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Consolidated Financial Results for the Three Months Ended June 30, 2024 [Under IFRS]

August 9, 2024

Company name	COLOWIDE Co., Ltd.			Tokyo Stock Exchange PRIME
Securities code	7616	URL https://www.colowide.co.jp/		
Representative	(Title)	President and Representative Director	Kohei NOJIRI	
Inquiries	(Title)	Chief of Corporate Planning Department	Masaaki YONEMURA	TEL +81-45-274-5970

Scheduled date to commence dividend payment: —

Preparation of supplementary material of financial results: None

Holding of financial results briefing: None

(Yen amounts are rounded to millions)

1.Consolidated Financial Results for the Three Months ended June 30, 2024
(From April 1, 2024 to June 30, 2024)

(1) Consolidated Operating results (accumulated total) (% indicates changes from the same period of the previous year)

	Revenue		Business Profit*1		EBITDA*2		Profit before tax		Profit	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2024	63,390	10.7	2,018	(2.5)	4,118	4.0	2,077	(39.3)	1,520	(39.7)
June 30, 2023	57,243	11.6	2,068	—	3,961	110.3	3,418	965.7	2,520	—

	Profit attributable to owners of parent		Total Comprehensive Income		Basic earnings per share	Diluted earnings per share
Three months ended	Millions of yen	%	Millions of yen	%	Yen	Yen
June 30, 2024	1,032	(50.1)	1,771	(32.3)	5.84	5.84
June 30, 2023	2,069	—	2,615	740.8	17.89	17.89

*1 Business Profit =「Revenue – Cost of Sales – Selling, general and administrative expenses」
*2 EBITDA =「Business Profit + Depreciation and amortization (excluding depreciation of right-of-use assets)」
Operating profit for the three months under IFRS was 1,941 million yen.

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets	Equity attributable to owners of parent per share
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
June 30, 2024	277,787	54,812	45,203	16.3	342.28
March 31, 2024	265,115	54,135	44,954	17.0	339.47

2. Cash Dividends

	Annual Dividends per share				
	First quarter end	Second quarter end	Third quarter end	Fiscal year end	Total
Fiscal year ended	Yen	Yen	Yen	Yen	Yen
March 31, 2024	—	0.00	—	5.00	5.00
March 31, 2025	—				
March 31, 2025 (Forecast)		0.00	—	5.00	5.00

(Note) Revisions to the most recently announced dividend forecasts：None

The above "Cash Dividends" shows the status of dividends on common shares. For dividends on class shares (unlisted) issued by the Company, which have different rights from those of common shares, please refer to "Preferred Share Dividends" below.

3. Forecast of Consolidated Financial Results for the Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(% indicates YoY changes)

	Revenue		Business Profit		EBITDA		Profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full Year	263,443	9.2	11,005	26.3	20,492	22.1	3,877	(4.6)	2,034	(30.0)	17.41

(Note) Revisions to the most recently announced earnings forecasts：None

*Notes

(1) Significant changes in the scope of consolidation during the period under review : None
Newly added -(number of companies) (company name)-
Excluded -(number of companies) (company name)-

(2) Changes in accounting policies and accounting estimates
(i) Changes in accounting policies required by IFRS: Yes
(ii) Changes in accounting policies other than (i): None
(iii) Changes in accounting estimates: None

(3) Number of issued shares (Common shares)

(i) Total number of issued shares at the end of period (including treasury shares)	As of June 30, 2024	86,903,541 shares	As of March 31, 2024	86,903,541 shares
(ii) Number of treasury shares at the end of period	As of June 30, 2024	196,424 shares	As of March 31, 2024	196,199 shares
(iii) Average number of shares outstanding during the period (cumulative for the quarter)	As of June 30, 2024	86,707,230 shares	As of March 31, 2024	86,679,497 shares

* Review of accompanying quarterly consolidated financial statements by certified public accountants or auditing firms: None

* Proper use of earnings forecasts and other special notes

(1) The Company applies International Financial Reporting Standards (IFRS).
(2) The forward-looking statements, including earnings forecasts, contained in this document are based on information currently available to the Company and certain assumptions that the Company believes to be reasonable, and actual results may differ substantially due to various factors.
(3) The Company plans to disclose the quarterly financial results with the review report (optional) in Japanese attached after the completion of the review by the certified public accountant or auditing firm.
Scheduled date of disclosure : August 14, 2024

Preferred Share Dividends

Details of dividends per share and total dividends on shares in classes with different rights from those of common shares are as follows.

