | Composition ratio | YoY |
|---|---|---|---|---|---|---|---|
| Product | 14,818 | 68.3% | 15,808 | 70.8% | 15,496 | 72.0% | -2.0% |
| Lightly pickled vegetables /kimchi | 8,354 | 38.5% | 8,682 | 38.9% | 8,045 | 37.4% | -7.3% |
| Delicatessen | 6,254 | 28.8% | 6,947 | 31.1% | 7,201 | 33.5% | +3.7% |
| Long-term pickled vegetables | 210 | 1.0% | 179 | 0.8% | 250 | 1.2% | +39.4 % |
| Goods | 6,874 | 31.7% | 6,513 | 29.2% | 6,018 | 28.0% | -7.6% |
| Total Sales | 21,694 | 100.0% | 22,321 | 100.0% | 21,516 | 100.0% | -3.6% |

*Unit: million yen.

Regarding their original products, the sales of lightly pickled vegetables and kimchi decreased 7.3% year on year to 8,045 million yen. The “Gohan ga Susumu Kimchi” series sold well, but the sales environment for lightly pickled vegetables was harsh and they reduced the number of kinds of products. The sales of delicatessen foods grew 3.7% year on year to 7,201 million yen. While consumers kept a tight hold on their purse strings, the sales of delicatessen foods were healthy, thanks to the demand for already cooked foods. The sales of long-term pickled vegetables increased 39.4% year on year to 250 million yen.
The sales of procured products decreased 7.6% year on year to 6,018 million yen, due to the weakening of demand caused by the rise in commodity prices.

◎ Sales by Sales Channel

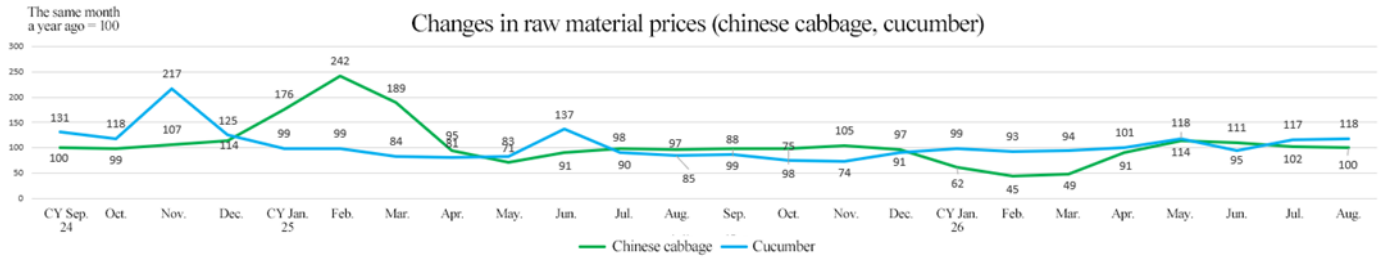
| | FY 2/25 1H | Composition ratio | FY 2/26 1H | Composition ratio | FY 2/27 1H | Composition ratio | YoY |
|---|---|---|---|---|---|---|---|
| Mass retailers/wholesalers | 16,664 | 76.8% | 16,136 | 72.3% | 16,049 | 74.6% | -0.3% |
| Convenience stores | 3,240 | 14.9% | 4,161 | 18.6% | 3,484 | 16.2% | -17.4% |
| Restaurants/others | 1,789 | 8.2% | 2,023 | 9.1% | 1,983 | 9.2% | -1.5% |
| Total Sales | 21,694 | 100.0% | 22,321 | 100.0% | 21,516 | 100.0% | -3.6% |

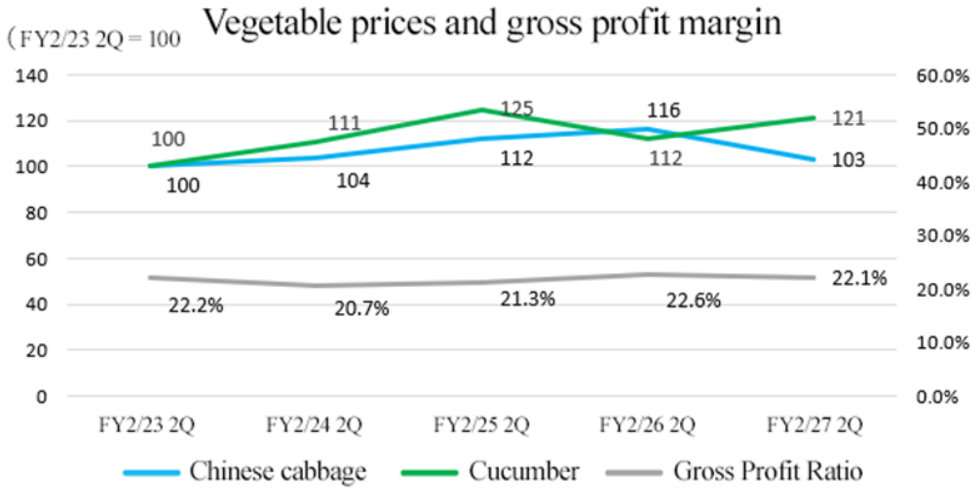
*Unit: million yen.

The sales to mass retailers decreased 0.3% year on year to 16,049 million yen. The sales were almost unchanged from the same period of the previous year, despite the decline in sales of lightly pickled vegetables and procured products.
The sales to convenience stores dropped 17.4% year on year to 3,484 million yen, as there was no longer the boosting effect of the sales promotion measures carried out in the same period of the previous year.
The sales to restaurants and others declined 1.5% year on year to 1,983 million yen. In the food industry, the demand for restaurants is healthy, so they are enhancing proposals for restaurant chains, while focusing on the increase of products for industrial use in the medium/long term.

**② Gross profit margin and situation surrounding vegetable prices**

The prices of vegetables as ingredients remained high, due to the unfavorable weather and so on.
The company strives to improve gross profit margin on a sustainable basis through such continuous efforts as an increase in the number of farmers with which it enters into contracts and establishment of stronger relationships with farmers who have concluded contracts with the company.




## 2-2 Financial Conditions

**◎ Financial conditions**

| | End of Feb. 2026 | End of Aug. 2026 | Increase/ Decrease | | End of Feb. 2026 | End of Aug. 2026 | Increase/ Decrease |
|---|---|---|---|---|---|---|---|
| Current Assets | 11,579 | 11,596 | +17 | Current liabilities | 6,608 | 6,814 | +206 |
| Cash | 6,214 | 5,959 | -255 | Payables | 2,913 | 2,515 | -398 |
| Receivables | 4,550 | 4,708 | +157 | ST Interest-Bearing Liabilities | 852 | 1,752 | +900 |
| Inventories | 725 | 826 | +101 | Noncurrent liabilities | 3,542 | 2,763 | -779 |
| Noncurrent Assets | 18,625 | 18,722 | +96 | LT Interest-Bearing Liabilities | 2,366 | 1,589 | -777 |
| Tangible Assets | 17,063 | 17,166 | +103 | Total Liabilities | 10,150 | 9,578 | -572 |
| Intangible Assets | 76 | 69 | -7 | Net Assets | 20,053 | 20,740 | +686 |
| Investments and Others | 1,486 | 1,486 | 0 | Total Liabilities and Net Assets | 30,204 | 30,318 | +113 |
| Total Assets | 30,204 | 30,318 | +113 | Equity Ratio | 65.1% | 67.2% | +2.1pt |

*Unit: million yen. Interest-bearing liabilities include lease liabilities.

