

3. Forecasts on the Consolidated Financial Results for the Fiscal Year Ending February 28, 2025 (March 1, 2024 - February 28, 2025)

(Percentages represent year-on-year changes)

	Revenue		Operating profit		Income before income taxes		Net income		Net income attributable to owners of the parent		Basic earnings per share
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Yen)
Fiscal year ending February 28, 2025	45,465	5.2	9,350	7.3	9,285	6.9	6,330	6.0	6,330	6.0	138.14

(Notes) Revision of forecasts: No

(1) Changes in status of significant subsidiaries during the period
(changes in specified subsidiaries accompanying changes in : No scope of consolidation)

(2) Changes in accounting policies and accounting estimates

(i) Changes in accounting policies required by IFRSs : No

(ii) Changes in accounting policies other than those in (i) : No

(iii) Changes in accounting estimates : No

(3) Number of issued shares (common stock)

(i) Number of issued shares (including treasury stock)	As of May 31, 2024	46,238,400	As of February 29, 2024	46,235,400
(ii) Number of treasury stock	As of May 31, 2024	688,391	As of February 29, 2024	410,859
(iii) Average number of issued shares during the period	Three Months ended May 31, 2024	45,730,482	Three Months ended May 31, 2023	46,088,611

* This report is not subject to quarterly review procedures.

* Notes for using forecasted information and other matters

-The forecasts above are based on information available at the date of this report and certain assumptions deemed to be reasonable. The Company does not provide any assurance as to achievement of these forecasts. In addition, the actual results may vary materially from the forecasts due to various uncertainties.

- Supplementary materials will be posted on our web site on July 10, 2024.

(Appendix)

Contents

1. Qualitative Information on Business and Financial Results.....	1
(1) Overview of Operating Results	1
(2) Overview of Financial Position	3
(3) Overview of Cash Flows.....	3
(4) Explanation of Consolidated Results Forecasts and Other Future Predictions.....	4
2. Consolidated Financial Statements	5
(1) Consolidated Statements of Financial Position	5
(2) Consolidated Statements of Income	6
(3) Consolidated Statements of Comprehensive Income	6
(4) Consolidated Statements of Changes in Equity	7
(5) Consolidated Statements of Cash Flows	8
(6) Notes to Consolidated Financial Statements	9
– Notes on Assumption of Going Concern	9
– Segment Information	9
– Changes in Accounting Policies	9
– Earnings per Share	9
– Significant Subsequent Events	9

1. Qualitative Information on Business and Financial Results

(1) Overview of Operating Results

During the first quarter under review, the restaurant industry, in which the Komeda Group operates, moderately recovered. This reflects increased consumer spending due to the normalization of economic and social activities, as well as wage increases at companies. However, the business environment remained highly uncertain mainly due to elevated raw material prices and energy costs resulting from the prolonged depreciation of the yen and geopolitical risks, labor shortages and increasing personnel expenses attributed to recruitment difficulties, and changes in customer lifestyles and values.

In this environment, the Group worked on expanding the existing business model, creating new value through co-creation, and maintaining and increasing its financial value by taking steps as outlined in the slogan of its medium-term business plan "VALUES 2025": Link people, communities, and society through KUTSUROGI."

The Group increased prices of menu items at its stores in April. Additionally, the Group took steps to enhance QSC (quality, service, and cleanliness) to improve the customer experience, such as offering more affordable dessert options served with drinks. The Group was impacted by rising prices of raw materials, such as coffee beans and dairy products, and energy costs, but kept wholesale prices for franchise stores unchanged. The Group offered special items connected to Opanchu Usagi (Rabbit), a popular cartoon character in social media, as well as limited seasonable items, such as Shiro-noir Ghana Milk, which used Lotte Ghana Milk Chocolate. These items attracted many customers to the Group's stores. With these initiatives, same-store wholesale sales to franchise stores increased 3.7% year on year in the first quarter under review. All-store wholesale sales rose 9.2% year on year.