Preferred shares

	Dividends per share					Total cash dividends (Total)
(Record date)	First quarter end	Second quarter end	Third quarter end	Fiscal year end	Annual	
Preferred shares	Yen	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	—	—	—	3,149,090 00	3,149,090 00	94,472,700 00
Fiscal year ending March 31, 2025 (Forecast)	—	—	—	3,252,730 00	3,252,730 00	97,581,900 00
Second series preferred shares	Yen	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	—	—	—	3,649,090 00	3,649,090 00	109,472,700 00
Fiscal year ending March 31. 2025 (Forecast)	—	—	—	3,752,730 00	3,752,730 00	112,581,900 00
Third series preferred shares	Yen	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31 2024	—	—	—	3,500,000 00	3,500,000 00	315,000,000 00
Fiscal year ending March 31, 2025 (Forecast)	—	—	—	3,500,000 00	3,500,000 00	315,000,000 00

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1. Qualitative information on quarterly financial results under review

(1) Operating Results

During the first quarter of the consolidated fiscal year under review, the Japanese economy saw an improvement in employment and income conditions, but the negative trend in real wages continued due to rising prices caused by the weak yen. In addition to factors that recovery in demand has run its course since the end of the Corona disaster, business confidence in the non-manufacturing sector began to deteriorate, although it remained at a high level. Furthermore, the outlook for the global economy remains uncertain due to such factors as global political instability and slowing economic growth in China.

In the food service industry, while upward pressure on costs and labor shortages continue to persist, in addition to the thriftiness of daily life, consumers are becoming more selective even in dining out on special occasions, and more efforts are required to increase satisfaction while controlling costs.

Under these circumstances, our group is striving to strengthen our brand to be chosen by consumers and to promote our business with a view to enhancing our corporate value over the medium term.

As for product-related measures, the grand menu of each brand was changed to cope with soaring procurement prices, and product composition and recipes were reviewed in detail. ATOM CORPORATION is collaborating with COLOWIDE MD Co., Ltd. in the product planning department to maximize synergy effects in the Group's merchandising and to speed up the product development process.

We also focus on initiatives to increase customer satisfaction. Kappa Sushi offers high value-added items such as crab and tuna chutoro (medium fatty tuna) at 100 yen per plate (110 yen including tax), which has gained strong customer support. At Freshness Burger, the "Pakuchi Chicken Burger with 10 times more Pakuchi" and other distinctive fair menu items have contributed to increasing customer appeal through mass media exposure and the spread of the menu on social networking services. Steak MIYA, reaching its 50th year, is now selling "thick cut steak" at a reasonable price and has also revived its once popular "MIYA Lunch" for its local fan base.

In terms of sales promotion measures, each brand selects media and appealing content according to the situation in which it is placed. In April, OOTOYA began airing a new TV commercial that promotes the message of "another dining experience that is healthy and safe even if eating every day" as an effort to attract potential customers and those who got bored and stopped coming. Kappa Sushi, which is in a highly competitive market, continues to utilize celebrity personalities to generate interest in its commercials, and aims to attract customers by launching limited-time-only products that offer good value. Gyu-Kaku also collaborated with popular anime, offering menu items and goods in conjunction with "Kimetsu-no-Yaiba" (Demon Slayer).

