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June 4, 2025

Dear Shareholders,

The Matters for electronic provision at the convocation of the 63rd Annual General Meeting of Shareholders

Status of employees
Principal business
Status of principal lenders
Status of important matters on principal corporate group
Status of shares
Status of shares granted to Company officers during the fiscal year as consideration for performance of duties
Status of share acquisition rights
Status of the Company officers
Status of accounting auditors
System for ensuring the appropriateness of business activities
Outline of the operating status of the system
Basic policy on control of the Company
Consolidated statement of changes in net assets
Notes on consolidated financial statements
Statement of changes in shareholders' equity (under Japanese GAAP)
Notes on non-consolidated financial statements

COLOWIDE Co., Ltd.

1. Status of The Group

(1) Status of employees (As of March 31, 2025)

① Status of workers in the Group

Number of workers	Increase/decrease comparing to the previous consolidated fiscal year end
5,270 (18,730) persons	+768 (+2,255) persons

(Note) The number of workers is the number of full-time employees, and the number of part-time, fixed-term contract and commissioned workers is shown in parentheses as the annual average number of employees, calculated as 8 hours per day.

② Status of employees in the Company

Number of employees	Increase/decrease comparing to the previous consolidated fiscal year end	Average age	Average years of service
143 persons	+17 persons	44.0 years old	14.2 years

(Note) The number of workers excludes the number of part-time, fixed-term contract and commissioned workers.

(2) Principal business (As of March 31, 2025)

The Group operates a wide range of food service businesses, developing restaurant chains under direct management in Japan, North America, Asia and other areas, while also acting as a franchise headquarters to recruit franchisees, provide management guidance to franchisees, plan and sell products, and supply ingredients and other goods.

Among the consolidated subsidiaries, COLOWIDE MD Co., Ltd. is engaged in overall merchandising, including product development, procurement, manufacturing and distribution of various food products.

ATOM CORPORATION operates directly managed restaurants under the "Steak MIYA", "NIGIRI-NO-TOKUBE", and "KARUBI TAISHO" brands, etc. and also operates a franchise headquarters business.

REINS international inc. operates directly managed restaurants and franchise headquarters businesses in Japan and overseas, including the “Gyu-Kaku”, “On-Yasai”, “Doma-Doma”, “Kamadoka”, and “FRESHNESS BURGER” restaurant chains.

KAPPA-CREATE CO., LTD. operates directly managed restaurants both in Japan and overseas, such as “Kappa Sushi”, and also operates a delicatessen business, such as sushi and prepared bread.

OOTOYA Holdings Co., Ltd. operates directly managed restaurants in the restaurant business, such as “OOTOYA Gohandokoro”, in Japan and overseas, and also operates a franchise headquarters business.

(3)Status of principal lenders (As of march 31, 2025)

Lenders	Amount of borrowing
Mizuho Bank, Ltd.	25,268 million yen
Sumitomo Mitsui Banking Corporation	18,135 million yen
Aozora Bank, Ltd.	11,940 million yen
Resona Bank, Ltd.	10,611 million yen
Sumitomo Mitsui Trust Bank, Ltd.	8,214 million yen
Bank of Yokohama, Ltd.	7,071 million yen
Development Bank of Japan, Inc.	6,500 million yen
S B I Shinsei Bank, Ltd.	4,185 million yen
Ashikaga Bank, Ltd.	2,612 million yen
The Tokyo Star Bank, Ltd.	2,552 million yen

(4) Status of important matters on principal corporate group

Not applicable.

2. Status of the Company

(1) Status of shares (As of March 31, 2025)

① 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
② Number of issued shares	Common shares	106,453,541	shares
	Preferred shares	30	shares
	Second series preferred shares	30	shares
	Third series preferred shares	90	shares
③ Number of shareholders	Common shares	139,217	persons
	Preferred shares	1	person
	Second series preferred shares	1	person
	Third series preferred shares	1	person

④ Status of top 10 shareholders

a. Common shares

Name of shareholders	Number of shares(thousand shares)	Shareholding ratio(%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	9,973	9.4
Sankurodo Co	5,766	5.4
Ryoko Kuroudo	4,062	3.8
Masaki Kuroudo	2,864	2.7
Kaneo Kuroudo	2,699	2.5
Custody Bank of Japan, Ltd. (Trust Account)	1,458	1.4
Rie Suzuki	1,094	1.0
STATE STREET BANK WEST CLIENT-TREATY 505234 (Standing proxy: Mizuho Bank, Ltd. Settlement Services Division)	804	0.8
JP MORGAN CHASE BANK 385781 (Standing proxy: Mizuho Bank, Ltd. Settlement Services Division)	675	0.6
Mizuho Bank, Ltd.	354	0.3

(Note) The shareholding ratio is calculated after deducting treasury shares (170,850 shares).

b. Preferred shares

Name of shareholder	Number of shares (shares)	Percentage (%)
Custody Bank of Japan, Ltd. (Trust Account)	30	100

(Note) The percentage of shares held is calculated based on the total number of preferred shares issued.

c. Second series preferred shares

Name of shareholders	Number of shares (shares)	Percentage (%)
Custody Bank of Japan, Ltd. (Trust Account)	30	100

(Note) The percentage of shares held is calculated based on the total number of second series preferred shares issued.

d. Third series preferred shares

Name of shareholders	Number of shares (shares)	Percentage (%)
Custody Bank of Japan, Ltd. (Trust Account)	90	100

(Note) The percentage of shares held is calculated based on the total number of third series preferred shares issued.

(2) Status of shares granted to the Company officers as consideration for performance of duties during the current fiscal year

	Number of shares	Number of people eligible for the grant
Directors (excluding Audit & Supervisory Committee Members and Outside directors)	23,000shares	5 persons
Outside directors (limited to Outside directors, excluding those who are Audit & Supervisory Committee members)	0 share	0 person
Directors who are Audit and Supervisory Committee Members	0 share	0 person

(Note) The shares issued during the current fiscal year are common shares of the Company (shares with restrictions on transfer)
that are subject to certain restrictions on transfer and provisions regarding the acquisition of shares by the Company without consideration.

(3) Status of share acquisition rights

① Status of share acquisition rights granted as remuneration for the execution of duties held by the Company's officers at the end of the fiscal year

Not applicable.

② Status of share acquisition rights granted to employees as compensation for the execution of their duties during the fiscal year under review

Not applicable.

③ Other important matters on share acquisition rights

Not applicable.

(4) Status of the Company officers

① Status of Board of Directors(As of March 31, 2025)

Significant concurrent positions

Position	Name	Status of significant concurrent position
Director	Takeo Isono	COLOWIDE MD Co., Ltd. President and Representative Director

② Matters on outside directors

a. Status on concurrent positions of other corporations and relationship between the Company and other corporations

Outside Director Ms. Junko MOKUNO is the Managing Director of TRAIL INC. and an outside director of MEDIA DO Co., Ltd. and COOL JAPAN Fund Inc. There is no special relationship between the Company and the companies where she holds concurrent positions.

Mr. Shinya FUKUZAKI, Audit and Supervisory Board Member, is the representative attorney of Fukuzaki Law Office, and is also an Audit and Supervisory Board Member of FORESIGHT Co., Ltd. There is no special relationship between the Company and the companies where he holds concurrent positions.

Audit & Supervisory Board Member Ms. Saiko KUMAOU is a lawyer at SHIMAMURA LAW & ACCOUNTING, Audit & Supervisory Board Member of The Sailor Pen Co., Ltd., Audit & Supervisory Board Member of Hamee Corp., and Audit & Supervisory Board Member of Meiko Network Japan Co., Ltd. There is no special relationship between the Company and the organizations where she holds concurrent positions.

Mr. Kazunari HIGUCHI, Audit and Supervisory Board Member, is outside director of Procrea Holdings, Inc. There is no special relationship between the Company and the company where he holds a concurrent position.

b. Main activities during the current fiscal year

The Company holds regular Board of Directors meetings once a month, and in addition to these regular Board of Directors meetings, we hold meetings (hereafter referred to as “Group Executive Meetings”) attended by directors where we receive reports on business performance, etc. from the presidents of group companies. We also hold Audit & Supervisory Committee Meetings every month.

Director Ms. Junko MOKUNO attended all 12 regular Board of Directors meetings, all 4 extraordinary Board of Directors meetings, and all 12 group Board of Directors meetings, and actively asked questions and made comments on management and marketing in response to reports from the presidents of group companies at Group Executive Meetings, etc., from a specialist's perspective, and played an appropriate role in ensuring the appropriateness and adequacy of decision-making.

Director Mr. Morio FUKUDA attended all 9 regular Board of Directors meetings, all 3 extraordinary Board of Directors meetings, and all 9 Group Executive Meetings, held after his appointment on June 27, 2024, and based on his extensive knowledge and broad experience gained through his work in the police force, he provided advice on the Company's risk management, and played an appropriate role in ensuring the appropriateness and adequacy of decision-making.

Audit & Supervisory Board Member Mr. Shinya FUKUZAKI attended all 12 regular Board of Directors meetings, all 4 extraordinary Board of Directors meetings, 11 out of 12 Group Executive Meetings, and all 30 Audit & Supervisory Board meetings, and provided advice and recommendations to ensure the appropriateness and adequacy of decision-making based on his expertise in corporate legal affairs as a lawyer and his extensive experience in the field. In addition, as a member of the Nomination and Remuneration Advisory Committee, he attended all 3 meetings held during the current fiscal year, and from an objective and neutral standpoint, he was responsible for the supervisory function in the decision-making process for the selection of candidates for the Company's officers and the determination of officers' remuneration, etc.

Audit & Supervisory Board Member Ms. Saiko KUMAOU attended all 12 regular Board of Directors meetings, all 4 extraordinary Board of Directors meetings, all 12 Group Executive Meetings, and all 30 Audit & Supervisory Board meetings, and provided advice and recommendations to ensure the appropriateness and adequacy of decision-making based on her expertise in corporate legal affairs as a lawyer and her extensive business experience. In addition, as a member of the Nomination and Remuneration Advisory committee, she attended all 3 meetings held during the current fiscal year, and from an objective and neutral standpoint, she was responsible for the supervisory function in the decision-making process for the selection of candidates for the Company's officers and the determination of officers' remuneration, etc.

