Annual Securities Report

(Report pursuant to Article 24, Paragraph 1 of the Financial Instruments and Exchange Act of Japan)

Fiscal Year (The 64th term) From April 1, 2025 To March 31, 2026

COLOWIDE Co., Ltd.

2-1 Minato-Mirai 2-chome, Nishi-ku, Yokohama-shi, Kanagawa-ken

(E03321)

The governing language of this Annual Securities Report is Japanese. An English translation hereof is provided for reference purposes only. In the event of any discrepancy between the Japanese original and this translated documents, the original shall prevail. In addition, the independent auditor's audit reports attached to the Japanese original, which are the subject of this translation, are not included in the scope of this translation.

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[INTERNAL CONTROL REPORT]

[CONFIRMATION LETTER]

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Place of Filing	Director-General, Kanto Local Finance Bureau
Filing Date	June 22, 2026
Fiscal Year	The 64th term (From April 1, 2025 to March 31, 2026)
Company Name	Kabushiki Kaisha COLOWIDE
Company Name in English	COLOWIDE Co., Ltd.
Title and Name of Representative	Kohei NOJIRI, President and Representative Director
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Place of Public Inspection	Tokyo Stock Exchange, Inc. (2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo, Japan)

Part I. COMPANY INFORMATION

I. OVERVIEW OF COMPANY

1. Summary of Business Results

(1) Consolidated Business Results

Term		The 60th term	The 61st term	The 62nd term	The 63rd term	The 64th term
Fiscal Year Ended		March 2022	March 2023	March 2024	March 2025	March 2026
Revenue	(Million Yen)	175,627	220,830	241,284	269,156	300,090
Business Profit (Loss)	(Million Yen)	6,133	(196)	8,712	9,305	12,527
Pre-tax Profit (Loss)	(Million Yen)	2,051	(8,446)	6,498	4,777	6,547
Profit (Loss)	(Million Yen)	3,068	(8,579)	4,064	2,255	1,713
Profit (Loss) attributable to Owners of Parent	(Million Yen)	1,437	(6,801)	2,905	1,249	2,233
Comprehensive Income (Loss)	(Million Yen)	3,255	(8,448)	4,317	2,314	7,207
Comprehensive Income (Loss) attributable to Owners of Parent	(Million Yen)	1,610	(6,678)	3,092	1,567	7,700
Equity attributable to Owners of parent	(Million Yen)	50,300	42,745	44,954	77,537	84,232
Total Assets	(Million Yen)	267,698	261,859	265,115	312,226	350,931
Equity attributable to Owners of Parent per Share	(Yen)	401.40	314.11	339.47	583.46	645.98
Basic earnings (loss) per Share	(Yen)	11.31	(84.45)	27.52	7.45	15.73
Diluted earnings (loss) per Share	(Yen)	11.31	(84.45)	27.52	7.45	15.73
Ratio of Equity attributable to Owners of Parent to Total Assets	(%)	18.8	16.3	17.0	24.8	24.0
Return on Equity attributable to Owners of Parent	(%)	2.3	(15.7)	6.6	2.0	2.8
Price Earnings Ratio	(Times)	157.0	-	78.8	230.4	115.4
Cash Flows from Operating Activities	(Million Yen)	23,830	28,783	29,879	28,808	28,714
Cash Flows from Investing Activities	(Million Yen)	(3,522)	(8,788)	(13,582)	(21,606)	(30,755)
Cash Flows from Financing Activities	(Million Yen)	(9,511)	(18,755)	(20,329)	17,954	(6,773)
Cash and Cash Equivalent at End of Period	(Million Yen)	48,534	50,066	46,307	71,537	63,191
Number of Employees	[Persons]	5,319	4,227	4,502	5,270	5,907
[Besides, Average number of Temporary hires]		(12,612)	(16,113)	(16,475)	(18,730)	(19,195)

(Notes) 1. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards").
2. Diluted earnings (loss) per share is equal to basic earnings (loss) per share because there are no potentially dilutive shares.
3. Price earnings ratios for the 61st fiscal years are not shown due to a net loss per share.
4. Business Profit = (Revenue – Cost of Sales – Selling, General and Administrative Expenses), but it is not defined under IFRS Accounting Standards.

5. In the 61st fiscal year, the number of employees decreased by 1,092 and the number of temporary employees increased by 3,501 compared to the 60th fiscal year, mainly due to the reclassification of approximately 1,100 employees of overseas subsidiaries to the number of temporary employees in accordance with the revision of local labor laws.

(2) Business Results of the Reporting Company

Term		The 60th term	The 61st term	The 62nd term	The 63rd term	The 64th term
Fiscal Year Ended		March 2022	March 2023	March 2024	March 2025	March 2026
Operating Profit	(Million Yen)	882	1,128	1,773	1,874	4,753
Ordinary Profit (Loss)	(Million Yen)	(2,656)	(2,281)	(2,192)	(3,263)	(231)
Profit (Loss)	(Million Yen)	(2,417)	(2,066)	(2,203)	(2,525)	43
Share Capital	(Million Yen)	27,905	27,905	27,905	43,814	43,814
Total Number of Issued Shares						
Common Shares	(Shares)	86,903,541	86,903,541	86,903,541	106,453,541	106,453,541
Preferred Shares	(Shares)	30	30	30	30	30
Second Series Preferred Shares	(Shares)	30	30	30	30	30
Third Series Preferred Shares	(Shares)	90	90	90	90	90
Net Assets	(Million Yen)	60,111	57,145	54,076	82,491	81,562
Total Assets	(Million Yen)	135,344	134,990	131,391	169,349	187,834
Net Assets per Share	(Yen)	514.62	480.25	444.69	630.08	620.87
Dividend per Share						
Common Shares	(Yen)	5.00	5.00	5.00	5.00	5.00
Preferred Shares	(Yen)	3,126,360	3,136,360	3,149,090	3,252,730	3,847,270
Second Series Preferred Shares	(Yen)	3,626,360	3,636,360	3,649,090	3,752,730	4,347,270
Third Series Preferred Shares	(Yen)	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000
[Interim Dividend per Share]	(Yen)	[-]	[-]	[-]	[-]	[-]
Basic Earnings (Loss) per Share	(Yen)	(36.10)	(29.83)	(31.41)	(31.37)	(4.86)
Diluted Earnings per Share	(Yen)	-	-	-	-	-
Equity Ratio	(%)	44.4	42.3	41.2	48.7	43.4
Return on Equity	(%)	(4.6)	(3.5)	(4.0)	(3.7)	0.1
Price Earnings Ratio	(Times)	-	-	-	-	-
Dividend Payout Ratio	(%)	-	-	-	-	-
Number of Employees		111	117	126	143	149
[Besides, Average Number of Temporary Hires]	(Persons)	[1]	[5]	[4]	[6]	[8]
Total Return on Equity	(%)	93.7	101.9	114.9	91.4	96.8
[Benchmark：TOPIX Net Total Return Index]	(%)	[102.0]	[107.9]	[152.5]	[150.2]	[202.2]
Highest Share Price	(Yen)	2,192	1,996	2,648	2,171	2,042
Lowest Share Price	(Yen)	1,502	1,597	1,927	1,601	1,630

(Note) 1. Diluted earnings per share is not shown because there are no residual securities with dilutive effects.
2. Price earnings ratio and dividend payout ratio for the 60th to 64th fiscal year are not shown due to net loss per share.
3. The highest and lowest share prices are those on the Tokyo Stock Exchange (Prime Market) from April 4, 2022, and those on the Tokyo Stock Exchange (First Section) before that.

2. Corporate History

Month, Year	Events
April 1963	The Company was incorporated at 312 Zushi, Zushi-shi, Kanagawa-ken for the purpose of operating restaurants and light food & beverage business.
May 1968	Relocated Head Office to 7-1 Zushi 1-chome, Zushi-shi, Kanagawa-ken.
September 1977	The restaurant "Amataro Shokudo" was changed to "Handmade Izakaya Amataro" to alter business category, and the Zushi branch was opened at the same location as the founding store.
November 1981	Opened the first "Handmade Izakaya Amataro" store in Ofuna, and began opening multiple stores under direct management only.
June 1986	Opened the first Machida store and expanded into Tokyo
November 1986	Moved Head Office to 8-2 Minami Fujisawa 2-chome, Fujisawa-shi, Kanagawa-ken. The Zushi Plant established in Zushi-shi, Kanagawa-ken.
October 1987	Opened new business model "Japanese Cuisine Sangendo" (skewers and kamameshi) in Ebina-shi, Kanagawa-ken.
November 1988	Relocated Yamato branch of "Handmade Izakaya Amataro" and opened one of the Company's largest restaurants (358 seats).
November 1992	Opened new business model "Dining Karaoke Day Tripper" in Totsuka-ku, Yokohama-shi.
November 1993	Opened "Handmade Izakaya Amataro" the 2nd branch in Ebina. All seats were equipped with smokeless roasters, and yakiniku was added to the menu.
April 1994	Simultaneously opened "Handmade Izakaya Amataro" the 1st branch in Kamata and "Dining Karaoke Day Tripper" Kamata branch, marking the start of full-scale expansion into Tokyo.
September 1994	The Company changed its corporate name to COLOWIDE Co., Ltd. and its English name coined from "Courage", "Love", "Wisdom" and "Decision"
October 1994	Closed Zushi Plant and established Kamakura Kitchen Distribution Center in Kamakura-shi, Kanagawa-ken, to achieve full-scale operation of the central kitchen and strengthening logistics.
December 1994	Opened the first "Handmade Izakaya Amataro" in Kawasaki on the 21st floor of the Kawasaki Station Front Tower RiverK, as the beginning of large-scale store expansion with 465 seats on a floor space of 233 tsubo.
November 1995	Opened new business model Western-style tavern "Living Bar" in Fujisawa-shi, Kanagawa-ken.
April 1997	Opened "Handmade Izakaya Amataro" Esaka branch as expansion into the Kansai region.
April 1997	Opened the second Ikebukuro branch of "Handmade Izakaya Amataro", as the Company's largest restaurant with 535 seats in 312 tsubo. Opened also new business model "Dining Bar Sangendo" in Kichijoji, Musashino-shi, Tokyo.
July 1997	Established Osaka Kitchen Distribution Center in Settsu-shi, Osaka-fu.
August 1997	Opened new business model "Jizake and Soba Sangendo" in Akasaka, Minato-ku, Tokyo.
November 1997	Established the 413 tsubo Urawa Kitchen Distribution Center in Urawa-shi, Saitama-ken.
May1998	As part of a complex of stores, opened the "Handmade Izakaya Amataro" Tsunashima and "Jizake and Soba Sangendo" Tsunashima stores in the same building.
April 1999	Opened new business model "Itameshiya La Pausa" in Fujisawa-shi, Kanagawa-ken.
October 1999	Over-the-counter registration of shares with the Japan Securities Dealers Association.
January 2000	Opened Gotanda Training Center.
January 2000	Developed new business model "Shinshoku Seikatsu Handmade Izakaya Amataro J" and changed from "Handmade Izakaya Amataro Gotanda" to "Shinshoku Seikatsu Handmade Izakaya Amataro J Gotanda" as the first new category store.
July 2000	Outsourcing of delivery department at Urawa Kitchen Distribution Center.
October 2000	Listed on the Second Section of the Tokyo Stock Exchange.
March 2001	Acquisition of ISO 14001 certification.
June 2001	Closed Kamakura Kitchen Center.
November 2001	Opened new business model "Kaisen Shabu Shabu and Udon Kaiseki Kinukatsugi" in Yokohama-shi.
January 2002	Heisei Food Service Co., Ltd. became a subsidiary through the acquisition of all outstanding shares.

Month, Year	Events
January 2002	Relocated Head Office to 3-33-8 Tsuruya-cho, Kanagawa-ku, Yokohama-shi.
July 2002	Opened the 1st "Shizen Shu-an Toranosuke" restaurant in Shinjuku.
August 2002	WP Japan Co., Ltd. became a subsidiary through the acquisition of 60% of the outstanding shares.
September 2002	Listed on the First Section of the Tokyo Stock Exchange.
December 2002	Meiji Seika Retail Co., Ltd. became a subsidiary through the acquisition of 100% of the outstanding shares.
December 2002	Meiji Seika Retail Co., Ltd. was renamed to Ad-in-Pla Co., Ltd.
March 2003	Changed in business category of "Handmade Dining Amataro J" to "Yushoku Zanmai NIJYU-MARU" and also "Dining Bar Sangendo" changed to "FoodiunBar Issa".
March 2003	Ad-in-Pla Co., Ltd. took over 27 stores from Dream Food Co., Ltd.
July 2003	Took over business rights of Heisei Food Service Co., Ltd. and Ad-in-Pla Co., Ltd., and completed liquidation of Heisei Food Service Co., Ltd.as of September 30, 2003.
March 2004	Hiikiya became a consolidated subsidiary through the acquisition of 50.22% of the outstanding shares.
June 2004	Have 58.41% of the Hiikiya's shares through purchase of the outstanding shares, as of June 16, 2004.
August 2004	COLOWIDE Hokkaido Co., Ltd. take over all operating stores from Yumekitasu-Link Co., Ltd.
October 2004	Hiikiya Co., Ltd. became a wholly owned subsidiary through a share exchange.
October 2004	Transitioned to a holding company structure and split the business division into COLOWIDE East Japan Co., Ltd., COLOWIDE West Japan Co., Ltd. (formerly Hiikiya Co., Ltd.), COLOWIDE Hokkaido Co., Ltd, and COLOWIDE CK Co., Ltd.
October 2004	Amze Inc. became a consolidated subsidiary through the acquisition of 69.82% of the outstanding shares.
December 2004	Amze Inc. became a wholly owned subsidiary through the additional purchase of remaining 69.82% of its outstanding shares.
February 2005	WP Japan Co., Ltd., of which 60% of the total outstanding shares were held, became a wholly owned subsidiary through additional purchase of the remaining 40%.
March 2005	Expansion of Saitama Kitchen Center.
June 2005	Gankoen Co., Ltd. became a consolidated subsidiary through the acquisition of 84.72% of the outstanding shares.
October 2005	ATOM CORPORATION became a consolidated subsidiary through the acquisition of 100% of outstanding shares of Olympus Capital Dining Holdings Co., Ltd. that holds 51.25% of common shares and 100% of preferred shares issued by ATOM CORPORATION.
October 2005	Worldpicom Corporation, a system development company for food service industry, became a consolidated subsidiary through the acquisition of 90.19% of the outstanding shares.
July 2006	Miya Co., Ltd. became a consolidated subsidiary through the acquisition of 52.39% of the outstanding common shares.
August 2006	Relocated Head Office to 2-1 Minatomirai 2 chome, Nishi-ku, Yokohama-shi.
October 2006	ATOM CORPORATION merged Gankoen Co., Ltd. in an absorption-type merger and as a result Gankoen Co., Ltd. was extinguished immediately.
October 2006	SILSMARIA Co., Ltd. became a consolidated subsidiary through the acquisition of 50% of the outstanding shares.
February 2007	Reorganized COLOWIDE CK Co., Ltd. into COLOWIDE MD Co., Ltd.
March 2007	Miya Co., Ltd. merged Amze Inc. in an absorption-type merger and as a result Amze Inc. was extinguished. In addition, the corporate name of the surviving company was changed to Jict Co., Ltd.
March 2007	The 100% outstanding shares of WP Japan Co., Ltd. were transferred to COLOWIDE East Japan Co., Ltd.
April 2007	Merged Olympus Capital Dining Holdings Co., Ltd., which held shares issued by ATOM CORPORATION as an intermediary holding company, in an absorption-type merger.
October 2007	Constructed and operated Tochigi Kitchen Center as the 6th kitchen center.
January 2008	Established Bannou Suisan Co., Ltd. ((株)バンノウ水産) and made a business transfer from Bannou Suisan Co., Ltd. (番能水産(株)) as of March 12, 2008.
February 2008	Changed the corporate name of the wholly owned subsidiary Ad-in-Pla Co., Ltd. to Beeline Co., Ltd.

Month, Year	Events
June 2008	COLOWIDE East Japan Co., Ltd merged COLOWIDE Hokkaido Co., ltd. in an absorption-type merger as of June 1, 2008, and as a result, COLOWIDE Hokkaido Co., Ltd. was extinguished immediately.
March 2009	ATOM CORPORATION merged Jict Co., Ltd. in an absorption-type merger as of March 26, 2009 and as a result, Jict Co., Ltd. was extinguished immediately. COLOWIDE East Japan Co., Ltd. merged COLOWIDE West Japan Co., Ltd. and Beeline Co., Ltd in an absorption-type merger as of March 31, 2009 and as a result COLOWIDE West Japan Co., Ltd. and Beeline Co., Ltd. were extinguished immediately. Transfer of all outstanding shares issued by Worldpicom Corporation were made to COLOWIDE East Japan Co., Ltd.
March 2010	Transfer of all outstanding shares issued by SILSMARIA Co., Ltd. were made to COLOWIDE MD Co., Ltd.
September 2011	Established Kanagawa Kitchen Center in Yokosuka-shi, Kanagawa-ken.
October 2012	Rex Holdings Co., Ltd. became a consolidated subsidiary through the acquisition of 66.6% of outstanding shares.
January 2013	Rex Holdings Co., Ltd. merged REINS international inc. in an absorption-type merger and the corporate name of the surviving company was changed into REINS international inc.
March 2013	Established Food Table Co., Ltd.
September 2013	Established REINS INTERNATIONAL(THAILAND)CO., LTD.
October 2013	COLOWIDE East Japan Co., Ltd., as a consolidated subsidiary demerged COLOWIDE Hokkaido Co., Ltd in an incorporation-type demerger and the entire shares issued by COLOWIDE Hokkaido Co., Ltd. were transferred to ATOM CORPORATION.
August 2014	Established COLOWIDE VIETNAM., JSC.
October 2014	Established COLO Café Co., Ltd.
December 2014	KAPPA-CREATE Co., Ltd. became a consolidated subsidiary through the acquisition of 50.71% of outstanding shares.
January 2015	REINS international inc. became a wholly owned subsidiary from 66.6% to 100% through additional purchase of all of the remaining outstanding shares.
April 2015	COLOWIDE MD Co., Ltd. merged COLOWIDE East Japan Co., Ltd. in an absorption-type merger as of April 1, 2015, and as a result COLOWIDE East Japan was extinguished. The entire outstanding shares issued by Bannou Suisan Co., Ltd. were assigned to COLOWIDE MD Co., Ltd. All businesses of Costis Inc. except for the liquor purchasing and sales business were transferred to REINS international inc. through an absorption-type demerger as of April 1, 2015. Established PT REINS MARINDO INDONESIA.
October 2015	KAPPA-CREATE holdings Co., Ltd. merged KAPPA-CREATE Co., Ltd. in an absorption-type merger and the corporate name of the surviving company was changed to KAPPA-CREATE CO., LTD. KAPPA-CREATE Supply Co., Ltd. merged F. DELIKAPPA Co., Ltd. and Japan Fresh Co., Ltd. in an absorption-type merger and the corporate name of the surviving company was changed to Japan Fresh Co., Ltd.
February 2016	Established REINS INTERNATIONAL TAIWAN CO., LTD.
December 2016	REINS international inc. acquired Freshness Co., Ltd. to be a consolidated subsidiary through the acquisition of 100% outstanding shares. REINS international inc. also acquired REINS INTERNATIONAL(USA)CO., LTD. to be a consolidated subsidiary through the acquisition of 100% outstanding shares.
May 2017	Bannou Suisan Co., Ltd constructed its Shizuoka factory in Shizuoka-shi, Shizuoka-ken.
July 2017	COLOWIDE MD Co., Ltd. constructed Nagahama Central Kitchen in Nagahama-shi, Shiga-ken.
July 2018	The corporate name of COLO Café Co., Ltd. was changed to Dining Creation Co., Ltd.
March 2019	Established WORITS Co., Ltd.
March 2019	COLOWIDE MD demerged its food and beverage service business to REINS international inc. in an absorption-type demerger.
July 2019	Established Hanahachi Co., Ltd.
October 2019	COLOWIDE MD Co., Ltd. assigned all the holdings of shares of COLOWIDE VIETNAM., JSC.to REINS international inc.