In Japan, we are opening new restaurants in suburbs, roadside areas, and shopping centers under the Gyu-Kaku brand and its derivatives, as well as OOTOYA and other brands. Overseas, we are aiming for expansion through both direct management and franchise in Asian countries and North America, where we are currently operating, and are also promoting the development of areas where we have not yet opened restaurants. In June, we established REINS PALACE MIDDLE EAST SPV LTD in a joint venture with Chinese Palace Corporate Management LLC, a leading UAE company, and plan to open the first Gyu-Kaku restaurant in Dubai by December 2024.

In April, in order to expand the dessert business, we acquired all shares of Nihon Meika Souhonpo Co., Ltd. which has brands such as "Cheese Garden", "Criollo", and "GrindelBerg" that are extremely superior in quality among customers.

In the catering service business, which we plan to expand dramatically, we established Heartful Dining Co., Ltd. in April as a joint venture with Nippon General Food Corporation, which operates catering services mainly in the Chukyo region, for the purpose of "creating a new type of catering business that combines the know-how of food service and catering". Furthermore, in June, we acquired all shares of Socio Food Service Co., Ltd., which operates hospital and nursing home catering services on a nationwide contract basis.

We are also focusing on sustainability initiatives, and ATOM CORPORATION has sold "Yonago Osashimi Masaba" (Yonago Sashimi Chub mackerel), "Shirayuki Hirame" (flounder), and other sushi raised by land-based aquaculture, which is environmentally friendly and reduces parasite infestation, at its gourmet conveyor-belt sushi restaurants such as Nigiri no Tokubei and Kaisen ATOM. In addition, Kappa Sushi, which is mostly roadside restaurants, has decided to install regular EV chargers in some of its restaurants.

Regarding store openings and closings, we opened 30 directly operated restaurant-type stores, while closing 16 directly operated restaurant-type stores and 1 directly operated izakaya (Japanese-style pub)-type store, for a total of 17 stores. In addition, Nihon Meika Souhonpo Co., Ltd. became a consolidated subsidiary of the

Company in April 2024, resulting in their 35 directly operated stores becoming the Group stores, bringing the number of directly operated stores to 1,451 and the total number of stores including franchised stores to 2,613 at the end of the first quarter of the current consolidated fiscal year.

Despite these efforts, consolidated results for the first quarter of the current consolidated fiscal year were affected by an increase in selling, general, and administrative expenses, due in part to the strengthening of sales promotion measures by KAPPA-CREATE CO., LTD. and REINS international inc. to enhance revenue, including in the future, and were resulted that Revenue was 63,390 million yen, Business profit was 2,018 million yen, IFRS operating income was 1,941 million yen, Profit was 1,520 million yen, and Profit attributable to owners of parent was 1,032 million yen.

The decrease in income below IFRS operating profit compared to the first quarter of the previous fiscal year is due to the fact that in the previous fiscal year, other operating income included a one-time gain on sale of business and exit fees.

The Group's revenues by segment were as follows: COLOWIDE MD Co., Ltd. 22,140 million yen; ATOM CORPORATION 8,638 million yen; REINS international inc. 22,355 million yen; KAPPA-CREATE CO., LTD. 17,827 million yen; OOTOYA Holdings Co., Ltd. 7,406 million yen, and others 8,211 million yen.

The revenues by segment do not take into account inter-segment revenues or transfers.

(2) Financial Position

(i) Assets, Liabilities and Equity

Total assets increased by 12,672 million yen from the end of the previous consolidated fiscal year to 277,787 million yen at the end of the first quarter of the current consolidated fiscal year. This was mainly due to a 13,381 million yen increase in goodwill and a 4,997 million yen increase in property, plant and equipment, despite a 7,992 million yen decrease in cash and cash equivalents.

Total liabilities increased by 11,994 million yen from the end of the previous consolidated fiscal year to 222,975 million yen. This was mainly due to increases of 8,049 million yen in bonds and borrowings and 2,476 million yen in trade and other payables, despite a decrease of 1,163 million yen in provisions.