Total assets increased 100 million yen from the end of the previous fiscal year to 30.3 billion yen, due to the growth of accounts receivable and tangible fixed assets (machinery and transportation equipment), etc. Total liabilities decreased by 500 million yen from the end of the previous fiscal year to 9.5 billion yen, due to decreases in accounts payable, long-term interest-bearing liabilities, etc. Net assets augmented 0.6 billion yen from the end of the previous fiscal year to 20.7 billion yen, due to the increase in retained earnings.
Capital-to-asset ratio rose 2.1 points from the end of the previous fiscal year to 67.2%.

# 3. Fiscal Year Ending February 2027 Earnings Forecasts

## 3-1 Consolidated Earnings Forecast

### Major income statements

| | FY 2/26 | Ratio to sales | FY 2/27 Est. | Ratio to sales | YoY | Progress rate |
|---|---|---|---|---|---|---|
| Sales | 40,923 | 100.0% | 41,000 | 100.0% | +0.2% | 52.5% |
| Gross profit | 8,902 | 21.8% | 8,607 | 21.0% | -3.3% | 55.2% |
| SG&A | 6,816 | 16.7% | 6,787 | 16.6% | -0.4% | 51.9% |
| Operating Income | 2,085 | 5.1% | 1,820 | 4.4% | -12.7% | 67.3% |
| Ordinary Income | 2,148 | 5.2% | 1,860 | 4.5% | -13.4% | 68.3% |
| Net Income | 1,384 | 3.4% | 1,231 | 3.0% | -11.0% | 68.8% |
| EBITDA | 3,227 | 7.9% | 3,042 | 7.4% | -5.7% | 59.5% |

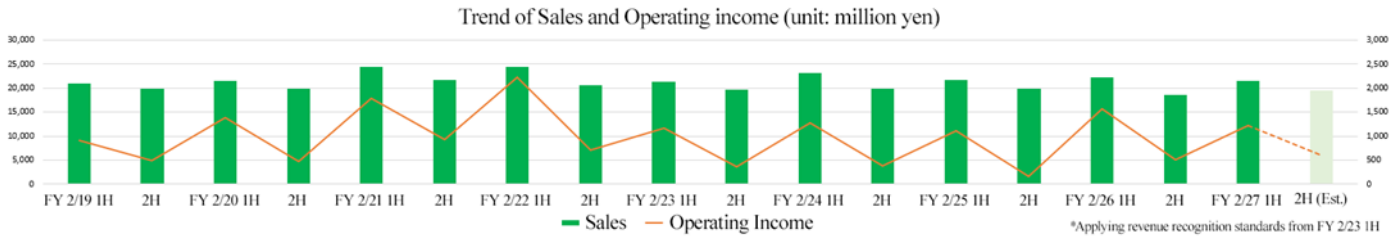
*Unit: million yen. EBITDA is calculated by operating income + depreciation.

**The earnings forecast has been left unchanged. Sales are expected to grow slightly and profit is projected to drop.**

The earnings forecast has been left unchanged. Sales are forecast to grow 0.2% year on year to 41 billion yen. They will actively conduct marketing activities by utilizing their nationwide network and engage in the development of a wide array of products, but the sales growth is projected to be slight because consumers will tend to save money.

Operating income is forecast to decline 12.7% year on year to 1,820 million yen, and EBITDA is projected to drop 5.7% year on year to 3,042 million yen. Gross profit is forecast to decrease 3.3% year on year, due to the strategic investment in equipment, the augmentation of production costs through the rise in commodity prices, etc. Gross profit margin is forecast to decline 0.8 points year on year. Profit is forecast to decline, although they will curtail SG&A expenses by streamlining business operations in the entire company. They aim to steadily grow actual business performance, excluding temporary factors in boosting sales, such as campaigns of distributors, in the previous fiscal year.

The dividend forecast has been revised. For year-end dividends, they will increase the common dividend amount by 1.00 yen/share from the previous fiscal year and pay a commemorative dividend of 2.00 yen/share for the 50th anniversary of establishment of PICKLES CORPORATION, so the total year-end dividend amount will be 17.00 yen/share, up 3.00 yen/share from the previous fiscal year. As a result, the annual dividend amount will be 32.00 yen/share, up 3.00 yen/share from the previous fiscal year. The expected payout ratio is 32.5%.




## 3-2 Initiatives

◎ Sales by Food Item

| | FY 2/26 | Composition ratio | FY 2/27 Est. | Composition ratio | YoY | Progress rate |
|---|---|---|---|---|---|---|
| Product | 29,000 | 70.9% | 28,893 | 70.5% | -0.4% | 53.6% |
| Lightly pickled vegetables /kimchi | 16,465 | 40.3% | 16,703 | 40.7% | +1.4% | 48.2% |
| Delicatessen | 12,123 | 29.6% | 11,675 | 28.5% | -3.7% | 61.7% |
| Long-term pickled vegetables | 412 | 1.0% | 515 | 1.3% | +24.8% | 48.5% |
| Goods | 11,922 | 29.1% | 12,106 | 29.5% | +1.5% | 49.7% |
| Total Sales | 40,923 | 100.0% | 41,000 | 100.0% | +0.2% | 52.5% |

*Unit: million yen.

They will reinforce the functions as a vendor by utilizing their networks for procurement and sales and know-how for fabless business. While producing more products in house, they will procure more products, with the aim of optimizing the product mix composed of original and purchased products.

◎ Sales by Sales Channel

| | FY 2/26 | Composition ratio | FY 2/27 Est. | Composition ratio | YoY | Progress rate |
|---|---|---|---|---|---|---|
| Mass retailers/wholesalers | 30,498 | 74.5% | 30,702 | 74.9% | +0.7% | 52.3% |
| Convenience stores | 6,833 | 16.7% | 6,599 | 16.1% | -3.4% | 52.8% |
| Restaurants/others | 3,591 | 8.8% | 3,698 | 9.0% | +3.0% | 53.6% |
| Total | 40,923 | 100.0% | 41,000 | 100.0% | +0.2% | 52.5% |

*Unit: million yen.