Month, Year	Events
December 2019	Established Dining Yell Co., Ltd.
March 2020	REINS international inc. acquired Gyu-Kaku area franchise business from Asrapport Inc.
March 2020	ATOM CORPORATION assigned all the holdings of shares of ATOM Hokkaido Co., Ltd. to REINS international inc.
June 2020	Established Future Link Co., Ltd.
September 2020	OOTOYA Holdings Co., Ltd. that we held 18.7% became a consolidated subsidiary through the acquisition of
March 2022	46.8% outstanding shares by a tender offer.
March 2022	ATOM CORPORATION assigned all the holdings of shares of M. Y. Foods Co., Ltd. to COLOWIDE MD Co., Ltd.
April 2022	REINS international inc. merged REINS Hokkaido Co., Ltd. (formerly ATOM Hokkaido Co., Ltd.) in an absorption-type merger.
June 2022	Moved from the First Section of the Tokyo Stock Exchange to the Prime Market in accordance with the revision of the market classification of the Tokyo Stock Exchange.
June 2022	COLOWIDE MD Co., Ltd. merged Bannou Suisan Co., Ltd. in an absorption type merger.
July 2022	COLOWIDE MD Co., Ltd. got assignment of all shares of WORITS Co., Ltd that it had some.
October 2022	The corporate name of WORITS Co., Ltd. was changed to COLOWIDE Support Center Co., Ltd., which became the shared service center for indirect operations of the Group.
January 2023	COLOWIDE MD Co., Ltd. established COLOWIDE MD R&D Center in Totsuka-ku, Yokohama-shi, Kanagawa-ken.
May 2023	The corporate name of Dining Creation Co., Ltd. was changed to Bay Food Factory Co., Ltd.
	Worldpicom Corporation demerged its self-ordering total system business to impact･e Co., Ltd.(formerly impact mirai) in an absorption-type demerger.
July 2023	COLOWIDE MD acquired 33.4% of the outstanding shares of Vegefru Farm Co., Ltd. as an agricultural production corporation.
September 2023	Established Beer Thirty Co., Ltd.
March 2024	Beer Thirty Co., Ltd. acquired a portion of stores of the restaurant management business of Asahi Food Create Co., Ltd.
April 2024	Nifs Co., Ltd and its subsidiary of Amis Inc. became consolidated subsidiaries of COLOWIDE MD Co., Ltd. through the acquisition of 100% outstanding shares of Nifs Co., Ltd. by COLOWIDE MD Co., Ltd.
	Established Cheers Dining Co., Ltd.
	REINS international inc. assigned to Cheers Dining Co., Ltd. its restaurant chain operations under direct management only, including "Handmade Izakaya Amataro", "Kita no Ajikiko to Jizake Hokkaido" and "LaPausa".
June 2024	Nihon Meika Souhonpo Co., Ltd. and its subsidiaries of Kuraya Co., Ltd. and Ecole Criollo Co., Ltd. became consolidated subsidiaries through the acquisition of 100% outstanding shares of Nihon Meika Souhonpo Co., Ltd.
	Established Heartful Dining Co., Ltd. as a joint venture with Nihon General Foods Co., Ltd.
	Socio Food Service Co., Ltd. and its subsidiaries of Cook Service Co., Ltd. and Socio MD Co., Ltd. became consolidated subsidiaries through the acquisition of 100% outstandings shares.
	Established REINS PALACE MIDDLE EAST SPV LTD.
January 2025	Transfer of all businesses to Heartful Dining Co., Ltd., excluding the operation of the “Children's Cafeteria” entrusted to Dining Yell Co., Ltd.
	Changed the trade name of Nihon Meika Souhonpo Co., Ltd. to N Baton Company, Ltd.
February 2025	Merger of Socio MD Co., Ltd. by COLOWIDE MD Co., Ltd.
	Merger of Dining Yell Co., Ltd. by Nifs Co., Ltd.
	Changed the trade name of Cheers Dining Co., Ltd. to COLOWIDE Dining Co., Ltd.
March 2025	Succession of the Izakaya business of ATOM CORPORATION to COLOWIDE Dining Co., Ltd. through absorption-type split
	Succession of the karaoke business of ATOM CORPORATION to Shin Corporation Co., Ltd. through absorption-type split
	Established PT. Kappa Create Indonesia
April 2025	Absorption-type merger of Socio Food Service Inc. by Nifs Co., Ltd.
May 2025	Absorption-type merger of Amis, Inc. by Nifs Co., Ltd.
June 2025	COLOWIDE MD Co., Ltd. has acquired all outstanding shares of Seagrass Holdco Pty Ltd. and consolidated it as a subsidiary.
October 2025	Colowide Dining Co., Ltd. acquired the directly managed operations of certain restaurants and the “Yaro Ramen” franchise business in Japan from Food Revamp, Inc., as part of its restaurant management operations.
April 2026	COLOWIDE MD Co., Ltd. acquired all of the outstanding shares of C-United Co., Ltd., making it a consolidated subsidiary.
	COLOWIDE MD Co., Ltd. opened and commenced operations at its Tsukuba Factory in Tsukuba-shi, Ibaraki-ken.

Month, Year	Events
May 2026 June 2026	YR Ramen Co., Ltd. was established. Transfer of Colowide Dining Co., Ltd.'s directly managed operations—including "Yaro Ramen" and "Tori Soba Juban ICHIKORO"—as well as the "Yaro Ramen" franchise business in Japan to YR Ramen Co., Ltd.

3. Description of Business

The Group consists of the Company and 107 consolidated subsidiaries. During the current consolidated fiscal year, we revised the classification of our reportable segments following the acquisition of shares in Seagrass Holdco Pty Ltd. and its subsequent consolidation as a subsidiary.

The Group is engaged in a wide range of food service businesses, operating directly managed restaurant chains throughout Japan, North America, Asia, and Oceania area, and as a franchise headquarters, is recruiting franchisees, providing management guidance to franchisees, planning and selling products, and supplying food materials and other items.

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

ATOM CORPORATION directly managed operates restaurants such as "Steak MIYA," "NIGIRI-NO-TOKUBE," and "KALUBI TAISHO," as well as the franchise headquarters business.

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

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

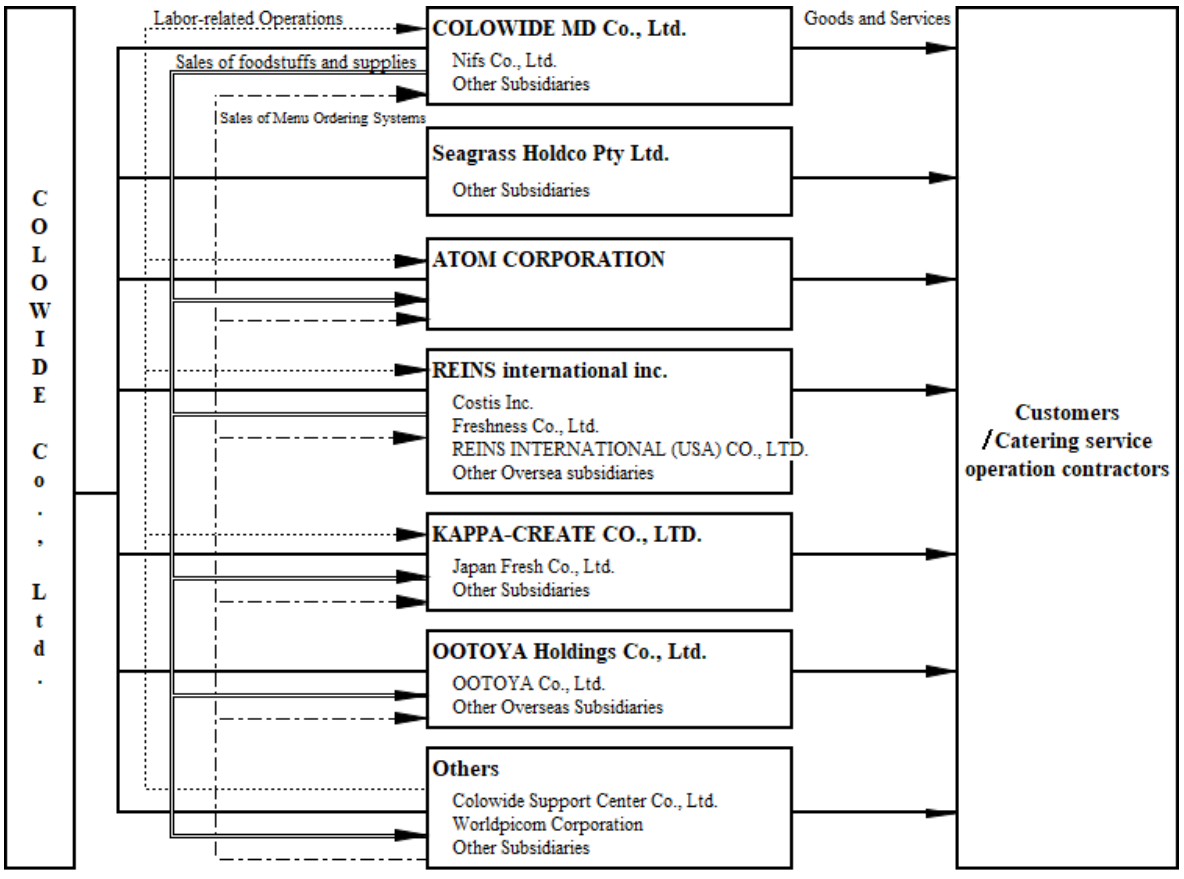
OOTOYA Holdings Co., Ltd. operates directly managed restaurants such as "OOTOYA Gohan-Dokoro" in Japan and overseas, as well as the franchise headquarters business.

Seagrass Holdco Pty Ltd. operates a chain of directly managed steak restaurants in the Oceania region and elsewhere.

In addition, total 15 central kitchens and food plants by function located throughout Japan provide stores with integrated merchandising functions from raw material procurement to processing and delivery.

The Company falls under the category of specified listed company, etc. as stipulated in Article 49, Paragraph 2 of the Cabinet Office Ordinance on Regulation of Trading of Securities, etc. As a result, the Company will be judged on the basis of consolidated figures with respect to the criteria for minor material facts under the insider trading regulation.

(Business Diagram)



Note) Major subsidiaries and major business functions

4. Subsidiaries

Corporate name	Location	Share capital (Million Yen)	Main businesses	Ratio of Voting rights (%)	Details of relationship
(Consolidated Subsidiaries) COLOWIDE MD Co., Ltd.	Nishi-ku, Yokohama-shi	10	Overall merchandizing of product development, procurement, manufacturing, and logistics of wide variety of foods, etc.	100.0	Central kitchen function and the Company's Food service business Concurrent directorship Financial support Business transactions
ATOM CORPORATION (Note) 3,13	Same as above	100	Operation of restaurant chains and franchise business	41.2	The Company's food service business Business transactions
REX Co., Ltd. (Note) 1,2	Nishi-ku, Yokohama-shi	8,292	Investment business, holding and management of securities	99.9 (0.3)	Investment company Concurrent directorship Financial support
REINS international inc. (Note) 2,13	Same as above	10	Operation of restaurant chains and franchise business in Japan and overseas	100.0 (100.0)	The Company's food service business Concurrent directorship Financial support Business transactions
Costis Co., Ltd. (Note) 2	Same as above	194	Sales and distribution of alcoholic beverages, etc.	100.0 (100.0)	Sales and distribution of alcoholic beverages, etc. Concurrent directorship Business transactions
REINS INTERNATIONAL TAIWAN CO., LTD. (Note) 2	Taiwan	151	Operation of restaurant chains in Taiwan	100.0 (100.0)	The Company's food service business in Taiwan Concurrent directorship
TOKYO GYU-KAKU INTERNATIONAL CO., LTD. (Note) 2	Same as above	217	Operation of restaurant chains in Taiwan	100.0 (100.0)	The Company's food service business in Taiwan Concurrent directorship
REINS INTERNATIONAL (SINGAPORE) PTE. LTD. (including 1 subsidiary) (Note) 2,6	Singapore	101	Operation of restaurant chains in Singapore	100.0 (100.0)	The Company's food service business in Singapore
REINS SAHA(THAILAND) CO.,LTD. (Note) 2	Thailand	152	Operation of restaurant chains in Thailand	51.0 (51.0)	The Company's food service business in Thailand
PT. REINS MARINDO INDONESIA (including 1 subsidiary) (Note) 2,10	Indonesia	240	Operation of restaurant chains and franchise business in Indonesia	51.0 (51.0)	The Company's food service business in Indonesia Concurrent directorship
AME-GYU CO., LTD. (Note) 1,2	U.S.A.	4,606	Investment business, holding and management of securities	100.0 (100.0)	Investment company
REINS INTERNATIONAL (USA) CO., LTD. (including 9 subsidiaries) (Note) 2,5	Same as above	1,588	Operation of restaurant chains and franchise business in North America	100.0 (100.0)	The Company's food service business in North America
COLOWIDE VIETNAM., JSC. (Note) 2	Vietnam	357	Operation of restaurant chains in Vietnam	75.2 (75.2)	The Company's food service business centered in Vietnam Concurrent directorship

Corporate name	Location	Share capital (Million Yen)	Main businesses	Ratio of Voting rights (%)	Details of relationship
REINS PALACE MIDDLE EAST SPV LTD (including 1 subsidiary) (Note) 2,11	United Arab Emirates	1,470	Operation of restaurant chains in U.A.E.	60.0 (60.0)	The Company's food service business centered in U.A.E.
Freshness Co., Ltd. (Note) 2	Nishi-ku, Yokohama-shi	10	Operation of restaurant chains and franchise business	100.0 (100.0)	The Company's food service business Concurrent directorship
Beer Thirty Co., Ltd. (Note) 2	Nishi-ku, Yokohama-shi	10	Operation of restaurant business	100.0 (100.0)	The Company's food service business
Seagrass Holdco Pty Ltd. (Note) 1, 2, 12	Australia	10,693	Operation of restaurant chain in Australia	100.0 (100.0)	The Company's food service business in Australia
Colowide Dining Co., Ltd. (Note) 2	Nishi-ku, Yokohama-shi	10	Operation of restaurant chains	100.0 (100.0)	The Company's food service business Concurrent directorship
SPCKAPPA CO., LTD. (Note) 1	Same as above	10	Operation of restaurant chains in Japan and overseas, and delicatessen business	100.0	Investment company Concurrent directorship
KAPPA-CREATE CO., LTD. (including 4 subsidiaries) (Note) 2,4,13	Same as above	100	Operation of restaurant chains and delicatessen business	50.5 (50.5)	The Company's food service business and delicatessen business Business transactions
OOTOYA Holdings Co., Ltd. (including 7 subsidiaries) (Note) 1,2,3,7,13	Same as above	2,059	Operation of restaurant chains and franchise business in Japan and overseas	46.7 (0.0)	The Company's food service business Business transactions
WP Japan Co., Ltd. (Note) 2	Same as above	90	Operation of restaurant chains	100.0 (100.0)	The Company's food service business Concurrent directorship
N Baton Company, Ltd. (including 2 subsidiaries) (Note) 9	Same as above	77	Production and sales of Western confectionery, operation of restaurant business	100.0	Production and sales of confections Concurrent directorship
Bay Foodfactory Co., Ltd. (Note) 2	Same as above	10	Operation of restaurant business	100.0 (1.0)	The Company's food service business Concurrent directorship
Future Link Co., Ltd. (Note) 2	Same as above	10	Operation of restaurant chains	100.0 (100.0)	The Company's food service business Concurrent directorship
Nifs Co., Ltd. (including 1 subsidiary) (Note) 2,8	Kasahata, Kawagoe-shi, Saitama-ken	10	Operation of catering service business	100.0 (100.0)	The Company's catering service business Concurrent directorship
Heartful Dining Co., Ltd.	Nishi-ku, Yokohama-shi	50	Operation of catering service business	51.0	The Company's catering service business Concurrent directorship
M. Y. Foods Co., Ltd. (Note) 2	Kawachi-gun, Tochigi-ken	90	Manufacturing and sale of tare (sauce) for restaurants and consumers ("Miya no tare")	100.0 (100.0)	Manufacturing and sale of tare (sauce) for restaurants and consumers

Corporate name	Location	Share capital (Million Yen)	Main businesses	Ratio of Voting rights (%)	Details of relationship
cocot Co., Ltd.	Nishi-ku, Yokohama-shi	10	Clerical work	100.0	Administrative work Concurrent directorship Business transactions
WORLD PICOM CORPORATION (Note) 2	Same as above	75	Planning, operation and maintenance of IT systems, call center administration	100.0 (100.0)	The Group's IT system related business Concurrent directorship Business transactions
COLOWIDE Support Center Co., Ltd.	Same as above	10	Labor-related business operations, such as payroll processing and social insurance administration	100.0	The Group's indirect service operations Concurrent directors Business transactions
3 more other companies					

(Note) 1. Specified subsidiaries.

2. Figures in parentheses in the voting rights ownership ratio are indirect ownership ratios and are included in the total number of voting rights held by the Company.
3. Although the Company's ownership interest is less than 50/100, it is considered a consolidated subsidiary because the Company substantially controls the company.
4. The 4 subsidiaries of KAPPA-CREATE CO., LTD. are Japan Fresh Co., Ltd., Hanahachi Co., Ltd., KAPPA-CREATE KOREA CO., LTD., and PT. Kappa Create Indonesia.
5. The 9 subsidiaries of REINS INTERNATIONAL(USA)CO., LTD. are REINS INTERNATIONAL CALIFORNIA, INC.、REINS INTERNATIONAL NEW YORK, INC.、REINS INTERNATIONAL CHICAGO, INC., REINS TEXAS INTERNATIONAL, INC., REINS INTERNATIONAL MASSACHUSETTS, INC., REINS INTERNATIONAL GEORGIA, INC., REINS INTERNATIONAL COLORADO, INC., REINS USA FRANCHISE COMPANY, INC. and REINS USA MD COMPANY, INC.
6. The subsidiary of REINS INTERNATIONAL (SINGAPORE) PTE.LTD. is GYU-KAKU SINGAPORE PTE.LTD.
7. The shares of OOTOYA Holdings Co., Ltd. are owned by the Company and Bay Food Service Co., Ltd.
   In addition, the 7 subsidiaries of OOTOYA Holdings Co., Ltd. are OOTOYA Co., Ltd., OOTOYA Hong Kong Co., Ltd., OOTOYA ASIA PACIFIC PTE. LTD., AMERICA OOTOYA INC., OOTOYA NJ L.L.C, THREE FOREST(THAILAND) CO., LTD., and M OOTOYA (THAILAND) CO., LTD.
8. The subsidiary of Nifs Co., Ltd. is Cook service Co., Ltd.
9. The three subsidiaries of N Baton Company, Ltd. are Kuraya Co., Ltd., Ecole Criollo Co., Ltd. and Silsmaria Co., Ltd.
10. The subsidiary of PT.REINS MARINDO INDONESIA is REINS MARINDO AUSTRALIA PTY LTD.
11. The subsidiary of REINS PALACE MIDDLE EAST SPV LTD is REINS PALACE INVESTMENT L.L.C.
12. Seagrass Holdco Pty Ltd. consists of 46 subsidiaries.
13. In ATOM CORPORATION, REINS international inc., KAPPA-CREATE CO., LTD. and OOTOYA Holdings Co., Ltd., the ratio of revenue (excluding intercompany revenue among consolidated companies) to consolidated revenue exceeds 10% for The Company. In addition, since ATOM CORPORATION, KAPPA-CREATE CO., LTD., and OOTOTA Holdings Co., Ltd. are a company submitting the securities report, the disclosure of material financial information, etc. is omitted.

    Material financial information

    REINS international inc. (Japanese GAAP)

    (i) Revenue 50,599 Million yen
    (ii) Ordinary profit 571 Million yen
    (iii) Profit 1,171 Million yen
    (iv) Net assets 4,422 Million yen
    (v) Total assets 55,395 Million yen

14. "I. OVERVIEW OF COMPANY 4. Subsidiaries" includes some disclosures required by IFRS Accounting Standards. In addition, the other disclosers required by IFRS Accounting Standards are included in "V. FINANCIAL INFORMATION, Notes to the Consolidated Financial Statements, 36. Material Subsidiaries".

II. BUSINESS OVERVIEW

1. Management Policy, Business Environment and Issues to be addressed, etc.

The Group's Management Policy, Business Environment and Issues to be addressed, etc. are as follows. Forward-looking statements are based on the Company's judgment as of the end of the current fiscal year.

(1) Management Policy

The Company's corporate philosophy is "All for our Customers and Employees." To make our customers smile and provide a memorable dining experience, each employee will keep in mind the four factors of our company name COLOWIDE (CO: Courage, LO: Love, WI: Wisdom, DE: Decision) as they go about their daily business, and our management policy is to achieve sustainable development of society and to enhance our corporate value over the medium to long term.

(2) Business environment and issues to be addressed

The outlook for the global economy is expected to remain uncertain due to trends in U.S. trade policy, signs of a slowdown in the Chinese economy, and ongoing geopolitical risks, particularly in Europe and the Middle East. In contrast, in Japan, the employment environment remains resilient, and wage growth is expected to broaden, suggesting positive prospects for corporate activity and household consumption. However, in the food service industry, structural cost pressures—such as further increases in raw material and labor costs, as well as labor shortages—are expected to persist, and the business environment is anticipated to remain challenging.

