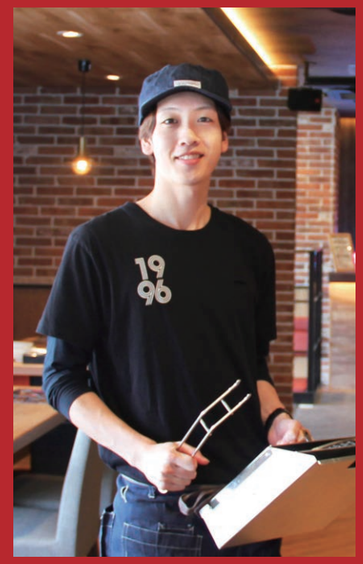
COLOWIDE Co., Ltd.

Landmark Tower 12F, 2-2-1, Minatomirai,
Nishi-ku, Yokohama-shi, Kanagawa-ken,
Japan 220-8112

https://www.colowide.co.jp/en_us/











All for our Customers and Employees









COLOWIDE Group Integrated Report 2024

COLOWIDE REPORT 2024

COLOWIDE

All for our Customers and Employees









Corporate Philosophy
All for our Customers and Employees

Mission
To contribute to society through food while achieving happiness for our employees by making every customer smile and provide a memorable dining experience

Vision
To be the Leading Food Service Enterprise in Japan, and Advance to Become a Global Food Service Enterprise

Values
We are committed to make every customer smile and provide a memorable dining experience.
We are committed to growth and prosperity.
We strive to improve our employees' livelihoods and well-being.
We progress in harmony and creativity.
We serve society through our work.

Motto
Let's work with a smile
Let's work efficiently
Let's work cleanly
Let's work with heartfelt dedication











Each year, over 200 million customers spend time at the COLOWIDE Group's stores around the world.
It is our mission to provide happy moments to all these customers and all our employees.

President's Message

My aim is to pursue our unique business model relentlessly to accelerate growth towards realizing COLOWIDE Vision 2030

Kohei Nojiri
President and Representative Director



A Company Exists to Contribute to Society and Ensure the Happiness of Its Employees

The Company was founded in 1963, and in 1977, the current Chairman Kuroudo opened the robatayaki restaurant Handmade Izakaya Amataro in Zushi City, Kanagawa Prefecture. Since then, we have expanded our business from Izakaya (Japanese-style pubs) to specialized restaurants such as yakiniku (Japanese-style BBQ), steak, conveyor-belt sushi, and set meals. As part of our growth strategy, we have actively engaged in M&A to improve corporate value.

When I speak at entrance ceremonies or all-employee meetings of companies newly welcomed into the Group through M&A, I always ask, "Have you ever thought about why a company does exist?" For me, there are two reasons. One is to contribute to society, and the other is to ensure the happiness of the employees. Therefore, a company must be necessary for society. I believe that "making customers happy" and "satisfying customers" are also significant forms of social contribution. I also believe that happiness without economic support is not sustainable, so for employees' happiness, the company must grow and generate revenue.

This thinking is reflected in our corporate philosophy: All for our Customers and Employees.

Our Future: COLOWIDE Vision 2030

The long-term vision of the COLOWIDE Group is "to be the leading food service enterprise in Japan, and advance to become a global food service enterprise," and we are working together as a team to achieve this goal.

However, given recent changes in the business environment, such as the declining population, reduced purchasing power in Japan, and delays in wage level adjustments, there may be limited growth opportunities in the domestic food service business alone.

In response to this, we formulated our medium-term management plan, COLOWIDE Vision 2030, which was announced in May 2023. We have set the goal of growing the Group's consolidated sales to 500 billion yen by 2030, approximately double the current level. This plan aims to improve corporate value over the medium to long term by expanding the overseas food service business, which is expected to grow, and developing the newly entered catering service business, while maintaining the domestic food service business as our business foundation.

Restructuring the Domestic Food Service Business

For existing brands, such as Gyu-Kaku and its derivative brands, as well as OOTOYA, we are focusing on expanding in suburban areas, roadside locations, and shopping centers where there is still ample room for new stores. With Kappa Sushi, we have begun opening stores in downtown areas as part of our challenge to enter new commercial zones. We are also moving forward with renovations aimed at refreshing both the interiors and exteriors of aging stores, as well as upgrading to the latest systems.

On the other hand, given the limited potential for growth in the domestic food service market, we believe that acquiring market share through M&A is a rational approach.

Regarding M&A, we are focusing on three key factors: compatibility with new lifestyles, receptivity for transforming existing brands, and synergies with the Group's infrastructure. Compatibility with new lifestyles refers to assessing whether potential acquisitions align with changes in lifestyles brought about by the COVID-19 pandemic and shifts in dining habits due to increased participation by women in the workforce. Receptivity for transforming existing brands means, for example, evaluating whether properties used for alcohol-centered brands can be repurposed, thereby improving our portfolio beyond a simple M&A strategy. To evaluate synergy with the Group's infrastructure, we determine if a company targeted for M&A can benefit from integrating its ingredients with those used in existing brands to improve yield or retain more profits by processing ingredients in our factories. Additionally, beyond merchandising, we are also considering synergies in areas such as collaboration in site development and sharing of corporate functions.

The Origin of Our Name COLOWIDE

COLOWIDE

CO from Courage
LO from Love
WI from Wisdom
DE from Decision

Four Factors in One
The name COLOWIDE combines four fundamentals of our existence and reminds our employees to always have an adamant will and courage to face the future.

Growth of Overseas Food Service Business

For our overseas food service business, we plan to expand not only by opening new locations in existing regions such as North America and Asia but also by entering new regions with significant growth potential.

A key indicator for measuring growth potential is the working-age population. We believe that the higher the proportion of young people, the more likely the economy of that country will grow. After selecting the countries and regions to enter, we will focus on opening our own restaurant brands that resonate well with the local market, particularly yakiniku and conveyor-belt sushi restaurants. In countries and regions where we have less experience, partnering with prominent local companies will increase our chances of success, so joint ventures and franchising will be the main approaches for expansion. In addition to expanding our own brands, we are also exploring promising M&A opportunities.

When we announced COLOWIDE Vision 2030, we highlighted the Middle East as a specific target region. In June 2024, we established REINS PALACE MIDDLE EAST SPV LTD in partnership with the prominent UAE company Chinese Palace Corporate Management LLC. By December 2024, we plan to open our first Gyu-Kaku restaurant in Dubai, aiming to expand to 55 locations by the end of March 2030.

Exponential Expansion of the Catering Service Business

Amid a rapidly aging population, we predict significant growth in the market for catering services for nursing care facilities. Additionally, catering services for hospitals are expected to consolidate under major operators.

We are focusing our business expansion in these markets. From the previous to the current fiscal year, we acquired all shares of Nifs Co., Ltd. and Socio Food Service Inc., making them consolidated subsidiaries. In addition to organic growth for market share expansion, we continue to pursue large-scale growth through M&A. In April, we also established a joint venture company called Heartful Dining Co., Ltd. with Nippon General Food Co., Ltd., which operates catering services primarily in the Chukyo region. The goal is to create a new type of catering service by integrating expertise from both the food service and catering service businesses.

Our competitive advantage in this market lies in our menu development skills, honed through fierce competition in the food service market, and in improving cooking efficiency by utilizing meal kits prepared in our factories.

In the food service business, if there is no sense of value, customers won't come, and if the food isn't delicious, they won't come either. If you let your guard down even a little, they will go to another restaurant. Food service companies must survive in such a competitive environment. Conversely, the catering service businesses for hospitals and nursing care facilities are often protected by contracts, resulting in limited competition on cost performance. When procurement prices rise, many providers reduce the quality of the meals they offer. We manage procurement costs by efficiently utilizing all parts of ingredients, such as using different cuts of beef across various restaurant brands. Maximizing the yield from each ingredient is a key factor in staying competitive.

This is why we believe our expertise in the food service business gives us a strong edge in the catering service industry. We aim to provide meals that are not just better than existing services, but something people actually look forward to. Collaboration menus with OOTOYA and sushi inspired by the expertise of Kappa Sushi, will further enhance the value of our offerings.

Most existing catering service providers don't own processing facilities, meaning they cook everything from scratch on-site. By utilizing pre-prepared meal kits from our factories, we can drastically improve cooking efficiency. This advantage, made possible by the Group's existing infrastructure, strengthens our competitive position in this growing market.



The Core of Our Business Expansion: Merchandising

We have approached our business with the mindset of a manufacturing retailer.

From the early days, even when we had only a few stores, we established a factory (central kitchen) to produce and deliver our products ourselves. From an operational perspective, having a factory allowed us to reduce the cooking burden on our stores, ensure consistent quality, and offer a diverse menu at reasonable prices. From a revenue perspective, we were also able to benefit from both our restaurants and our factories. We have always placed a high value on merchandising function.

In the late 1990s, as we expanded our business, an analyst from a securities company emphasized the importance of merchandising, which led us to further strengthen this area. We had already built a high-capacity factory a few years prior to starting M&A activities in 2002.

This was based on the understanding that the restaurant market was significantly larger than the izakaya market and that Western-style menus made better use of the factory's capabilities.

As the number of stores we operated increased, the factory utilization rate went up, leading to more efficient operations. This was one of the reasons we accelerated the speed of our growth in the 2000s. At that time, we hypothesized that the benefits of expansion would not materialize unless we reach 100 billion yen in sales or expand to 1,000 stores, so we focused on strengthening our store network.

Currently, COLOWIDE MD Co., Ltd. oversees the merchandising functions domestically, managing everything from product research and development to ingredient production, procurement, manufacturing, and logistics. We now have ten factory locations across the country.

In October 2022, we established the COLOWIDE MD R&D Center to standardize raw materials and specifications, develop menus with an emphasis on ingredient yield improvement, and reduce waste. We are also continuously optimizing food delivery hubs and delivery frequencies to adapt to changes in the business environment.

Efficient Revenue Generation and Risk Diversification Through Strategic Multi-Format Dominance

One of the key features of our business development is our strategic multi-format dominance. In general, businesses such as convenience stores tend to expand a single format or brand through a dominant approach.

However, in the izakaya sector, we operate multiple brands with different price ranges, from around 2,000 yen to 5,000 yen per customer. This allows us to cater to different customer segments: younger customers may frequent more affordable brands, while older, more financially comfortable customers may prefer higher-end options. In this way, we can open multiple stores within a single commercial area without creating competition between our own brands. And since we operate various restaurant brands across different categories, we can establish even more stores within a single commercial area, offering options like steak, yakiniku, sushi, and set meals.

This enables us to fully cover the diverse needs of customers, from those wanting yakiniku to those craving sushi, and patrons of all ages. This versatility is one of the unique aspects of our strategic multi-format dominance.

This strategy also provides an element of risk diversification. For example, yakiniku and steak brands rely heavily on beef as a key ingredient. If we only operated businesses that depend on beef, issues like BSE could have a significant impact on the entire Group. Strategically owning brands such as Kappa Sushi, which focuses on fish rather than meat, allows us to mitigate ingredient-related risks. Even if an issue like BSE arises, the overall impact on the Group is minimized. By hedging ingredient risks across different formats—from meat to fish—we leverage another distinctive advantage of our strategic multi-format dominance.

Proactive M&A and Leadership That Maximizes Talent

Over the 25 years since our stock listing in October 1999, we've seen nearly 15-fold growth in revenue, driven primarily by our proactive M&A strategy.

In the early days of our M&A activities, we focused on revitalizing companies that had fallen into financial difficulties—what you might call turnaround cases. Many of these companies, despite having strong brand power, had faltered by branching into unsuccessful ventures. Our approach was to remove the dead weight that burdened their operations, allowing them to focus on and grow their core businesses.

Once we lifted those burdens, most companies found a new sense of openness and direction. We would send in only a CEO from our side and leave the existing team, who had worked hard at that company, to drive the recovery. We encouraged them to fully leverage the infrastructure of the Group and improve their company with autonomy. With the weight removed, employees at these companies became more energized and took the initiative to grow, with a renewed sense of purpose and motivation. In a service industry like ours, the motivation and mindset of each individual are crucial. We believe that micromanaging and stifling creativity don't lead to positive outcomes.

The Spirit of Three Wins and Five Losses, and Organizational Unity

The corporate culture of COLOWIDE is one of openness and freedom.

When I joined the Company at 30 after leaving a securities firm, there was one thing that struck me as strange: I was never scolded for the things I did. Even if I failed, if I took the initiative and took action, the founder wouldn't get angry. I got reprimanded only if I didn't do anything or didn't think about anything. Later, when I asked him about it, he said, "If you get scolded every time you make a mistake, work becomes boring. Try to think that it's okay to win three times and lose five." That really resonated with me. This mindset remains one of our core principles for running the organization today. The importance of fostering unity within the organization is also one of the founder's teachings.

Today, there are only a few employees, including the founder and myself, who have been with the Company for over 30 years. The organization is now made up of people hired through new graduate and mid-career recruitment, as well as employees from companies we've acquired through M&A. At COLOWIDE, there's no advantage or disadvantage based on whether you've come up through the Company or joined through acquisition. People who contribute to the Company are recognized, while those who don't aren't.

I see the role of the president as just one necessary position, like that of a store manager or sales director, to govern the company. What the president must do is to show the employees the direction the company is aiming for and align everyone's focus in that direction.

However, the relationship between the company and employees is based solely on an employment contract. It's not like a family or a partner, where there's an inherent closeness, so you can't expect everyone to be on the same page with just a word. As the founder taught me, to get everyone moving in the same direction, you must communicate more frequently than you would with your family or your partner.
That's why we work hard to boost employee engagement and foster a sense of unity by holding face-to-face all-hands meetings and organizing many company events.

Sustainability Efforts Based on a Spirit of Gratitude

As I mentioned earlier, one of the purposes of a company's existence is to contribute to society, and this directly aligns with our approach to sustainability. We must never forget the gratitude we owe to the communities that surround and support our business operations.

During the Great East Japan Earthquake in March 2011, we responded quickly to provide warm meals, delivering around 150,000 meals to those in need. Similarly, when the Noto Peninsula Earthquake struck this year on New Year's Day, we swiftly dispatched employees to the affected area and provided over 24,000 meals.