At mass retailers, they will promote mini cup products for selling spaces for lightly pickled vegetables to increase sales.
For convenience stores, they will maintain sales by implementing measures that are consistent with clients' product policies.
The sales in the fields of restaurants and others are expected to increase, through the cultivation of sales channels for procured products and products for industrial use.

◎ Plan of SG&A Expenses

| | FY 2/26 | Ratio to sales | FY 2/27 Est. | Ratio to sales | YoY | Progress rate |
|---|---|---|---|---|---|---|
| Total SG&A expenses | 6,816 | 16.7% | 6,787 | 16.6% | -0.4% | 51.9% |
| Logistics cost | 2,294 | 5.6% | 2,428 | 5.9% | +5.8% | 49.1% |
| Personnel cost | 2,934 | 7.2% | 2,946 | 7.2% | +0.4% | 52.0% |
| Advertising cost | 38 | 0.1% | 35 | 0.1% | -7.9% | 48.6% |
| Others | 1,549 | 3.8% | 1,376 | 3.4% | -11.2% | 56.6% |
| Sales | 40,923 | 100.0% | 41,000 | 100.0% | +0.2% | 52.5% |

*Unit: million yen.

While costs, including distribution costs, are forecast to keep augmenting, they will curtail SG&A expenses by streamlining business operations throughout the company and maintain the cost structure that is not easily affected by the external environment.

◎ Capital investment
They will strategically conduct capital investment for expanding the revenue base further.
The capital investment amount in the fiscal year ending February 2027 will be 1.5 billion yen, about 3.6 times larger than that in the previous fiscal year. Depreciation is forecast to augment 6.0% year on year to 1,210 million yen.

## 4. Progress of Medium/Long-Term Management Strategy

*The progress information has been added and corrected based on the report for the fiscal year ended February 2026.

### 4-1 Overall picture

Taking into account management challenges such as the "improvement of profitability considering the soaring prices of raw materials and personnel costs," the "improvement of PBR" and "expansion of the business scale throughout the group by creating new growth drivers," the company is promoting the priority strategies of "1. elevation of profitability," "2. management conscious of capital efficiency" and "3. endeavoring to develop new products and enter new fields." They aim to become "a general maker in the fields of vegetables, fermentation, and health" that will keep creating new value, which is their ideal state.
The current progress is as follows.

### 4-2 Progress of priority strategies

**(1) Strategy 1: Elevation of profitability**

The company is working to "improve its operating income margin" and "reduce costs."
Measures to improve its operating income margin include "narrowing down the number of items" and "revising selling prices in response to soaring costs."
Their measures for the reduction of costs are "streamlining and automation of the production system" and "revision and streamlining of raw material procurement."

**① Improvement of operating income margin**

**<To narrow down items>**

At Tokorozawa Factory, which is their core factory, they decreased the number of items, mainly minor products handled in small lots, by around 10% year on year in the fiscal year ended February 2025. We were able to reduce it by 10% in the fiscal year ended February 2026, too, attaining their goal.
They carefully communicated with respective clients to reduce the number of items, while proposing alternate products.
While reducing the number of items by about 10% in a year, they were able to keep sales unchanged from the previous year.
Simulation results indicate that if man-hours decrease 20% through the selection and concentration of items, gross profit will rise 1% although it depends on conditions.

(Progress so far)

At other factories, too, they specified the standard number of items while considering production capacity, and are promoting reduction in the entire group.
At the factories for producing pickled vegetables and delicatessen foods throughout Japan, the company was able to cut the number of items by 8% in the fiscal year ended February 2026 compared to the same period of the year before. They will continue the reduction while maintaining this pace in the fiscal year ending February 2027 as well.
Taking into account the fact that sales will drop if the company just reduces the number of items because each of the company's factories has requirements to satisfy, the company will continue to take measures by considering such matters as the characteristics of each area, requirements regarding each sales destination, and the profitability by item.

**<To revise selling prices in response to soaring costs>**

As costs for ingredients, human resources, and distribution augmented, they revised selling prices of kimchi imported directly from South Korea and cucumber pickled in rice bran for all clients, by 2024. In September 2024, the company started to raise prices for the three mainstay products in the "Gohan ga Susumu Kimchi" series at wholesalers and some retailers. In May 2025, the company started to raise prices of the three main products of its flagship "Gohan ga Susumu Kimchi" series at all retailers, including mass retailers and convenience stores, and also changed the amount per product.
The annual average of the in-store selling price of Gohan ga Susumu Kimchi in the fiscal year ended February 2026 was 194 yen, up 5.5% from the previous fiscal year, exceeding the average price hike rate in the entire kimchi market: 4.7%.

(Progress so far)

They have revised the specs and prices of pickled vegetables and delicatessen foods as well as the core product kimchi at the time of seasonal change in the product lineup, to reflect the augmentation of costs in prices timely and appropriately.
They are promoting company-wide VE*. They engage in independent cost reduction, including the discussion on in-house production of seasonings for core products.

*VE (value engineering): a systematic method for maximizing the "value" of each product or service. Its purpose is to secure necessary functions without fail at the minimum cost without degrading quality or functionality or while improving quality or functionality.

**② Reduction of costs**

**<Streamlining and automation of the production system>**

◎ Ibaraki Factory

The investment amount is approximately 5 billion yen, and Ibaraki Factory, which began full-scale operation in December 2024, produces the "Gohan ga Susumu Kimchi" series for the entire Kanto region.

(Progress so far and initiatives from now on)
As Ibaraki Factory can manufacture over 10,000 packs per hour, it is now exerting its capacity nearly 100%. The gross profit per man-hour in the fiscal year ended February 2026 is over two times the average of PICKLES CORPORATION.
They will increase the volume of production entrusted by Chukyo Factory, which manufactures products for the Chukyo and Hokuriku areas, and Miyagi Factory, which manufactures products for the Tohoku area.

◎ Tegara Food Co., Ltd.
(Progress so far and initiatives from now on)
They revamped and upgraded the equipment of Tegara Food in Himeji City, increasing the production output of kimchi for the western Japan area over two times. Going forward, they plan to produce products for the Kansai to Chugoku/Shikoku areas all in Tegara Food, to streamline the logistics network and reduce manufacturing costs.