With this understanding, our Group will steadily advance our business operations in accordance with our medium-term management plan, "COLOWIDE Vision 2030," with a view to enhancing corporate value over the medium to long term. Based on our domestic food service business, and through the expansion of our overseas food service business—where market growth is anticipated—and our catering service business as it enters a full-scale growth phase, we aim to achieve consolidated revenue of 500 billion yen by the fiscal year ending March 2030.

"Domestic Food Service Business"

In our domestic food service business, in addition to opening new restaurants—primarily in the restaurant sector—we are also working to expand our café operations following the acquisition of C-United by our Group. Furthermore, we are actively pursuing the renovation, relocation, and format conversion of existing stores. We will also further enhance our merchandising capabilities, led by COLOWIDE MD Co., Ltd., to significantly increase efficiency across procurement, manufacturing, and logistics. Additionally, we are committed to enhancing the value of the products and services we offer and will continue to strive to enhance profitability.

"Overseas Food Service Business"

With regard to our overseas food service business, in addition to "Gyu-Kaku" and its derivative formats, as well as "Kappa Sushi"—a sushi format we are actively expanding—we will also accelerate the opening of new stores under Seagrass Holdco Pty Ltd., which operates a premium steakhouse format.

"Catering Service Business"

With regard to our catering service business, we are working to strengthen our business foundation against the backdrop of growing demand, particularly from healthcare facilities.

2. Philosophy and Initiatives for Sustainability

The Group's philosophy and initiatives for sustainability are as follows.

Forward-looking statements are based on the Company's judgment as of the end of the current fiscal year.

(1) Basic policy and initiatives for sustainability

Based on our corporate philosophy, "All for our customers and employees", the Company, as a bearer of food infrastructure, has identified five materialities that we will focus on as our basic policy, aiming to contribute to the sustainable development of society and to enhance our corporate value. The Company has decided to continue to promote initiatives for sustainable growth while balancing “contribution to a sustainable society” and “enhancement of corporate value” through the management cycle of materiality.

The identified materialities will be reviewed as necessary to reflect changes in the social environment and strategies.

[Basic Sustainable Policy]

Based on our corporate philosophy, "All for our customers and employees", The Group aims to contribute to the sustainable development of society and to enhance our corporate value as a bearer of food infrastructure.

[5 materialities]

(i) Contribution to the Global Environment

”Contribution to the global environment” is our responsibility to the next generation, and we will work to mitigate climate change and create a recycling-oriented society through the stable use of renewable energy and the effective utilization of resources.

(ii) Food Safety and Security

“Providing food safety and security” is the foundation for sustainable growth as a food service company, and we will live up to the trust of our customers by pursuing sanitation management and quality throughout the value chain and by disclosing information to the public.

(iii) Workplace Diversity and Growth

We believe that “Respecting the growth and diversity of our employees” is an essential source of competitiveness in the service industry, and we will provide a work environment where employees can work comfortably and aim for their own personal growth.

(iv) Contribution to our Community and Society

“Contribution to our community and society” is essential for sustainable and stable business operations, and we will strive to promote the local economy through job creation and human resource development, and to promote community interaction through dietary education and donations.

(v) Strengthen Business Management Foundation

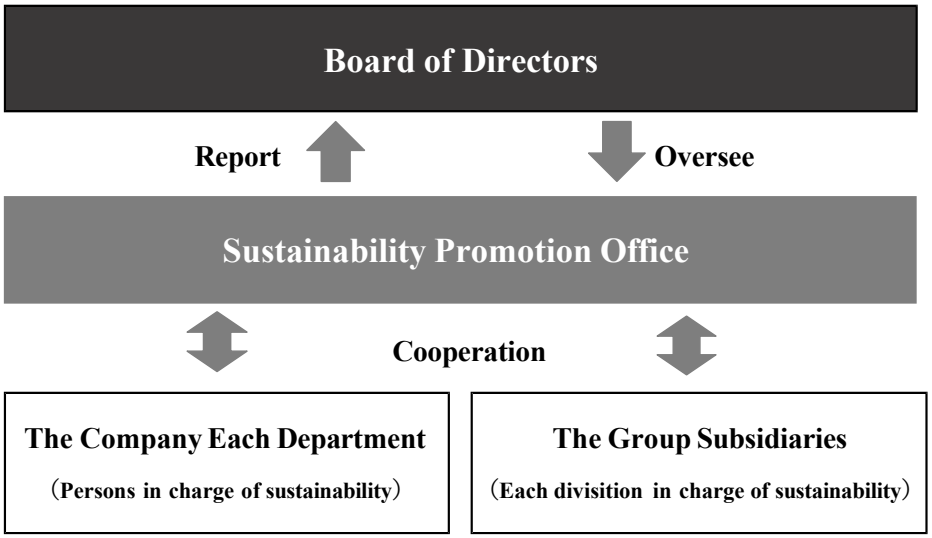
“Strengthen business management foundation” is one of the key issues essential for sustainable growth, and we will enhance the planning and execution of strategies and audits as a continuous and constant effort, while ensuring management transparency.

*Please refer to the Company's website (https://www.colowide.co.jp/en_us/sustainability/) for the status of specific initiatives based on the Materiality.

(2) Governance

The Group is promoting various initiatives under the Sustainability Promotion Office, which was newly established in December 2021 to strengthen its sustainability management efforts, in cooperation with the sustainability promotion divisions and personnel in each department of the Company and the Group subsidiaries.

The Sustainability Promotion Office regularly reports the progress of various initiatives to the Board of Directors, which discusses and supervises the appropriateness of the progress and reflects the results in the promotion of various initiatives.



(3) Strategies

The Company has been expanding its business domain both domestically and internationally as a bearer of food infrastructure based on its corporate philosophy, "All for our customers and employees". On the other hand, the effects of climate change are becoming increasingly serious year by year throughout the world, and the role that companies should play is becoming more important.

The Company recognizes that in order to achieve sustainable growth and increase corporate value, it is an important and indispensable responsibility for the Company to work on solving social issues such as climate change mitigation and environmental preservation, and has identified "Contribution to the Environment" as one of the materialities it will focus on. We have identified "contribution to the global environment" as one of the materialities that we will focus on, and are implementing various initiatives to contribute to the realization of a decarbonized society.

The Company also recognizes the importance of climate-related financial disclosures and will promote the disclosure of information on climate change and its financial impacts through the use of the framework recommended by the Task Force on Climate-related Financial Disclosures (TCFD), which was established by the Financial Stability Board (FSB).

[Risks and Opportunities by Climate changes]

Classification of Risks and Opportunities			Summary of Potential Risks and Opportunities	Impact over Business and Finance
Risks	Transition Risks	Policy and Law	・Increase in business operating costs due to the introduction of a carbon tax ・Increase in business operating costs due to stricter CO2 emission regulations ・Increase in procurement costs due to compliance with plastic regulations ・Increase in business operating costs due to stricter regulations ・Increase in investment costs for stores, etc. due to stricter regulations	◎ Very Large
		Reputation	・Loss of trust from stakeholders due to delays in responding to environmental issues ・Damage to brand value ・Increased difficulty in recruiting employees ・Withdrawal of FC franchisees	◎ Very Large
		Market and Technology	・Increase in food procurement costs ・Increase in procurement costs associated with the shift to renewable energy ・Increase in costs due to replacement of plastic containers and packaging materials with renewable resources ・Changes in revenue due to changes in consumer preferences	◎ Very Large
	Physical Risks		・Loss of business opportunities due to closure of stores, factories, etc. caused by large-scale natural disasters ・Increase in procurement costs due to supply chain disruptions, increase in energy costs at stores and factories ・Increase in health risks for employees and decrease in productivity	◎ Very Large
Opportunities	Energy / Technology		-Reduction of electricity consumption costs through promotion of energy conservation -Reduction of waste by supplying waste cooking oil as a raw material for SAF (Sustainable Aviation Fuel) -Reduction of transportation costs by improving logistics efficiency -Procurement of next-generation food materials	○ Large
	Market		・Gaining stakeholder empathy through sustainability promotion ・Increase in revenue through the development of environmentally friendly products and services ・Development of products and services tailored to changes in consumer preferences due to rising temperatures ・Gaining social trust through disaster response	○ Large

The Company has also identified “Workplace Diversity and Growth” as one of its five materialities.
“Respect for the growth and diversity of our workforce” is an important issue that is essential for sustainable growth as a service provider, as well as a source of our corporate competitiveness. We are committed to providing a work environment where employees can work with peace of mind at all stages of their lives, where they can enjoy a work-life balance regardless of gender, and where they can aim for their own personal growth.

[Human Resource Development Policy]

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

[Policy for Internal Environmental Improvement]

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

[Main Initiatives on Human Resource Development and Internal Environmental Improvement]

(i)Hier archy-specific training (promotion of personal growth through next-generation executive management training, next-generation general manager training, next-generation manager training, training for female managers, etc.)
(ii) e-learning training (promoting self-growth using gap time through smartphone viewing)
(iii) Qualification acquisition support system (promoting personal growth by supporting the acquisition of qualifications)
(iv) Mentoring system (promoting personal growth by learning from mentors)
(v) JOB-style personnel system (assigning the right person to the right position based on their abilities and skills)
(vi) Flexible employee system (various work styles (limited area, shorter working hours, 3-day workweek, etc.) according to life stages (childbirth, childcare, nursing care, seniors, etc.))
(vii) Career Challenge System
(choice of work style according to abilities and skills through periodic open recruitment across the group)
(viii) Scholarship Repayment Support Program
(ix) Conduct periodic engagement surveys
(x) Perform periodic 360-degree evaluations
(xi) Promotion of female's activities (promotion of female's activities through the Female's Activity Promotion Project, acquisition of the 2-star "Eruboshi" certification, etc.)
(xii) Promotion of the hiring of foreign nationals
(xiii) Promotion of employment of persons with disabilities (e.g., "Monisu certification" of special subsidiary cocot Co., Ltd.)
(xiv) Promotion of health management
(certified as "an excellent health management corporation 2026 (large corporation category)")
(xv) Childcare support leave
*For more information on our efforts, please visit the Company's website.
(https://www.colowide.co.jp/en_us/sustainability/diversity/index.html)

(4) Risk Management

The Group makes it a rule that Sustainability Promotion Office identifies and assesses sustainability-related risks and reports regularly to the Board of Directors.

Sustainability Promotion Office works with the departments in charge of sustainability at the Company and the Group's subsidiaries to minimize the identified and assessed risks and promote various initiatives.

(5) Indicators and Targets

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

[Targets for CO_2 emissions]

By fiscal year ending March 31, 2031, we aim to reduce the total emissions of Scope 1 and 2 of domestic group companies to 0.273 as a Target, a 50% reduction per unit of revenues (emissions per 1 million yen of revenues) from fiscal year ended March 31, 2021, and as of fiscal year ended March 31, 2026, the results were 0.361 (Emissions: 123,192 t-CO_2).

In addition, with regard to the policy on human resource development, including ensuring diversity of human resources, and the policy on the improvement of the internal environment, the Company has set the following targets, using the ratio of female employees and the ratio of female managers as indicators.

[Targets for the ratio of female employees]

30% of the entire group by fiscal year ending March 31, 2027 (32.0% in fiscal year ended March 31, 2026)

[Targets for the ratio of female managers]

30% of the entire group by fiscal year ending March 31, 2027 (20.0% in fiscal year ended March 31, 2026)

3. Business Risk, etc.

The following is a list of major risks that the Company recognizes as having the potential to affect its business performance and financial position.

The forward-looking statements contained in this document reflect the Group’s judgment as of the end of the current consolidated fiscal year. We are fully aware of the potential for these risks to materialize and will strive to prevent them from occurring and to minimize their impact in the event they do occur.

(1) Risks related to Food

(i)Food Safety

In the event that questions arise regarding the safety assurance of food ingredients, it is necessary to establish traceability by reviewing suppliers, diversifying procurement sources, reviewing major ingredients on the menu, and labeling the origin of ingredients to reduce customer concerns. The Group, with the cooperation of its suppliers, has created a database of production areas, processing processes, additives, etc., to ensure the safety of food ingredients. However, in the unlikely event of a serious error in labeling, this could lead to a loss of credibility, etc., and could affect the Group's operating results and financial position due to a decrease in store revenues, etc.

(ii)Food Safety Accident

As a member of the food and beverage industry, the Company's restaurants and central kitchens (factories) are committed to strict quality control and hygiene management to prevent the occurrence of food poisoning, and to provide safe and reliable foods to customers. In the unlikely event of an outbreak of food poisoning, the Company's business performance and financial position could be affected due to losses incurred from compensation for damages, suspension of business for a certain period of time, etc.

(2) Risks on Business

(i) Trends in the Food Service Industry

In the food service industry market, to which the Group belongs, consumer behavior and awareness are changing day by day due to lifestyle changes, increasing health consciousness, and the emergence of new concepts, ingredients, and cuisines.

The Group is implementing store strategies that adapt to changes in lifestyles, changing tastes, and new trends in the human population in order to respond to changes in the environment. However, if the market changes more than the Company anticipate, the Group's business performance and financial position may be affected.

(ii) Procurement of Raw Materials

Because our Group uses a wide variety of ingredients, difficulties in securing the necessary quantities of raw materials may arise due to outbreaks of disease, adverse weather conditions, natural disasters, conflicts, wars, political instability, or other geopolitical risks. Additionally, procurement costs may surge due to fluctuations in market prices or exchange rates, which could adversely affect our Group’s operating results and financial position.

(iii) Store Opening Policy

While our Group operates stores in a wide range of locations, from station areas to suburban areas, decisions regarding new store openings are made after comprehensively evaluating factors such as location and lease terms. Consequently, if we are unable to secure properties that meet our criteria, or if construction, interior finishing, or equipment costs rise, we may be unable to proceed with new store openings as planned, which could adversely affect our Group’s operating results and financial position.

(iv) Security deposits and guarantee deposits

The Group pays a security deposit and a guarantee deposit to the lessor when it opens a new store. However, if all or part of the security and guarantee deposits becomes irrecoverable due to the financial failure of the lessor caused by sudden changes in economic conditions in spite of our credit review of the lessor at the time of lease agreement, or if the lease is terminated before the expiration of the lease term, the security and guarantee deposits may not be returned to the lessee. Such a situation may affect the Group's business performance and financial position.

(v) Relationship with Franchisee

The Group enters into franchise agreements with prospective franchisees, granting them the right to open a restaurant in a specific region. However, the Group's business performance and financial position could be affected if it is unable to secure a

location for a long period of time after the franchise agreement is signed.

(vi) Securing and Developing Human Resources

Securing excellent human resources is indispensable for the Group's continued business expansion, and the Company continues to focus on improving its recruitment system and training the human resources it has secured as its most important tasks.

However, if we are unable to secure the necessary human resources due to factors such as a shrinking labor force resulting from a declining birthrate and aging population, or a deteriorating recruitment environment; if labor costs rise; or if the training of newly hired employees does not proceed as planned, this could have an adverse effect on the Group's operating results and financial position.

(3) Risk on Finance

(i) Sudden changes in economic circumstances

Unexpected and sudden changes in economic conditions may affect the Group's business performance and financial position.

(ii) Impairment of store property and equipment

The Group owns land, facilities, and other assets, mainly stores, and in the event of a significant decline in the profitability of directly operated stores or a significant decline in the market value of assets from their book value, an impairment loss would be recorded, which could affect the Group's business performance and financial position.

(iii) Impairment Loss of Goodwill

The Company has positioned M&A as an important pillar of its growth strategy, and as a result, goodwill has been recorded in the consolidated statement of financial position. In the event that the value of assets subject to goodwill declines significantly from their book value, an impairment loss may be recorded, which may affect the Company's business performance and financial position.

(iv) Changes in market value of securities

The Company does not hold any securities for trading purposes, but may hold securities available for sale in connection with M&A, which is one of the pillars of our growth strategy.

Of these securities, those that have market value are all valued at market value, and fluctuations in market value may affect the Company's business performance and financial position.

(v) Exchange fluctuations

The Group currently operates 420 directly managed or franchised stores in 16 countries and regions overseas, with assets and liabilities denominated in local currencies and revenues recorded in local currencies. As we continue to accelerate the opening of new stores in each region, we expect further increases in assets, liabilities, and income denominated in local currencies. Although we have put in place a system to manage foreign exchange risk, we may incur foreign exchange valuation losses in the event of a sudden change in the exchange rate due to unforeseen factors.

(4) Legal risks

The Group's businesses are subject to various laws, regulations, and rules. The Group strives to keep abreast of revisions to these laws and regulations in a timely and appropriate manner, and conducts various compliance training programs for its officers and employees.

However, the Group's business performance and financial position could be affected if it is obligated to pay compensation for violations of these laws and regulations, if the Group's social reputation is damaged, or if it incurs significant costs due to new legal regulations.

(5) Risks related to Information

The Group holds not only trade secrets but also customers' personal information. While the Group strives to ensure proper management of personal information and trade secrets across the entire organization, in the unlikely event that a leak or unauthorized use of such information occurs due to cyberattacks, unauthorized access, system failures, or improper handling by officers, employees, or contractors, this could negatively impact the Group's operating results and financial position through damage to its social credibility and liability for damages.

(6) Risks related to Environment

(i) Major Disaster

The Group's stores are located in all of Japan's 47 prefectures. Therefore, in the event of a major disaster in any one of these areas, damages to store facilities and system failures could have significant impact on store operations, which could affect the Group's business performance and financial position.

(ii) Infectious diseases, etc.

Outbreaks of infectious diseases, etc., may reduce opportunities to dine out and restrict restaurant operations due to requests from government agencies.

The Group's business performance and financial position could be affected in the event that restaurant operations are restricted in order to maintain social functions and ensure the safety and security of customers and employees in accordance with various requests from the government.

(iii) Climate Change and Environmental Response

The Group has established a department dedicated to sustainability and is working to reduce risks. However, if it becomes difficult to continue operations due to natural disasters or extreme weather conditions caused by climate change, or if the Group's climate change and decarbonization measures are deemed inadequate and public trust in the Group is damaged, this could have a negative impact on the Group's business performance and financial position.

4. Management's Analysis on the Company's Financial Position, Operating Results and Cash Flows

1. Results of Operations etc.

The following is a summary of the Group's financial position, operating results, and cash flows ("operating results") for the fiscal year under review.

(1) Financial Position and Operating Results

(i) Financial position

Total assets at the end of the current consolidated fiscal year increased by 38,705 million yen compared to the end of the previous consolidated fiscal year, reaching 350,931 million yen. This was primarily due to increases of 28,946 million yen in goodwill, 6,884 million yen in property, plant, and equipment, 3,743 million yen in intangible assets, and 3,666 million yen in right-of- use assets despite decrease of 8,345 million yen in cash and cash equivalents.

Total liabilities increased by 32,218 million yen from the end of the previous consolidated fiscal year, reaching 257,336 million yen. This was primarily due to increases of 16,474 million yen in bonds and borrowings, 3,806 million yen in accounts payable and other liabilities, and 6,712 million yen in lease liabilities.

Total equity increased by 6,487 million yen from the end of the previous consolidated fiscal year to 93,596 million yen. This was primarily due to increases of 5,467 million yen in other components of equity and 1,176 million yen in retained earnings.

(ii) Operating results

During the current consolidated fiscal year, the Japanese economy showed signs of a recovery in business sentiment, particularly among large corporations. However, concerns about the economic outlook have rapidly intensified not only among businesses but also among households, triggered by supply uncertainties regarding crude oil and liquefied natural gas resulting from the turmoil and escalating tensions in the Middle East. Regarding the global economy, consumer sentiment in the United States is beginning to cool due to concerns over a renewed inflationary trend. In China, although the government is expanding infrastructure investment, the real estate slump shows no signs of ending, and it is expected that economic recovery will take time. Furthermore, geopolitical risks, particularly in Europe and the Middle East, appear to be intensifying.

In the food service industry, while the business environment remains challenging due to rising costs of raw materials and labor, consumer attitudes are tending to split into two categories: those who are eager to dine out and those who are looking to save money.

In light of these circumstances, our Group is working to build brands that consumers choose, while striving to enhance our corporate value over the medium to long term in accordance with our mid-term management plan, "COLOWIDE Vision 2030."