Audit & Supervisory Board Member Mr. Kazunari HIGUCHI attended all 12 regular Board of Directors meetings, all 4 extraordinary Board of Directors meetings, all 12 Group Executive Meetings, and 28 out of 30 Audit & Supervisory Board meetings, and based on his extensive knowledge and experience gained during his time at financial institutions, he provided advice on governance and compliance related to finance and accounting, and fulfilled appropriate role to ensure the appropriateness and adequacy of decision-making.

③ Outline of the contents on indemnity agreements with directors and officers

The Company and Junko MOKUNO, Morio FUKUDA, Shinya FUKUZAKI, Saiko KUMAO, and Kazunari HIGUCHI have concluded an agreement to limit liability for damages under Article 423, Paragraph 1 of the Companies Act, in accordance with the provisions of Article 427, Paragraph 1 of the same act. The maximum amount of liability for damages under the agreement is 5 million yen or the minimum amount of liability specified in Article 425, Paragraph 1 of the Companies Act, whichever is higher.

④ Outline of the contents on directors and officers liability insurance agreements

The Company has concluded a directors' and officers' liability insurance contract with an insurance company, with the directors and executive officers of the Company, as well as the directors, auditors and executive officers of the Company's subsidiaries (hereinafter referred to as “Officers, etc.”) as the insured. The outline of the contents of the insurance contract is as follows.

a. The insured person's actual share of the premium burden
   The company pays the full amount of the premium, so the insured person does not have an actual share of the premium burden.
b. Overview of insurance incidents covered by compensation, etc.
   We will compensate for any damage that may arise from the insured officer, etc. being held responsible for the execution of their duties or receiving a claim related to the pursuit of said responsibility. However, there are certain exemptions, such as not compensating for damage arising from an act that was carried out with the knowledge that it was a violation of the law.

(5) Status of accounting auditors

① Name: Deloitte Touche Tohmatsu LLC

② Amount of remuneration:

	Amount paid
The amount of remuneration for the accounting auditors in the current fiscal year	117 million yen
The total amount of money and other financial benefits payable by the Company and its subsidiaries to the accounting auditor	394 million yen

(Notes)1. As it is not possible to clearly distinguish between audits under the Companies Act and audits under the Financial Instruments and Exchange Act, the amount of remuneration, etc. for the accounting auditor for the current fiscal year includes the total amount of these remunerations, etc.

2. The Audit & Supervisory Committee conducted the necessary verification to determine whether the content of the audit plan, the status of the performance of the duties of the accounting auditor, and the basis for calculating the estimated remuneration, etc., were appropriate, and then made a decision to agree on the amount of remuneration, etc., for the accounting auditor.

3. Our overseas subsidiary REINS INTERNATIONAL (USA) CO., LTD. and some other overseas subsidiaries are audited by certified public accountants or audit corporations (including those with qualifications equivalent to these qualifications in foreign countries) other than our accounting auditor.

③ Details of non-audit work

Not applicable.

④ Policies for determination of dismissal or non-reappointment of accounting auditor

In addition to cases where it is for the Company's own reasons, if the accounting auditor violates or conflicts with the Companies Act, Certified Public Accountants Act, or other laws and regulations, or if it is determined that there has been an act that is against public order and morals, the Audit & Supervisory Committee will consider the dismissal or non-reappointment of the accounting auditor based on the facts, and if it is determined that dismissal or non-reappointment is appropriate, it will pass a resolution to make “dismissal of the accounting auditor” or “non-reappointment of the accounting auditor” an agenda item for the general meeting of shareholders in accordance with the Audit & Supervisory Committee Regulations.

⑤ Outline of the contents of limited liability agreement

The Company and the accounting auditor, Deloitte Touche Tohmatsu LLC, have concluded an agreement to limit liability for damages under Article 423, Paragraph 1 of the Companies Act, in accordance with the provisions of Article 427, Paragraph 1 of the same act.

The maximum amount of liability for damages under this agreement is the higher of 50 million yen or the amount stipulated in Article 425, Paragraph 1 of the Companies Act.

(6) The system to ensure the appropriateness of business activities

The Company's Board of Directors has adopted the following resolution regarding "the system to ensure the appropriateness of business operations".

Based on the Companies Act and the Companies Act Enforcement Regulations, the Company has established the basic policy for internal control to achieve the three objectives of "effectiveness and efficiency of operations," "ensuring reliability of financial reporting," and "compliance with laws, regulations, and the Articles of Incorporation.

Basic policy

① The Board of Directors shall formulate the basic policy for internal control, receive reports on the status of implementation of internal control by directors on a regular or ad-hoc basis, direct such reports, supervise the status of implementation of internal control, and review the basic policy for internal control from time to time.

② The representative director shall be responsible for the development and operation of internal controls based on this basic policy on internal control as determined by the Board of Directors, and shall ensure that all employees are informed that the above three objectives are the Company's top priorities.

③ The Internal Control Office shall be established under the direct control of the President to develop and supervise internal controls related to compliance with laws, regulations, and social ethical standards (compliance).

System to ensure the appropriateness of business operations

① The systems to ensure that the execution of duties by directors and employees of the Company and its subsidiaries complies with laws and regulations and the Articles of Incorporation

The directors and employees of the Company and its subsidiaries (hereinafter referred to as "the Group") shall comply with laws, regulations, the Articles of Incorporation and internal regulations and rules in accordance with the Group Compliance Policy. 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. In addition, the Group shall not have any relationship with Anti-Social Forces and shall take a firm stand against any unreasonable demands and shall ensure the thorough implementation of these policies.

② The system for the storage and management of information related to the execution of duties by directors

The minutes of the Board of Directors meetings, the minutes of the General Meetings of Shareholders, and other important documents related to the execution of duties by directors (information that must be maintained in response to requests for inspection as stipulated by the Companies Act) shall be properly stored and managed in accordance with the Rules of the Board of Directors and the Document Management Rules, and directors, Audit and Supervisory Committee members and employees designated by them shall be able to view such information at any time.

③ The regulations and other systems for managing the risk of losses for the Company and subsidiaries

The Group has established the individual rules and procedures to deal with various identified internal and external risks, centering on the Risk Management Regulations, in order to prevent the occurrence of losses, and minimize losses when they do occur.

④ The systems to ensure the efficient execution of duties by directors of the Company and its subsidiaries

In formulating the annual action plan based on the medium-term management plan of each subsidiary, the Company shall set the budget (performance targets) for the relevant fiscal year based on the medium-term management plan of the entire group, and the president of each subsidiary shall determine specific measures to be implemented by each company and establish an efficient business execution system. The progress of these activities will be reviewed monthly at a meeting attended by all directors to closely monitor the progress. In addition, in order to continuously improve the functions of the Board of Directors while flexibly responding to changes in the business environment, the number of directors (excluding directors who are members of the Audit and Supervisory Committee) shall be kept within the limit of 10, and the frequency of reviews of their qualifications shall be increased.

⑤ The systems to ensure the appropriateness of operations of the corporate group consisting of the Company and its subsidiaries

With respect to the management of the Company's subsidiaries, while respecting the independence of each subsidiary, the Company shall establish the system to receive regular reports on business activities in accordance with the Group Company Management Rules, and the corporate planning department shall promote ensuring the appropriateness and efficiency of operations across the Group. The representative directors and executive directors and executive officers shall, in accordance with their respective duties, provide guidance to ensure that subsidiaries maintain appropriate internal control systems.

⑥ The system to ensure the reliability of financial reporting

To ensure the reliability of financial reporting, the Internal Control Office evaluates, improves, and documents the status of company-wide internal controls and business processes, and the Board of Directors periodically confirms these activities.

⑦ The matters concerning employees to assist the duties of the Company's Audit and Supervisory Committee

In the event the Audit and Supervisory Committee requests the Company to appoint the Audit and Supervisory Committee staff, the Company shall appoint and assign appropriate personnel.

⑧ The matters concerning the independence of the employee described in ⑦ from other directors of the Company (excluding directors who are members of the Audit and Supervisory Committee) and ensuring the effectiveness of the Audit and Supervisory Committee's instructions to the employee

The appointment, evaluation, transfer, and discipline of employees to assist the Audit and Supervisory Committee in its duties must be approved in advance by the Audit and Supervisory Committee. The instructions of the Audit and Supervisory Committee to such employees shall not be unreasonably restricted, and such employees shall follow the instructions of the Audit and Supervisory Committee.

⑨ The system for reporting to the Audit and Supervisory Committee by directors (excluding directors who are the Audit and Supervisory Committee Members), executive officers and employees, and directors, executive officers and employees of subsidiaries

Directors (excluding directors who are members of the Audit and Supervisory Committee), executive officers, and employees, as well as directors, executive officers, and employees of subsidiaries, shall report to the Audit and Supervisory Committee any facts that may cause significant harm to the Group, or any events that violate laws, regulations, or the Articles of Incorporation.

⑩ The system to ensure that a person who makes a report as described in ⑨ above will not be treated disadvantageously by reason of making such a report

Employees, etc. who report to the Audit and Supervisory Committee shall be prohibited of any disadvantageous treatment on the basis of such report.

⑪ The policy for handling expenses incurred in the performance of duties by the Audit and Supervisory Committee members

When the Audit and Supervisory Committee member makes a request for prepayment of expenses to the Company in connection with the performance of the duties, the Company shall promptly dispose of such expenses or obligations, unless the expenses or obligations are deemed not necessary for the performance of the duties.

⑫ The other systems to ensure that the audits of the Company's Audit and Supervisory Committee are conducted effectively

In order to ensure the effectiveness of the audits by the Audit and Supervisory Committee, the Company's directors and executive officers shall ensure that the Audit and Supervisory Committee has opportunities to exchange information and opinions with the directors or external auditors when deemed necessary by the Audit and Supervisory Committee.