Total equity increased by 678 million yen from the end of the previous consolidated fiscal year to 54,812 million yen. This was mainly due to a 79 million yen increase in retained earnings and a 428 million yen increase in noncontrolling interests.

(ii) Cash Flows

Cash and cash equivalents at the end of the quarter under review amounted to 38,314 million yen, down by 7,992 million yen from the end of the previous consolidated fiscal year, as a result of net cash provided by operating activities of 6,240 million yen, net cash used in investing activities of (13,135) million yen, net cash used in financing activities of (1,242) million yen, and the effect of exchange rate changes on cash and cash equivalents of 145 million yen.

Cash flows from operating activities were mainly due to profit before tax, and depreciation and amortization.

Cash flows from investing activities were mainly due to payments for acquisition of consolidated subsidiaries and payments for purchase of property, plant and equipment.

Cash flows from financing activities were mainly due to a net increase in short-term borrowings, repayment of long-term borrowings, and repayment of lease liabilities.

(3) Future Outlook

The consolidated earnings forecast for the fiscal year ending March 31, 2025 remains unchanged from the full-year consolidated earnings forecast announced on May 9, 2024.

2. Quarterly consolidated financial statements and Notes

(1) Quarterly consolidated statement of financial position

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current Assets		
Cash & cash equivalents	46,307	38,314
Trade & other receivables	13,158	13,813
Other financial assets	542	570
Inventories	3,932	4,233
Income taxes receivables	160	193
Other current assets	3,177	3,392
Total current assets	67,275	60,516
Non-current Assets		
Property, plant &equipment	48,100	53,097
Right-of-use assets	23,253	24,566
Goodwill	82,534	95,914
Intangible assets	9,979	9,718
Investment property	387	387
Other financial assets	20,719	20,966
Deferred tax assets	12,370	12,096
Other non-current assets	499	528
Total non-current assets	197,840	217,272
Total Assets	265,115	277,787

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities & Equity		
Liabilities		
Current Liabilities		
Trade & other payables	23,999	25,796
Bonds & borrowings	39,098	47,188
Lease liabilities	14,826	14,197
Other financial liabilities	26	48
Income taxes payable	1,059	539
Provisions	4,663	3,515
Contract liabilities	220	253
Other current liabilities	10,873	12,703
Total current liabilities	94,765	104,239
Non-current liabilities		
Trade & other payables	4,527	5,207
Bonds & borrowings	82,893	82,853
Lease liabilities	18,388	20,392
Other financial liabilities	1,951	1,778
Provisions	6,498	6,484
Deferred tax liabilities	303	270
Contract liabilities	794	782
Other non-current liabilities	862	970
Total non-current liabilities	116,216	118,736
Total Liabilities	210,981	222,975
Equity		
Share capital	27,905	27,905
Capital surplus	40,532	40,533
Treasury shares	(126)	(126)
Other components of equity	(139)	32
Retained earnings	(23,219)	(23,140)
Total equity attributable to owners of parent	44,954	45,203
Non-controlling interests	9,181	9,609
Total Equity	54,135	54,812
Total liabilities & Equity	265,115	277,787

(2) Quarterly consolidated statement of income

(Millions of yen)

	Three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)	Three months ended June 30, 2024 (From April 1, 2024 to June 30, 2024)
Revenue	57,243	63,390
Cost of sales	24,421	27,084
Gross profit	32,821	36,306
Selling, general & administrative expenses	30,753	34,288
Business profit	2,068	2,018
Other operating income	1,363	224
Other operating expenses	235	300
IFRS Operating profit	3,197	1,941
Finance income	913	894
Finance costs	691	759
Profit before tax	3,418	2,077
Income tax expenses	899	557
Profit	2,520	1,520
Profit attributable to		
Owners of parent	2,069	1,032
Non-controlling interests	451	488
Profit	2,520	1,520
Earnings per share		
Basic earnings per share (yen)	17.89	5.84
Diluted earnings per share (yen)	17.89	5.84