In our local community of Kanagawa Prefecture, we also contribute by operating children's cafeterias and organizing events like the Zushi Beach Fireworks Festival and the Yokohama Minatomirai Smart Festival fireworks. These efforts reflect our commitment to one of our materialities: contribution to our community and society.

In addition to community engagement, we are actively addressing environmental issues under the materiality of contribution to the environment. All of the Group factories have achieved 100% food recycling, and we convert waste cooking oil into sustainable aviation fuel (SAF). We are also investing in sustainable food sourcing by establishing a soybean meat production line at our Kanagawa factory and taking a stake in an agricultural production corporation in Chiba Prefecture.

For food safety and security, we earned the JFS-B food safety management certification for our Nagahama factory last year, meaning all ten of the Group factories are now certified for food safety. We are also promoting diversity and fostering employee engagement through the introduction of a job-based personnel system and a career challenge system. These initiatives support the materiality of respecting the growth and diversity of our employees. As a result, we received the 2024 Certified KENKO Investment for Health Outstanding Organizations Recognition (Large Enterprise Category) in March 2024.

By actively pursuing activities aligned with our materialities, we strive to meet the expectations of our stakeholders and respond to the demands of society.



To Our Stakeholders

We are currently in a phase where prioritizing growth is key. Our strategy is to allocate the cash we generate into proactive growth investments. At the same time, we aim to continue providing stable dividends and shareholder benefits, ensuring consistent returns to our shareholders. Increasing capital efficiency is a challenge we must address, and naturally, we are committed to achieving returns that exceed our cost of capital.

Our passion for food as COLOWIDE remains unwavering. Moving forward, we will continue to engage in dialogue with our customers, employees, local communities, shareholders, and all other stakeholders, while diligently pursuing our unique business model.

Basic Sustainability Policy

Contributing to a Sustainable Society | **Improving Corporate Value**

Environment	Food Safety and Security	People	Society	Governance
Contribution to the Environment	Providing Food Safety and Security	Respecting the Growth and Diversity of Our Employees	Contribution to Our Community and Society	Strengthen Business Management Foundation

5 Materialities

Value Creation Model

We pursue a unique business model to enhance corporate value and contribute to the sustainable development of society.

Input

Human Capital

Diverse talent across Group companies

Intellectual Capital

Development capabilities centered around over 20 core brands

Manufacturing Capital

Nationwide factories and CKs* as well as domestic and international store locations

Social Capital

Customers, collaborative partners, suppliers, and franchisees

Financial Capital

Appropriate allocation of management resources and continuous profit generation

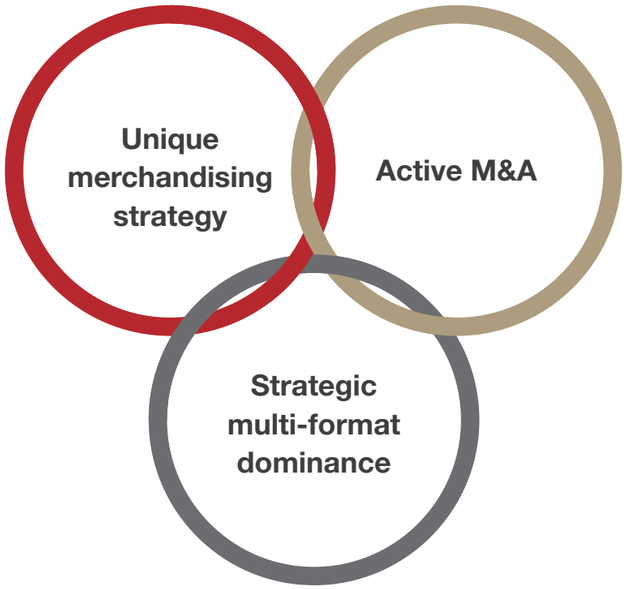
Natural Capital

Safe and reliable production standards and sustainable sourcing of ingredients

* Central kitchens

Value Creation Process

Strengths that Form the Foundation of Value Creation



Environment Surrounding Domestic Food Service Business

- Decline in total population in Japan
- Decrease in purchasing power in Japan
- Delay in correcting domestic wage levels

Output

Domestic Food Service		Diverse business development centered around the restaurant sector
Overseas Food Service		Development of business models that align closely with local needs
Catering Service		Business development centered on hospitals and nursing care facilities
Group Infrastructure		Investment in research functions and factories, and efforts toward sustainable sourcing of ingredients
Sustainability		Contribution to the sustainable development of society and enhancement of corporate value

Outcome



Core Brands of the COLOWIDE Group

**The Group's strategic multi-format dominance is centered around these core brands.
The strong product offerings generated by each brand are also utilized in the menus of the Group's catering service business.**

Yakiniku

牛角 Gyu-Kaku
本格焼肉 カルビ大将

Shabu-shabu

しゃぶしゃぶ 温野菜

Conveyor-belt sushi

かっぱ寿司
にぎりの 徳兵衛 NIGIRI NO TOKUBE

Set meal

大戸屋 ごはん処 OOTOYA

Steak

Steak & Hamburg みや ステーキ

Tonkatsu

とんかつ 神楽坂 さくら
こだわりとんかつ かっぱ

Hamburger

FRESHNESS BURGER

Izakaya and taverns

手作り居酒屋 甘太郎 AMATARO
格安ビールと鉄鍋餃子 3・6・5 酒場
北の味紀行と地酒 北海道
DOMA-DOMA

Karaoke

カラオケ時遊館

Italian cuisine

La Pausa ラパウザ Pasta & Pizza ITALIAN RESTAURANT
CANTINA SEASIDE ITALIAN

Cafe

NAGISA BASHI CAFE なぎさ橋珈琲 NAGISA BASHI CAFE
小さな森珈琲 CHISANA MORI COFFEE your living room.

Desserts

SILSMARIA STONE PAVEMENT OF PARK
CHEESE GARDEN
CRIOLLO by Antoine Santos
GrindelBerg 欧風菓子グリンデルベルグ

Californian cuisine

WOLFGANG PUCK

For more details, please refer to the websites of each brand or the link below.

https://www.colowide.co.jp/en_us/corpo/group.html

Main Group Companies

It has been 47 years since our founding in 1977. With a focus on synergy-driven M&A, we have continued to expand our business, and as of the end of June 2024, the number of companies in the Group has reached 62.

General merchandising

COLOWIDE MD Co., Ltd.

株式会社コロワイドMD P. 15

Food service business

REINS international inc.

REINS international inc. 株式会社レインズインターナショナル

Brands

Gyu-Kaku, Shabu-shabu On-Yasai, etc.

Cheers Dining Co., Ltd.

株式会社チアーズダイニング Cheers Dining Co., Ltd.

Brands

Amataro, La Pausa, etc.

ATOM CORPORATION

ATOM CORPORATION

Brands

Steak MIYA, NIGIRI-NO-TOKUBE, etc.

Kappa-Create Co., Ltd.

カッパ・クリエイト

Brands

Kappa Sushi, etc.

OOTOYA Holdings Co., Ltd.

大戸屋 ごはん処 OOTOYA ちゃんと、すこやか。

Brands

OOTOYA, etc.

Freshness Co., Ltd.

FRESHNESS FRESHNESS CO., Ltd

Brands

FRESHNESS BURGER, etc.

WP Japan Co., Ltd.

WOLFGANG PUCK

Brands

Wolfgang Puck Cafe, etc.

Bay Food Factory Co., Ltd.

BAY FOOD FACTORY

Brands

LITORANEO, Sangendo, etc.

Beer Thirty Co., Ltd.

Beer Thirty

Brands

Beer Thirty, CHOYOKAKU, etc.

Dessert business

SILSMARIA Co., Ltd.

SILSMARIA STONE PAVEMENT OF PARK

Brands

SILSMARIA

Kuraya Co., Ltd.

KURAYA

Brands

CHEESE GARDEN, etc.

Ecole Criollo Co., Ltd.

CRIOLLO by Antoine Santos

Brands

Criollo

Catering service business

Dining Yell Co., Ltd.

株式会社 ダイニングエール

Nifs Co., Ltd.

NIFS

Socio Food Service Inc.

SocioFood service

Delicatessen business

Japan Fresh Co., Ltd.

株式会社 ジャパンフレッシュ

For more details, please refer to the websites of each company or the link below.

https://www.colowide.co.jp/en_us/corpo/group.html

COLOWIDE Group's History

Foundation Handmade Izakaya Amataro



From 1977 | Robatayaki-style Handmade Izakaya Amataro opened in Zushi

In 1977, the Group was founded when Kaneo Kuroudo, the founder and current Chairman and Representative Director of the Company, opened a robatayaki-style restaurant, Handmade Izakaya Amataro, in Zushi City, Kanagawa Prefecture. The name "AMATARO" comes from the Amataro-yaki, a specialty of a sweets shop that had been operating in Zushi since the Company's establishment in 1963. The Amataro-yaki was two or three times larger than a typical imagawayaki, filled generously with red bean paste, and was very popular among beachgoers and local residents of Zushi. The founding Handmade Izakaya Amataro was an approximately 93 m² restaurant. Initially, the business started entirely with borrowed funds, but the restaurant, which targeted young people, gained a good reputation for its menu and became fully booked every day. The success of this restaurant marked the beginning of the Group's long history.



Menu at the time of founding (partial)

Growth The Beginning of Strategic Multi-Format Dominance and Merchandising Strategy

From 1981 | From multi-store expansion to strategic multi-format dominance

In 1981, we opened the first Handmade Izakaya Amataro store in Ofuna. In 1986, we opened our first store in Machida, marking our initial expansion into Tokyo. We continued expanding our store network. By capitalizing on product differentiation and the rising izakaya boom at the time, we rapidly opened new stores. In 1987, we launched a new brand, Japanese Cuisine Sangendo in Ebina City, and in 1992, we opened another new brand, Dining Karaoke Day Tripper. These developments paved the way for our strategic multi-format dominance, with ongoing efforts to develop new business models.

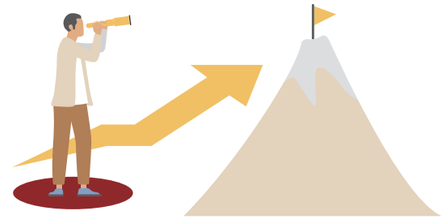
From 1994 | Full-scale operation of the merchandising strategy

In October 1994, we closed the food processing plant in Zushi City and established the approximately 1,322 m² Kamakura Kitchen Distribution Center in Kamakura City. This marked the full-scale launch of the Group's merchandising strategy: We make it ourselves, we deliver it ourselves, and we sell it ourselves.

From 1999 | Stock market listing

In October 1999, we went public on the over-the-counter market (now JASDAQ), and in October 2000, we were listed on the Second Section of the Tokyo Stock Exchange.

Development Business Expansion through M&A Strategy



From 2002 | M&A strategy: From our original business of izakayas to restaurants

In January 2002, we made HEISEI FOOD SERVICE Co., Ltd., which operates Hokkaido izakayas, a consolidated subsidiary. This marked the beginning of the Group's M&A strategy. With the completion of this M&A, we relocated our headquarters to Yokohama City. In September of the same year, we were listed on the First Section of the Tokyo Stock Exchange. The Group, with a long-term vision of becoming the leading food service enterprise in Japan, shifted its focus to expanding in the restaurant sector, where the market size is larger. In 2005, we acquired ATOM CORPORATION, which operates NIGIRI-NO-TOKUBE, in 2012, we acquired REX HOLDINGS Co., Ltd. (now REINS international inc.), which operates Gyu-Kaku and Shabu-shabu On-Yasai, in 2014, we acquired Kappa-Create Holdings Co., Ltd. (now Kappa-Create Co., Ltd.), which operates Kappa Sushi, in 2016, we acquired Freshness Co., Ltd.,* which operates FRESHNESS BURGER, and in 2020, we acquired OOTOYA Holdings Co., Ltd., which operates OOTOYA, and made them consolidated subsidiaries. These acquisitions significantly increased the share of the restaurant sector within the Group, while also creating synergies between our strategic multi-format dominance and our merchandising strategy.

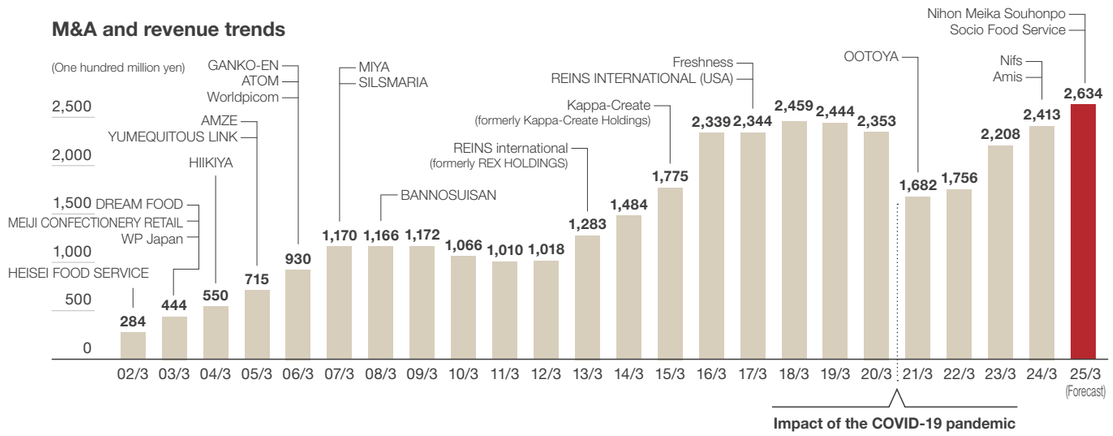
* Freshness Co., Ltd. was made a subsidiary by REINS international inc.