In our domestic food service business, we are working to stimulate customer visits and capture demand through various initiatives and promotional activities. For example, at "OOTOYA," we have focused on offering special seasonal menus designed to provide a fun dining experience. At "Gyu-Kaku" and "Shabu Shabu On-Yasai," we have implemented campaigns such as the "Meat Day Festival" and "Kuroge Wagyu Kalbi All-You-Can-Eat," leveraging the unique strengths of our meat-focused brands. At "Kappa Sushi," we are currently offering a 90-yen (tax included) menu, all-you-can-eat options, and student discounts on weekdays. In addition, we have focused on capturing takeout and delivery demand through limited-time menus tailored to seasonal events. At "Steak MIYA," we are working to increase brand awareness by boosting our media exposure. At "FRESHNESS BURGER," we have encouraged customers to visit during café hours by using and serving seasonal ingredients. At "CHEESE GARDEN", a dessert brand, seasonal offerings have been well-received, while the chocolate brand "SILSMALIA" recorded its highest-ever revenue during the Valentine's Day event, which marks its busiest period. At Colowide Dining Co., Ltd., which operates the izakaya brands "3-6-5 Sakaba" and "HOKKAIDO," the company is working to capture demand for banquets such as year-end parties and welcome/farewell gatherings, while also striving to strengthen customer relationships by increasing the acquisition of LINE members.

With regard to our overseas food service business, we are working to enhance the profitability of existing stores and form partnerships with major local investors, as well as developing new business formats and opening new stores. In the United States, although we experienced a temporary increase in costs, we implemented an ERP (Enterprise Resource Planning) system to streamline operations through strengthened governance. In Indonesia, a market where we are placing particular emphasis in the Asia region, we opened a new restaurant in January called "ROKKAKU," a new concept aimed at capturing demand for non-halal yakiniku, in addition to our existing "Gyu-Kaku" yakiniku chain. In the Middle East, in addition to "GYU BOSS,"

our food court concept that we have been expanding there, we opened our first “Gyu-Kaku” restaurant in March. Furthermore, through a merger and acquisition, Seagrass Holdco Pty Ltd.— Oceania’s largest steak restaurant chain, which joined the COLOWIDE Group this fiscal year — has opened new stores for its premium steakhouse brands, “The Meat & Wine Co” and “HUNTER & BARREL.”

In our catering service business, we are enhancing our business capabilities by establishing a sustainable operational model that meets the diverse needs of various contracted facilities. As a result of our continued efforts to acquire new locations and enhance our revenue structure, the number of contracted locations stood at 509 as of the end of March.

As part of our sustainability efforts, we are working to reduce greenhouse gas emissions by focusing on waste reduction and optimizing delivery efficiency at factories and logistics facilities nationwide under the jurisdiction of COLOWIDE MD. Examples of activities at the store level include Kappa Sushi launching an initiative called “Don’t Waste Deliciousness,” and OOTOYA participating in “EARTH HOUR 2026,” one of the world’s largest events where lights are turned off for one hour to demonstrate commitment to climate change and biodiversity conservation.

Regarding store openings and closings, we are expanding our presence with “CHEESE GARDEN” in addition to our core domestic food service brands, such as “Gyu-Kaku,” “Gyu-Kaku Yakiniku Shokudo,” “Shabu Shabu On-Yasai,” and “OOTOYA.” Furthermore, we are implementing initiatives in anticipation of future changes in the business environment, such as the recent opening of “AMATARO SHOKUDO,” a new local Chinese cuisine concept, in Yokohama. In our overseas food service business, we are opening new locations not only in the United States, the Middle East, and Oceania as mentioned earlier but also in Taiwan and Thailand. In Indonesia, in addition to our yakiniku restaurants, we are also expanding our “Kappa Sushi” chain. As a result of these actions, we opened 101 directly managed restaurants and 8 directly managed izakaya stores domestically and internationally, for a total of 109 stores, while closing 52 directly managed restaurants and 7 directly managed izakaya stores, for a total of 59 stores. Consequently, the number of directly managed stores at the end of the current consolidated fiscal year stood at 1,501, and the total number of stores, including franchise stores, reached 2,633. Furthermore, in April 2026, we acquired all shares of C-United Co., Ltd., which operates café brands such as “COFFEE･KAN,” “CAFFÈ VELOCE,” and “CAFÉ de CRIÉ,” thereby adding 565 new stores to our Group. We are aiming for further growth in the future.

As a result of these efforts, our consolidated financial results for the current consolidated fiscal year reached record highs, with revenue totaling 300,090 million yen, business profit amounting to 12,527 million yen and pre-tax profit amounting to 6,547 million yen.

On the other hand, due to the recognition of impairment losses and the write-off of deferred tax assets, primarily related to KAPPA-CREATE CO., LTD. and ATOM CORPORATION, which experienced sluggish performance, profit for the period was 1,713 million yen, and profit attributable to owners of parent was 2,233 million yen.

The operating results by segment are as follows.

In the current consolidated fiscal year, Seagrass Holdco Pty Ltd. was consolidated as a subsidiary, and a new reportable segment was added.

a. COLOWIDE MD Co., Ltd.

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

For the current consolidated fiscal year, revenue was 96,144 million yen (85,255 million yen in the same period of the previous year), business profit was 4,657 million yen (2,046 million yen in the same period of the previous year), and operating profit was 4,188 million yen (1,697 million yen in the same period of the previous year).

b. ATOM CORPORATION

ATOM CORPORATION operates directly managed restaurants such as "Steak MIYA", "NIGIRI-NO-TOKUBE”, and "KALUBI TAISHO" etc., as well as franchise headquarter business.

For the current consolidated fiscal year, revenue was 30,434 million yen (compared to 35,504 million yen in the same period of the previous year), business profit was 24 million yen (compared to a business loss of 56 million yen in the same period of the previous year), and operating loss was 828 million yen (operating profit for 1,748 million yen in the same period of the previous year).

In addition, as part of our store policy, we closed four stores (all directly managed). As a result, the total number of stores as of the end of the current consolidated fiscal year is 247 stores (237 directly managed stores and 10 franchise stores).

c. REINS international inc.

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

For the current consolidated fiscal year, revenue was 92,647 million yen (92,384 million yen in the same period of the previous fiscal year), business profit was 4,781 million yen (5,990 million yen in the same period of the previous fiscal year), and operating profit was 3,454 million yen (439 billion yen in the same period of the previous fiscal year).

Additionally, regarding store policies, we opened 124 new stores (76 directly managed stores and 48 franchise stores) and converted 30 franchise restaurants to directly managed stores. On the other hand, we closed 138 stores (39 directly managed stores and 99 franchise stores) and converted 16 directly managed restaurants to franchise stores. As a result, the total number of stores as of the end of the current consolidated fiscal year was 1,326 stores (501 directly managed stores and 825 franchise stores).

d. KAPPA-CREATE CO., LTD.

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

Regarding financial results for the current consolidated fiscal year, revenue was 73,193 million yen (73,209 million yen in the same period of the previous year), business profit was 349 million yen (1,515 million yen in the same period of the previous year), and operating loss was 255 million yen (operating profit of 1,268 million yen in the same period of the previous year).

In addition, regarding our store policy, we opened five new stores. As a result, the number of directly managed stores stood at 312 as of the end of the current consolidated fiscal year.

e. OOTOYA Holdings Co., Ltd.

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

For the current consolidated fiscal year, revenue was 37,017 million yen (31,385 million yen in the same period of the previous fiscal year), business profit was 1,785 million yen (1,301 million yen in the same period of the previous fiscal year), and operating profit was 1,709 million yen (1,173 million yen in the same period of the previous fiscal year).

Additionally, regarding store policies, we opened 36 new stores (13 directly managed stores and 23 franchise stores) while closing 11 stores (6 directly managed stores and 5 franchise stores), and converted 3 directly managed restaurant stores into franchise stores. As a result, the total number of stores as of the end of the consolidated fiscal year under review is 460 stores (166 directly managed stores and 294 franchise stores).

f. Seagrass Holdco Pty Ltd.

Seagrass Holdco Pty Ltd. operates a chain of steak restaurants in the Oceania region and elsewhere.

For the current consolidated fiscal year, revenue was 20,041 million yen, business profit was 2,584 million yen, and operating profit was 2,583 million yen.

As for our store policy, the number of directly managed stores stood at 21 as of the end of the current consolidated fiscal year.

g. Others

Planning, operation, and maintenance of IT systems, call center operations by WORLD PICOM CORPORATION, Manufacturing and sales of fresh confectionery, baked goods and chocolates (Nama-choco ganache and others) in Silsmaria Co., Ltd., Manufacture and sale of Western-style confectionery by N Baton Company, Ltd. and its consolidated subsidiaries, Administrative work at cocot Co., Ltd., Operation of restaurants by Colowide Dining Co., Ltd., Operation of restaurants by WP Japan Co., Ltd., Operation of restaurants and franchise business by Bay Foodfactory Co., Ltd., Operation of catering service business by Nifs Co., Ltd. and its consolidated subsidiaries, Operation of catering service business by Heartful Dining Co., Ltd., FC business operation by Future Link Co., Ltd. and labor-related operations by COLOWIDE Support Center Co., Ltd.

Regarding our financial results for the current consolidated fiscal year, revenue was 47,059 million yen (compared to 42,476 million yen in the same period of the previous year), business profit was 2,011 million yen (compared to a business loss of 312 million yen in the same period of the previous year), and operating profit was 2,199 million yen (compared to operating loss of 681 million yen in the same period of the previous year).

(2) Cash flows

Cash flows from operating activities	28,714 million yen (0.3% decreased YoY)
Cash flows from investing activities	(30,755) million yen (42.3% decreased YoY)
Cash flows from financing activities	6,773 million yen ((17,954) million yen in the previous consolidated fiscal year)
Fiscal year end balance of cash and cash equivalents	63,191 million yen (11.7% increased YoY)

Cash and cash equivalents as of the end of the current consolidated fiscal year were cash flows from operating activities amounted to 28,714 million yen, cash flows from investing activities amounted to (30,755) million yen, cash flows from financing activities amounted to (6,773) million yen, and the exchange rate difference related to cash and cash equivalents amounted to 470 million yen. As a result, cash and cash equivalents decreased by 8,345 million yen compared to the end of the previous consolidated fiscal year, totaling 63,191 million yen.

Cash flows from operating activities are mainly comprised of profit before income taxes, depreciation and amortization expenses.

Cash flows from investing activities are mainly comprised of expenditures for the acquisition of consolidated subsidiaries and expenditures for the acquisition of property, plant and equipment.

Cash flows from financing activities are mainly comprised of proceeds from expenditures for the repayment of lease liabilities.

(3) Production, Orders and Sales

(i) Production Results

Reporting segment	Current Consolidated Fiscal Year (From April 1, 2025 to March 31, 2026)	YoY change (%)
COLOWIDE MD Co., Ltd. (Million yen)	10,351	92.4
ATOM CORPORATION (Million yen)	-	-
REINS international inc. (including 25 subsidiaries) (Million yen)	-	-
KAPPA-CREATE CO., LTD. (including 4 subsidiaries) (Million yen)	12,477	104.6
OOTOYA Holdings Co., Ltd. (including 7 subsidiaries) (Million yen)	-	-
Seagrass Holdco Pty Ltd. (including 46 subsidiaries) (Million yen)	-	-
Others (Million yen)	2,861	106.9
Total (Million yen)	25,688	99.5

(Note) Amounts are based on manufacturing costs and figures before elimination of intersegment transactions.

(ii) Orders results

The Group does not have any applicable items because it conducts production based on store sales forecasts.

(iii) Sales results

a. Sales results

Reporting segment	Current Consolidated Fiscal Year (From April 1, 2025 to March 31, 2026)	YoY change (%)
COLOWIDE MD Co., Ltd. (Million yen)	101,268	105.3
ATOM CORPORATION (Million yen)	30,434	85.7
REINS international inc. (including 25 subsidiaries) (Million yen)	92,647	100.3
KAPPA-CREATE CO., LTD. (including 4 subsidiaries) (Million yen)	73,193	100.0
OOTOYA Holdings Co., Ltd. (including 7 subsidiaries) (Million yen)	37,017	117.9
Seagrass Holdco Pty Ltd. (including 46 subsidiaries) (Million yen)	20,041	-
Others (Million yen)	47,059	110.8
Total (Million yen)	401,659	108.2

(Note) Amounts are based on sales prices and figures before elimination of intersegment transactions.

b. Sales by Major Customers

There are no major customers (accounting for 10% or more of total sales)

2. Analysis and Discussion of Operating Results from Management's Perspective

The recognition, analysis, and discussion on operating results of the Group, as well as the status of capital resources and liquidity of funds from Management's perspective are as follows.

Forward-looking statements are based on management's judgment as of the end of the current fiscal year.

(1) Significant accounting estimates and assumptions used in making such estimates

The Company's consolidated financial statements are prepared in accordance with International Financial Reporting Standards. The preparation of these consolidated financial statements requires management to make estimates and projections that affect the financial position, results of operations, and cash flows at the balance sheet date. The Company makes estimates and projections based on assumptions that are considered reasonable in light of historical data and circumstances. However, actual results may differ from these estimates and projections due to changes in assumptions and subsequent changes in the environment and other factors. The Company's significant accounting policies adopted in the consolidated financial statements are described in "V. FINANCIAL INFORMATION 1. Consolidated Financial Statements, etc. (1) Consolidated Financial Statements [Notes to the Consolidated Financial Statements] 3. Significant Accounting Policies" and "4. Significant accounting judgments and estimates."

(2) Recognition, Analysis and Discussion of Operating Results, etc. for the Current Consolidated Fiscal Year

(i) Operating results, etc.

Account Classification	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
Revenue (Million yen)	269,156	300,090
Profit (Million yen)	2,255	1,713
Basic earnings per share (Yen) (Note)	7.45	15.73
Asset (Million yen)	312,226	350,931
Equity (Million yen)	87,108	93,596

(Note) Basic earnings per share is calculated based on the average number of shares outstanding during the period.

a. Financial Condition and Operating Results

For the status of financial position and operating results for the current consolidated fiscal year, please refer to "4. Management's Analysis on the Company's Financial Position, Operating Results, and Cash Flows, 1. Operating Results, etc. (1) Financial Position and Operating Results."

b. Cash Flows

The status of cash flows for the current consolidated fiscal year is as described in "4. Management's Analysis on the Company's Financial Position, Operating Results and Cash Flows, 1. Operating Results, etc., (2) Cash Flows".

(ii) Factors that have a material influence on the Company's operating results

The Group's revenues are affected by economic conditions, changes in consumer preferences, competition with other companies, unseasonable weather, and plans to open new stores, while the Group's expenses are affected by raw material prices, labor costs, real estate rents, utility costs, and other factors. Therefore, if these variable factors occur and the effects of the measures taken by the Group are not fully realized, the Group's operating results may be affected.

(iii) The Company's capital resources and the liquidity of its funds

The Company's working capital needs are mainly for the purchase of raw materials and other items, as well as for operating expenses such as manufacturing, selling, general and administrative expenses. Demand for funds for investment purposes is mainly for capital investment in new store openings, renovations of existing stores, and food category conversion work.

The Company basically procures short-term working capital from its own funds and short-term borrowings, and procures capital expenditures and long-term working capital from its own funds, long-term borrowings, leases, and installment sales.

5. Material Contracts

(Summary of Major Franchise Agreements)

The Company's consolidated subsidiary, REINS international inc. grants franchise rights to those who wish to operate restaurants by signing franchise agreements. The summary of the agreement is as follows.

Contents	The Company's consolidated subsidiary, REINS international inc. will allow franchisees to establish stores in certain locations during the effective period of this Agreement, provided that the franchisee fulfill the prescribed contractual requirements. In addition, the franchisee shall be entitled to open and operate a store under the franchise agreement by using the business operation manual, other business know-how of REINS international inc. and certain trademarks owned by REINS international inc. In conjunction with the above, REINS international inc. will provide certain guidance and assistance to member agencies regarding their operations.	
Term of Contract	Five years from the date of signing of the contract. However, an extension clause exists.	
Contract Details	Entry Deposit	Payment of a certain amount at the time of signing such contract
	Guarantee Deposit	Deposit a certain amount of money at the time of signing the contract.
	Royalty	Payment of 5% of the store's monthly gross sales

(Note) Franchise agreements are mainly the “Charcoal-grill restaurant Gyu-Kaku franchise chain franchise agreement”, “Shabu-shabu On-Yasai franchise chain franchise agreement”, “Izakaya Kamadoka franchise chain franchise Agreement”, and “Izakaya Doma-Doma franchise chain franchise agreement”.

The Company's consolidated subsidiary Freshness Co., Ltd. also grants franchise rights to those who wish to operate its stores by signing franchise agreements. The summary of the agreement is as follows.

Contents	The Company's consolidated subsidiary Freshness Co., Ltd. will allow franchisees to establish stores in certain locations during the effective period of this Agreement, provided that the franchisees fulfill the prescribed contractual requirements. In addition, the franchisee shall be entitled to open and operate a store in such location as a franchise store under the Franchise Agreement by using the business operation manual, other business know-how and certain trademarks owned by Freshness Co., Ltd. In conjunction with the above, Freshness Co., Ltd. will provide certain guidance and assistance to member agencies regarding their operations.	
Term of Contract	Five years from the date of signing of the contract. However, an extension clause exists.	
Contract Details	Entry Deposit	Payment of a certain amount at the time of signing such contract
	Guarantee Deposit	Deposit a certain amount of money at the time of signing the contract.
	Royality	Payment of an amount calculated by multiplying a certain percentage of the store's total monthly sales

(Note) The franchise agreement is the “FRESHNESS BURGER Franchise Chain Membership Agreement.”

The Company's consolidated subsidiary OOTOYA Co., Ltd. also grants franchise rights to those who wish to operate its restaurants by signing franchise agreements. The summary of the agreement is as follows.

Content	(a) The Company's consolidated subsidiary, OOTOYA Co., Ltd., grants the right to use the trademarks and service marks owned by OOTOYA Co., Ltd, and to conduct business activities of "OOTOYA Gohan-Dokoro" by imparting manufacturing and sales methods, services and management know-how of the products developed by OOTOYA Co., Ltd. (b) In order to maintain the same image and quality of "OOTOYA Gohan-Dokoro," franchisees shall, in principle, purchase from OOTOYA Co., Ltd. the kitchen equipment, displays, signboards, furniture, fixtures, etc. designated by OOTOYA Co., Ltd. (c) Franchisees are required to use foodstuff, alcoholic beverages, for use in the designated menus by OOTOYA Co., Ltd., as well as consumer goods for use of store management designated by OOTOYA Co., Ltd. (hereinafter "Designated products"), and to purchase those Designated goods through OOTOYA Co., Ltd. or the shops designated by OOTOYA Co., Ltd.	
Term of Contract	The term of the contract shall be three full years from the signing date. However, in principle, the contract shall be automatically renewed every three (3) additional years.	
Contract Details	Entry Deposit	4,000Thousand yen
	Guarantee Deposit	1,200Thousand yen
	Royality	5% of total monthly sales

(Note) The franchise agreement is the "Basic Franchise Agreement for OOTOYA Gohan-Dokoro."

(Syndicated Loan Agreements)

The Company has entered into a syndicated loan agreement with Resona Bank, Ltd. and two other financial institutions as lenders to finance M&A activities.

Agreement date	September 25, 2024
Balance as of fiscal year end	6,300 Million yen
Repayment date	September 28, 2029
Collateral	Unsecured

Details of special clauses

(1) Maintain total equity on the consolidated statement of financial position as of the end of each fiscal year at 75% or more of the amount for the same period of the previous year.

(2) Ensure that operating profit (under IFRS) as reported in the consolidated statement of income for each fiscal year does not result in a loss for two consecutive fiscal years.

For the purpose of refinancing M&A funds, the Company has entered into a syndicated loan agreement with Mizuho Bank, Ltd. and seven other financial institutions as lenders.

Agreement date	February 25,2025
Balance as of fiscal year end	2,720 Million yen
Repayment date	February 28, 2030
Collateral	The shares of SPCKAPPA held by our Company, and the shares of KAPPA-CREATE CO., LTD. held by SPCKAPPA

Details of special clauses

(1) Starting with the fiscal year ended March 2025, maintain the total equity (under IFRS) reported on the consolidated statement of financial position as of the end of each fiscal year and the end of the second quarter at 80% or more of the amount reported in the "Net Assets" of the consolidated balance sheet as of the end of the fiscal year ended March 2014.

(2) For two consecutive fiscal years beginning with the fiscal year ended March 2025, the Company shall ensure that the operating profit/loss (under IFRS) reported on the consolidated statement of income at the end of each fiscal year does not result in a loss for two consecutive fiscal years. The first assessment of compliance with this provision will be conducted based on the financial results for the fiscal year ended March 2026 and the immediately preceding fiscal year.