The Group opened ten KOMEDA's Coffee, primarily in Japan. The number of establishments was 1,030 at the end of the first quarter.

Brand	Area	Feb. 29, 2024	Newly Opened	Closed	May. 31, 2024
KOMEDA's Coffee	East	331 (14)	3 (-)	- (-)	334 (12)
	Central	304 (3)	3 (-)	1 (-)	306 (3)
	West	330 (9)	3 (-)	- (-)	333 (9)
	Overseas	39 (13)	1 (1)	2 (1)	38 (13)
Okagean	All	13 (6)	- (-)	- (-)	13 (5)
BAKERY ADEMOK KOMEDA is □ Dai-An-Kichi-Jitsu La Vinotheque	All	6 (6)	- (-)	- (-)	6 (6)
Total		1,023 (51)	10 (1)	3 (1)	1,030 (48)

(Notes) 1. Figures in parentheses are the number of company-owned store. These figures are included in the total count of stores.

2. Two KOMEDA's Coffee stores in East Japan and an Okagean store that were directly managed by the Group became franchise stores.

Revenue in the first quarter under review stood at ¥11,050 million (up 5.7% year on year). Operating profit, income before income taxes, and net income attributable to owners of the parent came to ¥2,111 million (down 6.4%), ¥2,109 million (down 6.1%), and ¥1,437 million (down 6.0%), respectively, reflecting unchanged wholesale prices for franchise stores, although the Group increased prices of menu items at its stores in April.

The Group classifies materiality issues that it focuses on addressing in order to help create a sustainable society through its business activities into three categories: “quality and customers,” “people and job satisfaction,” and “the environment.” Below are the main initiatives that the Group implemented during the first quarter under review to enhance its economic value and contribute to addressing social issues.

Themes related to quality and customers

Committed to the safety and security of products and services	Renovated establishments nationwide, one by one, to enhance the customer experience and facility safety.
Meeting diverse customer needs	<p>Offered three items connected to <i>Opanchu Usagi</i> (Rabbit), a popular cartoon character.</p> <p>Offered the Chicken <i>Tatsuta</i> Burger, a limited seasonable large chicken burger flavored with ginger and soy sauce.</p> <p>Okagean offered limited seasonable items: <i>Mentai Tororo Kishimen</i> (flat noodles with spicy cod roe and grated yam), <i>Zhajang Maze Kishimen</i> (flat noodles served with fried bean sauce), and <i>Zaru Kishimen</i> (cold flat noodles with dipping sauce). Okagean also introduced a new type of saved ice named <i>Yakiimo</i> Milk (shaved ice with roasted sweet potato sauce and milk syrup).</p> <p>Okagean offered limited seasonable sweet dishes, including <i>Matcha</i> (powdered green tea) Tiramisu.</p> <p>Introduced four items that feature Ghana Milk chocolate from LOTTE Co., Ltd., including Shiro-noir Ghana Milk.</p> <p>Collaborated with Morinaga & Co., Ltd. to sell six items, including Koeda - Komeda Shiro-noir and then Mix Juice Ice Bar.</p> <p>Collaborated with food and beverage manufacturers to sell chilled cup drinks, such as Mild Coffee Jelly Au Lait, Fruit Mix Smoothie, and Milk Shake, and jam and spread products, such as Komeda Special Strained Bean Paste and Coffee Spread at volume retailers and convenience stores.</p> <p>Collaborated with a toy manufacturer and a publisher to sell prizes for amusement facilities and the KOMEDA's Coffee at Home Vacuum Insulated Mug Tumbler Book.</p>
Contributing to mental and physical health	Certain KOMEDA's Coffee offered thickened coffee for customers with swallowing difficulties.
Getting involved and investing in communities	<p>Opened the second café in Indonesia at Sesetan, Bali Island.</p> <p>Held an interior decorating competition in March. Over 100 cafés participated, decorating their spaces to allow visitors to feel the changing seasons.</p> <p>Ran a Mini Shiro-noir half-price campaign in the Hokuriku area as part of the reconstruction assistance after the Noto Peninsula Earthquake.</p> <p>The Komeda Kitchen Car provided KUTSUROGI to areas without nearby KOMEDA's Coffee.</p> <p>Allowed the <i>choisoko</i> bus sharing system for local communities to utilize store parking lots as bus stops.</p>