From 2006 | Entry into the dessert business, expansion of overseas food service business, and entry into the catering service business

In October 2006, we made SILSMARIA Co., Ltd., the originator of Nama Chocolate (ganache), a consolidated subsidiary. In April 2024, we expanded our dessert business by acquiring Nihon Meika Souhonpo Co., Ltd., which operates brands such as CHEESE GARDEN and Criollo, as a consolidated subsidiary. Starting with the establishment of COLOWIDE ASIA CO., LTD. in Hong Kong in 2010, we expanded overseas, and in December 2016, we made REINS INTERNATIONAL (USA) CO., LTD. *1 a subsidiary. In 2024, anticipating economic growth in the Middle East, we signed a joint venture agreement with Chinese Palace Corporate Management LLC, a prominent UAE-based company, further expanding our overseas business. In December 2019, we entered the catering service business by establishing Dining Yell Co., Ltd. By 2024, we also acquired Nifs Co., Ltd., Socio Food Service Inc., and others *2 as consolidated subsidiaries. Through these efforts, the Group has not only strengthened its foundation in the domestic food service business but also made a full-scale entry into other markets with high growth potential.

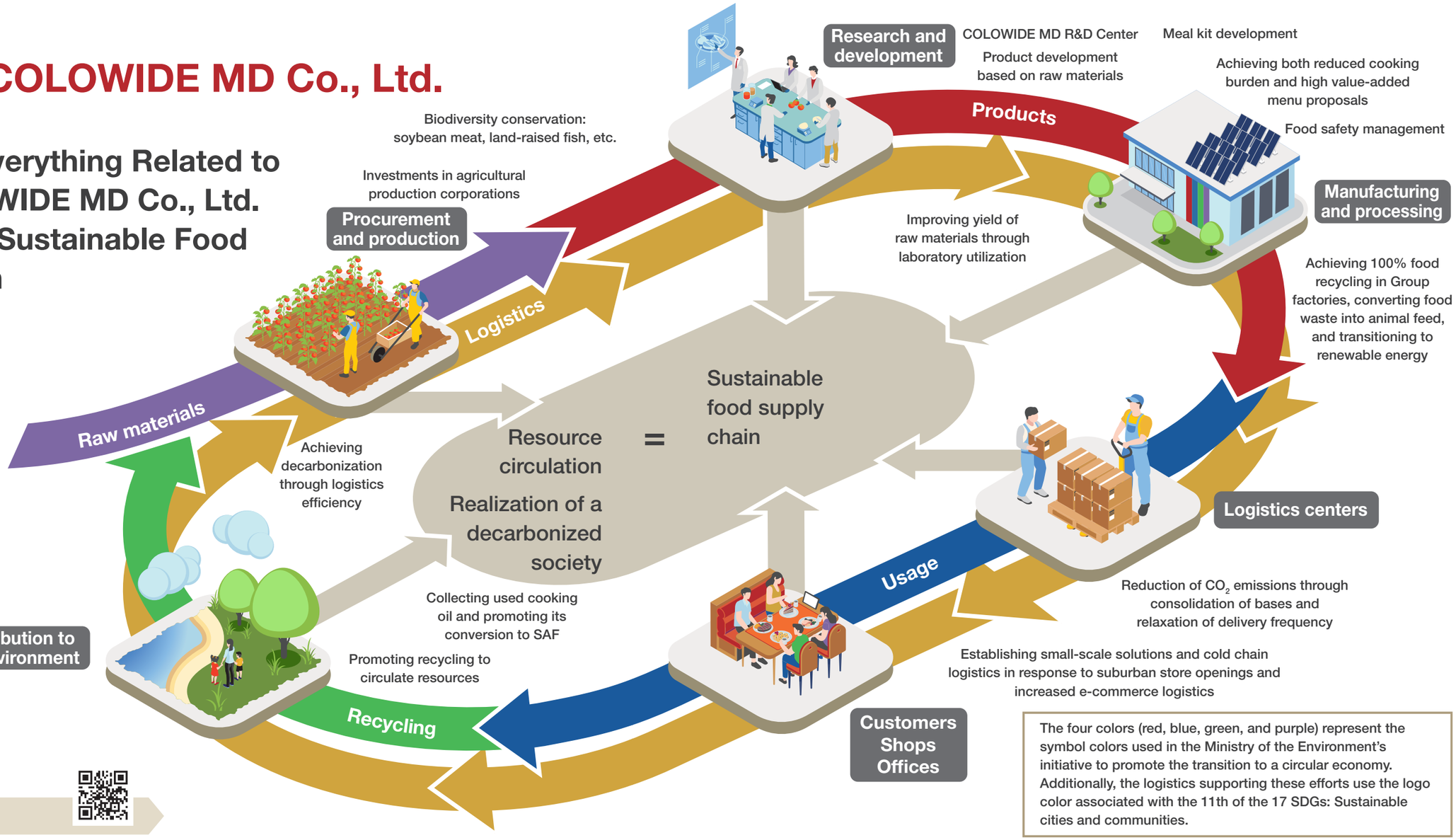
*1 REINS INTERNATIONAL (USA) CO., LTD. was made a subsidiary by REINS international inc.
*2 Nifs Co., Ltd. and Socio Food Service Inc. were made consolidated subsidiaries by COLOWIDE MD Co., Ltd.

M&A and revenue trends



Feature | COLOWIDE MD Co., Ltd.

Producing Everything Related to Food: COLOWIDE MD Co., Ltd. Aiming for a Sustainable Food Supply Chain



The four colors (red, blue, green, and purple) represent the symbol colors used in the Ministry of the Environment's initiative to promote the transition to a circular economy. Additionally, the logistics supporting these efforts use the logo color associated with the 11th of the 17 SDGs: Sustainable cities and communities.

For more details, please refer to the COLOWIDE MD website.

https://www.colowide-md.co.jp/

COLOWIDE MD Co., Ltd. plays a vital role in the Group as the keystone supporting overall merchandising functions, including product research and development, ingredient procurement, production, manufacturing, and logistics. The factories operated by COLOWIDE across the country also function as the Group's central kitchens, reducing the preparation workload for various stores and catering service establishments. Additionally, through cross-group product development at the COLOWIDE MD R&D Center, we contribute to maximizing Group profits by improving raw material yields and reducing costs. Furthermore, our factories actively engage in environmental contributions, such as establishing a dedicated production line for soybean meat and achieving a 100% food recycling rate.



Towards a Sustainable Food Supply Chain



Takeo Isono
Director, COLOWIDE Co., Ltd.
President and Representative
Director, COLOWIDE MD Co., Ltd.

The COLOWIDE Group's mission is to contribute to society through food by making every customer smile and provide a memorable dining experience. The Group provides food in various aspects of daily life. From dining out on special occasions to daily catering services, medical meals for those who are unwell, healthcare meals for the elderly and those maintaining their physical and mental health, as well as the manufacturing and wholesale of various prepared dishes and processed products for retail, COLOWIDE MD exists to bring joy to our customers. No one can sustain life without food. As a food manufacturing and retail company, we take pride in our work that connects the joy of living with life through food, and we are committed to building a sustainable food supply chain that continues into the future.

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Editorial Policy

The COLOWIDE Group Integrated Report 2024 is published to provide stakeholders, including domestic and international shareholders and investors, with a deeper understanding of the Group's efforts toward enhancing medium- to long-term corporate value from both financial and non-financial perspectives. It aims to serve as a catalyst for dialogue that contributes to the sustainable growth and development of the Group in the future. Additionally, more detailed information is available on our website, which we encourage you to reference.

https://www.colowide.co.jp/en_us/

Reporting organization

COLOWIDE Co., Ltd. and COLOWIDE Group

P. 50

Reporting period

From April 1, 2023 to March 31, 2024
(Includes some related activities before and after)

Guidelines referenced

- Integrated Reporting (IR), International Integrated Reporting Council (IIRC)
- Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation, Ministry of Economy, Trade and Industry
- GRI Sustainability Reporting Standards, Global Reporting Initiative (GRI)

Considerations regarding future information

The data and forecasts disclosed in this report are based on judgments and available information at the time of the report's preparation. These may change due to various factors, and do not guarantee the achievement of these goals or forecasts, nor future performance. Furthermore, this information may be subject to change without prior notice.

Details regarding financial results

For detailed information on the financial results for FY2023, please refer to the Annual Securities Report.

https://www.colowide.co.jp/en_us/img/library/pdf_annual_securities_report_en_20240918.pdf

Information related to sustainability

For those who would like to see more comprehensive information, please refer to our website.

https://www.colowide.co.jp/sustainability/

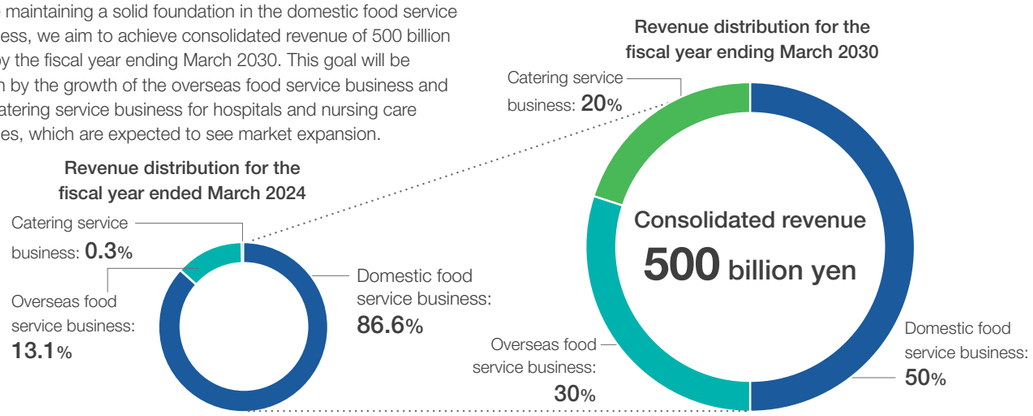
Growth Strategy

COLOWIDE Vision 2030 19
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COLOWIDE Vision 2030

Consolidated Revenue Target

While maintaining a solid foundation in the domestic food service business, we aim to achieve consolidated revenue of 500 billion yen by the fiscal year ending March 2030. This goal will be driven by the growth of the overseas food service business and the catering service business for hospitals and nursing care facilities, which are expected to see market expansion.



Environment Surrounding Domestic Food Industry

Decline in total population in Japan
Decrease in purchasing power in Japan
Delay in correcting domestic wage levels

With the stagnation in dining-out consumption, growth opportunities may be limited if the focus remains solely on the domestic food service business.

New Direction

Domestic food service	Increasing market share through M&A and stable growth by improving profitability
Overseas food service	Seizing growth opportunities through the fundamental reassessment of business positioning and resource allocation
Catering service	Expansion into the medical and nursing care sector

Restructuring the Domestic Food Service Business

1 Strengthening new domestic store openings

To adapt to changed lifestyles, we will actively open restaurant-type stores in local, suburban, and roadside areas, recovering the number of directly operated stores while optimizing the store composition ratio.

Strengthened store brands for expansion

牛角 焼肉食堂 / 牛角 食べ放題専門店 / かっぱ寿司 / Steak&Hamburg ステーキ / 徳兵衛 / 大屋 ごはん処 OOTOYA

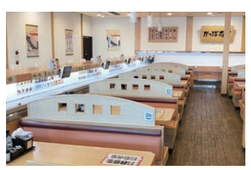



2 Reinvestment in existing domestic stores

By renovating aging stores, we will boost baseline sales, and recover profitability of existing stores through relocation or brand changes based on location or underperformance factors.

Key store brands targeted for renovation investment

かっぱ寿司 / 徳兵衛 / Steak&Hamburg ステーキ / 牛角 / しゃぶしゃぶ 温野菜

3 M&A in growth sectors

As domestic food service market expansion is unlikely, it is reasonable to gain market share through M&A, creating synergies through Group procurement of food materials and further utilizing central kitchen functions.

M&A candidate considerations

M&A evaluation criteria

- Compatibility with new lifestyles
- Conversion options for existing brands
- Synergies from Group infrastructure

Utilization of Group infrastructure

Central kitchens
- Production of various products in small lots
- Effective utilization of food ingredients (improving yield)
- Meal kit production

Logistics
- A dense distribution network covering all 47 prefectures in Japan
- Logistics efficiency improvement activities
- Consolidation of distribution centers and optimization of delivery frequency

Corporate functions
- Smooth PMI through system integration
- Employee development and utilization of ESG promotion frameworks

Improving the profitability of M&A participating companies

Topic: Expansion of new businesses

To expand business areas and enhance the dessert business, we conducted M&A with highly rated sweets brands.

Nihon Meika Souhonpo Co., Ltd.: CHEESE GARDEN, Criollo, GrindelBerg (April 1, 2024)



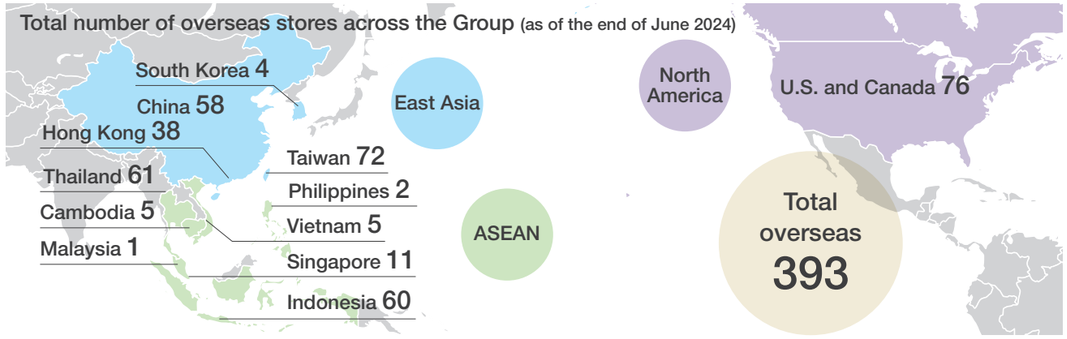
CHEESE GARDEN / CRIOLLO by Antoine Santos / GrindelBerg グリンデルベルグ



Growth of Overseas Food Service Business

1 New store openings in existing regions

Focusing on Gyu-Kaku as a key driver, particularly in Indonesia, which leads the ASEAN region, we are continuing to open stores in areas with untapped potential.