(7) Outline of the operating status of the system

Compliance-related initiatives

- In order to ensure the proper operation of compliance within the Group, the Group Compliance Office is taking the lead in raising awareness of compliance throughout the Group, based on the “Group Compliance Regulations”.
- In order to further improve and maintain compliance awareness, we hold regular compliance training sessions, and after the training, we have participants take a confirmation test and sign a compliance pledge. In order to make the training more effective, we have improved and promoted the web environment to make it easier to attend. In addition, we will continue to improve and maintain compliance awareness by adding and updating content in every fiscal year.
- We monitor the state of awareness regarding compliance through an engagement survey conducted twice every year for all employees of the Group.
- We hold a monthly meeting of the Fraud Prevention Committee, which is attended by the staff in charge of auditing and internal control at each group company, and we are working to improve compliance across the entire group by sharing information on cases of disciplinary action and measures to prevent their recurrence.
- In accordance with the “Whistleblowing Regulations”, we have established an internal whistleblowing system to ensure that reports are received quickly and reliably. In order to appropriately supervise the operation of the internal whistleblowing system, the content of reports and the response status are shared with the Audit & Supervisory Committee.

Risk management initiatives

- In order to ensure the soundness of our management and maintain and improve our corporate value, we have established a basic risk management policy and conduct risk management in order to appropriately identify, assess and reduce risks, and take necessary measures for correction and improvement.

- Our risk management system is based on the “Risk Management Regulations” and is organized into three lines of defense, with the understanding that all executives and employees will actively engage in risk management.
- We identify important risks based on the “risk management sheet,” which describes the identification, classification, analysis, and response to possible risks, and we also evaluate the effectiveness of our response to risks according to their importance.
- In order to prevent food-related accidents, all group companies undergo regular hygiene audits of their kitchens by a third-party organization.

Initiatives related to the efficiency of the execution of duties by directors and information management

- The Group's annual management plan is established to clarify the goals that the Group must achieve, and each director executes their duties in accordance with the relevant regulations.
- With regard to new store openings and store renovations by subsidiaries, we have a system in place where

proposals are submitted to the Location Development Committee, which is made up of the director in charge at the Company and the representative director of the subsidiary.

- With regard to the storage and management of information, we are storing and managing information appropriately in accordance with our “Document Management Regulations”.

Initiatives for Internal Control of Financial Reporting in the Group

- The Group is implementing the necessary measures for the internal control reporting system, and we are preparing common regulations for the Group and checking the implementation status of our subsidiaries. By doing this, we are standardizing operations within the Group, enabling us to provide high-quality products and services, and at the same time, we are taking steps to improve the appropriateness of business operations as stipulated in the “Internal Control Regulations” by standardizing operational management tasks such as purchasing, sales, and inventory at stores.
- With regard to the management of group subsidiaries, we have revised the “Group Company Management Regulations” and, while respecting the autonomy of each subsidiary, we receive regular reports on business content based on our Regulations at the “Group Executive Meeting” and discuss countermeasures.

Audit-related initiatives of the Audit & Supervisory Committee

- We are working to ensure the effectiveness of audits by creating opportunities for communication between the Audit & Supervisory Committee and the directors, executive officers, etc. of the Company and each Group company, and by reporting to the Audit & Supervisory Committee on important matters that affect or may affect the business.
- In order to ensure the effectiveness of audits, the Audit & Supervisory Committee regularly receives reports from the accounting auditors and Internal Control Office as well as the audit and supervisory committee members and internal audit departments, etc. of the Group companies.

(8) Basic Policy on Control of the Company

Not applicable.

We believe that the best way to defend against a takeover is to enhance our corporate value.

Consolidated Statement of Changes in Net Assets

(From April 1, 2024 to March 31, 2025)

(Unit：Millions of yen)

	Equity attributable to owners of parent				
				Other components of equity	
	Share capital	Capital surplus	Treasury shares	Financial assets measured at fair value through other comprehensive income	Cash flow hedges
Balance as of April 1, 2024	27,905	40,532	(126)	44	(223)
Profit	-	-	-	-	-
Other comprehensive income	-	-	-	23	367
Comprehensive income	-	-	-	23	367
Issuance of new shares	15,909	15,756	-	-	-
Purchase of treasury shares	-	-	(1)	-	-
Disposal of treasury shares	-	36	17	-	-
Dividends	-	-	-	-	-
Changes in ownership interests of parent due to transactions with non-controlling interests	-	23	-	-	-
Changes in ownership interests in subsidiaries	-	228	-	-	-
Total transactions and others with owners	15,909	16,043	16	-	-
Balance as of March 31, 2025	43,814	56,576	(109)	67	144

	Equity attributable to owners of parent				Non-controlling interests	Total equity
	Other components of equity		Retained earnings	Total equity attributable to owners of parent		
	Exchange differences on translation of foreign operation	Total other components of equity				
Balance as of April 1, 2024	40	(139)	(23,219)	44,954	9,181	54,135
Profit	-	-	2,905	1,249	1,006	2,255
Other comprehensive income	(72)	318	-	318	(259)	59
Comprehensive income	(72)	318	2,905	1,567	747	2,314
Issuance of new shares	-	-	-	31,664	-	31,664
Purchase of treasury shares	-	-	-	(1)	-	(1)
Disposal of treasury shares	-	-	-	53	-	53
Dividends	-	-	(952)	(952)	(141)	(1,094)
Changes in ownership interests of parent due to transactions with non-controlling interests	-	-	-	23	13	36
Changes in ownership interests in subsidiaries	-	-	-	228	(228)	-
Total transactions and others with owners	-	-	(952)	31,016	(356)	30,660
Balance as of March 31, 2025	(33)	178	(22,922)	77,537	9,571	87,108

Notes to consolidated financial statements

1. Important matters that form the basis for the preparation of consolidated financial statements

(1) Basis for preparation of consolidated financial statements

The consolidated financial statements of the Company are prepared in accordance with International Financial Reporting Standards (IFRS), in accordance with the provisions of Article 120, Paragraph 1 of the Ordinance for Corporate Accounting.

In addition, in accordance with the provisions of the second sentence of the same paragraph, some of the disclosure items required under IFRS are omitted from these consolidated financial statements.

(2) The matters on the scope of consolidated subsidiaries

① The number of consolidated subsidiaries 61 companies

② The primary consolidated subsidiaries are as follows.

COLOWIDE MD Co., Ltd., ATOM CORPORATION, REINS international inc., KAPPA-CREATE CO., LTD., OOTOYA Holdings Co., Ltd.

③ Changes of the scope of subsidiaries

There were 8 increases in the number of consolidated subsidiaries.

2. Significant accounting policy

(1) Basis of consolidation

① Subsidiaries

A subsidiary is an entity controlled by the Company. The Company judges to have control over an entity when the Group has exposure or rights to variable returns resulting from its involvement in the entity and has the ability to influence such returns through its power over the entity.

If the Group owns a majority of the voting rights in an entity, it is generally included as a subsidiary. Even if the Group does not own a majority of the voting rights of an entity, it is included as a subsidiary if it is determined that it substantially controls the decision-making bodies of the entity through agreements with other investment entities or other arrangements.

The financial statements of subsidiaries are included in the consolidated financial statements from the date control is acquired until the date control is lost.

When the accounting policies adopted by a subsidiary differ from those adopted by the Company, adjustments are made to the financial statements of the subsidiary as necessary.

Receivables and payables balances and intragroup transactions between the Group and unrealized gains and losses arising from intergroup transactions between the Group are eliminated in the preparation of the consolidated financial statements.

Changes in the Company's interest in a subsidiary that do not result in the loss of control are accounted for as equity transactions, and the difference between the adjustment for non-controlling interest and the fair value of the consideration received is recognized directly in equity as equity attributable to owners of the parent company.

② Business combination

Business combinations are accounted for using the acquisition method.

Goodwill is measured as the excess of the sum of the consideration transferred in the business combination, the amount of any noncontrolling interest in the acquiree, and the fair value of the Company's previously held equity interest in the acquiree over the fair value of identifiable assets and liabilities at the acquisition date. If the difference is a negative amount, the resulting gain or loss is recognized in profit or loss. The acquisition of additional noncontrolling interests after obtaining control is accounted for as an equity transaction, and no goodwill is recognized from the transaction.

The consideration transferred in a business combination is calculated as the sum of the assets transferred by the Company, the liabilities incurred by the Company to the former owners of the acquiree, and the acquisition date fair value of the equity interests issued by the Company.

The Group selects for each business combination as to whether to measure the noncontrolling interest in the acquiree at fair value or at an amount equal to the noncontrolling interest's proportionate share of the acquiree's identifiable net assets.

Identifiable assets and liabilities in the acquiree are measured at fair value at the acquisition date, except for the following

- Deferred tax assets and liabilities are recognized and measured in accordance with IAS 12 “Income Taxes”, liabilities (or assets) for employee benefits are recognized and measured in accordance with IAS 19 “Employee Benefits”, and liabilities for share-based payments are recognized and measured in accordance with IFRS 2 “Share-based Payment”.
- Non-current assets classified as held for sale or disposal groups are measured in accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”.

Acquisition-related costs incurred by the Company in connection with a business combination are expensed as incurred.

Business combination transactions under common control, i.e., all combined entities or combined businesses are ultimately controlled by the same parties before and after the business combination and such control is not temporary, are accounted for based on book value.

(2) Financial instruments

① Non-derivative financial assets

(i) Initial recognition and measurement

Financial assets are initially recognized when the Company becomes a party to the contractual provisions of such financial assets and are classified and measured as follows at the time of initial recognition

(a) Financial assets measured at amortized cost

Financial assets are classified as financial assets measured at amortized cost if both of the following requirements are met

- Held for the business purpose of collecting contractual cash flows
- The terms of the contract generate cash flows solely from the payment of principal and interest on the principal balance on a specified date.

Financial assets measured at amortized cost are measured at fair value at initial recognition plus transaction costs directly attributable to their acquisition.

(b) Financial assets at fair value through profit or loss

Financial assets other than those measured at amortized cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss.

Financial assets at fair value through profit or loss are measured at fair value at initial recognition and transaction costs are recognized in profit or loss as incurred.

(c) Financial assets at fair value through other comprehensive income

Equity instruments not held for trading that elect to be recognized through other comprehensive income are designated as such and are applied on an ongoing irrevocable basis.

Financial assets at fair value through other comprehensive income are measured at fair value plus transaction costs directly attributable to their acquisition upon initial recognition.

(ii) Subsequent measurement

Financial assets are measured after initial recognition as follows, depending on their classification

(a) Financial assets measured at amortized cost

Financial assets measured at amortized cost are measured at amortized cost using the effective interest method.

(b) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss recognize changes in fair value after initial recognition in profit or loss.