Themes related to people and job satisfaction

Establishing an environment to secure human resources and support growth	<p>Prepared to hire Myanmar nationals for additional positions in cafés to diversify the workforce.</p> <p>Worked with the women's relay road race club of the Meijo University to create posters to recruit students who will work at franchise stores.</p>
--	--

Establishing positive employment relationships and proper working conditions	Conducted an engagement survey to encourage employees to proactively participate, improve well-being, foster a sense of belonging, and enhance motivation for making contributions
--	--

Themes related to the environment

Reducing waste and promoting recycling materials	Donated jute bags for coffee beans to the Higashiyama Zoo and Botanical Gardens in Nagoya. The Group disposed of the jute bags.
	Discontinued the labeling of coffee bottles gradually to save resources and improve safety.
	Donated food to restaurants for children and food banks to reduce food waste and strengthen community relationships.
	Reused part of the wood that was not needed after renovating existing stores for planking in the courtyard of the Minato Tochi store.

(2) Overview of Financial Position

The assets, liabilities, and capital at the end of the first quarter were as follows.

Current assets declined ¥2,012 million from the end of the previous fiscal year, to ¥17,401 million, primarily due to a decrease in cash and cash equivalents. Non-current assets decreased ¥398 million, to ¥82,961 million, chiefly reflecting a decrease in trade and other receivables. Total assets decreased ¥2,410 million, to ¥100,362 million.

Current liabilities fell ¥1,440 million from the end of the previous fiscal year, to ¥12,118 million, chiefly due to a decrease in Income tax payable. Non-current liabilities fell ¥482 million, to ¥45,622 million, attributable mainly to a decrease in Borrowings. Total liabilities decreased ¥1,922 million, to ¥57,740 million.

Total equity declined ¥488 million from the end of the previous fiscal year, to ¥42,622 million. This was primarily due to dividends of surplus of ¥1,237 million and the purchase of treasury stock of ¥718 million, which were partially offset by net income of ¥1,437 million.

(3) Overview of Cash Flows

Cash and cash equivalents at the end of the first quarter decreased ¥1,470 million from the end of the previous fiscal year, to ¥6,453 million.

Presented below are an overview of cash flows for the first quarter under review and the main factors behind them.

(Cash flows from operating activities)

Cash provided by operating activities was ¥1,068 million (down ¥239 million year on year). This primarily reflected an income before income taxes of ¥2,109 million (down ¥137 million year on year), an increase in other financial liabilities of ¥469 million (up ¥399 million year on year), and income taxes paid of ¥1,465 million (down ¥346 million year on year).

(Cash flows from investing activities)

Cash provided by investing activities stood at ¥848 million (up ¥4 million year on year). This is primarily attributable to an increase in time deposits of ¥1,200 million (up ¥200 million year on year), and purchase of property, plant and equipment of ¥258 million (up ¥149 million year on year).

(Cash flows from financing activities)

Cash used in financing activities came to ¥3,399 million (up ¥61 million year on year). This is chiefly due to a payment of borrowings of ¥509 million (up ¥17 million year on year), repayments of lease liabilities of ¥965 million (up ¥47 million year on year), purchase of treasury stock of ¥715 million (up ¥114 million year on year), and cash dividends paid to owners of the parent of ¥1,212 million (up ¥35 million year on year).