(3) Starting with the fiscal year ended March 2025, maintain the ratio of the balance of net interest-bearing debt on the consolidated statement of financial position as of the end of each fiscal year to revenue (under IFRS) on the statement of income at 10/12 or less. For the terms of this provision, "net interest-bearing debt" refers to long-term borrowings (including those due within

one year), short-term borrowings, commercial paper, straight bonds (including those due within one year) , convertible bonds (including those due within one year), bonds with stock subscription rights (including those due within one year), and bonds with stock options (including those due within one year) on the consolidated statement of financial position, less cash and deposits.

The Company has entered into a syndicated loan agreement with Mizuho Bank, Ltd. and six other financial institutions as lenders to finance M&A activities.

Agreement date	November 26, 2025
Balance as of fiscal year end	22,445 Million yen
Repayment date	November 29, 2030
Collateral	Shares of Seagrass Holdco Pty Ltd. owned by COLOWIDE MD Co., Ltd.

Details of special clauses

(1) For each fiscal year ending on or after March 2026 (including the fiscal year ended March 2026) The Borrower's consolidated net leverage ratio (α) as of the end of each fiscal year (each covering the most recent 12 months) must be maintained at or below the values specified below and must be a positive value (except where the net leverage ratio becomes negative solely because the net interest-bearing debt used in the calculation of the net leverage ratio is negative).

FY2026/3 : α≦6.0
FY2027/3 : α≦4.0
FY2028/3 : α≦3.0
FY2029/3 : α≦3.0
FY2030/3 : α≦3.0

(2) Starting with the fiscal year ended March 2026 (including the fiscal year ended March 2026), maintain the total equity (under IFRS) on the borrower's consolidated statement of financial position as of the end of each fiscal year and the end of the second quarter at 80% or more of the amount for the same period of the previous year.

(3) For the two consecutive fiscal years following the fiscal year ended March 2026 (including the fiscal year ended March 2026), the borrower's consolidated operating profit or loss (under IFRS) as reported in the consolidated statement of income for each fiscal year must not result in a loss for two consecutive periods. The initial assessment of compliance with this provision will be conducted for the fiscal year ended March 2026 and the immediately preceding fiscal year.

(4) Starting with the fiscal year ended March 2026 (including the fiscal year ended March 2026), maintain the ratio of the borrower's net interest-bearing debt balance on the borrower's consolidated statement of financial position to the borrower's revenue (under IFRS) on the borrower's consolidated statement of income at 10/12 or less as of the end of each fiscal year. For the purposes of this provision, "net interest-bearing debt" means long-term borrowings (including those due within one year), short-term borrowings, commercial paper, straight bonds (including those due within one year), convertible bonds (including those due within one year), bonds with warrants (including those due within one year), and bonds with stock options (including those due within one year) on the borrower's consolidated statement of financial position, less cash and deposits.

Rex Co., Ltd. (Yokohama-shi, Kanagawa-ken; Representative Director: Kohei Nojiri), a consolidated subsidiary of our Company, has entered into a syndicated loan agreement with Mizuho Bank, Ltd. and five other financial institutions as lenders for the purpose of refinancing M&A funds.

Agreement date	February 24, 2022
Balance as of fiscal year end	3,300 Million yen
Repayment date	February 26, 2027
Guarantor	COLOWIDE Co., Ltd.
Collateral	The shares of AME-GYU CO., LTD. held by REINS international inc., and the shares of REINS INTERNATIONAL (USA) CO., LTD. held by AME-GYU CO., LTD.

Details of special clauses

(1) As of the end of each fiscal year beginning with the fiscal year ended March 2022, COLOWIDE shall not report a loss on its consolidated statement of income (under IFRS) for two consecutive fiscal years. The initial assessment of compliance with this provision will be conducted for the fiscal year ended March 2023 and the immediately preceding fiscal year.

(2) As of the end of each fiscal year and interim period beginning with the fiscal year ended March 2022, COLOWIDE's total equity (under IFRS) on the consolidated statement of financial position must be maintained at 80% or more of the amount reported in the "Net Assets" of COLOWIDE's consolidated balance sheet as of the end of the fiscal year ended March 2014.

(3) As of the end of each fiscal year beginning with the fiscal year ended March 2022, maintain the ratio of the balance of net interest-bearing debt on COLOWIDE's consolidated statement of financial position to revenue (under IFRS) on the statement

of income at 10/12 or less. For the terms of this provision, “net interest-bearing debt” refers to long-term borrowings (including those due within one year), short-term borrowings, commercial paper, straight bonds (including those due within one year) , convertible bonds (including those due within one year), bonds with new share subscription rights (including those due within one year), and bonds with stock options (including those due within one year), as shown on the statement of financial position, minus cash and deposits.

Rex Co., Ltd. (Yokohama-shi, Kanagawa-ken; Representative Director: Kohei Nojiri), a consolidated subsidiary of our Company, has entered into a syndicated loan agreement with Mizuho Bank, Ltd. and five other financial institutions as lenders for the purpose of refinancing M&A funds.

Agreement date	February 25, 2025
Balance as of fiscal year end	4,000 Million yen
Repayment date	February 28, 2030
Guarantor	COLOWIDE Co., Ltd.
Collateral	The shares of REINS international inc. held by REX Co., Ltd.

Details of special clauses

(1) Starting with the fiscal year ended March 2025, the Guarantor must maintain the total equity (under IFRS) as shown on its consolidated statement of financial position as of the end of each fiscal year and the end of the second quarter at a level of 80% or more of the amount of net assets as shown on the Guarantor’s consolidated balance sheet as of the end of the fiscal year ended March 2014.

(2) For two consecutive fiscal years beginning with the fiscal year ended March 2025, the Guarantor’s operating profit (under IFRS) as shown on its consolidated statement of income at the end of each fiscal year must not result in a loss for two consecutive fiscal years. The first assessment of compliance with this provision will be conducted based on the financial results for the fiscal year ended March 2026 and the immediately preceding fiscal year.

(3) Starting with the fiscal year ended March 2025, the ratio of the balance of net interest-bearing debt on the Guarantor’s consolidated statement of financial position to revenue (under IFRS) on the statement of income as of the end of each fiscal year must be maintained at 10/12 or less. For the terms of this provision, “net interest-bearing debt” refers to long-term borrowings (including those due within one year), short-term borrowings, commercial paper, straight bonds (including those due within one year) , convertible bonds (including those due within one year), bonds with new share subscription rights (including those due within one year), and bonds with stock options (including those due within one year) on the statement of financial position, less cash and deposits.

(The Loan Agreements)

We entered into a loan agreement with Aozora Bank, Ltd. as the lender for the purpose of refinancing M&A funds.

Agreement date	August 29, 2025
Balance as of fiscal year end	2,700 Million yen
Repayment date	August 30, 2030
Collateral	Common shares of OOTOYA Holdings Co., Ltd. held by COLOWIDE Co., Ltd.

Details of special clauses

(1) The borrower must not report net loss on the consolidated statement of income (under IFRS) for two consecutive fiscal years ending on or after the fiscal year ended March 2026. Note that the first assessment date includes the fiscal year ended March 2025.

(2) Maintain the total equity (under IFRS) on the borrower’s consolidated statement of financial position as of the end of each fiscal year and each interim period beginning with the fiscal year ended March 2026 at a level of 80% or more of the net assets on the borrower’s consolidated balance sheet as of the end of the fiscal year ended March 2014.

(3) Maintain the ratio of the borrower’s consolidated net interest-bearing debt balance on the statement of financial position to revenue on the statement of income (under IFRS) at or below 10/12 as of the end of each fiscal year beginning with the fiscal year ended March 2026. For the purposes of this provision, “net interest-bearing debt” means long-term borrowings (including those due within one year), short-term borrowings, commercial paper, straight bonds (including those due within one year), convertible bonds (including those due within one year), bonds with warrants (including those due within one year), and bonds with stock options (including those due within one year) on the statement of financial position, less cash and deposits.

(Share transfer agreement)

At the board of directors meeting held on March 10, 2026, the Company resolved to acquire all shares of C-United Co., Ltd. (hereinafter referred to as the "Target Company"), which owns brands such as "COFFEE・KAN," "CAFÈ VELOCE" and "CAFÉ de CRIÉ" through its consolidated subsidiary, COLOWIDE MD Co., Ltd. On the same day, the Company entered into a share purchase agreement with the shareholders of the Target Company (the sellers).

For further details, please refer to the notes to the consolidated financial statements under "V. Financial Information" "1. Consolidated Financial Statements" "(1) Notes to the Consolidated Financial Statements" "39. Significant subsequent events."

6. Research and Development

There are no matters to be noted.

III. STATUS OF EQUIPMENT

1. Capital Expenditures, etc.

Capital expenditures for the current consolidated fiscal year totaled 18,079 million yen (including 1,039 million yen in lease deposits related to stores), which was invested in building facilities for new stores and remodeling of existing stores.
Capital expenditures by segment are as follows.

(1) COLOWIDE MD Co., Ltd.
Capital expenditures for the current consolidated fiscal year totaled 1,592 million yen (including 0 million yen in lease deposits for stores, etc.), which was invested in factories and other facilities.

(2) ATOM CORPORATION
Capital expenditures for the current fiscal year totaled 931 million yen (including 63 million yen in lease deposits related to store leases), which was invested in store buildings and equipment and in the remodeling of existing stores.

(3) REINS international inc.
Capital expenditures for the current fiscal year totaled 7,129 million yen (including 558 million yen in lease deposits related to store leases), which was invested in store buildings and equipment and in the remodeling of existing stores.

(4) KAPPA-CREATE CO., LTD.
Capital expenditures for the current fiscal year totaled 2,675 million yen (including 90 million yen in lease deposits related to store leases), which was invested in store buildings and equipment and in the remodeling of existing stores.

(5) OOTOYA Holdings Co., Ltd.
Capital expenditures for the current consolidated fiscal year totaled 1,662 million yen (including 103 million yen in lease deposits for stores, etc.), which was invested in store buildings and equipment and in the remodeling of existing stores.

(6) Seagrass Holdco Pty Ltd.
Capital expenditures for the current consolidated fiscal year totaled 2,521 million yen (including security and guarantee deposits related to store leases of – million yen), and were invested in store buildings and equipment, as well as renovations of existing stores.

(7) Others
Capital expenditures for the current consolidated fiscal year totaled 1,501 million yen (including 174 million yen in security and guarantee deposits related to store leases), and were invested in store buildings and equipment, renovations of existing stores, and software development.

(8) Company-wide common
Capital expenditures totaled 68 million yen in the current consolidated fiscal year, and were mainly invested in the administrative divisions of the Head Office.

	ATOM CORPORATION	REINS international inc.	KAPPA-CREATE CO., LTD.	OOTOYA Holdings Co., Ltd.	Seagrass Holdco Pty Ltd.	Others	Total
Number of directly managed stores	237	501	312	166	21	264	1,501
Number of FC stores	10	825	-	294	-	3	1,132
Total	247	1,326	312	460	21	267	2,633

Number of stores by region

		Kanto	Kansai	Tokai	Others	Overseas	Total
ATOM CORPORATION	Directly managed stores	66	13	75	83	-	237
	FC stores	-	-	10	-	-	10
	Total	66	13	85	83	-	247
REINS international inc.	Directly managed stores	252	40	42	48	119	501
	FC stores	282	66	56	292	129	825
	Total	534	106	98	340	248	1,326
KAPPA-CREATE CO., LTD.	Directly managed stores	80	39	46	137	10	312
	FC stores	-	-	-	-	-	-
	Total	80	39	46	137	10	312
OOTOYA Holdings Co., Ltd.	Directly managed stores	131	13	1	12	9	166
	FC stores	67	7	24	64	132	294
	Total	198	20	25	76	141	460
Seagrass Holdco Pty Ltd.	Directly managed stores	-	-	-	-	21	21
	FC stores	-	-	-	-	-	-
	Total	-	-	-	-	21	21
Others	Directly managed stores	163	16	8	77	-	264
	FC stores	3	-	-	-	-	3
	Total	166	16	8	77	-	267
Total	Directly managed stores	692	121	172	357	159	1,501
	FC stores	352	73	90	356	261	1,132
	Total	1,044	194	262	713	420	2,633

Main business formats (with 20 or more stores)

Restaurant category	ATOM CORPORATION			REINS international inc.			KAPPA-CREATE Co., LTD.			OOTOYA Holdings Co., Ltd.			Seagrass Holdco Pty Ltd.			Others			Total		
	DM	FC	Total	DM	FC	Total	DM	FC	Total	DM	FC	Total	DM	FC	Total	DM	FC	Total	DM	FC	Total
Gyu-Kaku	-	-	-	281	547	828	-	-	-	-	-	-	-	-	-	4	-	4	285	547	832
OOTOYA	2	-	2	-	-	-	-	-	-	160	293	453	-	-	-	-	-	-	162	293	455
Kappa Sushi	-	-	-	-	-	-	309	-	309	-	-	-	-	-	-	-	-	-	309	-	309
On-Yasai	-	-	-	79	162	241	-	-	-	-	-	-	-	-	-	-	-	-	79	162	241
FRESHNESS BURGER	-	-	-	70	83	153	-	-	-	-	-	-	-	-	-	-	-	-	70	83	153
Steak MIYA	106	-	106	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	106	-	106
KALUBI TAISHO	64	1	65	-	-	-	-	-	-	-	-	-	-	-	-	1	-	1	65	1	66
Kagurazaka Sakura	-	-	-	37	11	48	-	-	-	-	-	-	-	-	-	-	-	-	37	11	48
NIGIRI-NO-TOKUBE	36	7	43	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	36	7	43
3-6-5 Sakaba	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	42	-	42	42	-	42
Irohanihoheto	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	37	-	37	37	-	37
Doma Doma	-	-	-	7	14	21	-	-	-	-	-	-	-	-	-	12	-	12	19	14	33
Cheese Garden	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	33	-	33	33	-	33
Hokkaido	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	31	-	31	31	-	31
NE-NE-YA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	25	-	25	25	-	25
Kamadoka	-	-	-	12	8	20	-	-	-	-	-	-	-	-	-	-	-	-	12	8	20

(Note) 1. DM stands for Directly Managed Stores

2. FC stands for Franchise Stores

2. Principal Facilities

Principal facilities by each company of the Group as of March 31, 2026 are as follows

(1) The Company

Entity	Location	Facility type	Book value									Number of employee (person) [Number of part-timers (persons)]
			Buildings (Million yen)	Fixtures (Million yen)	Machinery and equipment (Million yen)	Vehicles and transportation equipment (Million yen)	Tools, Furniture and Fixture (Million yen)	Land (Million yen) (Area in ㎡)	Right-of-use asset (Million yen)	Construction in progress (Million yen)	Total (Million yen)	
Head Office	Nishi-ku, Yokohama-shi	Head Office facilities, etc.	86	4	11	5	11	-	64	-	181	149 [8]

(2) By reportable segments

Reporting segment	Location	Facility type	Book value									Number of employee (person) [Number of part-timers (persons)]
			Buildings (Million yen)	Fixtures (Million yen)	Machinery and equipment (Million yen)	Vehicles and transportation equipment (Million yen)	Tools, Furniture, and fixture (Million yen)	Land (Million yen) [Area in ㎡]	Right-of-use (Million yen)	Construction in progress (Million yen)	Total (Million yen)	
COLOWIDE MD Co., Ltd.	Nishi-ku, Yokohama-shi	Store facilities	3,737	175	730	37	41	8,423 [62,972]	73	1,161	14,377	186 [244]
ATOM CORPORATION	Nishi-ku, Yokohama-shi	Store facilities, etc.	3,504	327	-	-	484	714 [11,629]	2,523	1	7,553	550 [2,356]
REINS international inc. (including 25 subsidiaries)	Nishi-ku, Yokohama-shi	Store facilities, etc.	12,764	580	763	11	2,088	- [-]	12,721	29	28,957	1,446 [4,847]
KAPPA-CREATE CO., LTD. (including 4 subsidiaries)	Nishi-ku, Yokohama-shi	Store facilities, etc.	5,670	256	2,352	0	2,330	1,255 [22,942]	4,578	93	16,534	801 [6,199]
OOTOYA Holdings Co., Ltd. (including 7 subsidiaries)	Nishi-ku, Yokohama-shi	Store facilities, etc.	2,049	28	0	9	1,234	75 [7,681]	2,208	105	5,710	738 [1,832]
Seagrass Holdco Pty Ltd. (including 46 subsidiaries)	Nishi-ku, Yokohama-shi	Store facilities, etc.	3,168	-	98	2	862	- [-]	5,944	-	10,073	477 [590]

3. Plans for New Additions or Disposal, etc. of facilities

(1) New additions of important facilities

(i) The Company

None

(ii) By reportable segments

Reportable segment	Facility type	Planned investment amount		Sources of funding	Schedule of commencement and completion		Increased capacity after completion (seats)
		Total amount (Million yen)	Amount paid (Million yen)		Commencement	Completion	
COLOWIDE MD Co., Ltd.	Store facilities	127	-	Own fund and borrowings	-	-	-
ATOM CORPORATION	Store facilities	9	-	Own fund and borrowings	March 2026	April 2026	62
REINS international inc. (including 25 subsidiaries)	Store facilities	1,308	-	Own fund and borrowings	March 2026	March 2027	1,061
KAPPA-CREATE CO., LTD. (including 4 subsidiaries)	Store facilities	2,293	-	Own fund and borrowings	July 2026	March 2027	1,600
OOTOYA Holdings Co., Ltd. (including 7 subsidiaries)	Store facilities	450	12	Own fund and borrowings	April 2026	March 2027	640
Seagrass Holdco Pty Ltd. (including 46 subsidiaries)	Store facilities	1,405	123	Own fund and borrowings	February 2026	November 2026	621
Others	Store facilities, Catering service facilities	164	-	Own fund and borrowings	April 2026	March 2027	102
Total		5,757	135				4,086

(2) Repair of important facilities

Reportable segment	Facility type	Planned investment amount		Sources of funding	Schedule of commencement and completion		Increased capacity after completion (seats)
		Total amount (Million yen)	Amount paid (Million yen)		Commencement	Completion	
COLOWIDE MD Co., Ltd.	Factory facilities	-	-	Own fund and borrowings	-	-	-
ATOM CORPORATION	Store facilities	402	-	Own fund and borrowings	April 2026	June 2026	-
REINS international inc. (including 25 subsidiaries)	Store facilities	1,027	-	Own fund and borrowings	April 2026	September 2026	-
KAPPA-CREATE CO., LTD. (including 4 subsidiaries)	Store facilities	700	-	Own fund and borrowings	June 2026	September 2026	-
OOTOYA Holdings Co., Ltd. (including 7 subsidiaries)	Store facilities	-	-	Own fund and borrowings	-	-	-
Seagrass Holdco Pty Ltd. (including 46 subsidiaries)	Store facilities	87	-	Own fund and borrowings	April 2026	March 2027	-
Others	Store facilities, Catering service facilities	97	-	Own fund and borrowings	April 2026	October 2026	25
Total		2,313	-				25

(3) Disposal of important equipment

Business category	Equipment type	Reportable segment	Number of applicable stores	Scheduled of asset disposal	Reference
Food service business Catering service business	Store facilities Catering service business	ATOM CORPORATION	3 stores	From April 2026 to March 2027	Closing of unprofitable stores
		REINS international inc. (including 25 subsidiaries)	18 stores		
		KAPPA-CREATE CO., LTD. (including 4 subsidiaries)	0 stores		
		OOTOYA Holdings Co., Ltd. (including 7 subsidiaries)	2 stores		
		Seagrass Holdco Pty Ltd. (including 46 subsidiaries)	0 stores		
		Others	8 stores		

IV. INFORMATION ON THE COMPANY

1. Information on the Company's Share etc.

(1) Total number of shares, etc.

(i) Total number of shares

Class	Total number of shares authorized to be issued (shares)
Common share	112,999,820
Preferred share	30
Second series preferred share	50
Third series preferred share	100
Total	113,000,000

(ii) Issued shares

Class of shares	Issued shares as of fiscal year end (shares) (March 31, 2026)	Issued shares as of filing date (shares) (June 22, 2026)	Name of listed financial instruments exchange	Description
Common share	106,453,541	106,453,541	Tokyo Stock Exchange Prime section	Number of shares per unit 100 shares (Note 1)
Preferred share	30	30	Unlisted	Number of shares per unit 1 share (Note 2)
Second series preferred share	30	30	Unlisted	Number of shares per unit 1 share (Note 3)
Third series preferred share	90	90	Unlisted	Number of shares per unit 1 share (Note 4)
Total	106,453,691	106,453,691	-	-

(Note 1) 29,500 shares out of issued shares were contributed in-kind (monetary compensation claims of 60 million yen).