**<Review and streamlining of procurement of raw materials and ingredients>**
Divisions related to raw materials and ingredients, such as "Ingredient Division," which is in charge of vegetables, "Food Product Material Division," which handles seasonings, and "Packaging Material Division," which handles packaging materials, are aware of issues and promote respective initiatives.

| Division | Policy | Initiatives |
|---|---|---|
| Vegetables: Ingredient Division | * To procure vegetables while considering weather risks and changes in the market environment<br>* To develop systems for procuring local vegetables as ingredients | * To hedge risks for Chinese cabbage, which is a main ingredient, by increasing suppliers<br>* To utilize more stored Chinese cabbage when prices and quality are stable<br>* To disperse risks in areas of production by procuring ingredients from nearby regions of factories around Japan, and strengthen local procurement networks |
| Seasonings: Food Product Material Division | * Stable purchase with reference to the information on areas of production, exchange rates, and market prices of ingredients | * To take into account exchange rates<br>* To reconsider suppliers and commercial distribution, including the direct transactions with producers<br>* To conduct procurement by taking advantage of the scale of their corporate group and regional characteristics |
| Packaging materials: Packaging Material Division | * To review and revise manufacturing processes and reduce losses thoroughly<br>* To decrease the risk of price fluctuations by optimizing the procurement network | * To reduce the dependence on crude oil by decreasing the weight of each container (thinning) and shifting to plant-derived or recycled materials<br>* To curtail procurement costs by unifying and sharing the specs for packaging materials in their corporate group<br>* To cut down on losses in in-house production processes based on the cooperation among factory staff, equipment engineers, marketing and development sections<br>* To realize stable procurement by gathering information from existing and new business partners and controlling the inventory in packaging material makers and factories |

**(2) Strategy 2: Management conscious of capital efficiency**

Regarding the "Measures to realize management that is conscious of capital costs and share prices" requested by the Tokyo Stock Exchange, the company's analysis and future initiatives are as follows.

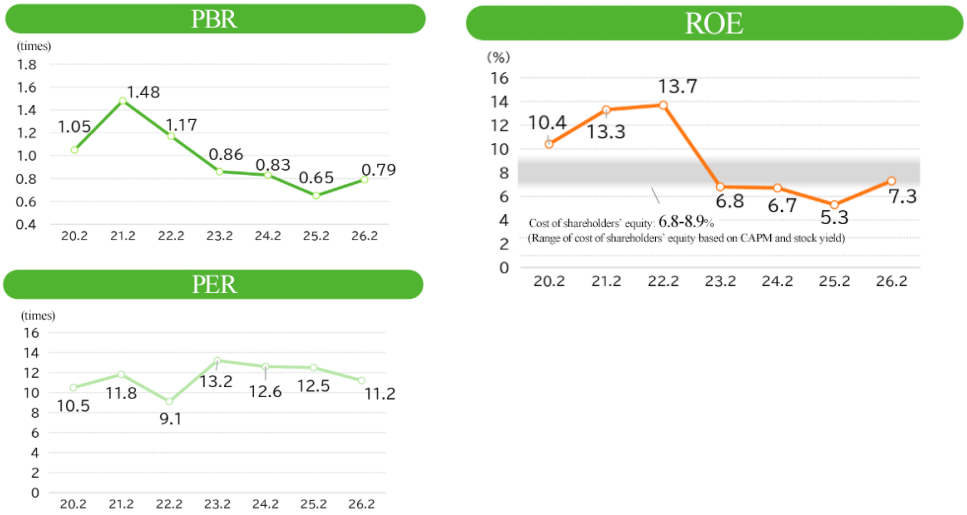
**(Analysis of the current situation)**

Since the COVID-19 subsided, ROE has declined and PBR has been less than 1.

The company estimates that cost of shareholders' equity is 6.8 to 8.4% in the CAPM and about 8.9% based on stock yield.

ROE had been above 8% until the fiscal year ended February 2022, but it has been less than 8% for four consecutive fiscal years since the fiscal year ended February 2023.

They think that ROE needs to recover to over 9%, exceeding the cost of shareholders' equity.

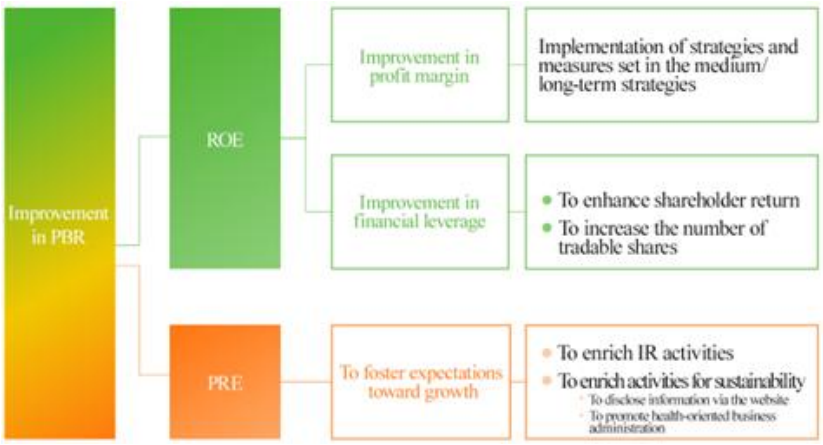



(Source: the company)

**(Company-wide measures)**

*Progress so far: Application for the switch to the Standard Market

As of the end of February 2026, their market cap of tradable shares and others satisfied all of the conditions for remaining listed on the Prime Market of the Tokyo Stock Exchange, but they have decided to apply for the change of stock markets to the Standard Market, in order to concentrate managerial resources on the improvement of their essential corporate value and the execution of medium/long-term growth strategies.




(Source: the company)

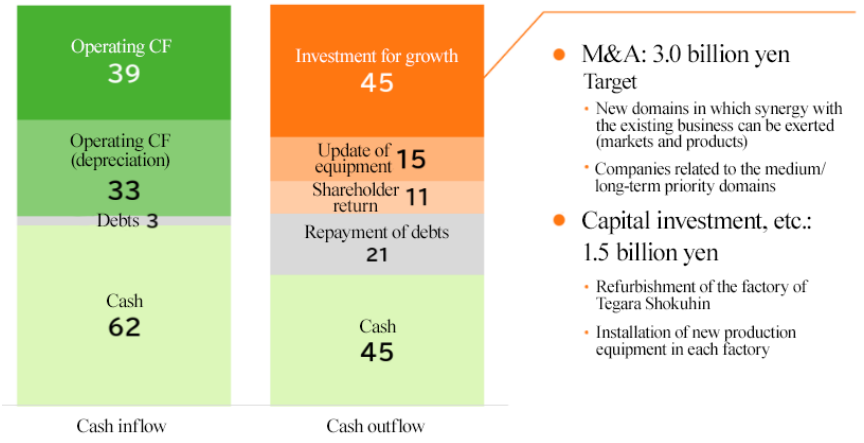
**(Shareholder return)**

The company understands that shareholder return is one of its key business issues, so the company will enrich its shareholder return while combining dividends and shareholder benefits. Regarding dividends, they changed their dividend policy from stable dividends to progressive dividends where the dividend amount is maintained or increased. For the fiscal year ending February 2027, they plan to pay a total of 32.00 yen/share, up 3.00 yen/share from the previous fiscal year, including the commemorative dividend for the 50th anniversary of establishment of PICKLES CORPORATION.