(4) Explanation of Consolidated Results Forecasts and Other Future Predictions

Consolidated results forecasts for the fiscal year ending February 28, 2025, are unchanged from those announced on April 10, 2024.

2. Consolidated Financial Statements

(1) Consolidated Statements of Financial Position (Unaudited)

	(Millions of yen)	
	February 29, 2024	May 31, 2024
Assets		
Current assets		
Cash and cash equivalents	7,923	6,453
Trade and other receivables	6,054	6,324
Other financial assets	4,133	2,936
Inventories	373	394
Other current assets	930	1,294
Total current assets	19,413	17,401
Non-current assets		
Property, plant and equipment	12,880	12,713
Goodwill	38,354	38,354
Other intangible assets	357	427
Trade and other receivables	27,636	27,451
Other financial assets	3,417	3,435
Deferred tax assets	265	132
Other non-current assets	450	449
Total non-current assets	83,359	82,961
Total assets	102,772	100,362
Liabilities and equity		
Liabilities		
Current liabilities		
Trade payables	2,218	2,271
Borrowings	2,032	2,029
Lease liabilities	3,895	3,736
Income tax payable	1,621	647
Other financial liabilities	2,618	2,340
Other current liabilities	1,174	1,095
Total current liabilities	13,558	12,118
Non-current liabilities		
Borrowings	9,112	8,606
Lease liabilities	29,438	29,405
Other financial liabilities	6,709	6,771
Provisions	359	360
Other non-current liabilities	486	480
Total non-current liabilities	46,104	45,622
Total liabilities	59,662	57,740
Equity		
Share capital	659	660
Capital surplus	13,042	13,060
Retained earnings	30,476	30,676
Treasury stock	(1,071)	(1,789)
Other components of equity	4	15
Equity attributable to owners of the parent	43,110	42,622
Total equity	43,110	42,622
Total liabilities and equity	102,772	100,362

2. Consolidated Financial Statements (continued)

(2) Consolidated Statements of Income (Unaudited)

	(Millions of yen)	
	Three Months ended May 31,	
	2023	2024
Revenue	10,454	11,050
Cost of sales	(6,844)	(7,308)
Gross profit	3,610	3,742
Other operating income	92	26
Selling, general and administrative expenses	(1,436)	(1,657)
Other operating expenses	(10)	(0)
Operating profit	2,256	2,111
Financial income	17	18
Financial expense	(27)	(20)
Income before income taxes	2,246	2,109
Income taxes	(716)	(672)
Net income	1,530	1,437
Net income attributable to:		
Owners of the parent	1,528	1,437
Non-controlling interests	2	—
Net income	1,530	1,437
Interim earnings per share		
Basic (Yen)	33.14	31.43
Diluted (Yen)	33.12	31.41

(3) Consolidated Statements of Comprehensive Income (Unaudited)

	(Millions of yen)	
	Three Months ended May 31,	
	2023	2024
Net income	1,530	1,437
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	8	11
Other comprehensive income after taxes	8	11
Total comprehensive income	1,538	1,448
Total comprehensive income attributable to:		
Owners of the parent	1,533	1,448
Non-controlling interests	5	—
Total comprehensive income	1,538	1,448

2. Consolidated Financial Statements (continued)

(4) Consolidated Statements of Changes in Equity (Unaudited)

(Millions of yen)