(Note 2) In order to diversify options for flexible and dynamic fundraising and to enable the Company to implement appropriate capital policies, the contents of the preferred shares, which differ from common shares in terms of the contents stipulated in Article 108, Paragraph 1, Item 3 of the Companies Act, are as follows. In addition, the number of shares per unit is one share. The following information is based on IFRS Accounting Standards disclosure requirements. The related other disclosure items required by IFRS Accounting Standards are as described in "V. FINANCIAL INFORMATION, Equity and other capital items in Note 24 of the Notes to Consolidated Financial Statements".

1. Dividends for preferred share

(1) Amount of dividend of preferred share

The Company shall pay dividends of surplus to the holders of common share (the "common shareholders") or registered pledgees of common share (the "common registered share pledgees") (hereinafter referred to as the "Year-end Dividend") only when the Company pays dividends of surplus to the holders of preferred share (the "preferred shareholders") or registered pledgees of preferred share (the "preferred registered share pledgees"). In the event that the Company pays a dividend of surplus to the holders of preferred shares (the "Preferred Shareholders") or registered share pledgees of the preferred shares (the "preferred registered share pledgees"), the Company shall pay a dividend of surplus to the holders of common shares, common registered share pledgees, shareholders holding the second series of preferred shares (the "Second series preferred shareholders"), registered share pledgees of the second series of preferred shares (the "Second series preferred registered share pledgees"), shareholders holding the Third series of preferred shares (the "Third series preferred shareholders") or registered share pledgees of the Third series (hereinafter referred to as the "Preferred Dividend") in an amount calculated in accordance with the following formula (calculated to the first decimal place and rounded off to the first decimal place) per share of the Preferred Share.

For fiscal years beginning on or after April 1, 2009

Preferred dividend = 100,000,000yen x (Japanese Yen TIBOR + 3.00%)

"Japanese Yen TIBOR" means the figure published by the Japanese Bankers Association as the 6-month Japanese Yen Tokyo Inter-Bank Offered Rate (Japanese Yen TIBOR) at 11:00 a.m. on the first day of the fiscal year relating to the preferred dividend (if such day is a bank holiday, the immediately preceding bank business day). However, if the 6-month Tokyo Interbank Offered Rate for Japanese Yen at 11:00 a.m. (TIBOR) is not published on the above date, the 6-month Euroyen LIBOR at 11:00 a.m. London time on the same day (or, if that day is a bank holiday, on the immediately preceding bank business day), or a figure recognized as equivalent thereto, shall be used. The Japanese Yen LIBOR shall be the figure published by the British Bankers Association as the London Inter-Bank Offered Rate (6-month Euroyen LIBOR (360-day basis)) or the figure deemed equivalent thereto.

(2) Preferred interim dividend

When the Company pays interim dividends to common shareholders or common registered share pledgees, it shall pay to preferred shareholders or preferred registered share pledgees an amount of money equivalent to one-half of the preferred dividend per preferred share (the "Preferred Interim Dividend") before common shareholders, common registered share pledgees, Second series preferred shareholders, Second series preferred registered share pledgees, Third series preferred shareholders or Third series preferred registered share pledgees. The Company shall pay an amount of money equivalent to one-half of the preferred dividend per preferred share (hereinafter referred to as the "Preferred Interim Dividend") prior to the payment of the Preferred Interim Dividend.

In the event that preferred interim dividends have been paid, the payment of preferred dividends shall be made after deducting the preferred interim dividends.

(3) Non-cumulative clause

Even if the amount of dividends paid to preferred shareholders or preferred registered share pledgees in a given fiscal year does not reach the amount of preferred dividends, such shortfall shall not be accumulated in the following fiscal years and thereafter.

(4) Non-participation clause	No dividend in excess of the preferred dividend shall be paid to preferred shareholders or preferred registered share pledgees.
2. Distribution of residual assets	In the event of distribution of the residual assets of the Company, the Company shall, prior to the common shareholders, common registered share pledgees, Second series preferred shareholders, Second series registered preferred share pledgees, Third series preferred shareholders or Third series registered preferred share pledgees, pay to each preferred shareholder or preferred registered share pledgee an amount of 100,000,000yen per share of preferred share plus an amount equivalent to the transitional preferred dividend provided in Paragraph 3 of this Article. No other distribution of residual assets shall be made to preferred shareholders or preferred registered share pledgees.
3. Amount equivalent to transitional preferred dividend	The amount equivalent to the elapsed preferred dividend per share of preferred share shall be the amount calculated for the preferred dividend for the fiscal year in which the residual assets are to be distributed by dividing one year by 365 days and by the actual number of days from the first day of the fiscal year in which the residual assets are to be distributed to the day on which the residual assets are distributed (including both days), pro-rated (rounded to the nearest yen to be calculated to the first decimal place and rounded off to the first decimal place). However, if preferred interim dividends have been paid to preferred shareholders or preferred registered share pledgees in the fiscal year that includes the distribution date, the amount of such dividends shall be deducted.
4. Voting rights	Preferred shareholders shall not have voting rights at general meetings of shareholders.
5. Purchases, etc.	The Company may at any time purchase only preferred shares separately from other classes of shares. A preferred shareholder may not make a request under Article 160, Paragraph 3 of the Companies Act with respect to purchases relating to other classes of shares, and the Company shall not be required to include in the notice of convocation under Paragraph 2 of the said Article with respect to claims relating to preferred shareholders.
6. Warrants for new shares, etc	The Company shall not grant preferred shareholders the right to subscribe for new shares or subscription rights to shares or bonds with subscription rights to shares.
7. Share split or consolidation	The Company will not carry out any share split or consolidation of the preferred shares.

8. Request for acquisition	Preferred shareholders may request the Company to acquire all or part of their preferred shares in accordance with the following provisions. (1) On and after April 1, 2009, preferred shareholders may request the Company to acquire all or part of their preferred shares within one month from the day following the last day of each fiscal year (hereinafter referred to as "request period"), to the extent legally possible, only with the approval of the Company's Board of Directors. (2) In the event that the Company's Board of Directors approves a request for acquisition by a preferred shareholder, the Company shall, upon receipt of a request as set forth in (1) above from a preferred shareholder, within two months from the conclusion of the ordinary general meeting of shareholders for the fiscal year immediately preceding the fiscal year in which the request period falls, deliver to the preferred shareholder in exchange for acquisition a cash payment of 100,000,000 yen per share of preferred share plus an amount equivalent to the amount of the transitional preferred dividend. (3) The amount equivalent to the transitional preferred dividend stipulated in (2) above shall be the amount calculated by dividing the preferred dividend for the fiscal year in which the acquisition is made by the actual number of days from the first day of the fiscal year that includes the date of acquisition to the date of acquisition (including both days), with one year being 365 days (calculated to the first decimal place and then rounded to the nearest yen). (4) The request set forth in (1) above shall be limited to the amount of the distributable profit as of the end of the fiscal year immediately preceding the fiscal year to which the request period belongs, less the amount decided to be distributed or paid out of the distributable profit at the ordinary general meeting of shareholders for the fiscal year immediately preceding the fiscal year to which the request period belongs and the total of the amounts already acquired or decided to be acquired during the fiscal year to which the request period belongs (hereinafter referred to as the "Maximum Amount"). In the event that the amount of the claim exceeds the limit, the amount shall be determined by lottery or other methods.
9. Acquisition clause	The Company may, at any time, acquire all or part of the preferred shares up to the amount of earnings available for dividends as of the end of the fiscal year immediately preceding the fiscal year in which the acquisition date falls, for a consideration of 100,000,000 yen per share of preferred share plus an amount equivalent to the amount of the transitional preferred dividend. In the event that a portion of the preferred shares are to be acquired, such acquisition shall be made by lottery or other method. The amount equivalent to the transitional preferred dividend provided for above shall be the amount calculated by dividing one year by 365 days with respect to the preferred dividend for the fiscal year to which the acquisition date belongs by the actual number of days from the first day of the fiscal year to which the acquisition date belongs (including that date) (calculated to the first decimal place and rounded to the nearest yen).
10. Existence or non-existence of provisions in the Articles of Incorporation as stipulated in Article 322, Paragraph 2 of the Companies Act	There are no provisions in the Articles of Incorporation as stipulated in Article 322, Paragraph 2 of the Companies Act.
11. Reasons for not having voting rights	This is due to consideration of the impact on existing shareholders when increasing capital.

(Note 3) The details of the Second series of preferred shares are as follows. The following contents include those required by IFRS Accounting Standards disclosure requirements. Relevant other disclosure items required by IFRS Accounting Standards are described in "V. FINANCIAL INFORMATION, Notes to the Consolidated Financial Statements, Note 24. Equity and other capital items".

1. Dividends for Second series preferred share

(1) Second series preferred dividend amount	The Company shall pay to the Second series preferred shareholders or the Second series registered preferred share pledgees an amount of money (hereinafter referred to as the "Second series preferred dividend") calculated in accordance with the following formula per share of the Second series preferred shares (calculated to the first decimal place and rounded to the nearest yen) only when the Company pays year-end dividends to the common shareholders or common registered share pledgees, and prior to the common shareholders, common registered share pledgees, Third series preferred shareholders or Third series registered referred share pledgees. (i) For fiscal years beginning on or after April 1, 2011 Second series preferred dividend = 100,000,000yen x (Japanese Yen TIBOR + 3.5%) "Japanese Yen TIBOR" means the figure published by the Japanese Bankers Association as the 6-month Tokyo Inter-Bank Offered Rate for Japanese Yen (Japanese Yen TIBOR) at 11:00 a.m. on the first day of the fiscal year relating to the Second Preferred Dividend (if such day is a bank holiday, the immediately preceding bank business day). However, if the 6-month Tokyo Interbank Offered Rate for Japanese Yen at 11:00 a.m. (TIBOR) is not published on the above date, the 6-month Euroyen LIBOR at 11:00 a.m. London time on the same day (or, if that day is a bank holiday, on the immediately preceding bank business day), or a figure recognized as equivalent thereto, shall be used. The Japanese Yen LIBOR shall be the figure published by the British Bankers Association as the London Inter-Bank Offered Rate (6-month Euroyen LIBOR (360-day basis)) or the figure deemed equivalent thereto.
(2) Second series preferred interim dividend amount	When the Company pays interim dividends to common shareholders or common registered share pledgees, it shall pay to the Second series preferred shareholders or Second series preferred registered share pledgees an amount of money equivalent to one-half of the Second series preferred dividend per share of the Second series preferred shares (the "Second series preferred interim dividend") prior to common shareholders, common registered share pledgees, Third series preferred shareholders or Third series preferred registered share pledgees. In the event that the Second series preferred interim dividend is paid, the payment of the Second series preferred dividend shall be made after deducting the Second series preferred interim dividend.
(3) Non-cumulative clause	Even if the amount of dividends to be paid to the Second series preferred shareholders or the Second series preferred registered share pledgees in a given fiscal year does not reach the amount of the Second series preferred dividends, such shortfall shall not be accumulated in the following fiscal years and thereafter.
(4) Non-participation clause	No dividend in excess of the Second series preferred dividend shall be paid to the Second series preferred shareholders or the Second series preferred registered share pledgees.

2. Distribution of residual assets	In the event of distribution of the residual assets of the Company, the Company shall pay to the Second series preferred shareholders or the Second series registered preferred share pledgees, prior to the common shareholders, common registered share pledgees, Third series preferred shareholders or Third series registered preferred share pledgees, an amount equal to 100,000,000 yen per share of the Second series preferred shares plus the amount equivalent to the Second series transitional preferred dividend provided in Paragraph 3 of this Article. No distribution of residual assets other than the above will be made to the Second series preferred shareholders or the Second series registered preferred share pledgees.
3. Amount equivalent to the Second series transitional preferred dividend	The amount equivalent to the Second series transitional preferred dividend per share of Second series preferred share shall be calculated by dividing the amount of the Second series preferred dividend for the fiscal year in which the residual assets are to be distributed by the actual number of days from the first day of the fiscal year in which the residual assets are to be distributed to the day on which the residual assets are distributed (including both days), where one year shall be 365 days. (The amount calculated to the first decimal place and rounded off to the first decimal place.) However, in the event that the Second series preferred interim dividend has been paid to the Second series preferred shareholders or the Second series preferred registered share pledgees in the fiscal year that includes the distribution date, the amount of the Second series preferred interim dividend shall be deducted from the amount equivalent to the Second series transitional preferred dividend.
4. Voting rights	The Second series preferred shareholders shall not have voting rights at the General Meeting of Shareholders.
5. Purchases, etc.	The Company may at any time purchase only the Second series preferred share, separately from any other class of share. The Second series preferred shareholders may not make a request under Article 160, Paragraph 3 of the Companies Act with respect to the purchase of other types of shares, and the notice of convocation under Paragraph 2 of the same Article with respect to the right to make a request with respect to the Second series preferred shareholders shall not be required to be included in the notice of convocation.
6. Warrants, etc.	The Company shall not grant to the Second series preferred shareholders any right to subscribe for new shares or any right to subscribe for new shares or bonds with subscription rights.
7. Share split or consolidation	The Company will not conduct a share split or consolidation of the Second series preferred shares.

8. Request for Acquisition	(1) On and after April 1, 2011, the Second series preferred shareholders may, only with the approval of the Board of Directors of the Company, to the extent legally possible, request the Company to acquire all or part of their Second series preferred shares in exchange for an amount of 100,000,000 yen per share of Second series preferred shares plus an amount equivalent to the Second series transitional preferred dividends. (2) The amount equivalent to the Second series transitional preferred dividend stipulated in (1) above shall be the amount of the Second series transitional preferred dividend for the fiscal year in which the acquisition is made, calculated on a pro-rata basis (calculated to the first decimal place and rounded to the nearest yen), where one year is 365 days and the actual number of days from the first day of the fiscal year that includes the date of acquisition to the effective date of acquisition (including both days). (3) The acquisition request set forth in (1) above shall be made within the limit of the total of the amount of distributable profit as of the end of the fiscal year immediately preceding the fiscal year in which the effective date of the acquisition falls, less the amount decided to be distributed or paid out of distributable profit at the ordinary general meeting of shareholders relating to the immediately preceding fiscal year and the amount already acquired or decided to be acquired in the fiscal year in which the effective date of the acquisition falls (the "Maximum Amount"). If the amount exceeds the limit, the amount shall be determined by lottery or other methods.

9. Acquisition Clause	(1) The Company may, on a date separately determined by a resolution of the Board of Directors, acquire all or part of the Second Series Preferred Share in exchange for an amount equal to 100,000,000 yen per share of Second Series Preferred Share plus an amount equivalent to the second transitional preferred dividend. (2) Partial acquisitions shall be made by lottery or other methods. (3) The amount equivalent to the second transitional preferred dividend stipulated in (1) above shall be the amount calculated by dividing the second preferred dividend for the fiscal year that includes the acquisition date by the actual number of days from the first day of the fiscal year that includes the acquisition date to the day when the acquisition is made (including both days), where one year is 365 days (calculated to one decimal place and rounded to the nearest yen). (The amount shall be calculated to the first decimal place and rounded off to the first decimal place. (4) The acquisition set forth in (1) above shall be limited to the amount of the distributable profit as of the end of the fiscal year immediately preceding the fiscal year in which the effective date of the acquisition falls, less the sum of the amount determined to be distributed or paid out of the distributable profit at the ordinary general meeting of shareholders for the immediately preceding fiscal year and the amount already paid out or determined to be paid out in the fiscal year in which the acquisition takes effect. The maximum amount of the acquisition shall be the sum of the amount that has already been distributed or determined to be distributed out of the distributable profit at the ordinary general meeting of shareholders for the immediately preceding fiscal year and the amount that has already been distributed or determined to be paid out of the distributable profit during the fiscal year in which the acquisition takes effect (including the amount to be delivered in exchange for the acquisition of other types of shares) (hereinafter referred to as "Maximum Amount").
10. Existence or non-existence of provisions in the Articles of Incorporation as stipulated in Article 322, Paragraph 2 of the Companies Act	There are no provisions in the Articles of Incorporation as stipulated in Article 322, Paragraph 2 of the Companies Act.
11. Reasons for not having voting rights	This is due to consideration of the impact on existing shareholders when increasing capital.

(Note 4) The details of the Third series preferred shares are as follows. The following contents include those required by IFRS Accounting Standards disclosure requirements. Relevant other disclosure items required by IFRS Accounting Standards are described in "V. FINANCIAL INFORMATION, Notes to the Consolidated Financial Statements, Note 24. Equity and other capital items".

1. Third series preferred dividend

(1) Third series preferred dividend amount	Only when the Company pays a year-end dividend to the common shareholders or registered pledgees of the common shares, the Company shall pay to the Third series preferred shareholders or registered pledgees of the Third series preferred shares, prior to the common shareholders or registered pledgees of the common shares, an amount of money calculated in accordance with the following formula per share of the Third series preferred shares (calculated to the first decimal place and rounded to the nearest yen, the Company shall pay to each registered share pledgee of the Third series preferred shares an amount of money (hereinafter referred to as the "Third series preferred dividend") calculated in accordance with the following formula (calculated to the first decimal place and rounded to the nearest yen) Third series preferred dividend = 100,000,000 yen × 3.5%
(2) Amount of the Third series preferred interim dividend	When the Company pays interim dividends to common shareholders or common registered share pledgees, it shall pay to the Third series preferred shareholders or the Third series preferred registered share pledgees an amount of money equivalent to one half of the Third series preferred dividend per share (hereinafter referred to as the "Third series preferred interim dividend") prior to common shareholders or common registered share pledgees. In the event that the Third series preferred interim dividend is paid, the payment of the Third series preferred dividend shall be the amount deducting the Third series preferred interim dividend.
(3) Non-cumulative clause	Even if the amount of dividends paid to the Third series preferred shareholders or the Third series registered preferred share pledgees in a given fiscal year does not reach the amount of the Third series preferred dividends, such shortfall shall not be accumulated for the following fiscal years and thereafter.
(4) Non-participation clause	No dividend in excess of the Third series preferred dividend shall be paid to the Third series preferred shareholders or the Third series preferred registered share pledgees.
2. Distribution of residual assets	In the event of distribution of the residual assets of the Company, the Company shall pay to the Third series preferred shareholders or the Third series registered preferred share pledgees, prior to the common shareholders or the common registered share pledgees, an amount equal to 100,000,000 yen per share of the Third series preferred shares, plus the amount equivalent to the Third series transitional preferred dividend provided in paragraph 3. In addition to the above, no distribution of residual assets will be made to the Third series preferred shareholders or the Third series registered preferred share pledgees.

3. Amount equivalent to the Third series transitional preferred dividend	The amount equivalent to the Third series preferred dividend per share of Third series preferred share shall be calculated by dividing the amount of the Third series preferred dividend for the fiscal year in which the residual assets are to be distributed by the actual number of days from the first day of the fiscal year in which the residual assets are to be distributed to the day on which the residual assets are distributed (including the same day), with one year being 365 days. The amount calculated to the first decimal place and rounded off to the first decimal place. However, in the event that the Third series preferred interim dividend has been paid to the Third series preferred shareholders or the Third series preferred registered share pledgees in the fiscal year that includes the distribution date, the amount of the Third series preferred interim dividend shall be deducted from the amount equivalent to the Third series transitional preferred dividend.
4. Voting rights	The Third series preferred shareholders shall not have voting rights at the General Meeting of Shareholders.
5. Purchases, etc.	The Company may at any time purchase only the Third series preferred shares separately from other classes of shares. The Third series preferred shareholders may not make a request under Article 160, Paragraph 3 of the Companies Act with respect to the purchase of any other class of shares, and need not include the notice of convocation under Paragraph 2 of the said Article with respect to the right to make a request with respect to the Third series preferred shareholders.
6. Warrants, etc.	The Company shall not grant to the Third series preferred shareholders any right to subscribe for new shares or any right to subscribe for new shares or bonds with subscription rights.
7. Share split or consolidation	The Company will not conduct a share split or consolidation of the Third series preferred shares.
8. Request for acquisition	(1) A Third series preferred shareholder may, only with the approval of the Company's Board of Directors and to the extent legally possible, request the Company to acquire all or part of his/her shares of Third series preferred share in exchange for an amount of ¥100,000,000 per share of Third series preferred share plus an amount equivalent to the Third series transitional preferred dividend. (2) The amount equivalent to the Third series transitional preferred dividend stipulated in (1) above shall be the amount calculated by dividing the Third series transitional preferred dividend for the fiscal year in which the acquisition is made by the actual number of days from the first day of the fiscal year that includes the date of acquisition to the effective date of acquisition (including both days), where one year is 365 days. (The amount shall be calculated to the first decimal place and rounded off to the first decimal place).