(3) Quarterly consolidated statement of comprehensive income

(Millions of yen)

	Three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)	Three months ended June 30, 2024 (From April 1, 2024 to June 30, 2024)
Profit	2,520	1,520
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	14	21
Total items that will not be reclassified to profit or loss	14	21
Items that may be reclassified to profit or loss		
Exchange differences in transaction of foreign operations	123	123
Cash flow hedges	(41)	107
Total items that may be reclassified to profit or loss	82	230
Other comprehensive income, net of tax	96	251
Comprehensive income	2,615	1,771
Comprehensive income attributable to		
Owners of parent	2,123	1,203
Non-controlling interests	492	568
Comprehensive income	2,615	1,771

(4) Quarterly consolidated statement of changes in equity

Three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)

(Millions of yen)

	Equity attributable to owners of parent				
				Other components of equity	
	Share capital	Capital surplus	Treasury shares	Financial assets measured at fair value through other comprehensive income	Cash flow hedges
Balance as of April 1, 2023	27,905	40,482	(143)	7	(246)
Profit	—	—	—	—	—
Other comprehensive income	—	—	—	12	(40)
Comprehensive income	—	—	—	12	(40)
Purchase of treasury shares	—	—	(0)	—	—
Disposal of treasury shares	—	0	0	—	—
Dividends	—	—	—	—	—
Changes in ownership interests of parent due to transactions with non-controlling interests	—	(0)	—	—	—
Changes in ownership interests in subsidiaries	—	(2)	—	—	—
Total transactions and others with owners	—	(2)	(0)	—	—
Balance as of June 30, 2023	27,905	40,479	(143)	19	(286)

	Equity attributable to owners of parent				Non-controlling interests	Total capital
	Other components of equity		Retained earnings	Total equity attributable to owners of parent		
	Exchange differences on translation of foreign operation	Other component of equity				
Balance as of April 1, 2023	(88)	(327)	(25,172)	42,745	7,956	50,701
Profit	—	—	2,069	2,069	451	2,520
Other comprehensive income	83	54	—	54	42	96
Comprehensive income	83	54	2,069	2,123	492	2,615
Purchase of treasury shares	—	—	—	(0)	—	(0)
Disposal of treasury shares	—	—	—	0	—	0
Dividends	—	—	(952)	(952)	(19)	(971)
Changes in ownership interests of parent due to transactions with noon-controlling interests	—	—	—	(0)	0	(0)
Changes in ownership interests in subsidiaries	—	—	—	(2)	(4)	(6)
Total transactions and others with owners	—	—	(952)	(954)	(23)	(977)
Balance as of June 30, 2023	(5)	(273)	(24,054)	43,914	8,425	52,339

Three months ended June 30, 2024 (From April 1, 2024 to June 30, 2024)

(Millions of yen)

	Equity attributable to owners of parent				
				Other components of equity	
	Share capital	Capital surplus	Treasury shares	Financial assets measured at fair value through other comprehensive income	Cash flow hedges
Balance as of April 1, 2024	27,905	40,532	(126)	44	(223)
Profit	—	—	—	—	—
Other comprehensive income	—	—	—	20	105
Comprehensive income	—	—	—	20	105
Purchase of treasury shares	—	—	(0)	—	—
Disposal of treasury shares	—	—	—	—	—
Dividends	—	—	—	—	—
Changes in ownership interests of parent due to transactions with non-controlling interests	—	0	—	—	—
Changes in ownership interests in subsidiaries	—	—	—	—	—
Total transactions and others with owners	—	0	(0)	—	—
Balance as of June 30, 2024	27,905	40,533	(126)	64	(119)