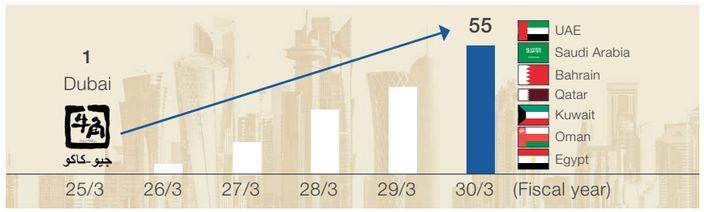
2 Expansion into new regions

We are selecting markets with significant growth potential, focusing mainly on areas with a large working-age population. Our plans include opening new outlets, especially for yakiniku and conveyor-belt sushi restaurant brands.

Topic: Expansion into the Middle East

In preparation for entering the Middle Eastern market, which is expected to experience economic growth, we have signed a joint venture agreement with Chinese Palace Corporate Management LLC, a prominent UAE-based company. Our goal is to establish a network of 55 stores in the Middle East by the fiscal year ending March 2030.

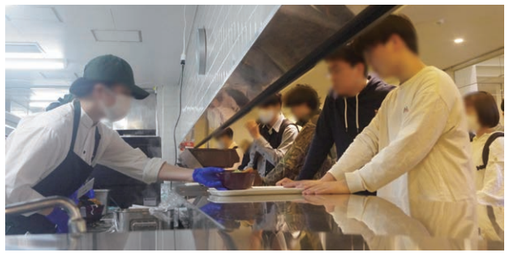




Exponential Expansion of the Catering Service Business

1 Past activities and Group strengths

In the fiscal year ended March 2020, we launched the catering service business and have since acquired operational know-how. Using the acquisition of all shares in Nifs Co., Ltd. in the fiscal year ended March 2024 as a foothold, we made a full-scale entry into the catering service business for hospitals and nursing care facilities. In April 2024, we established Heartful Dining Co., Ltd., a joint venture with Nippon General Food Co., Ltd., and in June, we acquired all shares of Socio Food Service Inc., which operates catering services for hospitals and nursing care facilities nationwide. Through proactive M&A, we are expanding the catering service business in the healthcare sector.



The Group's strengths

Leveraging the Group infrastructure developed in the food service business

Product quality

Leveraging the quality (taste) advantages developed in the food service business for the catering service sector

Central kitchens and meal kit

Achieving consistent quality and prompt serving of dishes

Collaborative menus with restaurant brands

Developing and offering menus that utilize the Group's restaurant brands, such as Gyu-Kaku, OOTOYA, and Kappa Sushi

What COLOWIDE Aims for in the Catering Service Business



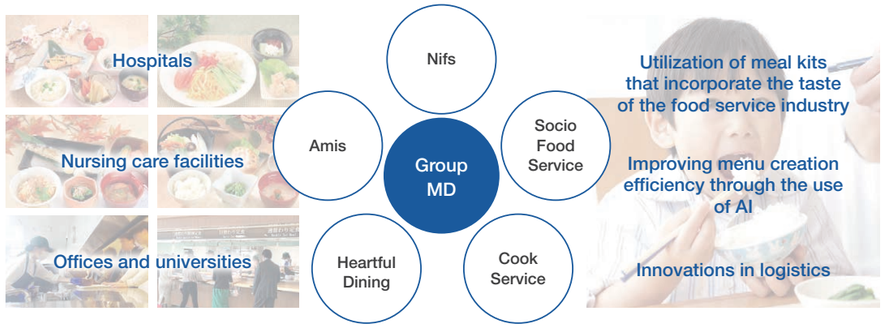
Takefumi Ueda

Director, General Manager of Contract Business Division, COLOWIDE Co., Ltd.
President and Representative Director, WP Japan Co., Ltd.

COLOWIDE's future in hospital catering services holds several noteworthy points. In the medical-related catering service sector, we can develop a wide range of menus by leveraging the specialized knowledge, skills, and expertise from our multi-business operations. This allows us to provide meals that are not only delicious and enjoyable but also support the fundamental purpose of treatment. While the shrinking labor market poses challenges to the catering service industry, by utilizing our central kitchens, we can produce ingredients in-house, reducing the burden of on-site cooking. This streamlines operations, incorporating AI to achieve labor reduction and efficiency improvements, thus enhancing the working environment, and aiming for the recruitment, training, and retention of staff. By applying the spirit of our mission—making every customer smile—to the catering service business, we aim to contribute to society while achieving company growth.

2 Future deployment

We are looking to expand the scale of our business with a focus on catering services for hospitals and nursing care facilities. Leveraging our strengths developed in competitive food service market, such as our menu development capabilities, high operational efficiency, and improved cooking preparation efficiency through meal kits utilizing central kitchens, we will continue to advance our position as a leading food service company.



Maintenance and Expansion of the Group's Infrastructure

1 Strengthening research capabilities

To enhance the merchandising functions centered around COLOWIDE MD, we established the COLOWIDE MD R&D Center in October 2022. This aims to increase our competitiveness while creating further Group synergies.





Strengthening research capabilities

COLOWIDE MD R&D Center

- Development of menus across various brands, based on ingredients procured collectively for the entire Group
- Achieving both cost reduction and quality improvement by enhancing the yield of ingredients
- Developing catering service menus that incorporate the essence of our food service operations

2 Investments towards central kitchens and factories

The factories that are set up and run by the Group across Japan function as the central kitchens (CKs) for the entire COLOWIDE Group, effectively reducing food preparation workload at our restaurants and developing the type of products that can be effective in differentiating the various types of restaurants that COLOWIDE operates.







Human Resource Strategy

The COLOWIDE Group recognizes human resource strategy as one of the most critical parts of management. Based on our corporate philosophy, “All for our Customers and Employees”, we have established our Human Resource Development Policy and Policy for Internal Environment Development. We are actively supporting the development of employees’ skills, providing opportunities for advancement, promoting women’s empowerment and diversity, and creating a comfortable and fulfilling workplace environment. We do not view the costs associated with managing and developing human resources as mere expenses, but rather as investments in human capital, and are making proactive investments in this area.

To achieve the goals set out in COLOWIDE Vision 2030, the growth of our talent is essential. We will continue to improve the workplace environment, ensuring that every employee feels motivated, can grow, and is prepared to contribute on a global scale in line with the pace of the Group’s growth.



Human Resource Development Policy

The Group will provide all employees with opportunities for autonomous growth and develop human resources who will grow and develop themselves, so that each and every one of them will feel rewarded for their work and grow, which will lead to the development of the entire Group and realize both “contribution to a sustainable society” and “enhancement of corporate value.”

Policy for Internal Environment Development

The Group will develop a comfortable and rewarding work environment by providing a variety of work styles and opportunities for diverse human resources, including a system that allows them to choose the way they work according to their abilities, skills, and life stages.

Making Our Corporate Philosophy a Reality

Daisuke Matsumi
Director, COLOWIDE Co., Ltd.
President and Representative Director, Colowide Support Center Co., Ltd.



In the Group, we believe that feelings of joy and satisfaction, such as enjoying delicious food, are essential to society, and contributing to this also makes our employees happier. With this in mind, we established our corporate philosophy: All for our Customers and Employees.

To achieve this philosophy, it is essential to support and promote the economic stability and autonomous growth of our employees. Our medium-term management plan, COLOWIDE Vision 2030, lays out the importance of developing new talent that will contribute not only to the expansion of our domestic food service business but also to our overseas business and catering service business.

Through the development of a supportive work environment and the promotion of various systems, we aim to create a company where employees feel comfortable, experience personal growth, and find fulfillment in their roles. By placing the right people in the right positions, we strive to enrich both the material and emotional aspects of our employees’ lives.

Support for Employee Skill Development

Qualification acquisition support system

We have established a qualification acquisition support system to promote skill development and specialization among our employees. This system includes financial incentives for employees who pass company-recommended qualifications, as well as qualification allowances for those who hold company-designated qualifications and utilize them in their work.

Main qualifications covered (as of the end of June 2024)

National Trade Skill Test for the Restaurant Service (Grade 1 to 3), registered dietitian, chef license, TOEIC Test, the Official Business Skills Test in Bookkeeping (Grade 1 and 2), and Labor and Social Security Attorney, among others.

Support for self-growth through a structured training system

The Group has implemented various education and training programs tailored to each employee’s aptitudes and goals, allowing them to continue learning independently.

Through the e-learning platform, SmartSkill Campus, all employees can freely access a wide range of courses, from business etiquette to logical thinking, coaching, marketing, and business strategy. For management-level employees, we offer additional access to GLOBIS Unlimited, providing a flexible learning environment anytime, anywhere. Considering our active overseas expansion and the increasing inbound demand, we have also introduced the online English conversation service Native Camp, to give employees the opportunity to practice English regularly.

For employees with a strong desire for self-driven growth, we offer hierarchy-specific training that focuses on developing future executives and female managers, actively supporting employees in shaping their careers.







Providing an Encouraging Workplace Environment

Job-based personnel system

The Group has adopted a job-based personnel system, where individuals are matched to jobs rather than the traditional membership-based system that assigns jobs to people.

In the job-based personnel system, we assign employees regardless of age, gender, nationality, or other attributes to roles that match their aptitudes, skills, and abilities, preventing mismatches. Job descriptions clearly define the responsibilities, required skills, and compensation, leading to increased motivation and skill development. This system also provides opportunities for diverse talent to thrive within the organization.

Career challenge system

The Group has introduced the career challenge system, a cross-group recruitment initiative that allows employees to apply for positions in different departments or companies within the Group based on their own judgment and suitability. This system works in conjunction with our job-based personnel system.

Employees can freely apply for positions in accordance with the recruitment conditions set by various departments within the Group. After undergoing aptitude tests, interviews, and other selection processes, they can be transferred to their new roles.

Since its launch in 2022, 56 employees have been provided with opportunities to work in new roles and environments.

Promotion of Women's Empowerment

The Group promotes diversity based on the belief that utilizing diverse talents and providing opportunities for individuals to demonstrate their abilities contribute to enhancing corporate value. We have set a goal to increase both the ratio of female employees and the ratio of female managers to over 30% by FY2026. To achieve this, we are developing a workplace environment where female employees can work with enthusiasm and continue their careers. We are also encouraging a shift in mindset among all employees, including men, through networking events and various training programs, while also enhancing various systems to actively promote women's empowerment.

As a result, the ratio of female employees, which was 20.1% in FY2022, has already reached 31.1% as of June 30, 2024, surpassing our target ahead of schedule. The ratio of female managers has also increased from 10.2% to 13.1%, and we will continue to provide opportunities for female employees to grow and thrive.

Women's Empowerment Project

The Group launched the Women's Empowerment Project in April 2021 to support the challenges and growth of each female employee.

As part of this initiative, we hold a monthly Skill Development Exchange where external speakers and internal role models deliver talks. In March 2024, coinciding with the United Nations-designated International Women's Day on March 8, we organized a group-wide event that included workshops focused on career development and work-life balance. We also hosted a Clean and Impressive Makeup Seminar in collaboration with a cosmetics manufacturer. Through these activities, we are committed to creating a workplace environment where women can continue to work energetically and thrive.











Acquisition of Eruboshi certification

We have received the Eruboshi certification from the Minister of Health, Labour and Welfare, which recognizes excellent employers in promoting women's empowerment. Both COLOWIDE Co., Ltd. and Freshness Co., Ltd. have achieved the Eruboshi certification with two-star and three-star ratings.

女性が活躍しています！

女性が活躍しています！

Promotion of Diversity

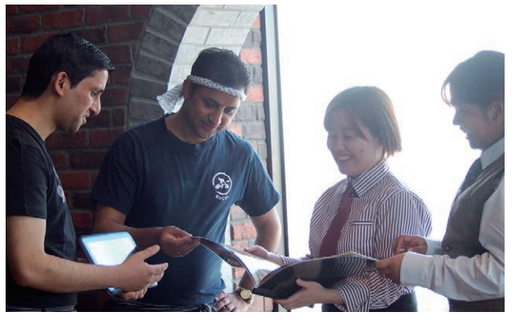
Employment of foreign nationals

In response to the declining birthrate and aging population, and to achieve our goal of becoming a global food service company, the Group actively hires foreign employees from diverse countries. We have established a dedicated consultation desk (JUST SOUDAN) specifically for foreign employees to support their integration and retention.

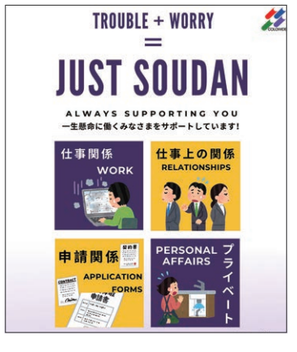
JUST SOUDAN provides support in five languages (Japanese, English, Chinese, Thai, and Nepali). Services include assistance with daily life inquiries, work visa renewals, various application procedures, information on exams and books related to personal development, and tips for living in Japan. This support aims to leverage the unique characteristics of each foreign employee and help them continue working effectively.

Employment of elderly people

As part of the Group's response to the shift to a lifelong active society, we have introduced a continuation employment system for regular employees until the age of 70 and a retirement system at the age of 70 for part-time and temporary employees, to allow motivated and capable elderly people to work with purpose for an extended period.







Employment of people with disabilities

In alignment with the principle of full participation and equality for people with disabilities, the Group established a special subsidiary, Cocot Co., Ltd., in December 2007. We are dedicated to enhancing the workplace environment to foster empathy and mutual growth among employees, allowing them to achieve social engagement through their work.

We are implementing various systems to create a supportive and motivating work environment, including: training job coaches to assist with job support, providing flexible employment options based on individual work motivation, introducing a career path system that clarifies salary levels according to abilities, and establishing a Newcomer Support Team to ease the anxiety and tension of trainees and new employees. In April 2024, Cocot Co., Ltd. hosted its first Families' Meeting, allowing open and honest exchanges of opinions between families and the company.

株式会社ココット

For more details, please refer to the Cocot website.

https://www.cocot.co.jp/

Acquisition of "Monisu Certification"

Cocot Co., Ltd. is the first special subsidiary in Yokohama City to receive "Monisu Certification" from the Minister of Health, Labour and Welfare, recognizing its excellent efforts in promoting and stabilizing the employment of people with disabilities.

障害者雇用 中小事業主認定
もにす
2022年度





Creating a Comfortable Workplace Environment

Flexible employee system

To provide a pleasant work environment and promote the active participation of diverse talent, we have implemented the flexible employee system.