	Share capital	Capital surplus	Retained earnings	Treasury stock	Other components of equity	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Balance as of March 1, 2023	651	13,100	26,895	(109)	6	40,543	76	40,619
Net income			1,528			1,528	2	1,530
Other comprehensive income					5	5	3	8
Total comprehensive income	—	—	1,528	—	5	1,533	5	1,538
Exercise of subscription rights to shares	5	3				8		8
Share-based payment transactions		10				10		10
Dividends			(1,200)			(1,200)		(1,200)
Acquisition of treasury stock				(601)		(601)		(601)
Acquisition of Non-controlling interests		(79)				(79)	(81)	(160)
Total transactions with owners	5	(66)	(1,200)	(601)	—	(1,862)	(81)	(1,943)
Balance as of May 31, 2023	656	13,034	27,223	(710)	11	40,214	—	40,214
Balance as of March 1, 2024	659	13,042	30,476	(1,071)	4	43,110	—	43,110
Net income			1,437			1,437		1,437
Other comprehensive income					11	11		11
Total comprehensive income	—	—	1,437	—	11	1,448	—	1,448
Exercise of subscription rights to shares	1	1				2		2
Share-based payment transactions		14				14		14
Dividends			(1,237)			(1,237)		(1,237)
Acquisition of treasury stock		3		(718)		(715)		(715)
Total transactions with owners	1	18	(1,237)	(718)	—	(1,936)	—	(1,936)
Balance as of May 31, 2024	660	13,060	30,676	(1,789)	15	42,622	—	42,622

2. Consolidated Financial Statements (continued)

(5) Consolidated Statements of Cash Flows (Unaudited)

(Millions of yen)

	Three Months ended May 31,	
	2023	2024
Cash flows from operating activities		
Income before income taxes	2,246	2,109
Depreciation and amortization	402	347
Financial income	(17)	(18)
Financial expense	27	20
Decrease (increase) in trade and other receivables	96	42
Decrease (increase) in guarantee deposits and construction assistance fund receivables	(26)	(18)
Increase (decrease) in trade payables	228	51
Increase (decrease) in guarantee deposits received and construction assistance fund received	(7)	36
Increase (decrease) in other financial liabilities	70	469
Others	(583)	(493)
Subtotal	2,436	2,545
Interest received	0	0
Interest paid	(10)	(12)
Income taxes paid	(1,119)	(1,465)
Net cash provided by operating activities	1,307	1,068
Cash flows from investing activities		
Decrease (increase) in time deposits	1,000	1,200
Purchase of property, plant and equipment	(109)	(258)
Purchase of intangible assets	(31)	(100)
Purchase of investment securities	(13)	—
Others	(3)	6
Net cash provided by (used in) investing activities	844	848
Cash flows from financing activities		
Repayment of borrowings	(492)	(509)
Repayments of lease liabilities	(918)	(965)
Proceeds from issuance of shares	10	2
Purchase of treasury stock	(601)	(715)
Cash dividends paid to owners of the parent	(1,177)	(1,212)
Cash dividends paid to non-controlling interests	(160)	—
Net cash used in financing activities	(3,338)	(3,399)
Effect of exchange rate changes on cash and cash equivalents	4	13
Net increase (decrease) in cash and cash equivalents	(1,183)	(1,470)
Cash and cash equivalents at beginning of period	6,681	7,923
Cash and cash equivalents at end of period	5,498	6,453

2. Consolidated Financial Statements (continued)

(6) Notes to Consolidated Financial Statements (Unaudited)

Notes on Assumption of Going Concern

None

Changes in Accounting Policies

The material accounting policies adopted for the consolidated financial statements are the same as those for the consolidated financial statements for the fiscal year ended February 29, 2024, except for the following item.

Income taxes for the Three Months ended May 31, 2024 are calculated based on the estimated average annual effective tax rate.

Segment Information

As the Company only has a single segment consisting of the cafe business, the description of segment information is omitted.

Earnings per Share

	Three Months ended May 31, 2023	Three Months ended May 31, 2024
Net income attributable to owners of the parent (millions of yen)	1,528	1,437
Weighted average number of ordinary shares (shares)	46,088,611	45,730,482
Number of ordinary shares with dilutive effects Increase due to stock options (shares)	33,442	26,284
Weighted average number of ordinary shares after dilution (shares)	46,122,053	45,756,766
Basic earnings per share (yen)	33.14	31.43
Diluted earnings per share (yen)	33.12	31.41

Significant Subsequent Events

None