	Equity attributable to owners of parent				Non-controlling interests	Total equity
	Other components of equity		Retained earnings	Total equity attributable to owners of parent		
	Exchange differences on translation of foreign operations	Total other component of equity				
Balance as of April 1, 2024	40	(139)	(23,219)	44,954	9,181	54,135
Profit	—	—	1,032	1,032	488	1,520
Other comprehensive income	47	171	—	171	80	251
Comprehensive income	47	171	1,032	1,203	568	1,771
Purchase of treasury shares	—	—	—	(0)	—	(0)
Disposal of treasury shares	—	—	—	—	—	—
Dividends	—	—	(952)	(952)	(141)	(1,094)
Changes in ownership of parent due to transactions with non-controlling interests	—	—	—	0	1	1
Changes in ownership interests in subsidiaries	—	—	—	—	—	—
Total transactions and others with owners	—	—	(952)	(953)	(140)	(1,093)
Balance as of June 30, 2024	86	32	(23,140)	45,203	9,609	54,812

(5) Quarterly consolidated statement of cash flows

(Millions of yen)

	Three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)	Three months ended June 30, 2024 (From April 1, 2024 to June 30, 2024)
Cash flows from operating activities		
Profit before tax	3,418	2,077
Depreciation & amortization	5,660	5,766
Impairment losses	2	56
Finance income	(913)	(894)
Finance costs	691	759
Loss (gain) on sale & retirement of non-current assets	151	51
Decrease (increase) in inventories	(144)	50
Decrease (increase) in trade & other receivables	1,024	999
Increase (decrease) in trade & other payables	(711)	212
Others	601	(1,271)
Subtotal	9,778	7,804
Interests & dividends received	79	92
Interests paid	(499)	(668)
Income taxes refund	18	20
Income taxes paid	(461)	(1,007)
Cash flows from operating activities	8,916	6,240
Cash flows from investing activities		
Payments into time deposits	(3)	(3)
Purchase of property, plant & equipment	(3,117)	(3,127)
Proceeds from sale of property, plant & equipment	3	19
Payments of leasehold & guarantee deposits	(166)	(200)
Proceeds from refund of leasehold & guarantee deposits	357	222
Payments for acquisition of consolidated subsidiaries	—	(9,735)
Others	(396)	(311)
Cash flows from investing activities	(3,322)	(13,135)
Cash flows from financing activities		
Net increase in short term borrowings	120	7,914
Repayment of long term borrowings	(986)	(3,822)
Repayment of bonds	(143)	(85)
Repayment of lease liabilities	(4,424)	(4,176)
Dividends paid	(937)	(938)
Dividends paid to non-controlling parties	(20)	(135)
Others	(6)	(0)
Cash flows from financing activities	(6,396)	(1,242)
Effects of exchange rate changes on cash & cash equivalents	119	145
Net increase (decrease) in cash & cash equivalents	(684)	(7,992)
Cash & cash equivalents at beginning of period	50,066	46,307
Cash & cash equivalents at end of period	49,382	38,314

(6) Notes to quarterly consolidated financial statements

(Basis of preparation of quarterly consolidated financial statements)

The consolidated financial statements have been prepared in accordance with Article 5, Paragraph 2 of the Standards for Preparation of Quarterly Financial Statements, etc. by Tokyo Stock Exchange. (However, some disclosures in International Accounting Standard No. 34 "Interim Financial Reporting" have been omitted in accordance with Article 5, Paragraph 5 of the Standards for Preparation of Quarterly Financial Statements, etc.)

(Notes for assumption of going concern)

Not applicable.

(Segment Information)

(1) Overview of reportable segments

The Group's reportable segments are components of the Group for which separate financial information is available and which are subject to regular review by the Board of Directors in order to determine the allocation of management resources and evaluate their performance.

The Group is mainly engaged in the operation of directly managed restaurants and the development of franchise businesses. Based on comprehensive consideration of similarities in business categories and commonalities in business operations, the Group has five reportable segments: “COLOWIDE MD Co., Ltd.”, “ATOM CORPORATION”, “REINS international inc.”, “KAPPA-CREATE CO., LTD.”, and “OOTOYA Holdings Co., Ltd.”. The operating results of the reportable segment include 23 subsidiaries of REINS international inc., 2 subsidiaries of KAPPA-CREATE CO., LTD., and 8 subsidiaries of OOTOYA Holdings Co., Ltd.