(c) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income recognize changes in fair value after initial recognition in other comprehensive income.

(iii) Impairment of financial assets

For financial assets measured at amortized cost, at the end of each reporting period, the Company assesses whether the credit risk has increased significantly since initial recognition and deducts the credit losses expected to be incurred in the future. This assessment takes into account information that is reasonably available and supportable, as well as information that is past due.

For financial assets measured at amortized cost for which credit risk has been assessed to have increased significantly since initial recognition, the expected credit loss for the entire period is estimated individually. For those that have not, the expected credit loss is estimated for the 12 months following the end of the reporting period.

However, for financial assets measured at amortized cost, trade receivables, contract assets and lease receivables, expected credit losses for the entire term are recognized from inception based on historical credit losses on a simplified basis.

The expected credit loss on financial assets measured at amortized cost is estimated in a manner that reflects the following

- Unbiased probability-weighted amount calculated by evaluating a range of possible outcomes
- Time value of money
- Reasonable and supportable information about past events, current conditions, and projected future economic conditions that is available without undue cost or effort at the reporting date.

(iv) Derecognition of financial assets

A financial asset is derecognized when the contractual rights to the cash flows from the financial asset expire or when the financial asset is transferred, and the transfer relocates almost all the risks and economic

value associated with ownership of the financial asset. If the Company neither transfers nor retains almost all the risks and economic value associated with ownership of the transferred asset, but retains control over the asset, the Company recognizes the transferred asset and the related liability to the extent of its continuing involvement.

② Non-derivative financial liabilities

(i) Initial recognition and measurement

Financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the financial liability and are classified as financial liabilities measured at amortized cost at the time of initial recognition.

Financial liabilities measured at amortized cost are measured at fair value less transaction costs directly attributable to their acquisition at initial recognition.

(ii) Subsequent measurement

Financial liabilities measured at amortized cost are measured at amortized cost using the effective interest method.

(iii) Derecognition of financial liabilities

A financial liability is derecognized only when the financial liability is extinguished, i.e., the obligation identified in the contract is discharged, cancelled, or forfeited. Upon derecognition of a financial liability, the difference between the carrying amount of the financial liability and the consideration paid or to be paid is recognized in profit or loss.

③ Derivatives and hedge accounting

The Company uses interest rate swaps to reduce the risk of interest rate fluctuations.

Derivatives are initially recognized at fair value on the date the derivative contracts are entered into and are measured at fair value at the end of each reporting period after initial recognition.

Depending on whether the derivatives designated as hedging instruments qualify for hedge accounting or not, changes in such derivatives are accounted for as follows;

Derivatives that qualify for hedge accounting are designated as cash flow hedges and hedge accounting is applied to them.

(i) Derivatives that do not qualify for hedge accounting

Changes in fair value are recognized in profit or loss

(ii) Derivatives that qualify for hedge accounting.

At the inception of the hedge, a formal designation and documentation of the relationship between the hedging instrument and the hedged item, as well as the risk management objective and strategy for the implementation of the various hedging transactions, is made.

At the hedge's inception and on an ongoing basis, the Company evaluates whether the derivatives used in hedging transactions are effective in offsetting changes in the cash flows of hedged items. Specifically, a hedge is considered effective when all of the following conditions are met

- The economic relationship between the hedged item and the hedging instrument results in an offset
- The effect of credit risk does not significantly outweigh the change in value arising from the economic relationship.
- The hedge ratio of the hedging relationship is the same as the ratio resulting from the quantities of the hedged item and the hedging instrument that are actually being hedged.

For derivatives designated and qualifying as cash flow hedges, the effective portion of the change in fair value of the hedge after initial recognition is recognized in other comprehensive income and the ineffective portion of the hedge is recognized immediately in profit or loss. Accumulated gains or losses recognized through other comprehensive income are reclassified into profit or loss in the same period that the hedged cash flows affect profit or loss.

When a hedge no longer meets the requirements for hedge accounting, or when a hedging instrument expires, is sold, terminated or exercised, hedge accounting is discontinued prospectively.

(3) Inventories

Inventories are measured at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs to complete and estimated selling costs. Cost is determined principally by the average method for raw materials and by the first-in, first-out method for merchandise, and includes purchase cost, processing cost, and all costs incurred to reach the current location and condition.

(4) Property, plant and equipment

① Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, using the cost model.

Acquisition costs include costs directly related to the acquisition of assets, demolition and removal and land restoration costs, and borrowing costs that should be capitalized.

When the useful lives of components of property, plant and equipment differ from component to component, each is recorded as a separate property, plant and equipment.

② Depreciation

Property, plant and equipment other than land and construction in progress are depreciated using the straight-line method over the estimated useful lives of each component of the assets at the depreciable amount (acquisition cost less residual value). The estimated useful lives of major asset items are as follows

- Buildings and structures: 3-50 years
- Machinery, equipment and vehicles: 2-15 years
- Tools, furniture and fixtures: 2-20 years

Estimated useful lives, residual values, and depreciation methods are reviewed at the end of each reporting period and, if changes are necessary, are applied prospectively as changes in accounting estimates.

③ Derecognition

Property, plant and equipment are derecognized upon disposal or when no future economic benefits from their continued use or disposal are expected. Gains or losses arising from the derecognition of an item of property, plant and equipment are included in profit or loss when the asset is derecognized.

(5) Goodwill and intangible assets

① Goodwill

[Initial recognition]

The measurement of goodwill at the time of initial recognition is described in Notes “2. Significant Accounting Policies (1) Basis of Consolidation ②Business Combinations”.

[Measurement after initial recognition]

Goodwill is measured at cost less accumulated impairment losses.

② Intangible assets

Intangible assets are measured at cost less accumulated amortization and accumulated impairment losses, using the cost model.

Intangible assets acquired separately are measured at cost upon initial recognition.

The cost of intangible assets acquired in a business combination is measured at their fair value at the acquisition date.

For self-created intangible assets, the related expenditures are expensed as incurred, except for those that meet the criteria for asset recognition. Self-created intangible assets that meet the requirements for asset recognition are stated at cost, which is the sum of expenditures incurred after the date on which the recognition criteria are first met.

Intangible assets with finite useful lives are amortized on a straight-line basis over their respective estimated useful lives after initial recognition and are carried at cost less accumulated amortization and accumulated impairment losses. The estimated useful lives of major intangible assets are as follows

- Software 3-5 years
- Trademark 5-15 years

Estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period and, if changes are necessary, are applied prospectively as changes in accounting estimates. We do not amortize intangible assets with indefinite useful lives. Instead, we perform impairment tests each fiscal year or whenever there are indications of impairment.

(6) Leases

At the inception date, right-of-use assets are measured at cost and lease liabilities are measured at the present value of the lease payments that have not been paid as of that date.

A right-of-use asset is depreciated from the inception date to the end of the useful life of the right-of-use asset or the end of the lease term, whichever is earlier.

Lease liabilities are measured at amortized cost using the effective interest method. Lease payments are allocated between financial expenses and the repayment of lease liabilities so that a constant interest rate is applied to the balance of lease liabilities. Financial expenses are presented separately from depreciation of right-of-use assets in the consolidated statement of income.

At the inception of a contract, the Group determines whether or not the contract is a lease or contains a lease based on the substance of the contract. If the contract transfers the right to control the use of specified assets in exchange for consideration over a period of time, the contract is determined to be a lease or contain a lease.

For short-term leases where the lease period is 12 months or less and for leases where the underlying asset is of small value, the right-of-use asset and lease liability are not recognized, and the total lease payments are recognized as expenses on a straight-line basis over the lease term.

(7) Investment property

Investment property is real estate held for the purpose of earning rental income or capital gains, or both. It does not include real estate that is used for sale in the ordinary course of business or used for the manufacture or sale of goods or services, or for other administrative purposes.

Investment real estate is measured at cost less accumulated depreciation and accumulated impairment losses, using the cost model.

Investment real estate other than land is depreciated using the straight-line method over its estimated useful lives, which ranges from 8 to 50 years.

The estimated useful lives, residual values, and depreciation methods are reviewed at the end of each consolidated fiscal year, and, if necessary, applied prospectively as a change in accounting estimate.

(8) Impairment of non-financial assets

① Determination of impairment

The carrying amounts of non-financial assets, except inventories, deferred tax assets, and non-current assets held for sale, are reviewed at the end of each consolidated fiscal year to determine whether there is any indication of impairment. If an indication of impairment exists, the recoverable amount of the asset is estimated. The recoverable amount of a cash-generating unit or group of cash-generating units to which goodwill is allocated and intangible assets with indefinite useful lives or that are not yet available for use is estimated at the same time each year.

The recoverable amount of a cash-generating unit or group of cash-generating units is the higher of value in use or fair value less costs to dispose. In calculating value in use, estimated future cash flows are discounted to present value using a pre-tax discount rate that reflects the time value of money and the risks inherent in the asset. Goodwill acquired in a business combination is allocated to the cash-generating unit or group of cash-generating units that are expected to benefit from the synergies of the business combination.

An impairment loss is recognized in profit or loss when the carrying amount of a cash-generating unit or group of cash-generating units exceeds its recoverable amount. Impairment losses recognized in connection with a cash-generating unit or group of cash-generating units are allocated first to reduce the carrying amount of goodwill allocated to that unit and then to reduce the carrying amount of other assets within the cash-generating unit or group of units proportionately.

② Reversal of impairment losses

For impairment losses recognized on non-financial assets other than goodwill in prior periods, the Company considers whether there is any indication that the losses will decrease or disappear at the end of each consolidated fiscal year. If such indications exist, the recoverable amount is estimated, and if such recoverable amount exceeds the carrying amount of the asset, an impairment loss is reversed. The impairment loss is reversed to an amount not exceeding the carrying amount of the asset after deducting the required depreciation and amortization from the carrying amount of the asset if no impairment loss had been recognized.

(9) Provision

A provision is recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources with economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is significant, the provision is measured by discounting the liability to present value using a pre-tax interest rate that reflects the risks inherent in the liability.

(10) Revenue

The Company recognizes revenue based on the following five-step approach

Step 1: Identify the contract with the customer

Step 2: Identify performance obligations in the contract

Step 3: Calculate the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: The entity recognizes revenue when the performance obligation is satisfied.