In the shareholder benefit system, the company gives selectable goods to shareholders who hold 100 or more shares and also QUO cards worth 2,000 yen to shareholders who hold 200 or more shares.

**(Capital allocation)**

Regarding "Measures to realize management that is conscious of capital costs and share prices," the company recognizes that the demonstration of Capital allocation to investors is important. The company will invest 4.5 billion yen in growth during the three years from the fiscal year ending February 2027 to the fiscal year ending February 2029. Of this, they plan to invest 3 billion yen in M&A targeting new fields (markets and products) which allow for synergy with existing businesses, and enterprises in the medium/long-term priority fields and 1.5 billion yen in the production of the mini cup series for the selling space for lightly pickled products and labor-saving equipment.




(Source: the company)

(Improvement in medium/long-term corporate value through the investment in human capital)

They have decided to invest in personnel as a measure for commemorating the 50th anniversary of establishment of PICKLES CORPORATION, in order to promote medium/long-term strategies and achieve sustainable growth.

◎ Adoption of the transfer-restricted stock-based compensation system (RS)

In September 2026, they resolved to adopt the transfer-restricted stock-based compensation system (RS) for the executive officers and employees of the corporate group.

Its purposes are to give incentives for improving their corporate value in a sustainable manner and to share value with shareholders further.

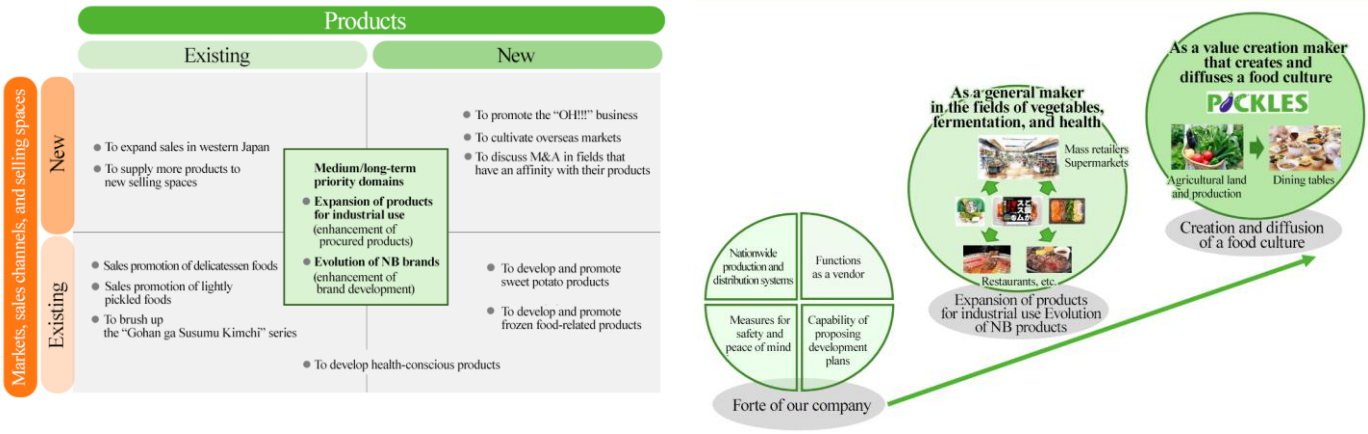
They plan to allocate up to 46,000 shares, which account for 0.36% of the total number of outstanding shares. Among the executive officers and employees as of December 1, 2026, those who satisfy certain conditions are eligible, and they plan to allocate transfer-restricted stocks to the eligible ones who want them at the time of determining how to allocate transfer-restricted stocks.

In order to foster a stronger awareness as an owner, they included the "enrollment in the employee shareholding association" in the conditions for giving transfer-restricted stocks. In addition, they raised the ratio of the incentive from the association with respect to the invested amount from 10% to 20% for a limited period of time, to promote employees to own shares in the company. They will develop an organizational climate in which employees are committed to improving corporate value.

**(3) Strategy3: Endeavoring to develop new products and enter new fields**

With reference to the previous strategies for new businesses, they defined the medium/long-term priority domains as "the expansion of products for industrial use: enhancement of procured products" and "the evolution of national brand (NB) products: enhancement of brand development."

Based on their forte, including "the nationwide production and distribution systems," "the functions as a vendor to meet the needs of clients," "initiatives for safety and peace of mind," and "capabilities of developing and proposing very unique products," they aim to concentrate on the two new domains to become an ideal general maker in the fields of vegetables, fermentation, and health, and then become a value creating maker that fosters and introduces a new food culture.




(Source: the company)

**① Regarding the priority domains**

**Priority domain (1) Expansion of products for industrial use: enhancement of procured products**

They will match the needs of clients with the products of suppliers and fuse their proposals, to develop and offer new products in the field of products for industrial use, establish an organization dedicated to products for industrial use, and promote new personnel. They plan to concentrate on the development of technologies for frozen products, the extension of best-before periods, etc.

(Progress in this fiscal year)

They give comprehensive proposals for new dishes (products following namul) to leading grilled meat and restaurant chains that operate nationwide, by utilizing their development capacity. At present, business talks with several chains for trial adoption and actual adoption are ongoing.

To major grocery stores, they are proposing the switch to in-store processing of fresh "semi-finished product in bulk." They support the development of new selling spaces by giving proposals tailored to the issues of each client.

**Priority domain (2) Evolution of national brand (NB) products: enhancement of brand development**

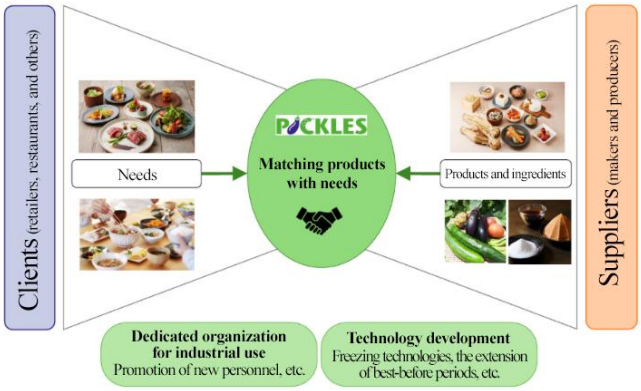
They aim to become a "general maker of vegetables, fermented food, and health" by "expanding their existing brand," centered around "Gohan ga Susumu Kimchi," and "operating multiple brands" by launching new brands.