This system allows employees to have a permanent employment contract, with access to bonuses and defined contribution pension plans, similar to regular full-time employees, while offering flexible working conditions, such as a 4-day workweek, 5-hour workdays, and no overtime. It also provides opportunities for returning to standard full-time employment, creating an environment where those in life stages such as child-rearing or caregiving can start or continue working as regular employees.

Holiday and leave system

We have introduced a discretionary paid leave system (childcare support leave) for regular employees raising preschool children (up to elementary school age), regardless of gender, for the purpose of childcare.

Additionally, we have increased the number of designated annual holidays to improve work-life balance.





Scholarship Repayment Support System

To create an environment where young employees, who represent the future of the Group, can work with peace of mind without being burdened by the repayment of student loans after joining the company, we have introduced a Scholarship Repayment Support System. Under this system, the company takes over the responsibility of repaying the employee's student loans, allowing them to focus entirely on their work.

Mentoring system

We have implemented a mentoring system in which senior employees (mentors) with extensive experience and knowledge provide broad support to junior employees (mentees), not only in work-related matters but also in career development. This system aims to promote further growth and retention of younger employees.



Engagement survey

The Group conducts regular engagement surveys (employee awareness surveys) for all employees to promote organizational culture reform.

These surveys quantitatively measure factors such as employee motivation and trust in the company. The results are statistically analyzed by department and used as reference indicators for improving the workplace environment, thereby enhancing workplace vitality, productivity, and employee engagement.



360-degree evaluation

The Group implements a 360-degree evaluation (multi-faceted evaluation) for managers at a certain level and above.

This evaluation method involves feedback from various stakeholders, including not only supervisors but also peers and subordinates. By capturing aspects of the employee that are not easily observable by a single supervisor, this method increases the reliability and validity of the evaluation.

By aggregating the opinions of multiple evaluators, the evaluated employees gain a sense of fairness and understanding, which promotes self-reflection and awareness. This process fosters growth as managers, while also creating a better working environment for both the evaluated employees and their evaluators.

Promotion of employee health

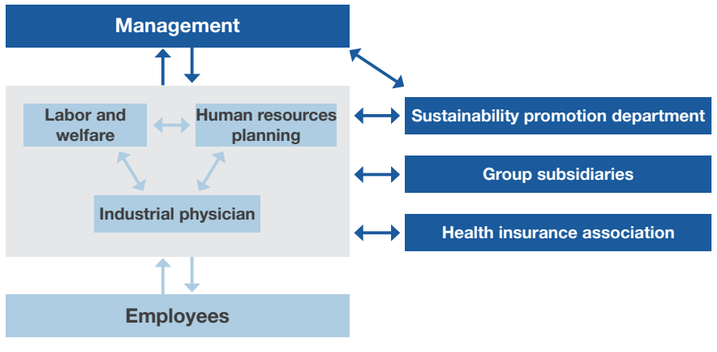
In line with our corporate philosophy, "All for our Customers and Employees", the Group has established a Health Management Declaration and a system to promote health management. We are implementing various initiatives aimed at maintaining and improving the health of our employees.

As a result of these efforts, COLOWIDE Co., Ltd., ATOM CORPORATION, Kappa-Create Co., Ltd., and OOTOYA Holdings Co., Ltd. have been certified as part of the 2024 Certified KENKO Investment for Health Outstanding Organizations Recognition (Large Enterprise Category) by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi.



Health Management Declaration

At the COLOWIDE Group, we recognize that human resources are one of the most important management assets. We believe that ensuring each employee can work with peace of mind, both mentally and physically, is crucial for improving employee performance and achieving the Company's sustainable growth. We are actively committed to raising health awareness among employees and creating a workplace environment that supports their well-being.



2024
健康経営優良法人
Health and productivity

Sustainability

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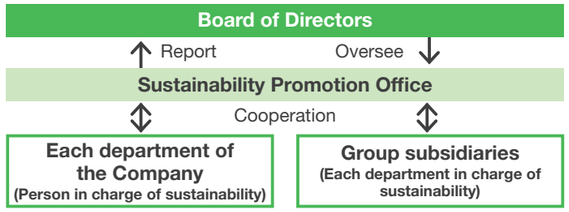
COLOWIDE Sustainability Management

Basic Policy **Based on our corporate philosophy, All for our Customers and Employees, the Group aims to contribute to the sustainable development of society and to enhance our corporate value as a bearer of food infrastructure.**

Promotion System and Materialities (Key Issues)

Promotion system

The Sustainability Promotion Office, in collaboration with sustainability promotion personnel from each business department and Group subsidiary, drives the Group's sustainability initiatives. Additionally, important policies and measures related to sustainability promotion are deliberated and decided by the Board of Directors.



Materialities identification process

The COLOWIDE Group has identified materialities (key issues) based on our Basic Sustainability Policy to meet the expectations and demands of our stakeholders.

Step 1 — Extraction of issues

When identifying materialities, we referred to the GRI Standards, SDGs, ESG evaluation criteria, and industry-recognized challenges. We extracted issues relevant to the Group.

Step 2 — Organization and consolidation of issues

For the issues extracted in Step 1, we conducted interviews with stakeholders, organized the initiatives we worked on, and consolidated the challenges that the Group needs to address.

Step 3 — Assessment of importance

The consolidated issues were measured across two axes: society and the COLOWIDE Group, and their importance was evaluated.

Step 4 — Discussion and decision by the Board of Directors

We determined materialities based on issues assessed during Board deliberations. The identified materialities will be reviewed periodically to reflect changes in social conditions and strategies, ensuring effective initiatives.

*** For more details on issue organization and consolidation, please refer to our website.**

https://www.colowide.co.jp/sustainability/sustainability/index.html

Identified materialities

	Materiality		Related SDGs
Contribution to the Environment	"Contribution to the environment" is our responsibility to the next generation, and we will work to mitigate climate change and create a recycling-oriented society through the stable use of renewable energy and the effective utilization of resources.	P. 31	
Food Safety and Security	"Providing food safety and security" is the foundation for sustainable growth as a food service company, and we will live up to the trust of our customers by pursuing sanitation management and quality throughout the value chain and by disclosing information to the public.	P. 33	
Respect for the Growth and Diversity of Our Employees	We believe that "Respect for the growth and diversity of our employees" is an essential source of competitiveness in the service industry, and we will provide a work environment where employees can work comfortably and aim for their own personal growth.	P. 23	
Contribution to Our Community and Society	"Contribution to our community and society" is essential for sustainable and stable business operations, and we will strive to promote the local economy through job creation and human resource development, and to promote community interaction through dietary education and donations.	P. 34	
Strengthen Business Management Foundation	"Strengthen business management foundation" is one of the key issues essential for sustainable growth, and we will enhance the planning and execution of strategies and audits as a continuous and constant effort, while ensuring management transparency.	P. 35	

Contribution to the Environment

The Earth on which we stand is the foundation of our existence. Thus, preserving its environment is a responsibility we owe to future generations. That is why we consider it a critical issue within our corporate activities. For the customers and employees of the future, we are committed to contributing to the preservation of the global environment by working towards the formation of a recycling-oriented society and the mitigation of climate change through the stable use of renewable energy and the effective utilization of resources.

Reduction of CO_2 emissions

- Target: **50% reduction** per unit of revenues*1 from FY2020 levels by FY2030
- FY2020 performance: **135,687** t-CO_2*2 (unit of revenues 0.547)
- FY2023 performance: **122,037** t-CO_2*2 (unit of revenues 0.399)

27.1% reduction from FY2020

*1 Emissions per million yen of revenues
*2 Scope 1 and 2 emissions for domestic Group companies

Promotion of Renewable Energy Use

The Group is actively promoting the use of renewable energy at all major factories, including our central kitchens, to reduce CO_2 emissions.

As of January 2023, solar power generation systems were fully installed at five key factories under the management of COLOWIDE MD, which oversees the Group's merchandising. These systems generate approximately 970,000 kWh*1 of electricity annually, equivalent to the electricity consumption of about 247 households,*2 reducing annual CO_2 emissions by around 375 tons as part of our proactive efforts to mitigate climate change.



*1 Performance data from March 1, 2023 to February 29, 2024
*2 Calculated based on the Ministry of the Environment's Survey on the Actual Conditions of Carbon Dioxide Emissions from Residential Sector in FY2022 (Final Figures)

Initiatives to Reduce Plastic Usage

Amid growing concerns over plastic waste in the oceans and its impact on the global environment, the Group is converting plastic products used in our business operations to environmentally conscious materials. At FRESHNESS BURGER and Kappa Sushi, for example, we are replacing takeout containers with eco-friendly alternatives, working to reduce plastic usage across our operations.



Initiatives in Logistics

In building the Group's business, optimizing the entire supply chain and reducing the environmental impact of logistics are essential tasks. In this regard, COLOWIDE MD, which oversees the Group's merchandising, has signed a lead logistics partner agreement with Yamato Transport Co., Ltd., and is implementing a new logistics scheme to support the expansion of the catering service business. For our domestic food service business, we have also worked to reduce the frequency of deliveries to stores, transitioning from 7-day-a-week deliveries to 5 days a week in stages. Moving forward, we will continue to optimize the entire supply chain and aim to build a sustainable and environmentally friendly logistics system.

Disclosure Based on TCFD Recommendations

The Group recognizes the importance of climate-related financial disclosures and is promoting the disclosure of information on climate change and its financial impacts through the use of the framework recommended by the Task Force on Climate-related Financial Disclosures (TCFD), which was established by the Financial Stability Board (FSB). We will continue to review our disclosures in alignment with the TCFD recommendations, ensuring that our reporting evolves in line with these guidelines.

Strategy

In considering scenario analysis, we referred to the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC) to identify key factors that could significantly impact the Company. These include climate change, natural disasters, delays in ESG management efforts, and supply chain issues.

As a result of the analysis, we recognize that the impact on business and finance in moving toward a decarbonized society will largely stem from the strengthening of regulations, such as tighter CO_2 emission regulations and the introduction of carbon taxes, which are expected to increase operational costs. On the other hand, demand creation and market expansion driven by changing preferences are expected, and opportunities could arise from technological development and efficiency improvements.

Governance system

Under the supervision of the responsible officer, the Sustainability Promotion Office plans and formulates sustainability promotion initiatives. These initiatives are carried out in collaboration with sustainability promotion personnel from each business department and Group subsidiary.

The Sustainability Promotion Office reports the progress of these initiatives to the Board of Directors. The Board then discusses and oversees the appropriateness of the progress, incorporating the results of these discussions into the advancement of the various initiatives.

Risks and opportunities by climate changes

Classification of risks and opportunities			Summary of potential risks and opportunities	Impact over business and finance
Risks	Transition risks	Policy and law	● Increase in business operation costs due to introduction of carbon tax ● Increase in operating costs due to stricter regulations on CO_2 emissions ● Increase in business operation costs due to stricter regulations ● Increase in investment costs for stores, etc. due to stricter regulations ● Compliance with the Plastic Resources Recycling Law	Very large
		Reputation	● Loss of credibility among stakeholders due to delay in addressing environmental issues ● Damage to brand value ● Franchisee defections	Very large
		Market and technology	● Increase in foodstuff procurement costs ● Increase in procurement costs due to the shift to renewable energy sources ● Increase in costs due to the replacement of plastic containers and packaging into renewable resources ● Changes in demands due to changes in consumer preferences	Large
	Physical risks		● Loss of business opportunities due to store closures following major natural disasters ● Increase in procurement costs due to supply chain disruptions ● Increase in electricity consumption at stores and factories	Very large
Opportunities	Energy / Technology		● Reduction of electricity consumption costs through promotion of energy conservation ● Reduction of waste by supplying waste cooking oil as a raw material for SAF (Sustainable Aviation Fuel) ● Reduction of transportation costs by improving logistics efficiency ● Procurement of next-generation food materials	Large
	Market		● Gaining empathy from stakeholders by promoting sustainability ● Increase revenues by developing environmentally friendly products and services ● Develop products and services that meet changing tastes and preferences due to rising temperatures ● Provide food aid in times of disaster	Large

Risk management

The Sustainability Promotion Office identifies and assesses sustainability-related risks, including climate change, and reports regularly to the Board of Directors. The Sustainability Promotion Office works with the departments in charge of sustainability at the Company and the Group's subsidiaries to minimize the identified and assessed risks and promote various initiatives.

Indicators and targets

The Group has set a CO_2 emission reduction target as an indicator to manage the risks and opportunities of climate change, and is implementing various initiatives.

By FY2030, we aim to reduce CO_2 emissions (Scope 1 and 2) from our domestic Group companies by 50% per unit* compared to FY2020 levels.

* Emissions per million yen of revenues

Food Loss and Food Recycling Measures

Achieving a 100% food recycling rate at all of the Group's factories

Until now, the Group has been working to improve the food recycling rate at all of its factories, achieving a 100% recycling rate at all of them except for our main central kitchen in Kanagawa. In November 2023, at the Kanagawa factory, food waste generated during the food processing stages (i.e., food residues) began being treated through methane fermentation, converting it into renewable energy for biogas generation. Additionally, the residues left after methane fermentation are recycled into cement products for construction. With the implementation of this outsourced recycling process, all ten factories in the Group have now achieved a 100% food recycling rate.





Supply of used cooking oil for domestic SAF production

The Group is actively contributing to the production of sustainable aviation fuel (SAF)* by supplying used cooking oil from our domestic restaurants and contracted business sites.

* SAF is a renewable aviation fuel derived from non-fossil materials, which can reduce CO_2 emissions by about 80% over its life cycle from raw material collection to production and combustion compared to traditional jet fuel.

Food Safety and Security

Information Disclosure

Initiatives for origin labeling

The Group manages the origin information for all food ingredients, from fresh produce to processed foods. In compliance with the Beef Traceability Act, the individual identification numbers for domestically produced Wagyu beef are displayed at stores, and we also disclose meat origin information on our website. Additionally, at Kappa Sushi, we provide ingredient origin information on our website to offer customers reliable information.

Disclosure of allergen information

To assist customers with food allergies in choosing suitable menu options, we provide information regarding the presence of allergenic ingredients. For specific allergens, we promote information disclosure across the Group, and some restaurant brands offer menu-specific allergen information online.