The Group provides services through the operation of izakaya (Japanese style pubs), restaurants and other eating and drinking establishments, sells goods to franchisees (FC), and provides management guidance and store operation guidance to franchisees

Revenue from services rendered consists of the provision of food based on orders from customers at restaurants, and then the performance obligation is satisfied when the food is served to the customer and the consideration is received.

Revenues from sales of goods consist of sales of food ingredients to franchisees and sales of processed foods at stores selling confectioneries and side dishes, etc. Revenues are recognized at the time the performance obligation is fulfilled when the goods are delivered to the customer.

Revenues received from the granting of franchise rights to prospective franchise store operators (franchise fees and royalty income) are recognized in accordance with the reality of the transaction. For franchise fees received from franchisees at the time the franchise agreement is concluded, such consideration is recorded as a contract liability and recognized as revenue over a certain period of time in accordance with the satisfaction of performance obligations. Royalty revenues are measured on the basis of the contract partner's sales and other factors, and are recognized as revenues in consideration of the point in time when they are earned.

(11) Other matters important for the preparation of consolidated financial statements

Application of the group consolidation system

The group consolidation system is applied to the Company and the wholly owned domestic subsidiaries.

3. Notes on changes in the accounting policies

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

The Company has adopted the following accounting standards effective from the current fiscal year.

IFRS		Outline of New and Revised
IAS 1	Presentation of Financial Statements	Clarification of requirements for classifying liabilities as current or non-current Revision requiring disclosure of information on long-term debt with special terms
IAS 7 IFRS 7	Statement of cash flows Financial instruments: Disclosure	Revision requiring disclosure to promote transparency in supplier finance agreements
IFRS 16	Lease	Clarification of accounting treatment after sale and leaseback transactions

The adoption of these accounting standards had an immaterial impact on the consolidated financial statements.

4. Notes on changes in presentation method

Not applicable.

5. Notes on accounting estimates

The following is a list of items for which an accounting estimate has been recorded in the consolidated financial statements for the current fiscal year that may have a material effect on the consolidated financial statements for the following fiscal year.

For the fiscal year ending March 31, 2026, there is a growing concern about the global economic slowdown due to the effects by the tariff policy in the U.S. new administration, the stagnant Chinese economy, and the geopolitical risks in Europe and Middle East, etc. In Japan, Wage increases are being implemented mainly by large companies, and an increasing number of small and medium-sized companies are also planning to raise wages. It is expected that there will be a growing trend to pass on wage increases to sales prices. In the food service industry, the situation is expected to remain less optimistic due to continued cost pressures and labor shortages. In order to pass on price increases appropriately, it will be necessary to continuously enhance the appeal of products and services.

Under these circumstances, the Group is striving to promote business based on our medium-term management plan, "COLOWIDE Vision 2030," with a view to increasing our corporate value over the medium to long term. While maintaining the domestic food service business as our business base, we will strive to enhance corporate value, aiming to achieve consolidated revenue of 500 billion yen by the fiscal year ending March 31, 2030, through growth in the overseas food service business, where market expansion is expected, and in the catering service business, which we have entered in full scale.

In the domestic food service business, we will plan to open new stores, mainly in the restaurant business, renovate, relocate and change the business format of aging stores, and expand our market share through M&A. In addition, we will enhance our merchandising capabilities centered on COLOWIDE MD Co., Ltd., pursue efficiency, increase the added value of our products and services, and pass on price increases as necessary.

In the overseas food service business, in the Middle East, which we have begun developing as a new area, we will accelerate store openings with the goal of establishing 55 stores by the end of March 2030. In addition to strengthening business in Asian countries and North America, where we are already operating, we will strive to expand further.

In the catering service business, we are striving business expansion in the health care facilities. Effective April 1, we reorganized the companies engaged in the catering services within our group into an organization centered on Nifs Co., Ltd. By leveraging the menu development capabilities and operational capabilities cultivated through competition in the restaurant market, as well as improved cooking efficiency through meal kits utilizing group factories, we will strive to develop our business by leveraging our advantages as a food service company.

In order to continue growing over the long term while fulfilling our social responsibilities, we are also focusing on promoting sustainability. We will continue to actively engage in initiatives based on our five materialities (key issues), namely, “Contribution to the environment,” “Food safety and security,” “Workplace diversity and growth,” “Contribution to our community and society,” and “Strengthen business management foundation.”

Accounting estimates are made based on the business plan assuming the above.

(1) Estimated useful lives and residual values of property, plant and equipment, intangible assets and right-of-use assets

① The amounts recorded on consolidated financial position

- Property, plant and equipment 52,883 Million yen
- Intangible assets 13,889 Million yen
- Right-of use assets 24,690 Million yen

② Other information

The useful lives of property, plant and equipment, intangible assets, and right-of-use assets are estimated based on a comprehensive consideration of expected usage, natural physical wear and tear, and technological or economic obsolescence. The residual values are estimated based on the present value, net of costs to sell, that is currently expected to be received from the disposal of the assets. These estimates are subject to the risk that the carrying amounts of property, plant and equipment, intangible assets, and right-of-use assets may be materially modified by the outcome of future changes in uncertain economic conditions.

Impairment losses on property, plant and equipment are included in "Other operating expenses" in the consolidated statement of income.

The impairment losses were mainly incurred from store facilities.

(2) Lease term of right-of use assets

① The amounts recorded on consolidated financial position

- Right-of use assets 24,690 Million yen
- Lease liabilities(current) 14,770 Million yen
- Lease liabilities(non-current) 19,081 Million yen

② Other information

The Company determines the lease term to be the non-cancelable term of the lease plus the term subject to the option to extend the lease if it is reasonably certain that it will be exercised and the term subject to the option to cancel the lease if it is reasonably certain that it will not be exercised. Specifically, lease terms are estimated based on the existence of options to extend or terminate the lease term and the possibility of exercising such options, as well as the existence of termination penalties. These factors are subject to the risk of material revisions to the amounts of right-of-use assets and lease liabilities, etc., due to uncertain future changes in economic conditions or the outcome of negotiations at the time of contract renewal.

(3) Impairment of non-financial assets

① The amounts recorded on consolidated financial position

- Property, plant and equipment 52,883 Million yen
- Right-of-use assets 24,690 Million yen
- Goodwill 91,877 Million yen
- Intangible assets 13,889 Million yen
- Investment property 386 Million yen

② Other information

Impairment testing of non-financial assets (property, plant and equipment, right-of-use assets, goodwill, intangible assets, and investment property) is based on a number of assumptions and estimates, including assumptions about the fair value of the cash-generating unit, net of costs to sell, and assumptions about the estimated future cash flows and discount rates of the cash-generating unit for value-in-use calculations. There is a risk that the carrying amounts of non-financial assets may be materially modified as a result of future changes in uncertain economic conditions or other factors.

(4) Recoverability of deferred tax assets

① The amounts recorded on consolidated financial position

・Deferred tax assets 12,129 Million yen

② Other information

Deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which the deductible temporary differences can be utilized, but the timing and amount of taxable income may be affected by uncertain future changes in economic conditions. If the actual timing and amount of taxable income differs from estimates, there is a risk of material fluctuations in the amounts recognized in subsequent periods.

(5) Measurement of provisions

① The amounts recorded on consolidated financial position

・Provisions(current) 4,258 Million yen

・Provisions(non-current) 6,409 Million yen

② Other information

The Company records asset retirement obligations at the present value of the best estimate of expenditures required to settle the obligation, taking into account risks and uncertainties at the balance sheet date, discounted at a pre-tax discount rate that reflects the risks inherent in the liability.

The amount of expenditures required to settle liabilities is calculated based on a comprehensive consideration of possible future outcomes, but may be affected by the occurrence of unforeseeable events or changes in circumstances. If actual payments differ from estimates, or if there are material changes in the discount rate used to discount estimated expenditures due to changes in economic conditions, there is a risk of material changes in the amounts recognized from the next fiscal year onward.

In addition, to prepare for expenses arising from the use of shareholder special benefit coupons for sales promotions, the Company provides for estimated expenses to be incurred from the following fiscal year based on actual usage. The estimated amount of expenses is calculated based on a comprehensive consideration of possible future results. However, it may be affected by unforeseeable events or changes in circumstances, and if actual expenses differ from the estimate, there is a risk that the amount recognized in the following fiscal years may fluctuate significantly.

6. Notes on consolidated financial position

(1) Collateral assets and collateralized debt obligations

Assets pledged as collateral for bonds and borrowings are as follows:

(Unit：Millions of yen)

	Current consolidated fiscal year (March 31, 2025)
Buildings and structures	1,411
Land	3,924
Total	5,335

The corresponding liabilities are as follows:

(Unit：Millions of yen)

	Current consolidated fiscal year (March 31, 2025)
Bonds(Note1)	19,164
Long term borrowings(Note1)	51,036
Total	70,200

(Note 1) Includes current portion and redemption schedule.

(Note 2) In addition to the above, assets pledged as collateral for debts include shares of subsidiaries that have been eliminated in consolidation.

(2) Allowance for doubtful accounts deducted directly from assets

Trade and other receivables	190 Million yen
Other financial assets (non-current)	290 Million yen

(3) Accumulated depreciation for assets

Property, plant and equipment	78,208 Million yen
Right-of-use assets	107,610 Million yen
Investment property	340 Million yen

The amounts of accumulated depreciation include accumulated impairment losses.

7. Notes on consolidated statement of changes in net assets

(1) Matters on the number of issued shares

Class of shares	Number of shares as of the beginning of the fiscal year	Number of shares increased during the period	Number of shares decreased during the period	Number of shares as of the end of the fiscal year
Common shares	86,903,541 shares	19,550,000 Shares	-	106,453,541 shares
Preferred shares	30 shares	-	-	30 shares
Second series preferred shares	30 shares	-	-	30 shares
Third series preferred shares	90 shares	-	-	90 shares
Total	86,903,691 shares	19,550,000 Shares	-	106,453,691 shares

(Note) The increase in the number of common shares is due to the paid public offering and third-party allocation of new shares conducted in September 2024.