(Progress in this fiscal year)

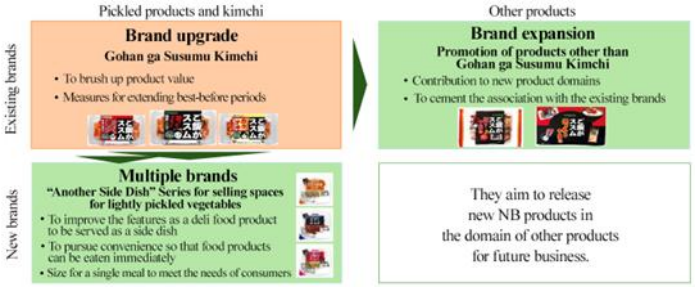
They redeveloped the brand of the "Mini Cup Series" for the selling spaces for lightly pickled vegetables, which was launched for operating multiple brands. They will redefine the concept of "No need to drain excess liquid" while grasping the needs for time efficiency, and promote sales. In parallel, they will release new products that cause a strong impact for the autumn and winter seasons, to expand their share in the market of lightly pickled vegetables.

They have established a system under the leadership of the management strategy division, for establishing a new specialized organization for spearheading their brand strategies. They will precisely summarize the needs in each category and each price range, and promote the creation of new national brand products.

Priority domain 1 Expansion of products for industrial use: Enhancement of procured products




Priority domain 2 Evolution of national brand (NB) products: Enhancement of brand development




(Source: the company)

**② Main measures**

In addition, they continuously engage in the following primary measures.

**◎ Brushing up the "Gohan ga Susumu Kimchi" series**

Currently, the "Gohan ga Susumu Kimchi" series is the top brand of kimchi.

Sales of "Gohan ga Susumu Kimchi" were on a downward trend through the fiscal year ended February 2023, but have begun to show signs of recovery due to efforts to increase sales through non-supermarket channels such as drugstores in western Japan and promotional campaigns. Based on sales figures using the previous revenue recognition standard, sales have returned to the record-high levels seen during the fiscal year ended February 2021, when demand from housebound consumers arose due to the COVID-19 pandemic.

(Future initiatives)

In the future, the company aims to become the top brand in "rice accompaniments" that are indispensable to rice and appear on the dinner table every day by popularizing products other than kimchi such as easy-to-prepare products, seasonings, frozen foods, and delicatessen foods.

As a concrete measure, they are appealing to new customers by releasing new derivative products. The new series "Gohan ga Susumu －Assortment of Three Kinds of Kimchi" for meeting the demand for assortments and the needs of families is selling well, contributing to the increase of opportunities to purchase.

Furthermore, they engage in brand development and marketing for changing buyers' and clients' recognition of the company through the fan community site "Pickles Shokudo," which was opened in February 2025.

As a concrete measure, the company plans to create fans and promote awareness of the group's product lineup other than kimchi and strive to enhance the customer loyalty through direct communication with customers. The company also plans to explore potential needs and use them in product development for national brands that will lead to increased sales and profits.

**◎Developing health-conscious products**

As consumers become more health-conscious, the market of health-conscious foods and foods with functional claims is growing. However, manufacturers are developing new products one after another, intensifying competition. The delicatessen food market has also been growing since the COVID-19 pandemic.

In such market environment, they will enhance products pickled in rice bran by utilizing their original pickling technology, in order to survive the competition based on their strengths. In addition, they will add the rice malt blended with the plant-derived lactic acid bacteria Pne-12 to the dough of bread offered by "OH!!!" to add value to various products.

The company has released a "Protein-rich Bangbangji Salad" in the delicatessen food category as a health-conscious product. They are also developing packages and products that highlight its patented the plant-derived lactic acid bacteria Pne-12."

**◎ Cultivation of overseas markets**

In countries where it is difficult to grow or harvest vegetables, the demand for frozen food products is expected to grow, so it is considered that there is a business chance there. In particular, the markets in Hong Kong and Singapore where food self-efficiency ratio is low and there are many high-income individuals are promising, but the hurdle to local production is high.

Accordingly, they will export products made in Japan. For the foreseeable future, they will export mainly room-temperature and frozen food products. They have tentatively exported some products of rice bran and frozen kimchi pot dishes. They are also proceeding with the export of sweet potato products of VEGEPAL. They will promote the collaborations with Japanese exporting companies and try to cultivate mainly Asian markets in Vietnam, Hong Kong, etc.

They will keep targeting Asia, and cultivate the market with frozen food products. In North America, they are surveying the market.

**◎ Discussion on M&A in fields with which the company has an affinity**

They have conducted the following M&A projects so far. They have accumulated the know-how for post-merger integration (PMI), and will keep conducting M&A projects for accelerating growth.

Assumed target enterprises and fields are those with which the company can evolve or improve their capabilities of development, manufacturing, and sale, which are the strengths of the company and which possess functions, customer bases, products, or human resources the PICKLES Group does not have, so it can be expected that synergetic effects will be produced soon.

Major M&A records

| Acquired company | Year of M&A | Purpose |
|---|---|---|
| SAPPORO FREST CO., LTD. | 2000 | • Foray into the Hokkaido area<br>• To acquire the accounts of convenience stores and mass retailers |
| KANEKYU CO., LTD. | 2002 | • Foray into the Kansai area<br>• To acquire trading accounts for mass retailers in Kansai |
| YAWATAYA CO., LTD. | 2003 | • To acquire the trading accounts of co-ops around Japan<br>• To acquire the trading accounts in the Tohoku area<br>• To produce products pickled for a long period of time |
| Food Label Holdings Co., Ltd | 2016 | • To acquire brands such as Gyukaku<br>• To obtain the know-how of fabless business |
| TEGARA FOOD CO., LTD. | 2017 | • To acquire the trading accounts of leading mass retailers<br>• To enhance the production capacity of Kyoto Factory, because it became insufficient |

(Source: the company)

**◎ Development and sales promotion of products related to sweet potatoes**

The purposes of use and selling methods of sweet potatoes grown in Japan have diversified, due to the growth of demand for baked sweet potato and the popularization of processed products, such as dried slices of steamed sweet potato, and sweet potato as an ingredient for sweets. Vegepal Co., Ltd., which is a joint-venture company for operating business in the sweet potato field, secures stable orders from large-scale buyers. As inquiries from outside Japan have increased, export has grown.

(Progress so far)

The autumn campaign “Bite-size Baked Sweet Potato” of the CVS Confectionery Division was adopted nationwide. In the same way, “Oimoto” was adopted in some regions with quantities limited. They will utilize them for expanding the sales channel.

They concentrate on the cultivation of industrial routes, including the processing centers, bakeries, etc. of supermarkets in the Tokyo Metropolitan Area.

(Future strategy)

In addition to propelling forward the development of products that differentiate the company from other companies and the expansion of channels for selling such products, the company will strive to increase the sale of sweet potato products while enriching the raw material procurement capability of PICKLES FARM CO., LTD., one of its subsidiaries, and cooperating with its group companies.




(Source: the company)

**◎ Development and sales promotion of frozen food-related products**

The demand for frozen food is growing, because it is possible to shorten cooking time and reduce the amount of waste food significantly. Leading makers have significant advantages in selling products to consumers, and competition is fierce. Demand for frozen food items for professional use is strong due mainly to labor shortages at restaurants and the like, which means that the demand is highly likely to keep growing.