Enhancement of Food Hygiene Management Systems

Following the full enforcement of HACCP-based hygiene management in June 2021, the Group has adopted hygiene management based on HACCP principles at our stores. This includes creating hygiene management plans, introducing external audits by third-party organizations, and regularly verifying hygiene management conditions. In our Group factories, we ensure that all stages of the supply chain adhere to strict hygiene management based on HACCP principles to maintain and improve food safety. As a result, all factories under Japan Fresh Co., Ltd. have obtained FSSC 22000 certification, and all factories of COLOWIDE MD Co., Ltd. and M.Y. Foods Co., Ltd. have obtained JFS-B certification, making all Group factories compliant with food safety certification standards.

Furthermore, at the headquarters cafeteria of The Bank of Yokohama, Ltd., where the Group operates catering service, we have obtained certification under the JFS Standard (Food Service) Sector G for food service providers. Across the entire Group, we are committed to strengthening and maintaining our hygiene management systems to keep providing food safety and security.



Contribution to Our Community and Society

Operation of Children's Cafeterias

The Group has been entrusted with the operation of Children's Cafeteria Nagisa, established by the Kurodo Memorial Foundation near Keikyu Tomioka and Mutsuura Stations in Yokohama City, with the goal of contributing to the promotion of community interaction through food. At Children's Cafeteria Nagisa, we serve popular dishes for children, such as hamburger steak and curry, with meals supervised by a registered dietitian to ensure a balanced nutritional intake. The service is available to children of middle school age and below, along with their accompanying guardians. Since its opening and until the end of June 2024, approximately 90,000 meals have been served. The space also serves as a venue for studying, playing, and fostering parent-to-parent community interactions.

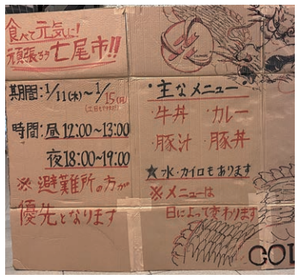




Support for Disaster-affected Areas

Following the Great East Japan Earthquake on March 11, 2011, the Kumamoto Earthquakes from April 14 to 16, 2016, and the Noto Peninsula Earthquake on January 1, 2024, the Group provided meals at local evacuation shelters and facilities. As a corporate group that supports food infrastructure, we are committed to contributing to the community and society by offering warm meals to those affected by unforeseen disasters.

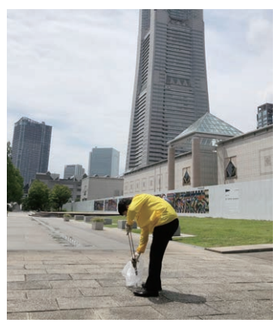




Employee Awareness

COLOWIDE BEYOND

To raise awareness and promote behavioral changes regarding sustainability among each employee, the Group launched a cross-organizational initiative called COLOWIDE BEYOND in 2022 and formed the COLOBEYO Team. We engage in activities such as participating in community cleanup efforts, promoting the use of personal cups and bottles, and conducting sustainability awareness surveys, primarily at our headquarters. The goal is for Group employees to deepen their understanding of sustainability, recognize the necessity of these efforts as their own responsibility, and implement sustainable practices in their daily work.





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Introduction of Directors (As of June 30, 2024)

Directors



Kaneo Kuroudo
Chairman and Representative Director

April 1966	Currently COLOWIDE Co., Ltd.
December 1975	Currently COLOWIDE Co., Ltd., Director
March 1983	Currently COLOWIDE Co., Ltd., President and Representative Director
February 2007	COLOWIDE Co., Ltd., Chairman & President and Representative Director
April 2012	COLOWIDE Co., Ltd., Chairman and Representative Director [Current position]



Kohei Nojiri
President and Representative Director

March 1993	Currently COLOWIDE Co., Ltd.
June 1997	COLOWIDE Co., Ltd., Director
August 2001	COLOWIDE Co., Ltd., Managing Director
January 2002	COLOWIDE Co., Ltd., Senior Managing Director
September 2009	COLOWIDE Co., Ltd., Senior Managing Director and Representative Director
April 2012	COLOWIDE Co., Ltd., President and Representative Director [Current position]



Takeo Isono
Director

April 1996	Niigata Nichii Co., Ltd. [Currently Aeon Retail Co., Ltd.]
June 2018	Watami Co., Ltd., Director, General Manager of the MD Division
October 2020	COLOWIDE MD Co., Ltd., Advisor
March 2021	COLOWIDE MD Co., Ltd., President and Representative Director [Current position]
June 2021	COLOWIDE Co., Ltd., Director [Current position]



Daisuke Matsumi
Director

April 1998	YKK CORPORATION
April 2015	REINS international inc., Director
May 2021	COLOWIDE Co., Ltd., Executive Officer, General Manager of Human Resources and Legal Affairs Division
June 2021	COLOWIDE Co., Ltd., Director, General Manager of Human Resources and Legal Affairs Division
January 2023	COLOWIDE Co., Ltd., Director, General Manager of Corporate Service Division [Current position]



Takefumi Ueda
Director

September 2001	HEISEI FOOD SERVICE Co., Ltd.
June 2005	ATOM CORPORATION, President and Representative Director
June 2011	COLOWIDE EAST JAPAN Co., Ltd. [Currently COLOWIDE MD Co., Ltd.], President and Representative Director
April 2023	WP Japan Co., Ltd., President and Representative Director [Current position]
June 2023	COLOWIDE Co., Ltd., Director, General Manager of Development Division
April 2024	COLOWIDE Co., Ltd., Director, General Manager of Contract Business Division [Current position]



Junko Mokuno
Director

Outside
Independent

July 1991	Arthur D. Little Japan, Consultant
September 2008	The Walt Disney Company, Director, Consumer Relationship Management
June 2019	COLOWIDE Co., Ltd., Outside Director [Current position]
May 2023	MEDIA DO Co., Ltd., Outside Director [Current position]
June 2023	Cool Japan Fund Inc., Outside Board Member [Current position]



Morio Fukuda
Director

Outside
Independent

April 1987	National Police Agency
January 2007	Kyoto Prefectural Police, Head of Police Affairs Department
March 2010	Osaka Prefectural Police, Head of Traffic Police Department
August 2011	National Police Agency, Counsellor, Commissioner-General's Secretariat
July 2018	Ministry of Land, Infrastructure, Transport and Tourism, Deputy Director-General
August 2021	Public Security Intelligence Agency, Head of Research Division 1
December 2023	Meiji Yasuda Life Insurance Company, Advisor to Mutual Company
June 2024	COLOWIDE Co., Ltd., Outside Director [Current position]

Directors (Audit and Supervisory Committee members)



Takeshi Uda
Director (Audit and Supervisory Committee member)

April 1984	Nissin Shokuhin Co., Ltd. [Currently Kappa-Create Co., Ltd.]
July 1995	Kappa-Create Co., Ltd., General Manager of East Japan Business Division
August 2005	Kappa-Create Co., Ltd., Director
June 2015	Kappa-Create Co., Ltd., Full-time Audit & Supervisory Board Member
June 2018	Kappa-Create Co., Ltd., Director [Audit & Supervisory Committee Member]
June 2019	COLOWIDE Co., Ltd., Director [Audit and Supervisory Committee Member] [Current position]



Shinya Fukuzaki
Director (Audit and Supervisory Committee member)

Outside

Independent

April 1997	Registered as an attorney [TOKYO BAR Association] Kudansogo Law Offices
October 2001	Bancho Square Law Offices
June 2016	COLOWIDE Co., Ltd., Outside Director [Audit and Supervisory Committee Member] [Current position] YAMASHIN-FILTER Corp., Outside Director [Audit & Supervisory Committee Member]
July 2017	Fukuzaki Law Office [Current position]
March 2023	FORSIGHT Co., Ltd., Outside Director [Audit & Supervisory Committee Member] [Current position]



Saiko Kumaou
Director (Audit and Supervisory Committee member)

Outside

Independent

December 2017	Registered as an attorney [Dai-Ichi TOKYO BAR Association] Legal Plus Law Office
June 2018	SHIMAMURA LAW & ACCOUNTING [Current position]
March 2020	The Sailor Pen Co., Ltd., Outside Director [Audit and Supervisory Committee Member] [Current position]
June 2021	COLOWIDE Co., Ltd., Outside Director [Audit & Supervisory Committee Member] [Current position]
July 2022	Hamee Corp., Outside Director [Audit & Supervisory Committee Member] [Current position]
August 2022	CFE (Certified Fraud Examiner) Certification
November 2022	Meiko Network Japan Co., Ltd., Outside Director [Audit & Supervisory Committee Member] [Current position]



Kazunari Higuchi
Director (Audit and Supervisory Committee member)

Outside

Independent

April 1980	The Fuji Bank, Limited [Currently Mizuho Bank, Ltd.]
April 2009	Mizuho Corporate Bank, Ltd. [Currently Mizuho Bank, Ltd.], Executive Officer, General Manager, Internal Audit Division
May 2011	UC Card Co., Ltd., President and CEO
June 2016	Taiyo Nippon Sanso Corporation [Currently Nippon Sanso Holdings Corporation], Audit & Supervisory Board Member [Full-time]
June 2020	KUREHA CORPORATION, Outside Director
April 2022	Procrea Holdings, Inc., Outside Director [Current position]
June 2023	COLOWIDE Co., Ltd., Outside Director [Audit and Supervisory Committee Member] [Current position]

Skills matrix

Name	Position	Outside	Independent	Key areas of expertise and experience expected					
				General Management	Food Business	M&A, Finance, and Accounting	Legal and Risk Management	Technology	Sustainability
Kaneo Kuroudo	Chairman and Representative Director			●	●				
Kohei Nojiri	President and Representative Director			●	●	●	●		●
Takeo Isono	Director				●				●
Daisuke Matsumi	Director						●		●
Takefumi Ueda	Director				●				●
Junko Mokuno	Director	○	○	●			●	●	●
Morio Fukuda	Director	○	○				●		
Takeshi Uda	Director (Audit and Supervisory Committee member)					●	●		
Shinya Fukuzaki	Director (Audit and Supervisory Committee member)	○	○				●		●
Saiko Kumaou	Director (Audit and Supervisory Committee member)	○	○				●		●
Kazunari Higuchi	Director (Audit and Supervisory Committee member)	○	○			●	●		●

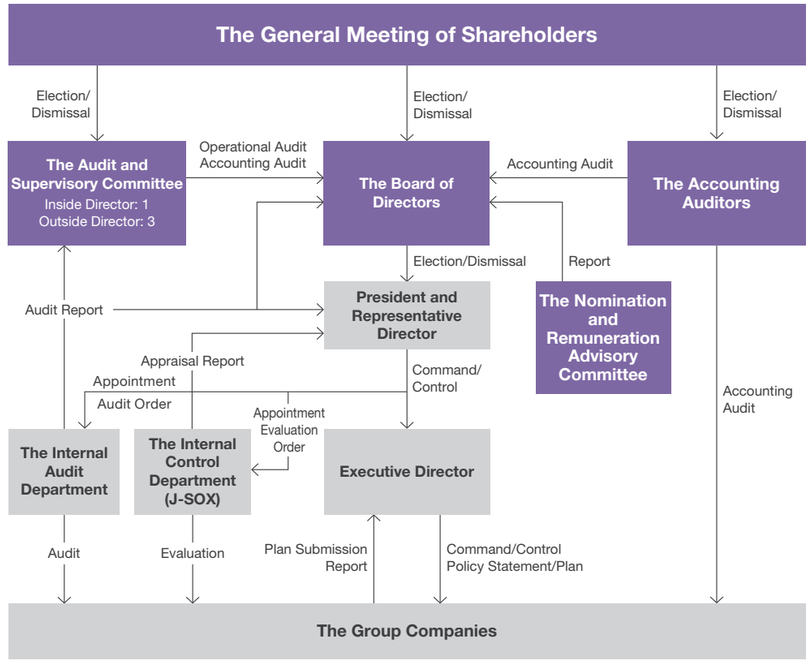
Corporate Governance

Basic policy

The Company's mission is to contribute to society through "food" and to achieve happiness for our employees by doing work that makes our customers happy with "fun and delicious".

The Group's main business activities include the development of directly managed restaurants, the development of restaurant franchises, the operation of karaoke houses, and the purchase, processing, distribution, and sales of various food materials and foodstuffs. The Food Sanitation Law, the Fire Service Law, and the Personal Information Protection Law are among the laws that companies engaged in the restaurant business must comply with, and the Corporate Governance Code is among the rules that listed companies must follow. The Company believes that the establishment of an appropriate compliance system will provide a foundation for the steady implementation of our corporate philosophy and management strategy, and will contribute to our sustainable growth and enhancement of our corporate value over the medium to long term.

Structure diagram



In order for the audit system described above to fully function, a system of status reports is in place from the persons in charge of not only sales division but also administrative divisions. The main items are as follows.

- **a** Each officer in charge of a department meets with the Audit and Supervisory Committee members on a regular basis or as requested by the Audit and Supervisory Committee members to exchange opinions.
- **b** The Internal Control Department, which is responsible for internal control reporting requirements under the Financial Instruments and Exchange Law, meets regularly or as requested by the Audit and Supervisory Committee members to exchange opinions with them.
- **c** The department in charge of internal audits for compliance with the Food Sanitation Law, the Fire Service Law, and other laws and regulations meets regularly or at the request of the Audit and Supervisory Committee members to exchange opinions with them.
- **d** The Audit and Supervisory Committee members shall meet with the accounting auditors from time to time in order to hear audit results and exchange opinions with the accounting auditors.

Outline of corporate governance system and reasons for adoption of the system

The Company has established the Company Audit and Supervisory Committee for the purpose of further strengthening the supervisory function of the Board of Directors and enhancing the governance system. Three of the four directors who are members of the Audit and Supervisory Committee consist of outside directors, thereby enhancing the management oversight function from the viewpoint of strengthening the check function from the outside. The Company has also established the Nomination and Remuneration Advisory Committee as a voluntary advisory body to the Board of Directors for the purpose of ensuring fairness, transparency, and objectivity in the evaluation and procedures regarding the nomination and remuneration of directors.