(2) Matters on treasury shares

Class of shares	Number of shares as of the beginning of the fiscal year	Number of shares increased during the period	Number of shares decreased during the period	Number of shares as of the end of the period
Common shares	196,199 shares	1,279 shares	26,628 shares	170,850 shares

(Note) The increase in the number of treasury shares is due to the acquisition of odd-lot shares, and the decrease is mainly due to the disposal of shares as share-based remuneration with restrictions on transfer.

(3) Matters on the distribution of surplus funds

① Dividend payment, etc.

The following was resolved at the Board of Directors meeting held on May 9, 2024.

・Total amount of dividends	Common shares	434 Million yen
	Preferred shares	94 Million yen
	Second series preferred shares	109 Million yen
	Third series preferred shares	315 Million yen
・Amount of dividend per share	Common share	5 Yen
	Preferred shares	3,149,090 Yen
	Second series preferred shares	3,649,090 Yen
	Third series preferred shares	3,500,000 Yen
・Record date	March 31, 2024	
・Effective date to commence	June 6, 2024	

② Of the dividends for which the record date falls within the current consolidated fiscal year, those for which the effective date falls in the following consolidated fiscal year

The following was resolved at the Board of Directors meeting held on May 9, 2025.

・The total amount of dividends	Common shares	531 Million yen
	Preferred shares	98 Million yen
	Second series preferred shares	113 Million yen
	Third series preferred shares	315 Million yen
・Source of funds for dividends	Retained earnings	
・Amount of dividend per share	Common shares	5 Yen
	Preferred shares	3,252,730 Yen
	Second series preferred shares	3,752,730 Yen
	Third series preferred shares	3,500,000 Yen
・Record date	March 31, 2025	
・Effective date to commence	June 5, 2025	

8. Notes on status of financial instruments

(1) Financial instruments

① Equity management

The Group manages its equity based on the key policy of optimizing equity efficiency in its business activities, in addition to maintaining an appropriate level of assets, liabilities, and equity for current and future business activities.

In managing equity, the Group uses the ratio of equity attributable to owners of parent to total assets as an important indicator, and we set targets and monitor them in our medium-term management plan.

② Financial risk management

The Group is exposed to financial risks (credit risk, liquidity risk, and market risk) in the course of its management activities, and manages risks in order to mitigate such financial risks.

③ Credit risk management

Credit risk is the risk that a counterparty to a financial asset held by the Group will default on its contractual obligations and cause the Group to incur financial losses.

Since the Group extends credit to a large number of counterparties through its restaurant business, trade and other receivables and other financial assets are exposed to credit risk.

④ Liquidity risk management

Liquidity risk is the risk that the Group may not be able to make payments when due in order to meet its repayment obligations for maturing financial liabilities.

The Group manages liquidity risk by preparing and updating cash management plans as appropriate by the accounting department, taking into consideration reports from each department, and maintaining liquidity on hand.

⑤ Market risk management

The Group is exposed to market risks such as foreign exchange fluctuation risk related to foreign currency denominated transactions and interest rate fluctuation risk related to fund procurement, and takes measures to mitigate each risk according to its nature.

The Group uses derivative transactions to avoid interest rate fluctuation risk and has a policy of not engaging in speculative transactions.

(2) Fair value, etc. of financial instruments

① Financial instruments measured at fair value

For financial instruments measured at fair value, the fair value measurements are classified according to the observability and materiality of the inputs used in the measurement, from Level 1 to Level 3 as follows:

Level 1: Quoted market prices for identical assets or liabilities in active markets
Level 2: Fair value calculated directly or indirectly using observable inputs other than Level 1
Level 3: Fair value calculated from valuation techniques that include unobservable inputs

② Methods of measuring fair value

(i) Security and guarantee deposits

The fair value of security and guarantee deposits is measured at the present value of the estimated redemption schedule, which is calculated by discounting the estimated collectable amount of security and guarantee deposit by the discount rate that takes into account the credit risk in the yield of long-term, highly secure bonds

(ii) Lease receivables

The fair value of lease receivables is measured at the present value of future cash flows, which is the sum of principal and interest, discounted at a discount rate that takes into account credit risk in relation to the yield of long-term, highly secure bonds.

(iii) Accounts payable - other for equipment and construction

The fair value of accounts payable - other from installment purchases, excluding current portion, is measured at present value, which is discounted at a discount rate that takes into account credit risk to the yield of long-term, highly secure bonds.

(iv) Bonds and borrowings

The fair value of bonds and borrowings with fixed interest rates is measured at the present value of future cash flows, which is the sum of principal and interest, discounted at the interest rate that would be applicable to a similar new borrowing. The fair value of bonds and borrowings with variable interest rates is the contractual carrying amount, which reflects market interest rates over a short period of time, and the Group's creditworthiness has not changed significantly since the borrowings were made, therefore the fair value is the contractual amount.

(v) Preferred shares

The fair value of preferred shares is measured at the present value of future cash flows, which is the sum of preferred dividends, discounted at a discount rate that takes into account credit risk to the yield of long-term, highly secure debt securities.

(vi) Equity shares

The fair value of listed equity shares is measured based on quoted market prices and is classified as fair value hierarchy level 1.

The fair value of unlisted equity shares is measured using the comparable companies method, valuation techniques based on net assets, etc., and is classified as Level 3 of the fair value hierarchy.

(vii) Derivatives

Derivative instruments consist of interest rate swap agreements.

The fair value of the interest rate swap agreements is measured based on the present value of discounted future cash flows and is classified as Level 2 of the fair value hierarchy.

③ Financial instruments measured at amortized cost

The carrying amounts and fair values of financial instruments measured at amortized cost are as follows:

(Unit：Millions of yen)

	Book value	Fair value			Total
		Level1	Level2	Level3	
(Financial assets)					
Other financial assets					
Security and guarantee deposits	16,452	-	-	16,288	16,288
Lease assets (Note1)	659	-	-	765	765
Total	17,111	-	-	17,054	17,054
(Financial liabilities)					
Trade and other liabilities					
Account payable -other for equipment and construction (Note1)	8,837	-	-	8,848	8,848
Bonds and borrowings					
Bonds (Note1)	26,834	-	-	26,751	26,751
Borrowings (Note1)	102,482	-	-	102,391	102,391
Other financial liabilities					
Preferred shares	200	-	-	107	107
Total	138,353	-	-	138,096	138,096

(Note 1) Includes current portion collected, current portion due and redemption schedule within one year.
(Note 2) There were no transfers between Level 1, Level 2 and Level 3 in the current fiscal year.
(Note 3) The fair value of these instruments is based on the present value of reasonably estimated future cash flows discounted at an appropriate rate of interest and classified as Level 3. The discount rate used is the rate that would be assumed for a new similar transaction for financial instruments with interest rates, and for financial instruments without interest rates, an appropriate index such as the yield on government bonds corresponding to the remaining period plus credit risk is used.

④ Financial instruments measured at fair value

(i)Fair value hierarchy

Financial assets and financial liabilities recognized at fair value in the consolidated statement of financial position classified according to the fair value hierarchy are as follows:

(Unit：Millions of yen)

	Level1	Level2	Level3	Total
(Financial assets)				
Other financial assets				
Measured at fair value through profit and loss				
Shares	-	-	2,107	2,107
Derivative assets designated as hedging instruments	-	183	-	183
Derivative assets to which hedge accounting is not applied	-	-	-	-
Others	-	-	378	378
Measured at fair value through other comprehensive income				
Shares	267	-	52	320
Total	267	183	2,537	2,987
(Financial liabilities)				
Other financial liabilities				
Derivative liabilities designated as hedging instruments	-	-	-	-
Derivative liabilities for which hedge accounting is not applied	-	-	-	-
Total	-	-	-	-

(Note) There were no transfers between levels of the fair value hierarchy in the current consolidated fiscal year.

(ii)Financial instruments classified as Level 3

There were no significant changes in financial instruments classified as Level 3 during the current consolidated fiscal year.

9. Notes on investment property

(1) Investment property

The Group owns commercial facilities (including land) for lease and idle real estate in Tochigi Prefecture, Aichi Prefecture and other regions.

(2) Fair value of investment property

The carrying amount and fair value of investment properties in the consolidated statement of financial position at the end of the current consolidated fiscal year are as follows.

	Book value on consolidated statement of financial position	Fair value
Investment property	386 Million yen	415 Million yen

(Note) 1.The amount on the consolidated statement of financial position is the amount obtained by deducting the accumulated depreciation and accumulated impairment loss from the acquisition cost.
2.The fair value of investment property is based on real estate appraisals and other valuations performed by outside real estate appraisers. Such valuations are based on market evidence reflecting the transaction prices of similar assets in accordance with the valuation standards of the countries in which the properties are located.

10. Notes on revenue

(1) Breakdown of Revenues

The Group decomposes its revenues by major types of goods and services. The relationship between these decomposed revenues and segment revenues is as follows:

(Unit：Millions of yen)

		Reportable segments					Others	Total
		COLOWIDE MD Co., Ltd.	ATOM CORPORATION	REINS international inc.	KAPPA-CREATE CO., LTD.	OOTOYA Holdings Co., Ltd.		
By type of goods and services	Service provided	-	35,422	56,259	59,537	21,888	31,904	205,010
	Sales of goods	2,584	-	22,815	12,833	7,903	6,213	52,347
	Others	145	81	8,905	-	1,522	459	11,112
Total		2,729	35,503	87,980	72,370	31,312	38,575	268,470

(Note) Revenue from contracts with customers is presented as revenue from sales to external customers.

Revenue recognized from contracts with customers and other sources consists of the following:

(Unit : Millions of yen)

Revenue recognized from contracts with customers	268,470
Revenue recognized from other sources	686
Total	269,156

Revenue recognized from other sources includes lease income in accordance with IFRS 16.

Offering of services

Revenue from the offering of services consists principally of the rendering of food based on customer orders at restaurants. The performance obligation is satisfied when the food is served to the customer and the consideration is received. The amount recorded as revenue for each month is paid within a short period of time after the fulfillment of performance obligations in accordance with the payment terms separately determined by credit card companies, etc., according to the payment method selected by the user, and the amount of consideration does not include a significant financial component.

Sales of Goods

Revenues from sales of goods consist primarily of sales of food ingredients to franchisees and sales of processed foods at stores that sell confectionery, prepared foods, and other products. The Group recognizes revenue from sales of food ingredients and processed foods at the time the goods are delivered to the customer, since the performance obligation is satisfied at that time. The promised consideration is paid approximately one month from the time the performance obligation is satisfied, and the amount of the consideration does not include any significant financial component.