For consumers, they released "Gohan ga Susumu Kimchi-nabe (kimchi pot dish as an accompaniment to rice)" by utilizing the technology for maintaining the texture of vegetables, which was developed through the production of lightly pickled vegetables, to differentiate their products, and tentatively started selling some products, including the frozen Gohan ga Susumu Kimchi, Chinese cabbage with yuzu, okra, and frozen delicatessen food.

Regarding frozen food items for professional use whose transactions were started, the company is raising the number of clients on the basis of the standards set by the client companies with which it is intensely conducting transactions now.

Regarding products for consumers, they will develop side dishes, snacks for alcoholic beverages, sweets, etc. by utilizing strengths. For industrial use, they will expand sales channels to the wholesalers of frozen food products and local restaurants around Japan, while increasing transactions with the existing clients.

They will promote "Gohan ga Susumu Kimchi" in overseas markets, including North America and Hong Kong.

### 4-3 Numerical goals

| | FY 2/26 | Ratio to sales | FY 2/27 (Plan) | Ratio to sales | FY 2/28 (Plan) | Ratio to sales | FY 2/29 (Plan) | Ratio to sales | CAGR |
|---|---|---|---|---|---|---|---|---|---|
| Sales | 40,923 | 100.0% | 41,000 | 100.0% | 42,000 | 100.0% | 44,000 | 100.0% | +2.4% |
| Gross Margin | 8,902 | 21.8% | 8,607 | 21.0% | 8,862 | 21.1% | 9,416 | 21.4% | +1.9% |
| SG&A expenses | 6,816 | 16.7% | 6,787 | 16.6% | 6,972 | 16.6% | 7,348 | 16.7% | +2.5% |
| Operating Income | 2,085 | 5.1% | 1,820 | 4.4% | 1,890 | 4.5% | 2,068 | 4.7% | -0.3% |
| Ordinary Income | 2,148 | 5.2% | 1,860 | 4.5% | 1,960 | 4.7% | 2,138 | 4.9% | -0.2% |
| Net income | 1,384 | 3.4% | 1,231 | 3.0% | 1,300 | 3.1% | 1,420 | 3.2% | +0.9% |

*Unit: million yen. CAGR is the average annual growth rate from the fiscal year ended February 2026 to the fiscal year ending February 2029. Calculated by Investment Bridge Co., Ltd.

It is expected that sales will grow and profit will decline between the fiscal year ended February 2026 and the fiscal year ending February 2029, and they will aim to grow further by developing the medium/long-term priority domain as a growth driver. The company will review and revise the forecasts for the fiscal year ending February 2027 and subsequent years at the beginning of each fiscal year as it executes its rolling plan.

◎ Variation for each food item

| | FY 2/26 | FY2/29 (Plan) | CAGR |
|---|---|---|---|
| Lightly pickled vegetables /kimchi | 16,465 | 18,595 | +4.1% |
| Delicatessen | 12,123 | 12,068 | -0.2% |
| Old pickled vegetables | 412 | 545 | +9.8% |
| Goods | 11,922 | 12,791 | +2.4% |
| Total | 40,923 | 44,000 | +2.4% |

*Unit: million yen. CAGR is the average annual growth rate from the fiscal year ended February 2026 to the fiscal year ending February 2029. Calculated by Investment Bridge Co., Ltd.

The sales of lightly pickled vegetables and kimchi are expected to grow steadily.

◎ Variation for each sales channel

| | FY 2/26 | FY2/29 (Plan) | CAGR |
|---|---|---|---|
| Mass retailers | 30,498 | 30,825 | +0.4% |
| Convenience stores | 6,833 | 6,866 | +0.2% |
| Restaurants/others | 3,591 | 6,308 | +20.7% |
| Sales | 40,923 | 44,000 | +2.4% |

*Unit: million yen. CAGR is the average annual growth rate from the fiscal year ended February 2026 to the fiscal year ending February 2029. Calculated by Investment Bridge Co., Ltd.

The sales to restaurants and others are projected to increase significantly.

◎ Capital investment and depreciation

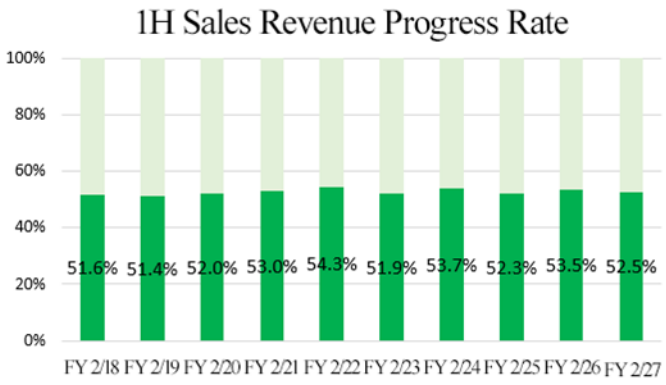
| | FY 2/24 | FY 2/25 | FY 2/26 | FY 2/27 (Plan) | FY 2/28 (Plan) | FY 2/29 (Plan) |
|---|---|---|---|---|---|---|
| Capital investment | 951 | 4,700 | 419 | 1,500 | 800 | 900 |
| Depreciation | 940 | 1,005 | 1,141 | 1,210 | 1,106 | 1,053 |

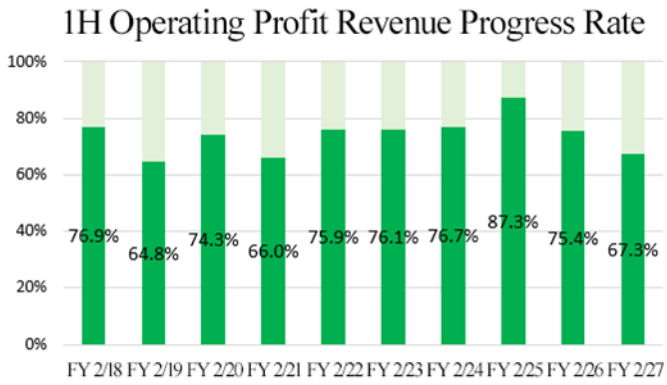
*Unit: million yen.

In the fiscal year ending February 2027, they plan to invest in equipment for promoting the mini cup series in each area as well as increasing the capacity of producing “Gohan ga Susumu Kimchi” in western Japan. Such investment activities are expected to contribute to the improvement in profitability, the expansion of sales channels for products for industrial use, and the sales of new products from the fiscal year ending February 2027. Deprecation will reach a peak in fiscal year ending February 2027.