Board of Directors

The Board of Directors meets once a month in principle, and extraordinary meetings are held as necessary to discuss and resolve important matters related to business execution as well as to supervise the execution of business by directors, in addition to matters stipulated by laws, the Articles of Incorporation, and the Board of Directors Regulations. Five of the eleven directors are outside directors (including five independent directors), who provide advice and recommendations to ensure the adequacy and appropriateness of the Board of Directors' decision-making from the perspective of business management and the way a restaurant company should operate. In addition, for the purpose of maintaining and improving the function of independent and objective management supervision, at the 60th Ordinary General Meeting of Shareholders held on June 28, 2022, the Company amended its Articles of Incorporation, which limited the authority to convene and chair the Board of Directors meetings to the President, and, effective from the Extraordinary Board of Directors Meeting held on the same day, Junko Mokuno, an outside director, has been elected as the chairperson of the Board of Directors.

Effectiveness evaluation

In order to improve the effectiveness of the Board of Directors, the Company conducts an analysis and evaluation of the Board of Directors and discloses a summary of the results.



For the summary of the effectiveness evaluation, please refer here.

https://ssl4.eir-parts.net/doc/7616/announcement/101562/00.pdf

Audit and Supervisory Committee

The Audit and Supervisory Committee consists of four members: one full-time Audit and Supervisory Committee member and three outside Audit and Supervisory Committee members, and meets once a month in principle. The full-time Audit and Supervisory Committee member attends important meetings and inspects important documents in accordance with the annual audit plan, and report necessary information to Audit and Supervisory Committee. Outside Audit and Supervisory Committee members ask questions and offer advice and other opinions at meetings of the Board of Directors and other meetings from their professional perspectives in areas such as management, finance and accounting, and legal affairs.

Nomination and Remuneration Advisory Committee

The Nomination and Remuneration Advisory Committee discusses important matters related to the nomination and remuneration of directors in advance as per request, and reports back to the Board of Directors, thereby enhancing the fairness, transparency, and objectivity of the decision-making process regarding nomination and remuneration. The Nomination and Remuneration Advisory Committee consists of at least three directors of the Company selected by the Board of Directors, at least half of whom must be outside directors. Independence is ensured by selecting the committee chairperson from among the committee members who are independent outside directors.

For details on the activities of the Board of Directors, the Audit and Supervisory Committee, and the Nomination and Remuneration Advisory Committee in the most recent fiscal year, as well as other matters related to corporate governance, please refer here.

https://www.colowide.co.jp/en_us/img/library/pdf_annual_securities_report_en_20240918.pdf

Effective use of independent outside directors, independence standards, and qualifications

The Company has a system in place to receive advice and recommendations from independent outside directors on the Company's overall management from an independent standpoint, based on their diverse perspectives, experience, and advanced expertise, and to incorporate their opinions into the Company's management.

For further details regarding the independence standards and qualifications of independent outside directors, please refer here.

https://www.colowide.co.jp/en_us/img/governance/pdf_corporate_governance_report_en_20240918.pdf

Reasons for appointing outside directors

Name	Membership of Supervisory Committee	Designation as Independent Director	Reasons for Appointment	Reason for designation as independent director
Junko Mokuno		○	Ms. Mokuno has been involved in strategy development and business operations in the fields of IT services, e-commerce, and digital marketing for a variety of companies, including foreign affiliated firms. In light of the increasing importance of these fields to the Company and its group companies, we believe that she will be able to appropriately execute her duties from the perspective of formulating and promoting digital marketing strategies, etc.	She has no special interest that could influence the Company's decision-making.
Morio Fukuda		○	The Company believes that Mr. Fukuda has a wealth of knowledge and broad experience in the police force over many years and that he will be able to provide advice from an independent standpoint based on his knowledge and experience, thereby contributing to strengthening the Company's legal risk management.	He has no special interest that could influence the Company's decision-making.
Shinya Fukuzaki	○	○	The Company has judged that Mr. Fukuzaki will be able to perform his duties appropriately based on his expertise and extensive business experience in corporate legal affairs.	He has no special interest that could influence the Company's decision-making.
Saiko Kumaou	○	○	The Company has judged that Ms. Kumaou will be able to perform her duties appropriately based on her expertise and extensive business experience in corporate legal affairs.	She has no special interest that could influence the Company's decision-making.
Kazunari Higuchi	○	○	Based on the wide range of business knowledge and experience he gained during his tenure at financial institutions, Mr. Higuchi has extensive knowledge of finance and accounting, and we believe that he would be able to utilize this knowledge to provide expert advice on governance and compliance related to finance and accounting.	He has no special interest that could influence the Company's decision-making.

Remuneration of directors

The Company's remuneration, etc. for the directors shall be based on a fixed remuneration system that allows them to devote themselves to their duties by ensuring a stable base for their livelihood. While at the same time to improve directors' performance, the Company provides a certain amount of incentive remuneration through the partial introduction of performance-linked remuneration, etc. and stock remuneration. The Company's basic policy is to set an appropriate level of remuneration based on the responsibilities of each director.

Specifically, the remuneration, etc. for executive directors shall consist of base remuneration as fixed remuneration, bonuses as performance-linked remuneration, etc. (short-term incentives), and stock-based remuneration as non-monetary remuneration, etc. (long-term incentives). Outside directors, who are responsible for supervisory functions, shall be paid only the basic remuneration as fixed remuneration in consideration of their duties.

Training policy for directors

The Company makes directors to acquire the knowledge necessary to perform their duties by participating in seminars with content appropriate to the business environment at the time. In addition, for the purpose of deepening their understanding of the Company's business and issues, it is the Company's policy to provide outside directors with regular monthly briefings on the business strategies, financial position, and risk management of the Company and each subsidiary, as well as other important information necessary for management supervision and auditing.

Views and policies concerning Group management

The Company and its Group companies work closely together in areas where they can mutually benefit from synergies to ensure smooth management and comprehensive business development as the COLOWIDE Group.

Significance of having a listed subsidiary

The Company has positioned M&A as a pillar of our growth strategy and has optimized our business portfolio as well as expanded our operations. Each listed subsidiary has become a consolidated subsidiary of the Company as a result of M&A to date, and the Company believes that it is desirable to maintain the listing of the target company after it becomes a consolidated subsidiary and to share the benefits of the increase in the corporate value of the target company with existing shareholders. Thus, the Company believes that the sustainable growth of each listed subsidiary will be contributed to by its business activities while receiving recognition in the stock market, and by autonomous management that takes into consideration the interests of minority shareholders.

Outside Directors' Messages





Strengthening People, the Driving Force Towards the Success of Key Strategies

Junko Mokuno

Outside Director

I believe that outside directors play an important role in improving corporate governance and management transparency. I make a conscious effort to provide an external perspective to prevent business management from becoming shortsighted or narrow-focused, thereby contributing to strategic decision-making and growth.

The COLOWIDE Group positions overseas business and catering service business as key strategies for business expansion.

In order to succeed in these two business challenges, it is necessary to leverage our experience with existing restaurant brands and have the ability to transform based on understanding unfamiliar fields. The driving force for success is people. The most important issue for the current COLOWIDE is the shortage of human resources. While we are advancing reforms in the personnel system and building educational programs to strengthen recruitment and development, it will require time and persistence. It is essential that we also work at the same time to build an organization and system that allow for proactive business advancement. Human resource development is connected to one of our sustainability materialities "respecting the growth and diversity of our employees," and I expect continuous efforts to address this.

As part of fostering female managers, which is expected from the perspective of human resource diversity, I am engaging in 1-on-1 sessions with some female candidates for executive positions. It's not just because they are women, but I feel that the next generation of candidates needs someone to consult with as they navigate the process of getting involved in management, which is an area they have no prior experience in. As an outside member, I have no direct vested interests, so I can serve as an ideal empathic listener for helping others organize their thoughts.

Moving forward, I want to continue contributing to COLOWIDE's growth as a member of the team, without forgetting to remain objective and fair.



Applying the Specialized Knowledge and Experience Gained in Police Administration to Further Development

Morio Fukuda

Outside Director

Outside directors are expected to leverage their specialized abilities, knowledge, and experience in company management. Particularly important in this process is a perspective on how things appear from outside the company. I have been involved in planning and policy development, crisis management, and compliance within the National Police Agency and prefectural police. I intend to apply my accumulated knowledge and experience to the Group's activities.

My first impression of the COLOWIDE Group is that the range of businesses is very broad, everything from Steak MIYA and Gyu-Kaku to Kappa Sushi and FRESHNESS BURGER.

I'm also impressed by the proactive approach to international expansion. In addition to expanding stores in Asia and North America, there is also a new initiative to enter the Middle East.

I feel that the broad range of business types and the aggressive approach to store expansion are strengths of the COLOWIDE Group.

One of the immediate business challenges that must be faced is to appropriately respond to the needs of customers in the rapidly changing domestic and international economic and social environment.

The COLOWIDE Group is constantly pursuing what customers want and where they can be found. Drawing from my experience in police administration and other areas, I will continue to work, albeit modestly, to contribute to the further development of the COLOWIDE Group.



Demonstrating Integrity and Moving Toward a More Solid Governance System

Shinya Fukuzaki

Outside Director (Audit and Supervisory Committee member)

One of the roles that society expects from outside directors is to strengthen governance to ensure that the interests of shareholders, especially minority shareholders, are not compromised. As a lawyer, I believe that what is particularly required of me is strengthening the compliance system.

When looking at the COLOWIDE Group's compliance system, I feel that there is a sincere approach to promptly and directly address any issues that arise with appropriate measures. On the other hand, due to the large scale, it is an ongoing challenge that there will never be zero issues that need to be addressed.

Recently, in addition to compliance, the importance of integrity (sincerity) has been emphasized.

Compliance pertains to adhering to laws and social norms. Integrity is a broader concept, based on ethical principles. By following ethics and thus acting with integrity, compliance will naturally be satisfied.

To demonstrate integrity within a company, all employees must exhibit sincerity. For instance, in compliance training, it is not only important to understand the purpose and background of rules but also for all employees to think for themselves about what constitutes sincerity. This kind of training is essential for integrity management. It is crucial for everyone to consider what it means to be sincere in interactions with customers, colleagues, subordinates, and society at large.

There is no need to create a new system for this. Within the existing framework, if we consciously integrate integrity and sincerity into our thought processes, the system will become more robust. This is the perspective I wish to adopt.

Outside Directors' Messages



Enhancing Corporate Value With a Down-to-Earth Perspective Beyond Textbook Approaches

Saiko Kumaou

Outside Director (Audit and Supervisory Committee member)

COLOWIDE operates in the familiar-to-everyday-life field of dining out and has many general shareholders. Upon assuming the role of outside director, I was aware of my responsibility not only to fulfill the roles expected of a lawyer in risk management and governance but also to contribute to enhancing corporate value and protecting minority shareholders with a practical, down-to-earth perspective gained from my diverse experiences in various companies before becoming a registered lawyer.

One of the aspects I am focusing on in enhancing corporate value is the promotion of women as part of human capital management. Innovation does not arise from merely combining similar elements, so diversity in human resources is essential for enhancing corporate value. Different backgrounds lead to different perspectives, and promoting women, who differ from men in terms of gender, is one of the most immediate and achievable forms of diversity. Regarding the promotion of women, issues often arise from seemingly benign reasons, such as having small children or a department with a rough atmosphere, which unconsciously exclude women from important candidate pools. I believe this deeply entrenches the problem. For example, how one manages childcare is a personal matter, and a department's rough atmosphere is a compliance issue, so these should not be reasons for excluding someone from candidacy without confirming their personal intent. Setting a target for the ratio of female managers functions as a reminder to avoid unconsciously excluding women from candidacy due to biases. COLOWIDE established the Women's Empowerment Project in 2021, aiming to achieve a female manager ratio of over 30% by FY2026, a step forward in diversity.

Moving forward, I will contribute as an outside director by utilizing a down-to-earth perspective that is not textbook-based, as well as timely and relevant insights based on information gathering.



Strengthening Global Management Capabilities: Creating a Proactive and Flexible Organization and Human Resource Development

Kazunari Higuchi

Outside Director (Audit and Supervisory Committee member)

I assumed the role of outside director at the Company in June of last year. In the past year, I have observed the Company's strengths in proactive and bold decision-making, a strong desire for business expansion, and the ability to respond accurately to changes in the environment and internal conditions with agile management. In the highly competitive food service industry, under the strong leadership of its management team, the Company has engaged in strategic M&A activities while swiftly adapting to changes in customer preferences post-COVID through menu development and store transformations. I look forward to further evolving our current efforts and making significant progress in our medium-term management plan, particularly in overseas business and catering service business.

The greatest mission of an outside director, I believe, is to reflect the diverse perspectives of stakeholders—such as customers, business partners, employees, shareholders, the community, and society—in management from an independent position, thereby enhancing corporate value in the medium to long term. Key prerequisites for this are a slate of outside directors with diverse expertise and sharing information with inside directors. In the Company, as indicated in the individual backgrounds and skills matrix, we have a lineup of highly experienced directors. Additionally, information sharing has progressed through various forums beyond Board of Directors meetings, and open and vigorous discussions between inside and outside directors are taking place. I will actively participate in discussing important and fundamental matters moving forward. In this context, I also aim to contribute to formulating appropriate financial strategies that enable sustainable business expansion, leveraging my experience in financial institutions.

Looking ahead to the Company's growth, I am particularly focused on global management capabilities. It is crucial to develop and strengthen management executives and on-site personnel who can compete on a global scale. When I was involved in businesses across over 20 countries in the financial services and manufacturing industries, I experienced the challenges of differences in business practices and culture. Rather than only developing overseas personnel, I support the creation of a proactive and flexible organization where many executives and practitioners approach their work with a global perspective and a view of the entire Group.