	(3) The request for acquisition set forth in (1) above shall be made only in an amount equal to the sum of (a) the amount of earnings available for dividends as of the end of the fiscal year immediately preceding the fiscal year in which the effective date of the acquisition falls, less the amount determined to be distributed or paid out of earnings available for dividends at the ordinary general meeting of shareholders for the immediately preceding fiscal year and (b) the amount of money to be delivered in exchange for the acquisition in the fiscal year in which the effective date of the acquisition falls (the "Maximum Amount"). The maximum amount shall be the sum of the amount of the acquisition already executed or determined (including the amount of money to be delivered in exchange for the acquisition of other class of shares) less the amount of the acquisition (hereinafter referred to as the "Maximum Amount"). If the amount exceeds the Maximum Amount, the amount shall be determined by lottery or other method.
9. Acquisition Clause	(1) The Company may, on a date separately determined by resolution of the Board of Directors, acquire all or part of the Third series preferred shares in exchange for an amount equal to 100,000,000 yen per share of Third series preferred shares plus an amount equivalent to the Third series transitional preferred dividend. (2) Partial acquisition shall be conducted by lottery or other methods. (3) The amount equivalent to the third series transitional preferred dividend stipulated in (1) above shall be the amount calculated by dividing the third series transitional preferred dividend for the fiscal year that includes the acquisition date by the actual number of days from the first day of the fiscal year that includes the acquisition date to the day the acquisition is made (including both days), where one year is 365 days (calculated to one decimal place and rounded to the nearest yen). (The amount shall be calculated to the first decimal place and rounded off to the first decimal place.) (4) The acquisition set forth in (1) above shall be limited to the amount of the distributable profit as of the end of the fiscal year immediately preceding the fiscal year in which the effective date of the acquisition falls, less the sum of the amount determined to be distributed or paid out of the distributable profit at the ordinary general meeting of shareholders relating to the immediately preceding fiscal year and the amount already paid out in the fiscal year in which the acquisition takes effect.

(2) Share subscription rights, etc.

(i) Details of stock option plan: Not applicable.

(ii) Details of Rights Plan: Not applicable.

(iii) Status of Other New Share Subscription Rights, etc.: Not applicable.

(3) Status of Exercise of Bonds with Share Subscription Rights with Exercise Price Adjustment Clause, etc.

Not applicable.

(4) Total number of shares issued, share capital, etc.

Date	Changes in the total number of issued shares (shares)	Total number of issued shares (shares)	Changes in share capital (Million yen)	Balance of share capital (Million yen)	Changes in share capital reserve (Million yen)	Balance of share capital reserve (Million yen)
August 10, 2021 (Note 1)	Common share 29,500	Common share 75,313,541 Preferred share 30 Second series preferred share 30 Third series preferred share 90	30	18,560	30	8,278
September 8, 2021 (Note 2)	Common share 10,000,000	Common share 85,313,541 Preferred share 30 Second series preferred share 30 Third series preferred share 90	8,063	26,623	8,063	16,341
September 27, 2021 (Note 3)	Common share 1,590,000	Common share 86,903,541 Preferred share 30 Second series preferred share 30 Third series preferred share 90	1,282	27,905	1,282	17,623
September 4, 2024 (Note 4)	Common share 17,000,000	Common share 103,903,541 Preferred share 30 Second series preferred share 30 Third series preferred share 90	13,834	41,739	13,834	31,457
September 26, 2024 (Note 5)	Common share 2,550,000	Common share 106,453,541 Preferred share 30 Second series preferred share 30 Third series preferred share 90	2,075	43,814	2,075	33,532

(Note 1) Restricted share

Issue price	2,028 yen
Amount paid-in equity	1,014 yen

(Note 2) Paid-in public offering

Issue price	1,682.00 yen
Paid-in price	1,612.60 yen
Amount paid-in equity	806.30 yen

(Note 3) Paid-in third-party allotment

Issue price	1,612.60 yen
Amount paid-in equity	806.30 yen
Main allottee Nomura Securities Co., Ltd.	

(Note 4) Paid-in public offering

Issue price	1,697.50yen
Paid-in price	1,627.50yen
Amount paid-in equity	813.75yen

(Note 5) Paid-in third-party allotment

Issue price	1,627.50yen
Amount paid-in equity	813.75yen
Main allottee Nomura Securities Co., Ltd.	

(5) Status by shareholders

(i) Common shares

As of March 31, 2026

Category	Status of shares (1 unit = 100 shares)								Shares less than one unit (shares)
	National and local governments	Financial institutions	National and local governments	Financial institutions	National and local governments		Financial institutions	National and local governments	Financial institutions
					Other than individuals	Individuals			
Number of shareholders (persons)	-	17	20	850	123	312	139,911	141,233	-
Number of shares held (units)	-	119,900	9,839	65,628	33,139	1,587	832,912	1,063,005	153,041
Shareholding ratio (%)	-	11.28	0.93	6.17	3.12	0.15	78.35	100.00	-

(Note)1. 1,477 units of treasury stock are included in “Individuals and others”, and 50 shares of less than one unit are included in “Shares less than one unit”.

2. The number of shares forfeited in the name of Japan Securities Depository Center, Inc. is 24 units in “Other corporations”, and the number of shares less than one unit is 48 shares included in “Status of shares less than one unit”.

(ii) Preferred shares

As of March 31, 2026

Category	Status of shares (1 unit = 100 shares)								Shares less than one unit (shares)
	National and local governments	Financial institutions	National and local governments	Financial institutions	National and local governments		Financial institutions	National and local governments	Financial institutions
					Other than individuals	Individuals			
Number of shareholders (persons)	-	1	-	-	-	-	-	1	-
Number of shares held (shares)	-	30	-	-	-	-	-	30	-
Shareholding ratio (%)	-	100.00	-	-	-	-	-	100.00	-

(iii) Second series preferred shares

As of March 31, 2026

Category	Status of shares (1 unit = 100 shares)								Shares less than one unit (shares)
	National and local governments	Financial institutions	National and local governments	Financial institutions	National and local governments		Financial institutions	National and local governments	Financial institutions
					Other than individuals	Individuals			
Number of shareholders (persons)	-	1	-	-	-	-	-	1	-
Number of shares held (shares)	-	30	-	-	-	-	-	30	-
Shareholding ratio (%)	-	100.00	-	-	-	-	-	100.00	-

(iv) Third series preferred shares

As of March 31, 2026

Category	Status of shares (1 unit = 100 shares)								Shares less than one unit (shares)
	National and local governments	Financial institutions	National and local governments	Financial institutions	National and local governments		Financial institutions	National and local governments	Financial institutions
					Other than individuals	Individuals			
Number of shareholders (persons)	-	1	-	-	-	-	-	1	-

Number of shares held (shares)	-	90	-	-	-	-	-	90	-
Shareholding ratio (%)	-	100.00	-	-	-	-	-	100.00	-

(6) Major shareholders

As of March 31, 2026

Name	Address	Number of shares held (shares)	Shareholding ratio (excluding treasury share) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	1-8-1 Akasaka, Minato-ku, Tokyo	9,494,500	8.93
Sankurodo Co	2-5 Yoshino-cho, Minami-ku, Yokohama-shi, Kanagawa-ken	5,766,930	5.43
Ryoko Kuroudo	Zushi-shi, Kanagawa-ken	4,062,750	3.82
Masaki Kuroudo	Yokohama-shi, Kanagawa-ken	2,864,617	2.70
Kaneo Kuroudo	Zushi-shi, Kanagawa-ken	2,707,605	2.55
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12 Harumi, Chuo-ku, Tokyo	1,450,200	1.36
Rie Suzuki	Yokohama-shi, Kanagawa-ken	1,094,625	1.03
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC) (Standing Proxy for Settlement Division, Mitsubishi UFJ Bank, Ltd.)	PETERBOROUGH COURT 133 FLEET STREET LONDON EC４A ２BB UNITED KINGDOM (1-4-5 Marunouchi, Chiyoda-ku, Tokyo)	471,548	0.44
JP JPMSE LUX RE NOMURA INT PLC １ EQCO (Standing Proxy for Settlement Division, Mitsubishi UFJ Bank, Ltd.)	1 ANGEL LANE LONDON-NORTH OF THE THAMES UNITED KINGDOM EC4R 3AB (1-4-5 Marunouchi, Chiyoda-ku, Tokyo)	461,366	0.43
Custody Bank of Japan, Ltd. (Trust Account 4)	1-8-12 Harumi, Chuo-ku, Tokyo	389,600	0.37
Total	-	28,763,741	27.06

(Note) The above number of shares held by The Master Trust Bank of Japan, Ltd. and Custody Bank of Japan, Ltd. are all related to trust business.

The top 10 shareholders in descending order of the number of voting rights attached to the shares held are as follows.

As of March 31, 2026

Name	Address	Number of voting rights held (units)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	1-8-1 Akasaka, Minato-ku, Tokyo	94,945	8.94
Sankurodo Co	2-5 Yoshino-cho, Minami-ku, Yokohama-shi, Kanagawa-ken	57,669	5.43
Ryoko Kuroudo	Zushi-shi, Kanagawa-ken	40,627	3.83
Masaki Kuroudo	Yokohama-shi, Kanagawa-ken	28,646	2.70
Kaneo Kuroudo	Zushi-shi, Kanagawa-ken	27,076	2.55
Custody Bank of Japan, Ltd. (Trust account)	1-8-12 Harumi, Chuo-ku, Tokyo	14,502	1.37
Rie Suzuki	Yokohama-shi, Kanagawa-ken	10,946	1.03
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC) (Standing Proxy for Settlement Division, Mitsubishi UFJ Bank, Ltd.)	PETERBOROUGH COURT 133 FLEET STREET LONDON EC４A ２BB UNITED KINGDOM (1-4-5 Marunouchi, Chiyoda-ku, Tokyo)	4,715	0.44
JP JPMSE LUX RE NOMURA INT PLC １ EQCO (Standing Proxy for Settlement Division, Mitsubishi UFJ Bank, Ltd.)	1 ANGEL LANE LONDON-NORTH OF THE THAMES UNITED KINGDOM EC4R 3AB (1-4-5 Marunouchi, Chiyoda-ku, Tokyo)	4,613	0.43
Custody Bank of Japan, Ltd. (Trust Account 4)	1-8-12 Harumi, Chuo-ku, Tokyo	3,896	0.37
Total	-	287,635	27.10

(7) Voting rights

(i) Issued shares

As of March 31, 2026

Category	Number of shares (shares)		Number of voting rights (units)	Description
Non-voting shares	Preferred share	30	-	The details of preferred shares are described on the Note under, "1. Information on the Company's Share, etc. (1) Total number of shares, etc. (ii) Issued shares."
	Second series preferred share	30	-	
	Third series preferred share	90	-	
Shares with restricted voting rights (treasury share, etc.)		-	-	-
Shares with restricted voting rights (others)		-	-	-
Shares with full voting rights (treasury shares, etc.)	Common shares	147,700	-	The standard shares without limitations on the shareholders' rights
Shares with full voting rights (others)	Common shares	106,152,800	1,061,528	Same as above
Shares less than one unit	Common shares	153,041	-	Same as above
Total number of issued shares		106,453,691	-	-
Voting rights of all shareholders		-	1,061,528	-

(Note) "Shares with full voting rights (others)" includes 2,400 shares registered in the name of Japan Securities Depository Center, Incorporated. In addition, "Number of voting rights(units)" includes 24 units of voting rights in relation to Shares with full voting rights (others) in the same name as above.

(ii) Treasury shares, etc.

As of March 31, 2026

Shareholder name	Shareholder address	Number of shares held under own name (shares)	Number of shares held under the names of others (shares)	Total number of shares held (shares)	Number of shares held to total number of issued shares (%)
COLOWIDE Co., Ltd.	2-1 Minatomirai 2-chome, Nishi-ku, Yokohama-shi	147,700	-	147,700	0.14
Total	-	147,700	-	147,700	0.14

2. Acquisitions of Treasury shares, etc.

[Class of shares, etc.] Acquisitions of common shares that fall under Article 155, Item 7 of the Companies Act

(1) Acquisitions by resolution of the General Meeting of Shareholders: Not applicable.

(2) Acquisitions by resolution of the Board of Directors: Not applicable.

(3) Acquisitions not based on resolutions of the General Meeting of Shareholders or the Board of Directors

Category	Number of shares (shares)	Total amount (Million yen)
Treasury shares acquired during the current fiscal year	400	1
Treasury shares acquired during the period	50	0

(Note) Treasury shares acquired during the period under review do not include shares less than one unit purchased from June 1, 2026 to the date of filing of this annual securities report.

(4) Status of disposal and holding of acquired treasury shares

Category	During the current fiscal year		During the period	
	Number of shares (shares)	Total disposal amount (Million yen)	Number of shares (shares)	Total disposal amount (Million yen)
Acquired treasury shares that were offered to subscribers for subscription	-	-	-	-
Acquired treasury shares disposed	-	-	-	-
Acquired treasury shares that were transferred due to merger, share exchange, issue of shares, or corporate split	-	-	-	-
Disposal of treasury shares through restricted share-based remuneration	23,500	15	-	-
Sale of shares less than one unit upon request for additional purchase	-	-	50	0
Number of treasury shares held	147,750	-	147,750	-

(Note) The number of treasury shares held during the period under review does not include shares less than one unit purchased from June 1, 2026 to the date of filing of this annual securities report.

3. Dividend policy

The Company recognizes the return of profits to shareholders as one of its highest management priorities and intends to actively return profits to shareholders in proportion to earnings.

Our basic policy for future profit distribution is to maintain stable dividends while securing the internal reserves necessary for long-term business growth and strengthening of the management structure. We intend to use retained earnings for M&A, new store openings, capital investment, and human resource development to expand our business and improve efficiency, thereby enhancing our corporate value.

The Company's basic policy is to pay a year-end dividend once a year, and the Board of Directors is the decision-making body for dividends. The Company's Articles of Incorporation stipulate that "The Company may pay dividends from surplus, etc. by a resolution of the Board of Directors pursuant to Article 459, Paragraph 1 of the Companies Act".

For the current fiscal year, as resolved by the Board of Directors on May 8, 2026, the Company will pay 5 yen per share of common shares, 3,847,270 yen per share of preferred shares, 4,347,270 yen per share of Second series preferred shares, and 3,500,000 yen per share of Third series preferred shares. In this case, the total amount of dividends will be 532 million yen per common share, 115 million yen per preferred share, 130 million yen per Second series preferred share, and 315 million yen per Third series preferred share, totaling 1,092 million yen.

4. Corporate Governance, etc.

(1) Outline of Corporate Governance

(i) Basic Policy on Corporate Governance

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

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

(ii) Outline of Corporate Governance System and Reasons for Adoption of the System

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

The Company's respective bodies and their purposes and roles are as follows

＜The Board of Directors＞

The Board of Directors meets once a month in principle, and extraordinary meetings are held as necessary to discuss and resolve important matters related to business execution as well as to supervise the execution of business by directors, in addition to matters stipulated by laws, the Articles of Incorporation, and the Board of Directors Regulations. As of the date of filing (June 22, 2026)* Five of the ten directors are outside directors (including five independent directors), who provide advice and recommendations to ensure the adequacy and appropriateness of the Board of Directors' decision-making from the perspective of business management and the way a restaurant company should operate. In addition, for the purpose of maintaining and improving the function of independent and objective management supervision, at the 60th Ordinary General Meeting of Shareholders held on June 28, 2022, the Company amended its Articles of Incorporation, which limited the authority to convene and chair the Board of Directors meetings to the President, and, effective from the Extraordinary Board of Directors Meeting held on the same day, Junko Mokuno, an outside director, has been elected as the chairperson of the Board of Directors.

*The Company is proposing the “Election of Seven Directors (excluding directors who are Audit and Supervisory Committee members)” as an agenda item (matters to be resolved) for the Annual General Meeting of Shareholders scheduled to be held on June 25, 2026. If this proposal is approved, five of the Company’s 11 directors will be outside directors (including five independent directors).

The Company held 24 meetings of the Board of Directors during the fiscal year under review (including 4 resolutions adopted in writing as resolutions of the Board of Directors pursuant to Article 370 of the Companies Act and Article 26, Paragraph 2 of the Company's Articles of Incorporation), and the attendance of individual directors at these meetings is as follows

Position	Name	Number of attendances
Chairman and representative director	Kaneo Kuroudo	15
President and representative director	Kohei Nojiri	24
Director	Takeo Isono	24
Director	Daisuke Matsumi	24
Director	Takefumi Ueda(Note)1	6
Outside director	Junko Mokuno	24
Outside director	Morio Fukuda	24
Director (Audit and Supervisory Committee member)	Takeshi Uda	24
Outside director (Audit and Supervisory Committee member)	Shinya Fukuzaki	24
Outside director (Audit and Supervisory Committee member)	Kazunari Higuchi	24
Outside director (Audit and Supervisory Committee member)	Saiko Kumaou(Note)1	6
Outside director (Audit and Supervisory Committee member)	Eriko Shiraishi(Note)2	18

(Notes) 1. Mr. Takefumi UEDA and Ms. Saiko KUMAOU, who retired on June 26, 2025, has recorded his attendance at the 6 meetings held prior to that date.

2. Ms. Eriko SHIRAISHI, who was appointed on June 26, 2025, has recorded his attendance at the 18 meetings held since that date.

In addition, specific details of the Board of Directors' deliberations during the current fiscal year are as follows.

Resolutions (32 items)	-Decisions on matters related to the convocation of the General Meeting of Shareholders -Decisions on the content of proposals to be submitted to the General Meeting of Shareholders -Decisions of the person authorized to convene the General Meeting of Shareholders and the Board of Directors, the chairperson of the meeting, and the order in which to act on behalf of the Board of Directors -Appointment of representative directors -Appointment of directors with special titles and directors in charge of business affairs -Appointment of members of the Nomination and Remuneration Advisory Committee -Decision to grant restricted stock compensation to directors, etc. -Decisions of the amount of individual remuneration (basic remuneration, performance-linked remuneration, and restricted stock remuneration) for each director, executive officer, etc., to be left entirely up to the representative directors -Decision on the contents of the liability insurance policy for directors and executive officers, etc. -Approval of the internal control report -Approval of consolidated financial statements, financial statements, business reports and their supplementary schedules -Approval of financial statements -Decision on matters related to the distribution of retained earnings -Approval of financing for the next fiscal year, etc.
Matters to be discussed and reported (18 items)	-Group Performance Report -Summary of the board of directors' effectiveness evaluation -Business plans of subsidiaries for the next fiscal year -Status of Sustainability Initiatives

＜Audit and Supervisory Committee＞

Audit and Supervisory Committee and its Members are as described in "(3) Status of Audit".

＜Nomination and Remuneration Advisory Committee＞

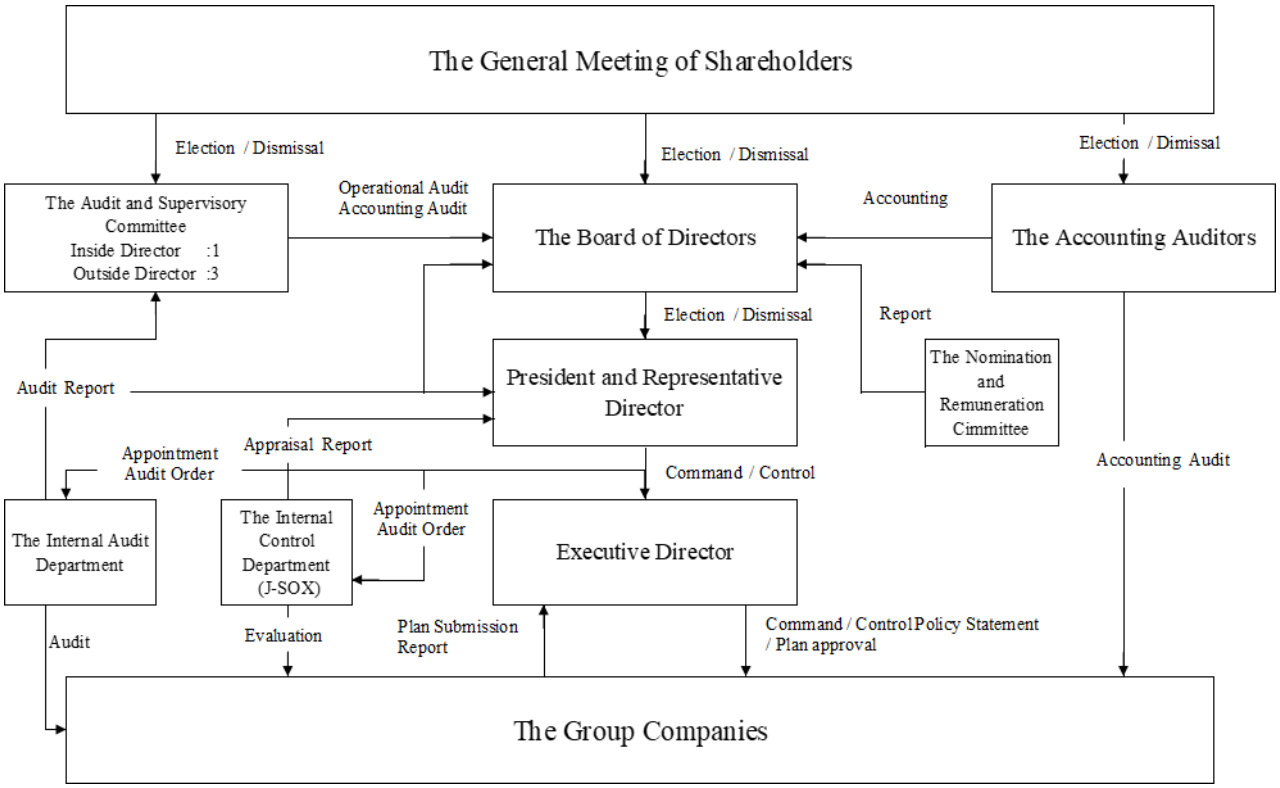
The Nomination and Remuneration Advisory Committee discusses important matters related to the nomination and remuneration of directors in advance as per request, and reports back to the Board of Directors, thereby enhancing the fairness, transparency, and objectivity of the decision-making process regarding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

The Company held two meetings of the Nomination and Remuneration Advisory Committee during the fiscal year under review, and the membership of the Committee and the attendance of individual directors are as follows

Position	Name	Number of attendances
Chairperson	Shinya Fukuzaki	2
Committee member	Saiko Kumaou	1
Committee member	Kazunari Higuchi	1
Committee member	Kaneo Kuroudo	1
Committee member	Kohei Nojiri	2

As specific matters considered by the Nomination and Remuneration Advisory Committee during the fiscal year under review, in addition to the election of directors and base remuneration, the Committee deliberated and reported to the Board of Directors on the appointment of the Chairperson of the Nomination and Remuneration Advisory Committee, the appointment of the Chairperson of the Board of Directors, performance-linked and other remuneration, and the payment of restricted share awards.