COLOWIDE MD Co., Ltd. is engaged in overall merchandising of product development, production, procurement, manufacturing, and distribution of various food products, etc.

ATOM CORPORATION operates restaurants and izakaya (Japanese style pubs) such as "Steak MIYA", "Nigiri no Tokubei", "Karubi Taisho", and "Neneya", as well as franchise headquarter business.

REINS international inc. operates directly managed restaurants and izakaya (Japanese style pubs) such as "Gyu-Kaku", "On-Yasai", "Doma-Doma", "Kamadoka",-and "FRESHNESS BURGER" in Japan and overseas, as well as engages in the franchise headquarters business.

KAPPA-CREATE CO., LTD. operates directly managed restaurants such as Kappa Sushi and delicatessen business such as sushi and prepared bread.

OOTOYA Holdings Co., Ltd. operates directly managed restaurants such as "OOTOYA Gohan-Dokoro" in Japan and overseas, as well as franchise headquarters business.

(2) Calculation method of revenue, profit or loss, and other items by reportable segment

The accounting method for reporting segments is the same as that described in "Notes to Changes in Accounting Policies".

Profit of reportable segments is based on business profit.

Inter-segment revenues and transfers are based on prevailing market prices.

(3) Information on revenue, profit or loss, and other items by reporting segment

Three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)

(Millions of yen)

	Reportable segment						Others (Note 4)	Total	Adjustment (Note 5)	Amount recorded in consolidate financial statements (Note 6)
	COLOWIDE MD	ATOM	REINS international (Note 1)	KAPPA CREATE (Note 2)	OOTOYA Holdings (Note 3)	Total				
Revenue										
External revenue	371	8,950	22,540	17,431	6,566	55,858	1,385	57,243	—	57,243
Inter-segment revenue & transfers	19,573	0	664	131	16	20,384	556	20,940	(20,940)	—
Total	19,943	8,951	23,204	17,562	6,582	76,242	1,941	78,183	(20,940)	57,243
Business profit	257	94	2,160	222	238	2,970	447	3,417	(220)	3,197
Finance income										913
Finance costs										691
Profit before tax										3,418
Tax expenses										899
Profit										2,520

(Note 1) REINS international segment includes REINS international inc. and its consolidated subsidiaries.

(Note 2) KAPPA CREATE segment includes KAPPA-CREATE CO., LTD. and its consolidated subsidiaries.

(Note 3) OOTOYA Holdings segment includes OOTOYA Holdings Co., Ltd. and its consolidated subsidiaries.

(Note 4) Others indicate business segments not included in reportable segments as follows: Worldpicom Corporation develops and sells total self-ordering systems for restaurant business, and develops and operates wireless communication technology, the production and sale of fresh confections, baked confections, and chocolates (Nama-choco ganache, etc.) by SILSMARIA Co., Ltd., administrative work by Cocot Co., Ltd., operation of restaurants by W.P. JAPAN Co., Ltd., operation of restaurants and franchise business by Bay Food Factory Co., Ltd., operation of catering service business by Dining Yell Co., Ltd., operation of franchise business by Future Link Co., Ltd., and labor-related operations by Colowide Support Center Co., Ltd.

(Note 5) Adjustments are due to elimination of intersegment transactions. The business profit adjustment of (220) million yen includes adjustments for unrealized profit and general and administrative expenses that do not belong to any reportable segment.

(Note 6) Profit is adjusted with operating income in the quarterly consolidated statement of income.