Risk Management

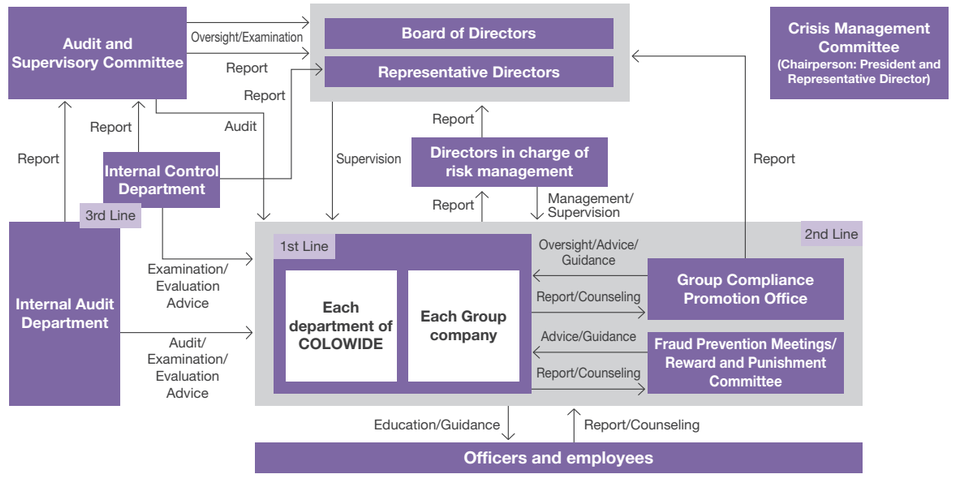
Status of risk management system

In order to ensure sound management and maintain and improve corporate value, the Company has established a basic risk management policy and conducts risk management in order to properly understand, identify, and evaluate risks and take necessary measures to reduce, correct, and improve such risks.

Based on the recognition that all officers and employees are expected to actively engage in risk management, the Company has organized its risk management activities into three lines of defense in accordance with the "Risk Management Regulations".

The Company identifies material risks based on the "Risk Management Sheet," which describes the identification, classification, analysis, and response to possible risks, and evaluates the effectiveness of the Company's response to such risks according to their materiality.

Structure diagram



Identified risks and measures

Influence	Risk classification		Description	Measures
High risk	Food risks	Food safety	There are significant errors in the labeling and management of food ingredients, raising concerns about food safety.	With the cooperation of suppliers, we have created a database covering origin, processing, and additives to ensure safety.
		Food safety accident	Inadequacies in hygiene or food management during the manufacturing, distribution, preparation, or sales stages of food could result in health hazards like food poisoning.	We have established a food quality management system and are working to enforce strict quality and hygiene controls at each operational store and factory to prevent such incidents.
	Business risks	Procurement of raw materials	Outbreaks of epidemics, natural disasters, or adverse weather conditions could make it difficult to secure the necessary quantity of raw materials. Additionally, market price fluctuations and exchange rate changes may lead to rising procurement costs.	To minimize these impacts, we have implemented measures such as entering into long-term contracts with suppliers, diversifying supply sources, and developing menus that consider the yield of ingredients.
		Securing human resources	Deterioration in the recruitment environment or challenges in developing hired personnel may lead to a shortage of staff, or rising labor costs.	We consider enhancing the recruitment system and focusing on employee development as top priorities. Furthermore, we emphasize diversity and continue to take ongoing measures to secure and retain talent.
	Financial risks	Impairment of store property and equipment	The profits arising from the business activities of directly operated stores significantly decrease, or the market value of assets significantly drops below their book value.	We actively work to identify impairment risks early and continuously ensure the profitability of each store.
		Exchange rate fluctuations	Fluctuations in exchange rates may affect the assets and liabilities denominated in local currencies of overseas Group companies, as well as the prices of imported raw materials for domestic operations.	To mitigate these risks, we have established a system to reduce exposure by entering into long-term contracts for imported raw materials, taking into account exchange rate trends.
	Legal risks	Legal regulations	Violations of laws and regulations, including the Food Sanitation Law. Response to the establishment, revision, or abolition of legal regulations.	We make efforts to timely and appropriately grasp revisions to various laws and regulations, and conduct various compliance training for the officers and employees of the Group.
	Information risks	Information management	The leakage or unauthorized use of personal information and trade secrets managed by the Group occurs.	We have implemented monitoring tools against external cyberattacks and conduct training to mitigate such risks.
	Environmental risks	Major disaster	Damage to store facilities or system failures occur due to large-scale disasters such as earthquakes or typhoons.	In the event of a major disaster, a Crisis Management Committee, chaired by the President, will be established to respond and minimize the impact.

For more details, please refer to the "Business Risk, etc." section of the Annual Securities Report.

https://www.colowide.co.jp/en_us/img/library/pdf_annual_securities_report_en_20240918.pdf

Compliance

Compliance Policy

At the COLOWIDE Group, compliance is not interpreted narrowly as merely adhering to laws and regulations but is considered an ethical code of conduct that includes adhering to social norms and meeting the expectations, trust, and demands of society. With this understanding, the basic policy is established with the aim of creating a system where all officers and employees of the COLOWIDE Group are consistently aware of corporate social responsibility and actively practice compliance.

Basic policy

(1) Compliance with laws and regulations

All officers and employees of the COLOWIDE Group will sincerely comply with all laws, regulations, and social norms related to corporate management and business activities, conducting fair and prudent corporate activities.

(2) Respect for human rights

All officers and employees of the COLOWIDE Group will respect the human rights of all individuals associated with the Group and recognize each person's individuality and diversity.

(3) Actions based on high ethical standards

All officers and employees of the COLOWIDE Group will choose actions that they can proudly explain to customers, shareholders, society, other employees, and ultimately their own family, friends, and loved ones while fulfilling their respective roles.

Promotion system

In order to ensure compliance with related laws and regulations, the Company's Group Compliance Promotion Office will play a central role in promoting the development of a compliance system and promoting compliance throughout the Group.

Compliance-related initiatives

Based on the "Group Compliance Regulations" for further appropriate compliance operations in the Group, the Group Compliance Promotion Office is playing a central role in raising compliance awareness throughout the Group.

For more details on our compliance initiatives, please refer here.

https://www.colowide.co.jp/en_us/img/library/pdf_annual_securities_report_en_20240918.pdf



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Key Financial Data

(Fiscal year)	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenue [Millions of yen]	233,895	234,444	245,911	244,360	235,334	168,181	175,627	220,830	**241,284**
Cost of sales [Millions of yen]	99,030	101,587	107,253	105,581	101,168	75,524	78,939	96,619	**101,916**
Gross profit [Millions of yen]	134,865	132,857	138,658	138,779	134,166	92,657	96,688	124,212	**139,368**
Business profit [Millions of yen]	10,005	6,806	7,193	8,499	5,632	(8,331)	6,133	(196)	**8,712**
Profit [Millions of yen]	10,474	(4,280)	1,397	1,150	(6,798)	(11,193)	3,068	(8,579)	**4,064**
Profit attributable to owners of parent [Millions of yen]	7,560	(1,398)	1,170	632	(6,447)	(10,085)	1,437	(6,801)	**2,905**
EBITDA [Millions of yen]	19,394	16,245	16,761	17,728	14,319	(98)	14,416	7,400	**16,777**
Cash flows from operating activities [Millions of yen]	20,964	4,990	16,658	15,971	26,072	3,420	23,830	28,783	**29,879**
Cash flows from investing activities [Millions of yen]	(16,835)	(13,982)	(5,281)	(7,457)	(15,348)	(12,924)	(3,522)	(8,788)	**(13,582)**
Cash flows from financing activities [Millions of yen]	589	12,545	(11,390)	(9,496)	(12,338)	15,890	(9,511)	(18,755)	**(20,329)**
Basic earnings per share [Yen]	100.74	(19.56)	12.91	5.72	(88.62)	(141.30)	11.31	(84.45)	**27.52**
Business profit margin on revenue [%]	4.3	2.9	2.9	3.5	2.4	(5.0)	3.5	(0.1)	**3.6**
Return on equity attributable to owners of parent (ROE) [%]	33.8	(4.2)	2.8	1.2	(22.2)	(37.8)	2.3	(15.7)	**6.6**
Return on total assets before tax (ROA) [%]	4.6	1.0	1.2	1.2	(3.8)	(5.5)	0.8	(3.2)	**2.5**
Price earnings ratio	16.9	—	192.9	400.7	—	—	157.0	—	**78.8**
Dividend per share [Yen]	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	**5.00**
Dividend payout ratio [%]	5.0	—	38.7	87.4	—	—	44.2	—	**18.2**
Number of stores	2,509	2,738	2,721	2,709	2,665	2,843	2,785	2,640	**2,583**

* The figures used are based on the consolidated financial statements prepared in accordance with the International Financial Reporting Standards (IFRS).
  - Business profit = Revenue – Cost of sales – Selling, general and administrative expenses
  - Business profit margin on revenue = Business profit / Revenue
  - ROA = Profit before tax / Total assets (Average)
  - EBITDA = Business profit + Depreciation and amortization (excluding depreciation of right-of-use assets)
  - ROE = Profit attributable to owners of parent / Equity attributable to owners of parent (Average)
* Price earnings ratio and dividend payout ratio are not listed for fiscal years with a net loss per share.
* The number of stores is as of the end of the fiscal year.

Company Profile

Company overview (as of March 31, 2024)

Company name	COLOWIDE Co., Ltd.
Address	Landmark Tower 12F, 2-2-1, Minatomirai, Nishi-ku, Yokohama-shi, Kanagawa-ken, Japan
Founded	April 1963
Capital	27,905 million yen
Main business	1. Management of restaurants 2. Procurement, processing and sales of various foodstuffs 3. Sales of cigarettes and liquors 4. Management of Karaoke rooms

Directors (as of June 30, 2024)

Chairman and Representative Director	Kaneo Kuroudo
President and Representative Director	Kohei Nojiri
Director	Takeo Isono
Director	Daisuke Matsumi
Director	Takefumi Ueda
Director	Junko Mokuno
Director	Morio Fukuda
Director (Audit and Supervisory Committee member)	Takeshi Uda
Director (Audit and Supervisory Committee member)	Shinya Fukuzaki
Director (Audit and Supervisory Committee member)	Saiko Kumaou
Director (Audit and Supervisory Committee member)	Kazunari Higuchi

Status of shares (as of March 31, 2024)

Total number of shares authorized to be issued	Common shares	112,999,820 shares
	Preferred shares	30 shares
	Second series preferred shares	50 shares
	Third series preferred shares	100 shares
Total number of issued shares	Common shares	86,903,541 shares
	Preferred shares	30 shares
	Second series preferred shares	30 shares
	Third series preferred shares	90 shares
Number of shares per unit	Common shares	100 shares
	Preferred shares	1 share
	Second series preferred shares	1 share
	Third series preferred shares	1 share
Number of shareholders	Common shares	111,024
	Preferred shares	1
	Second series preferred shares	1
	Third series preferred shares	1

Major shareholders (as of March 31, 2024)

Shareholder name	Number of shares held (thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	7,418	8.6
Sankurodo Co	5,766	6.7
Ryoko Kuroudo	4,062	4.7
Masaki Kuroudo	2,864	3.3
Kaneo Kuroudo	2,691	3.1
Custody Bank of Japan, Ltd. (Trust Account)	1,275	1.5
Rie Suzuki	1,094	1.3
STATE STREET BANK WEST CLIENT-TREATY 505234	579	0.7
BofA Securities Co., Ltd.	379	0.4
Mizuho Bank, Ltd.	354	0.4

* The shareholding ratio is calculated by deducting treasury shares (196,199 shares).

The COLOWIDE Group (as of June 30, 2024)

COLOWIDE Co., Ltd. (Holding company)

* TSE PRIME Section Securities Code: 7616

In addition, REX HOLDINGS Co., Ltd., SPC Rex Co., Ltd., SPC Kappa Co., Ltd., and AME-GYU Co., Ltd. exist as intermediate holding companies. (as of June 30, 2024)

COLOWIDE MD Co., Ltd.	General merchandising of product development, production, procurement, manufacturing, and logistics for various food products
WP Japan Co., Ltd.	Operation of restaurants
Cheers Dining Co., Ltd.	Operation of directly managed restaurants
Worldpicom Corporation	Planning, operation and maintenance of IT systems, call center services
M.Y. Foods Co., Ltd.	Manufacturing and sales of sauces for commercial and consumer use
Dining Yell Co., Ltd.	Catering service business for offices and school facilities
Nifs Co., Ltd.	Catering service business for hospitals and nursing care facilities
Amis, Inc.	Operation of catering service business, home meal delivery, and sales of meal kits
Socio Food Service Inc.	Catering service business for hospitals, nursing care facilities, offices, and school facilities
Cook Service Co., Ltd.	Catering service business for obstetrics and gynecology clinics
Socio MD Co., Ltd.	Procurement and logistics management related to catering service business
Costis Inc.	Sales and distribution of liquors and other related beverages
SILSMARIA Co., Ltd.	Manufacturing and sales of confectioneries, baked goods, and chocolates
REINS international inc.	Operation of directly managed and franchised restaurants in Japan and overseas
Freshness Co., Ltd.	Operation of directly managed and franchised restaurants
Beer Thirty Co., Ltd.	Operation of directly managed restaurants
Overseas Subsidiaries	Operation of directly managed and franchised restaurants in North America, Asia, and the Middle East
ATOM CORPORATION	Operation of directly managed and franchised restaurants
TSE STANDARD / NSE MAIN Section, Securities Code: 7412	
Kappa-Create Co., Ltd.	Operation of directly managed restaurants
TSE PRIME Section, Securities Code: 7421 * Includes 1 subsidiary	
Japan Fresh Co., Ltd.	Delicatessen business
OOTOYA Holdings Co., Ltd.	Planning, operation, and management of the domestic and overseas restaurant business
TSE STANDARD Section, Securities Code: 2705	
OOTOYA Co., Ltd.	Operation of directly managed and franchised restaurants
Overseas Subsidiaries	Operation of directly managed and franchised restaurants in the USA and Asia
Nihon Meika Souhonpo Co., Ltd.	Production and sales of regional specialty confectioneries and local specialty products
Kuraya Co., Ltd.	Production and sales of confectioneries and operation of restaurant business
Ecole Criollo Co., Ltd.	Production and sales of confectioneries
Bay Food Factory Co., Ltd.	Operation of directly managed restaurants
Future Link Co., Ltd.	Operation of restaurants
Heartful Dining Co., Ltd.	Research and development related to catering service business
Colowide Support Center Co., Ltd.	Labor-related services such as payroll processing and social insurance management
Cocot Co., Ltd.	Office administration