When the Group makes a payment to a customer and the consideration paid to the customer is not a payment for separate goods or services from the customer, the Group measures revenue by deducting the consideration from the transaction price.

Others

Other revenues mainly consist of revenues (franchise fees and royalties) received from the granting of franchise rights to prospective store operators. Revenues received from the granting of franchise rights to prospective franchisees are recognized in accordance with the reality of the transactions.

For franchise fees received from franchisees at the time the franchise agreement is concluded, such consideration is recorded as a contract liability and recognized as revenue over a specified period of time in accordance with the satisfaction of performance obligations.

Royalty income is measured based on the franchisee's sales and other factors and is recognized as revenue when it is earned. Promised consideration is paid approximately one month from the time the performance obligation is satisfied, and the amount of consideration does not include any significant financial component.

(2) Contract balances

The balances of receivables, contract liabilities, and other items arising from contracts with customers are as follows:

(Unit : Millions of yen)

Claims arising from contracts with customers (Note 1)	
Accounts receivable	12,961
Allowance for doubtful accounts	(190)
Total	12,771
Contract liabilities, etc. (Note 2)	
Contract liabilities, etc. (current liabilities)	385
Contract liabilities, etc. (non-current liabilities)	706
Total	1,091

(Note 1) Receivables arising from contracts with customers, net of allowance for doubtful accounts, are recorded in "Trade and other receivables" in the consolidated statement of financial position.

(Note 2) Contract liabilities, etc. consist primarily of deferred revenue related to advance franchise fees received from franchisees at the time of franchise agreement execution and obligations related to customer royalty programs.

11. Notes on per share information

(1) Equity attributable to owners of parent per share 583.46 Yen

(2) Basic earnings per share 7.45 Yen

12. Significant subsequent events

On May 13, 2025, the Company resolved to acquire all shares of Seagrass Holdco Pty Ltd. (hereinafter referred to as the “Target Company”) through its subsidiary, COLOWIDE MD Co., Ltd.

(1) Name of the acquired company and its business

Name of the acquired company: Seagrass Holdco Pty Ltd.

Description of business: Operation of steakhouse restaurants in the Oceania region, etc.

(2) Date of business combination

June 2, 2025 (planed)

(3) Percentage of voting rights acquired

100%

(4) Main reasons for the business combination

The Group is working to expand its business scale and strengthen profitability in order to achieve the medium term management plan “COLOWIDE Vision 2030,” which covers the period up to 2030. Under “COLOWIDE Vision 2030,” we aim to achieve consolidated revenue of 500 billion yen by the fiscal year ending March 2030 by strengthening our overseas food service business, which is expected to expand, and achieving significant growth in our catering service business, while maintaining our domestic food service business as the foundation of our operations.

Our Group's overseas food service business operates approximately 400 restaurants in North America, East Asia, and Southeast Asia. Last fiscal year, we launched a new Gyu-Kaku business in the UAE through a joint venture with a local company.

On the other hand, the Target Company operates 17 premium steakhouse restaurants in Australia and 2 in the UAE, providing customers with high-quality products and sophisticated spaces and services. It is the leading steakhouse chain in the Oceania region, with high brand recognition, business potential, and profitability.

From the perspective of promoting the future business growth of the Target Company, in addition to expanding existing businesses in Australia and the UAE, the Target Company is expected to enter the Asian region, primarily Southeast Asia, in the near future. Given that our Group has extensive business operations in various Asian countries, we will be able to strongly support the Target Company's entry into Asia and promote the growth of the Target Company's business and its contribution to our Group.

In addition, the Target Company has established strong relationships of trust and business transactions with leading packers in Australia for the procurement of beef. By leveraging these relationships as a whole, the Company will be able to achieve stable procurement of beef and strengthen distribution revenues through the establishment of a supply chain network centered on Asia

Furthermore, the Target Company's revenue for the fiscal year ending June 30, 2025 are expected to be 173 million Australian dollars.

(5) Legal form of business combination
Acquisition of shares for cash consideration

(6) Consideration paid on the date of business combination
199 Million Australian dollar (planed)

(7) Fair value of assets acquired and liabilities assumed on the date of business combination
Currently under calculation.

13. Note on business combination

On April 1, 2024, the Company acquired 100% of the shares of Nihon Meika Souhonpo Co., Ltd., (Currently N Baton Company, Ltd.) which became a subsidiary of the Company as a result of this acquisition.

(1) Name of acquired company and its business

Name of acquired company:	Nihon Meika Souhonpo Co., Ltd.
Description of business:	Manufacturing and retailing of local confectionery

(2) Date of business combination
April 1, 2024

(3) Percentage of voting rights acquired
100% of voting rights

(4) Main reasons for the business combination

The Group is in the restaurant business, and from the viewpoint of responding to changing consumer needs, including the Corona disaster, it is important to expand business areas based on more brand value and added value, and at the same time, we believe that expanding the dessert business is an essential element for improving customer satisfaction at the Group's restaurant stores.

In this regard, the target company was established as a platform company for business succession related to regional confectioneries, and has brands such as "Cheese Garden," "Criollo," and "GrindelBerg," which are extremely superior in quality among customers, and has achieved strong business growth by opening flagship stores in prime locations such as Fukaya-Hanazono Premium Outlets and Azabudai Hills.

The Company believes that the target company's business is expected to grow further in the future, and the purpose of this transaction is to maximize the corporate value of the target company and the Company group as a whole by looking for new business opportunities such as sales in the existing businesses of the Group, in addition to the business growth of the target company by opening new stores both in Japan and overseas.

(5) Legal form of business combination

Acquisition of shares for cash consideration

(6) Consideration paid at the date of business combination

8,966 million yen

(Unit: Millions of yen)

Cash and cash equivalents used in acquisition	8,966
Cash and cash equivalents held by the acquiree at the time of acquisition	926
Expenditure for acquisition of subsidiaries	8,040

(7) Fair value of assets acquired, and liabilities assumed at the date of business combination

(Unit: Millions of yen)

Fair value of consideration paid	8,966
Current assets	2,103
Non-current assets	7,667
Current liabilities	2,346
Non-current liabilities	5,243
Goodwill	6,785

14. The amounts listed are rounded off to the nearest million yen.

Statement of changes in net assets (under Japanese GAAP)

(From April 1, 2024 to March 31, 2025)

(Unit : Millions of yen)

	Shareholders' equity									
		Capital surplus			Retained earnings					
						Other retained earnings				
	Share capital	Share capital reserve	Other capital surplus	Total capital surplus	Legal reserve	Retained earnings brought forward	Total other retained earnings	Total retained earnings	Treasury shares	Total shareholders' equity
Balance as of April 1, 2024	27,905	17,623	1,192	18,815	112	7,341	7,341	7,453	(125)	54,048
Changes during the period										
Issuance of new shares	15,908	15,908		15,908	-	-	-	-	-	31,817
Dividends paid	-	-	-	-	-	(952)	(952)	(952)	-	(952)
Profit (loss)	-	-	-	-	-	(2,525)	(2,525)	(2,525)	-	(2,525)
Acquisition of treasury shares	-	-	-	-	-	-	-	-	(0)	(0)
Disposal of treasury shares	-	-	36	36	-	-	-	-	17	53
Net changes of items other than shareholders' equity(net amount)	-	-	-	-	-	-	-	-	-	-
Total changes during the period	15,908	15,908	36	15,945	-	(3,478)	(3,478)	(3,478)	16	28,392
Balance as of March 31, 2025	43,814	33,532	1,228	34,760	112	3,862	3,862	3,974	(109)	82,440

	Valuation and translation adjustments, etc.		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments, etc.	
Balance as of April 1, 2024	28	28	54,076
Changes during the period			
Issuance of new shares	-	-	31,817
Dividend paid	-	-	(952)
Profit (loss)	-	-	(2,525)
Acquisition of treasury shares	-	-	(0)
Disposal of treasury shares	-	-	53
Net changes of items other than shareholders' equity(net amount)	22	22	22
Total changes during the period	22	22	28,414
Balance as of March 31, 2025	50	50	82,491

Notes to non-consolidated financial statements

1. Significant accounting policies

(1) Valuation standards and methods for securities

Shares of subsidiaries and affiliates are stated at cost determined by the moving-average method.

Other securities

Other than shares and other shares without market quotation	Market value method based on market prices, etc. as of the end of the fiscal year (valuation discrepancies are treated by the total direct capitalization method and the cost of sales is calculated by the moving average method).
Shares, etc. without market quotation …	Stated at cost determined by the moving-average method. Investments in limited liability investment partnerships and similar partnerships (deemed as securities under Article 2, Paragraph 2 of the Financial Instruments and Exchange Law) are accounted for by the net amount equivalent to the Company's equity interest based on the most recent financial statements available as of the reporting date stipulated in the partnership agreement.

(2) Derivatives

Market method is used.

(3) Depreciation and amortization method for property, plant and equipment

Property, plant and equipment (excluding lease assets)	Depreciation is computed principally by the straight-line method. The primary useful life is as follows:	
	Buildings and structures	5-15 years
	Machinery and vehicle	5-10 years
	Tools, equipment and fixtures	5-15 years
Intangible assets (excluding lease assets)	Software for internal use is amortized by the straight-line method over the estimated useful life (5 years).	
Lease assets	Lease assets related to finance lease transactions that do not transfer ownership Lease assets are depreciated over the lease term with a residual value of zero.	

(4) Basis for provisions

Provision for sales promotion expenses	To provide for expenses arising from the use of shareholder gift certificates for sales promotion, the Company records an estimated amount of expenses to be incurred from the following fiscal year based on actual usage.
Provision for bonuses	To provide for the payment of bonuses to employees, the Company accrues an estimated amounts of bonuses to be paid.

(5) Basis for recording revenues

The Company provides management support to its subsidiaries. The Company recognizes revenue upon satisfaction of performance obligations measured by the passage of time, as the economic benefits associated with the management support are provided equally over the contract period.

(6) Deferred asset accounting method

Bond issuance costs Bond redemption costs are amortized evenly over a period of 5 to 10 years.

(7) Hedge Accounting Methods

① Hedge accounting method

Deferred hedge accounting is adopted. Deferred hedge accounting is applied to interest rate swaps that meet the conditions for special treatment.