## 5. Conclusions

The progress rate toward the annual forecast as of the end of the first half was 52.5% for sales and 67.3% for operating income. Sales are around the average of sales in the past few years, but operating income remains low, falling below 70% of the average. There is concern over the lingering effects of the drop in the yield of Chinese cabbages due to the extreme heat and insufficient rainfall in the summer, the delay in growth of cucumbers due to the rainy weather and low air temperatures in early summer, and so on. On the other hand, the sales to convenience stores, which declined in the first half, are expected to recover significantly in the second half, increasing 16.6% from the second half of the previous year thanks to the improvement in the capability of appealing to customers through the change of packages for some products, although the sales will decrease from the first half. They plan to cover the shortfall in the first half of the fiscal year, by implementing various measures. We would like to expect a lot, while paying attention to when the respective measures for mini cups, sweet potato, etc. in their medium/long-term management strategy will start contributing to revenues on a full-scale basis after trial sales, etc.




* 2/18 - FY 2/26: Composition of full-year results

## <Reference: Regarding Corporate Governance>

**◎ Organization type, and the composition of directors and auditors**

| | |
|---|---|
| Organization type | Company with an audit and supervisory board |
| Directors | 6 directors, including 2 from outside (including 2 independent directors) |
| Auditors | 4 directors, including 3 from outside (including 3 independent directors) |

**◎ Corporate Governance Report (Updated on June 1, 2026)**

**Basic Policy**

Our company considers corporate governance to be the important issue of business management for acting in conformity with the law and social norms, realizing the management policies, and achieving continuous growth.

**<Reasons for Non-compliance with the Principles of the Corporate Governance Code (Excerpts)>**

[Principle 1-4: Policy Retention Co.]

In principle, our company will not hold the shares of listed companies. However, if we hold shares for a reasonable purpose, such as the maintenance or strengthening of transaction relationships, we regularly check whether the purpose is satisfied.

We will discuss methods for examining the appropriateness of strategic shareholding and disclosing the detailed information on strategic shareholding.

Regarding the exercise of voting rights for strategically held shares, we judge each case individually. We appropriately exercise voting rights, while comprehensively considering whether they would contribute to the improvement in mid/long-term corporate value of our company and invested companies.

[Supplementary Principle 2-4-①]

Our group promotes highly motivated and skilled employees to management posts regardless of age, nationality, gender, etc. Regarding the promotion to management posts, the ratio of female managers is 6.6%, and we will increase this ratio. The percentage of women in management positions above is based on the values of PICKLES CORPORATION (our main subsidiary). For non-Japanese employees, the ratio of them is low, so we have not set a goal for them. For mid-career workers, we promote them to management posts while comprehensively considering their experiences, abilities, etc., so we have not set a goal for them.

With the aim of honing the ability of each employee, we make efforts to foster the stance of learning voluntarily, adopting systems for supporting self-development, incentives for acquiring qualifications, etc. In addition, we recognize the development of a comfortable working environment as an important management issue, so our corporate group has adopted refreshing holidays, overtime-free working days, etc.

[Supplementary Principle 3-1-③]

Regarding sustainability, we recognize the environment, safety, reliability, etc. as important issues, and take initiatives. As the investment in human capital, we develop educational systems and pursue a comfortable working environment for employees, and as the investment in intellectual property, we research lactic acid bacteria, etc. These are disclosed via our ESG reports and IR documents, which are available in our website. For more information about our corporate group's sustainability efforts, please visit our website.

We will consider disclosure based on the TCFD, a globally established disclosure framework, or an equivalent framework, going forward.

**<Disclosure based on the Principles of the Corporate Governance Code (Excerpts)>**

[Principle 3-1 Enrichment of information disclosure]

(1) Our corporate philosophy and policy are disclosed in our website, etc.

(2) Our basic policy for corporate governance is disclosed in this report.

(3) The basic policy for our directors' remuneration is to contribute to the sustainable improvement in corporate performance and value and set the remuneration of each director at an appropriate level according to each post. In detail, the remuneration of each executive director is composed of the basic remuneration, which is fixed, a bonus, and a stock option. The remuneration of each outside director is composed of only the basic remuneration, because of their duties. The details of the policy and procedure for determining the remuneration of each director are disclosed in this report.

(4) The board of directors choose candidates for internal directors from those who possess expertise in their respective fields and can respond to changes in the business environment swiftly and accurately, and candidates for outside directors from those who can oversee our business administration from an objective, independent standpoint without seeking the benefits of the management or specific stakeholder. Candidates for auditors are chosen by the board of auditors from those who possess plenty of experience and advanced insight, and then determined by the board of directors after having discussions and reaching an agreement. If the above policy for appointing directors cannot be fulfilled or a director violates or is suspected of violating a law, a regulation or the articles of incorporation, the board of directors will discuss the dismissal of said director.

(5) The reasons for choosing candidates for directors and auditors are disclosed in convocation notices for a general meeting of shareholders.

[Principle 5-1. Policy on Constructive Dialogue with Shareholders]
With a basis in transparency, fairness, and continuity, we strive to disclose information promptly so that our shareholders and investors can understand our company correctly.
We will strive to disclose information based on related laws and regulations such as the Financial Instruments and Exchange Act as well as the timely disclosure rules established by financial instruments exchange, and to actively disclose information that can be considered effective for understanding our company with appropriate measures.
In detail, a financial results briefing sessions is held twice a year, and a briefing session for individual investors is held when necessary, and the representative director and president gives explanations. Individual interviews are handled by the publicity/IR division. We have the persons in charge thoroughly manage insider information when holding dialogue with shareholders.
We strive to make the most of opinions and other feedback obtained through dialogue with shareholders by sharing them with the directors and reporting them to the board of directors as needed.

[Measures to realize management that is conscious of capital costs and stock prices]
Regarding measures to realize management that is conscious of capital costs and stock prices, these measures are described in the reference material for the session for briefing the financial results for the fiscal year ended February 2026 held on April 21, 2026. This material is disclosed on the company's website (https://www.pickles-hd.co.jp/ir/).
This material considers such matters as the enhancement of profitability, the enrichment of shareholder returns, and ambitious initiatives to develop new products and break into new fields to be our company's medium/long-term important strategies. We will aim to raise our corporate value and the price of the shares in our company by showing how our corporate group should operate our business as we grow, actually implementing the ideal way to run business, and attaining our medium-term management goals and improving capital efficiency. We also endeavor to improve our price book-value ratio (PBR) through these initiatives.

This report is not intended for soliciting or promoting investment activities or offering any advice on investment or the like, but for providing information only. The information included in this report was taken from sources considered reliable by our company. Our company will not guarantee the accuracy, integrity, or appropriateness of information or opinions in this report. Our company will not assume any responsibility for expenses, damages or the like arising out of the use of this report or information obtained from this report. All kinds of rights related to this report belong to Investment Bridge Co., Ltd. The contents, etc. of this report may be revised without notice. Please make an investment decision on your own judgment.
Copyright(C) Investment Bridge Co., Ltd. All Rights Reserved.