Three months ended June 30, 2024　(April 1, 2024 to June 30, 2024)

(Millions of yen)

	Reportable segment						Others (Note 4)	Total	Adjustment (Note 5)	Amount recorded in consolidate financial statements (Note 6)
	COLOWIDE MD	ATOM	REINS international (Note 1)	KAPPA CREATE (Note 2)	OOTOYA Holdings (Note 3)	Total				
Revenue										
External revenue	577	8,638	21,361	17,672	7,389	55,636	7,754	63,390	－	63,390
Inter-segment revenue & transfers	21,563	0	994	155	17	22,730	457	23,187	(23,187)	－
Total	22,140	8,638	22,355	17,827	7,406	78,366	8,211	86,576	(23,187)	63,390
Business profit	545	241	1,302	241	352	2,681	(190)	2,491	(550)	1,941
Finance income										894
Finance costs										759
Profit before tax										2,077
Tax expenses										557
Profit										1,520

(Note 1) REINS international segment includes REINS international inc. and its consolidated subsidiaries.

(Note 2) KAPPA CREATE segment includes KAPPA-CREATE CO., LTD. and its consolidated subsidiaries.

(Note 3) OOTOYA Holdings segment includes OOTOYA Holdings Co., Ltd. and its consolidated subsidiaries.

(Note 4) Others indicate business segments not included in reportable segments as follows: Planning, operation and maintenance of IT systems, call center administration by Worldpicom Corporation, production and sale of fresh confections, baked confections, and chocolates (Nama-choco ganache, etc.) by SILSMARIA Co., Ltd., production and sales of western-style confectioneries by Nihon Meika Souhonpo Co., Ltd. and its subsidiary, administrative work by Cocot Co., Ltd., operation of restaurants by Cheers Dining Co., Ltd., operation of restaurants by W.P. JAPAN Co., Ltd., operation of restaurants and franchise business by Bay Food Factory Co., Ltd., operation of catering service business by Dining Yell Co., Ltd., operation of catering service business by Nifs Co., Ltd., operation of catering service business by Amis, Inc., operation of franchise business by Future Link Co., Ltd., and labor-related operations by Colowide Support Center Co., Ltd.

(Note 5) Adjustments are due to elimination of intersegment transactions. The business profit adjustment of (550) million yen includes adjustments for unrealized profit and general and administrative expenses that do not belong to any reportable segment.

(Note 6) Profit is adjusted with operating income in the quarterly consolidated statements of income.

(4) Information by Region

Revenue and non-current assets by region are as follows.

Three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)

(1)External revenue

(Millions of yen)

Japan	North America	Asia	Total
49,695	4,150	3,397	57,243

(2)Non-current assets (excluding financial instruments, deferred tax assets, and rights arising from insurance contracts)

(Millions of yen)

Japan	North America	Asia	Total
138,935	20,162	2,302	161,399

Three months ended June 30, 2024 (From April 1, 2024 to June 30, 2024)

(1)External revenue

(Millions of yen)

Japan	North America	Asia	Total
55,222	4,544	3,624	63,390

(2)Non-current assets (excluding financial instruments, deferred tax assets, and rights arising from insurance contracts)

(Millions of yen)

Japan	North America	Asia	Total
160,005	21,173	3,031	184,210

(5) Information on major customers

This information is omitted because for the three months ended June 30, 2023 and the three months ended June 30, 2024, the Group is engaged in businesses for general consumers, and there is no single external customer (group) that accounts for 10% or more of the Group's revenue.

(Notes on Changes in Accounting Policies)

The accounting policies of significance applied in these quarterly consolidated financial statements are the same as those applied in the consolidated financial statements for the previous fiscal year, except for the following.

Effective from the first quarter of the current fiscal year, the Company has adopted the following standards.

IFRS		Outline of New and Revised
IAS 1	Presentation of Financial Statements	Clarified requirements for classification of liabilities as current or non-current Revised to require disclosure of information on long-term debt with covenants
IAS 7 IFRS 7	Statement of cash flows Financial Instruments: Disclosure	Revised to require disclosures to promote transparency in supplier-financing agreements
IFRS 16	Lease	Clarify post-transaction accounting for sale-and-leaseback transactions

The adoption of these standards did not have any impact on the quarterly consolidated financial statements.