② Hedging instruments and hedged items

Hedging instruments	Interest rate swaps are used to hedge interest rate fluctuation risk.
Hedged item	Funding transactions in which interest rate fluctuations are fixed by the hedging transaction and fluctuations or increases in the interest rate are capped and avoided.

③ Hedging policy

The purpose of hedging is to reduce the possibility of losses due to fluctuations in interest rates on financing transactions.

④ Method for evaluating hedge effectiveness

The Company compares the cumulative market fluctuations or cash flow fluctuations of the hedging instrument and the hedged item during the period from the inception of the hedge to the point at which its effectiveness is assessed, and makes a judgment based on the amount of fluctuation of both.

For interest rate swaps that meet the requirements for special treatment, the assessment of effectiveness is omitted.

(8) Other important matters for preparing financial statements

Application of group consolidation system

We apply group consolidation system.

2. Notes on changes of accounting policies

(Application of accounting standards for corporate income tax, resident tax, business tax, etc.)

We have applied the "Accounting Standards for Corporate Income Tax, Resident Tax, and Business Tax, etc." (Corporate Accounting Standard No. 27, October 28, 2022) from the beginning of the current fiscal year.

Regarding the amendment to the classification of corporate income tax and other taxes (taxation on other comprehensive income), the transitional treatment specified in the proviso of Article 20-3 of the 2022 Revised Accounting Standards and the transitional treatment specified in the proviso of Article 65-2(2) of the "Guidance on the Application of Accounting Standards for Tax Effects" (Corporate Accounting Standards Application Guidance No. 28, October 28, 2022; hereinafter referred to as the "2022 Revised Application Guidance") shall apply. . Note that there is no impact on the financial statements resulting from this change in accounting policy.

3. Notes on changes of presentation methods

Not applicable.

4. Notes on accounting estimates

Items for which the amount has been recorded in the financial statements for the current fiscal year due to accounting estimates and which may have a material effect on the financial statements for the following fiscal year are as follows.

Valuation of shares of subsidiaries

① Amount recorded on the balance sheet

Shares of subsidiaries 64,068 Million yen

② Other information

For shares of subsidiaries and affiliates that do not have quoted market prices, if their real value has declined significantly from the balance sheet amount immediately before the balance sheet date, the Company determines whether impairment is necessary after assessing the possibility of recovery. For shares of subsidiaries acquired on the basis of their excess earning capacity, the excess earning capacity is included in the calculation of the real value of the shares.

As such, the evaluation of real value, including excess earning capacity, and the determination of recoverability involves management's judgment and may be affected by uncertain future changes in economic conditions and other factors

5. Notes on correcting errors

Not applicable.

6. Notes on balance sheet

(1) Assets pledged as collateral

Shares of subsidiaries	28,355 Million yen

Collateralized Debt Obligations	
Current portion of long-term borrowings	14,736 Million yen
Long-term borrowings	36,351 Million yen
Bonds (including current portion of bonds)	19,495 Million yen
Total	70,582 Million yen

(2) Accumulated depreciation of property, plant and equipment 404 Million yen

(3) Contingent liabilities

The Company has guaranteed the following companies for their borrowings from financial institutions, lease obligations and installment obligations.

Name	Amount
COLOWIDE MD Co., Ltd.	153 Million yen
REX Co., Ltd.	13,002 Million yen
Total	13,155 Million yen

(4) Monetary receivables from and monetary payables to subsidiaries and affiliates

Short-term monetary receivables	3,748 Million yen
Short-term monetary payables	181 Million yen

7. Notes on statement of income

Transactions with affiliated companies

Operating revenue	1,873 Million yen
Selling, general and administrative expenses	1,538 Million yen
Non-operating transactions	1,565 Million yen

8. Notes on statement of changes in shareholders' equity

Treasury shares

Class of share	Number of shares at the beginning of the fiscal year	Number of shares increased during the period	Number of shares decreased during the period	Number of shares at the end of the fiscal year
Common shares	196,199 shares	1,279 shares	26,628 shares	170,850 shares

(Note) The increase in the number of treasury shares is due to the purchase of odd-lot shares, and the decrease is mainly due to the disposal of shares as restricted share remuneration.

9. Notes on tax effect accounting

(1) The main factors contributing to the occurrence of deferred tax liabilities and assets are unpaid business taxes, etc., arising from valuation differences on other securities.

(2) Changes in corporate income tax rates after the balance sheet date

In accordance with the enactment of the "Act Amending Part of the Corporate Income Tax Act (Act No. 13 of 2025)" by the Diet on March 31, 2025, a new Defense Special Corporate Tax will be introduced for fiscal years beginning on or after April 1, 2026.

In line with this, for temporary differences, etc. expected to be eliminated in fiscal years beginning on or after April 1, 2026, the statutory effective tax rate used to calculate deferred tax assets and deferred tax liabilities will change. However, the impact of applying the new statutory effective tax rate at the end of the current fiscal year is expected to be immaterial.

(3) Accounting treatment of corporate income tax and local corporate income tax, or accounting treatment of tax effects related to these taxes

We apply the group consolidation system and handles accounting treatment and disclosure related to corporate income tax and local corporate income tax, as well as tax effect accounting related to these taxes, in accordance with the "Guidelines for Accounting Treatment and Disclosure in Cases Where the Group Consolidation System is Applied" (Practical Response Report No. 42, March 12, 2021)

10. Notes on transactions with affiliated companies

Subsidiaries

Attribute	Name of entity	% of voting rights	Relationship with affiliated companies		Transactions	Amount of transaction (Million yen)	Accounting subjects	Fiscal yearend balance (Million yen)
			Concurrent of directors	Relationship on business				
Subsidiary	COLOWIDE MD Co., Ltd.	Directly own 100.0%	1 person	Merchandizing	Loan of funds *1	14,661	Short-term loans receivable from subsidiaries and affiliates	14,661
					Interest received *1	544	Accounts receivable- other	544
					Debt guarantee *2	225	-	-
					Dividend received	200	Accounts receivable- other	-
					Collateralized offering *3	1,554	-	-
					Shareholder benefit-related expenses *6	350	-	-
					Management operations entrusted *7	192	Accounts receivable- other	-
Subsidiary	ATOM CORPORATION	Directly own 41.2%	-	Operation of restaurant chains and franchise businesses	Shareholder benefit-related expenses *6	504	-	-
					Management operations entrusted *7	297	Accounts receivable-other	-
Subsidiary	REINS international inc.	Directly own 0.1% In-directly own 99.9%	-	Operation of restaurant chains and franchise businesses in Japan and overseas	Loan of funds *1	4,786	Short-term loans receivable from subsidiaries and affiliates	7,757
					Loan of funds *1	145	Long-term loans receivable from subsidiaries and affiliates	1,450
					Interest received *1	292	Accounts receivable- other	-
					Management operations entrusted *7	410	Accounts receivable-other	-
Subsidiary	KAPPA-CREATE CO., LTD.	Directly own 50.5%	-	Restaurant chain management and delicatessen business	Shareholder benefit-related expenses *6	428	-	-
					Management operations entrusted *7	294	-	-
Subsidiary	OOTOYA Holdings Co., Ltd.㈱	Directly own 46.7%	-	Operation of restaurant chain and FC business in Japan and overseas	Dividend received	135	Accounts receivable-other	-
Subsidiary	SPC KAPPA CO., LTD.	Directly own 100.0%	2 persons	Investment business, holding and management of securities	Loan of funds *1	8,830	Long-term loans receivable from subsidiaries and affiliates	8,830
					Interest received *1	177	Accounts receivable-other	352
					Collateralized offering *4	3,400	-	-

Attribute	Name of entity	% of voting rights	Relationship with affiliated companies		Transactions	Amount of transaction (Million yen)	Accounting subjects	Fiscal yearend balance (Million yen)
			Concurrent of directors	Relationship on business				
Subsidiary	SPC REX Co., Ltd.	Directly own 100.0%	1 person	Investment business, holding and management of securities	Loan of funds *1	4,406	Long-term loans	4,406
Subsidiary	REX Co., Ltd.	Directly own 99.7% In-directly 0.2%	2 persons	Investment business, holding and management of securities	Loan of funds *1	880	Long-term loans to affiliated companies	17,220
					Interest received *1	334	Accounts receivable-other	2,346
					Debt guarantee *2	13,003	-	-
Subsidiary	COLOWIDE Dining Co., Ltd.	Directly own 100.0%	1 person	Operation of restaurant chains	Royalty received *5	140	-	-
					Management operations entrusted *7	156	-	-
Subsidiary	N Baton Company, Ltd.	Directly own 100.0%	1 person	Manufacture and sale of Western confectionery, operation of restaurants	Loans of funds *1	2,661	Long-term loans	2,661
					Interest received *1	104	Accounts receivable-other	-

(Notes) 1. The transaction amount does not include consumption tax.

2. Terms and conditions of transactions and policies for determining terms and conditions of transactions, etc.

*1 The interest rate for loans is determined by taking into account market interest rates and other factors. We do not accept collateral.

*2 This is a debt guarantee for loans from financial institutions, lease obligations, and installment obligations. No guarantee fees are received.

*3 COLOWIDE MD Co., Ltd. provides joint collateral for bank loans and corporate bonds in the form of land and buildings, but because it is difficult to distinguish between the loans and corporate bonds of each company, the transaction amount includes the year-end balance of bank loans and corporate bonds corresponding to the collateral, which is 1,554 million yen.

*4 The company has received collateral in the form of shares in affiliated companies from SPC KAPPA Co., Ltd. for bank loans. The transaction amount is the year-end balance of the bank loan corresponding to the collateral.

*5 Royalty payments are based on a fixed percentage of revenue.

*6 The shareholder benefit-related expenses are determined reasonably, taking into account the costs associated with each benefit.

*7 We are entrusted with administrative work such as human resources, general affairs, and accounting.

11. Per share information

(1)	Net assets per share	630.08 Yen
(2)	Losses per share	(31.37) Yen

12. Significant subsequent events

Not applicable.

13. Notes on business combination

The notes have been omitted because the same information is included in the “Notes on business combination” section of the notes to the consolidated financial statements.

14. The amounts listed are rounded down to the nearest million yen.