A schematic diagram of the Company's corporate governance structure is shown below.



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

a. Each officer in charge of a department meets with the Audit and Supervisory Committee members on a regular basis or as requested by the Audit and Supervisory Committee members to exchange opinions.

b. The Internal Control Department, which is responsible for internal control reporting requirements under the Financial Instruments and Exchange Law, meets regularly or as requested by the Audit and Supervisory Committee members to exchange opinions with them.

c. The department in charge of internal audits for compliance with the Food Sanitation Law, the Fire Service Law, and other laws and regulations meets regularly or at the request of the Audit and Supervisory Committee members to exchange opinions with them.

d. The Audit and Supervisory Committee members shall meet with the accounting auditors from time to time in order to hear audit results and exchange opinions with the accounting auditors.

(iii) Other matters relating to Corporate Governance

〈Status of Internal Control System〉

The Company's Board of Directors has adopted the following resolution regarding the "System for Ensuring the Appropriateness of Business Operations".

A. The basic policy

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.

a. 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.

b. 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 well informed that the above three objectives are the Company's top priorities.

c. 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).

B. System to ensure the appropriateness of business operations

a. 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.

b. 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.

c. The regulations and other systems for managing the risk of loss of the Company and its 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.

d. 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.

e. 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 a 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 the subsidiaries maintain appropriate internal control systems.

f. 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.

g. 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.

h. The matters concerning the independence of the employee described in (g) 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.

i. 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.

j. The system to ensure that a person who makes a report as described in "i" 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.

k. 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.

l. 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.

C. Overview of the implementation status of the system to ensure the appropriateness of business operations
a. Compliance-related Initiatives
Based on the "Group Compliance Regulations" for further appropriate compliance operations in the Group, the Group Compliance Promotion Office is playing a central role in raising compliance awareness throughout the Group.
To further raise and maintain compliance awareness, we conduct compliance training on a regular basis, followed by a confirmation test and a written pledge of compliance. To ensure effective training, we have created and promoted a web-based environment that facilitates participation in the training. In addition, training content was added in the current fiscal

year, and further additions and updates will be made in the future to raise and maintain compliance awareness.
The status of compliance awareness is monitored in a biannual engagement survey of all Group employees.
The Fraud Prevention Committee, consisting of persons in charge of the Audit and Internal Control of each Group company, meets monthly to share information on the occurrence of disciplinary cases and measures to prevent their recurrence, in order to improve compliance throughout the Group.
The Company has established an internal reporting system in accordance with the "Internal Reporting Regulations" and has put in place a system to ensure that reports are received promptly and reliably. In order to appropriately supervise the operation of the whistle-blowing system, the contents of reports and the status of responses are shared with the Audit and Supervisory Committee.

b. Efforts to improve the efficiency of directors' execution of duties and information management
The Group has established an annual management plan for the entire Group to clarify the goals to be achieved as a group, and each director is responsible for performing his/her assigned duties in accordance with the relevant regulations.
New store openings and store remodeling by subsidiaries are submitted to the "Location Development Committee," whose main members are The Company's directors in charge and representative directors of subsidiaries. The storage and management of information are properly stored and managed in accordance with the laws & regulations and the Document Management Rules.

c. Initiatives Concerning Internal Control Over Financial Reporting, etc. in the Corporate Group
Regarding the maintenance as a group regulated by the Internal Control Reporting System, the Group has established common regulations for the Group and confirms the status of implementation by its subsidiaries. This allows us to standardize operations within the group and provide high quality products and services. At the same time, we unify sales management operations such as purchasing, sales, and inventory at stores, thereby establishing a system to ensure proper operations as stipulated in the "Internal Control Regulations."
With respect to the management of the Group's subsidiaries, while respecting the autonomy of each subsidiary, the Company receives regular reports on business activities at the Group executive committee in accordance with the Group Company Management Rules, and discusses countermeasures.

d. Audit and Supervisory Committee's Efforts in Auditing
The Company strives to ensure the effectiveness of audits by providing opportunities for communication between the Audit and Supervisory Committees and the directors, executive officers, etc. of The Company and Group companies, and by reporting to the Audit and Supervisory Committees on important matters that affect or may affect the business.
The Audit and Supervisory Committee actively receives reports from Auditors and Supervisory Committee members, internal audit departments, and internal control departments of Group companies in order to ensure the effectiveness of its audits.

〈Status of Risk Management System〉

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

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

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

(iv) Outline of the contents of the liability limitation agreement

Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company and its outside directors have entered into an agreement to limit their liability for damages under Article 423, Paragraph 1 of the same law. The maximum amount of liability for damages under the said agreement is 5 million yen or the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act, whichever is higher. The limitation of liability is limited to cases where the outside director has performed his/her duties in good faith and without gross negligence.

(v) Summary of contents of directors' and officers' liability insurance policy

The Company has entered into a directors' and officers' liability insurance policy with an insurance company, as stipulated in Article 430-3, Paragraph 1 of the Companies Act, to cover compensation for damages incurred by the insured in the performance of his/her duties or expenses incurred in disputes, etc. under the policy.

However, in order to ensure that the insured's performance of his/her duties is not impaired, certain exclusions apply, such as not covering damages caused by an act committed while aware that the act violates laws and regulations. The Company and its subsidiaries' directors, corporate auditors, executive officers, and supervisors are insured under the policy, and the Company pays the full amount of the premiums for all insured persons.

(vi) Number of Directors

The Company's Articles of Incorporation stipulate that the Company shall have no more than 10 Directors (excluding Directors who are Audit and Supervisory Committee Members) and no more than 5 Directors who are Audit and Supervisory Committee Members.

(vii) Requirements for resolution for election of directors

The Company's Articles of Incorporation stipulate that the resolution for the election of directors shall be adopted by a majority of the voting rights of shareholders present at the meeting where shareholders holding one-third or more of the voting rights of shareholders who are entitled to exercise their voting rights are present, distinguishing between directors who are members of the Audit and Supervisory Committee and those who are not. In addition, the Articles of Incorporation stipulate that the resolution for the election of directors shall not be by cumulative voting.

(viii) Matters to be resolved at the General Meeting of Shareholders that can be resolved by the Board of Directors

〈Acquisition of treasury shares〉

The Company's Articles of Incorporation stipulate that the Company may acquire treasury share through market transactions, etc. by resolution of the Board of Directors. This is to enable the execution of flexible capital policies in response to changes in the business environment.

〈Organization for Determining Dividends, etc. of Surplus〉

The Company stipulates in its Articles of Incorporation that matters stipulated in each item of Article 459, Paragraph 1 of the Companies Act, such as dividends of surplus, shall be determined by a resolution of the Board of Directors, not by a resolution of the General Meeting of Shareholders, except as otherwise provided by law. The purpose of this provision is to flexibly implement capital and dividend policies by authorizing the Board of Directors to make dividend payments, etc. from retained earnings.

(ix) Requirements for Special Resolution of General Meeting of Shareholders

The Company stipulates in its Articles of Incorporation that the requirements for special resolutions of the General Meeting of Shareholders stipulated in Article 309, Paragraph 2 and Article 324, Paragraph 2 of the Companies Act are that shareholders holding one-third or more of the voting rights of shareholders who are entitled to exercise voting rights are present, and that two-thirds or more of the voting rights of such shareholders are required. The purpose of this measure is to facilitate the smooth operation of the General Meeting of Shareholders by relaxing the quorum for special resolutions at the General Meeting of Shareholders.

(2) Status of Directors

(i) Board of Directors

A. As of June 22, 2026 (date of filing of the Securities Report), the status of our officers is as follows.

Male: 8 Female: 2 (Percentage of female board members: 20.0%)

Position	Name	Birthday date	Brief personal record		Tenure	Number of shares owned (shares)
Chairman and representative director	Kaneo Kuroudo	August 3, 1947	April 1966 December 1975 March 1983 February 2007 April 2012	Currently COLOWIDE Co., Ltd. Currently COLOWIDE Co., Ltd. Director Currently COLOWIDE Co., Ltd. President and Representative Director COLOWIDE Co., Ltd., Chairman & President and Representative Director COLOWIDE Co., Ltd., Chairman and Representative Director	1 year (Note) 2	Common share 2,707,605
President and representative director	Kohei Nojiri	April 4, 1962	March 1993 June 1997 August 2001 January 2002 September 2009 April 2012	Currently COLOWIDE Co., Ltd. COLOWIDE Co., Ltd., Director COLOWIDE Co., Ltd., Managing Director COLOWIDE Co., Ltd., Senior Managing Director COLOWIDE Co., Ltd., Senior Managing Director and Representative Director COLOWIDE Co., Ltd., President and Representative Director [Current position]	1 year (Note) 2	Common share 61,160
Director	Takeo Isono	September 1, 1971	April 1996 August 2004 June 2018 October 2020 November 2020 March 2021 June 2021	Niigata Nichi Co., Ltd. WATAMI FARM Co., Ltd. Watami Co., Ltd. Director, General Manager of the MD Division COLOWIDE MD Co., Ltd. Advisor COLOWIDE MD Co., Ltd. Executive Vice President COLOWIDE MD Co., Ltd. President and Representative Director [Current position] COLOWIDE Co., Ltd. Director [Current position]	1year (Note) 2	Common share 15,000
Director	Daisuke Matsumi	May 4, 1974	April 1998 December 2007 April 2015 April 2020 May 2021 June 2021 January 2023	YKK CORPORATION REX HOLDINGS CO., LTD. REINS international inc. Director COLOWIDE Co., Ltd. Executive Officer COLOWIDE Co., Ltd. Executive Officer, General Manager of Human Resources and Legal Affairs Division COLOWIDE Co., Ltd. Director, General Manager of Human Resources and Legal Affairs Division COLOWIDE Co., Ltd. Director, General Manager of Corporate Service Division [Current position]	1 year (Note) 2	Common share 15,000
Director	Junko Mokuno	December 20, 1961	April 1984 July 1991 January 2002 September 2008 October 2015 June 2019 July 2019 May 2023 June 2023	Yokogawa Hewlett-Packard Company Field Systems Arther D. Little Japan Consultant The Pokémon Company Executive Officer The Walt Disney Company, Director, Consumer Relationship Management Tsuburaya Productions Co., Ltd. Executive Officer and Head of Marketing Division COLOWIDE Co., Ltd., Outside Director [Current position] TRAIL INC. Managing Director [Current position] MEDIA DO Co., Ltd., Outside Director [Current position] Cool Japan Fund Inc., Board Member [Current position]	1 year (Note) 1, 2	–

Director	Morio Fukuda	May 18, 1964	April 1987 August 2001 January 2007 March 2010 August 2011 August 2013 August 2014 March 2017 July 2018 August 2020 August 2021 December 2023 June 2024	National Police Agency Mie Prefectural Police, Head of Police Affairs Department Kyoto Prefectural Police, Head of Police Affairs Department Osaka Prefectural Police, Head of Traffic Police Department National Police Agency, Counsellor, Commissioner-General's Secretariat National Police Agency, Head of Traffic Education Department Cabinet Secretariat, Counsellor, Cabinet Secretariat Japan safe Driving Center, Head of General Affairs Department Ministry of Land, Infrastructure, Transport and Tourism, Deputy Director-General National Research Institute of Police Science, Deputy Director Public Security Intelligence Agency, Head of Research Division 1 Meiji Yasuda Life Insurance Company, Advisor to Mutual Company COLOWIDE Co., Ltd., Outside Director [Current position]	1 year (Note) 1, 2	–
Director (Audit and Supervisory Committee member)	Takeshi Uda	March 31, 1961	April 1984 July 1995 August 2005 June 2008 November 2012 June 2015 June 2018 June 2019	Nissin Shokuhin Co., Ltd. [Currently KAPPA-CREATE CO., LTD.] KAPPA-CREATE CO., LTD. General Manager of East Japan Business Division KAPPA-CREATE CO., LTD., Director KAPPA-CREATE Co., LTD. General Manager of Logistics Division KAPPA-CREATE CO., LTD. General Manager of General Affairs Division KAPPA-CREATE CO., LTD., Full-time Audit & Supervisory Board Member KAPPA-CREATE CO., LTD., Director [Audit & Supervisory Committee Member] COLOWIDE Co., Ltd., Director [Audit & Supervisory Committee Member] [Current position]	2 years (note) 2	–
Director (Audit and Supervisory Committee member)	Shinya Fukuzaki	April 24, 1969	April 1997 October 2001 June 2016 July 2017 March 2023	Registered as an attorney [TOKYO BAR Association] Kudansogo Law Offices Bancho Square law Offices COLOWIDE Co., Ltd., Outside Director [Audit & Supervisory Committee Member] [Current position] YAMASHIN-FILTER Corp., Outside Director [Audit & Supervisory Committee Member] Fukuzaki Law Office [Current position] FORSIGHT Co., Ltd., Outside Director [Audit & Supervisory Committee Member]	2 years (Note) 1,2	–

Position	Name	Birthday date	Brief personal record	Tenure	Number of shares owned (shares)
Director (Audit and Supervisory Committee member)	Kazunari Higuchi	January 3, 1957	April 1980 The Fuji Bank, Limited, [Currently Mizuho Bank, Ltd.] March 2006 Mizuho Corporate bank, Ltd. [Currently Mizuho Bank, Ltd.] General Manager, Kabutocho Corporate Banking and Securities Business Division April 2008 Mizuho Corporate Bank, Ltd., General Manager, Settlement & Clearing Services Division April 2019 Mizuho Corporate Bank, Ltd., Executive Officer, General Manager, Internal Audit Division April 2010 Mizuho Research Institute Ltd. [Currently Mizuho Research & Technologies, Ltd.] Advisor May 2010 Mizuho Research Institute Ltd. [Currently Mizuho Research & Technologies, Ltd.] Managing Executive Officer May 2011 UC Card Co., Ltd. President and CEO Qubitous Co., Ltd. [Currently Credit Saison Co., Ltd.] Director April 2016 UC Card Co., Ltd. Advisor June 2016 Taiyo Nippon Sanso Corporation [Currently Nippon Sanso Holdings Corporation] Audit & Supervisory Board Member [Full-time] June 2020 The Michinoku Bank, Ltd.[Currently Aomori Michinoku BANK, Ltd.] Outside Director KUREHA CORPORATION, Outside Director April 2022 Procrea Holdings, Inc., Outside Director [Current position] June 2023 COLOWIDE Co., Ltd., Outside Director [Audit & Supervisory Committee Member] [Current position]	2 years (Note) 1,2	–
Director (Audit and Supervisory Committee member)	Eriko Shiraishi	February 23, 1976	December 2006 Azusa Audit Corporation [Currently KPMG AZSA LLC] July 2017 Established Shiraishi Certified Public Accountant Office December 2021 Leverages Co., Ltd. [Currently VALX Inc.] Outside Corporate Auditor [Current position] July 2023 Morght Co., Ltd. Outside Corporate Auditor [Current position] June 2024 REINS international inc. Outside Director [Audit & Supervisory Committee Member] June 2025 COLOWIDE Co., Ltd., Outside Director [Audit & Supervisory Committee Member] [Current position]	2 years (Note) 1,2	Common share 500
Total					Common share 2,799,265

(Note) 1. Five Directors, Ms. Junko Mokuno, Mr. Morio Fukuda, Mr. Shinya Fukuzaki, Mr. Kazunari Higuchi and Ms. Eriko Shiraishi are outside directors.

2. The term of office commenced upon the conclusion of the Annual General Meeting of Shareholders held on June 26, 2025.

B. We are proposing the "Election of Seven Directors (excluding directors who are Audit and Supervisory Committee members)" as an agenda item (matters to be resolved) for the Annual General Meeting of Shareholders scheduled to be held on June 25, 2026. If this proposal is approved, the composition of our directors is expected to be as follows. Please note that this includes details regarding the matters to be resolved at the Board of Directors meeting scheduled to be held immediately following the Annual General Meeting of Shareholders (including titles and positions).

Male: 9 Female: 2 (Percentage of female board members: 18.2%)

Position	Name	Birthday date	Brief personal record	Tenure	Number of shares owned (shares)
Chairman and representative director	Kaneo Kuroudo	August 3, 1947	April 1966 Currently COLOWIDE Co., Ltd. December 1975 Currently COLOWIDE Co., Ltd. Director March 1983 Currently COLOWIDE Co., Ltd. President and Representative Director February 2007 COLOWIDE Co., Ltd., Chairman & President and Representative Director April 2012 COLOWIDE Co., Ltd., Chairman and Representative Director	1 year (Note) 3	Common share 2,707,605
President and representative director	Kohei Nojiri	April 4, 1962	March 1993 Currently COLOWIDE Co., Ltd. June 1997 COLOWIDE Co., Ltd., Director August 2001 COLOWIDE Co., Ltd., Managing Director January 2002 COLOWIDE Co., Ltd., Senior Managing Director September 2009 COLOWIDE Co., Ltd., Senior Managing Director and Representative Director April 2012 COLOWIDE Co., Ltd., President and Representative Director [Current position]	1 year (Note) 3	Common share 61,160
Deputy President and Representative Director	Masaki Kuroudo	January 25, 1979	April 2010 COLOWIDE Co., Ltd. June 2011 COLOWIDE Co., Ltd., Director April 2012 COLOWIDE Co., Ltd., Managing Director April 2016 COLOWIDE Co., Ltd., Senior Managing Director June 2017 COLOWIDE MD Co., Ltd., President and representative Director November 2020 OOTOYA Holdings Co., Ltd., President and Representative Director November 2020 OOTOYA Co., Ltd., president and Representative Director June 2026 COLOWIDE Co., Ltd., Deputy President and Representative Director	1 year (Note) 2,3	Common share 2,864,617
Director	Takeo Isono	September 1, 1971	April 1996 Niigata Nichi Co., Ltd. August 2004 WATAMI FARM Co., Ltd. June 2018 Watami Co., Ltd. Director, General Manager of the MD Division October 2020 COLOWIDE MD Co., Ltd. Advisor November 2020 COLOWIDE MD Co., Ltd. Executive Vice President March 2021 COLOWIDE MD Co., Ltd. President and Representative Director [Current position] June 2021 COLOWIDE Co., Ltd. Director [Current position]	1 year (Note) 3	Common share 15,000
Director	Daisuke Matsumi	May 4, 1974	April 1998 YKK CORPORATION December 2007 REX HOLDINGS CO., LTD. April 2015 REINS international inc. Director April 2020 COLOWIDE Co., Ltd. Executive Officer May 2021 COLOWIDE Co., Ltd. Executive Officer, General Manager of Human Resources and Legal Affairs Division June 2021 COLOWIDE Co., Ltd. Director, General Manager of Human Resources and Legal Affairs Division January 2023 COLOWIDE Co., Ltd. Director, General Manager of Corporate Service Division [Current position]	1 year (Note) 3	Common share 15,000

Director	Junko Mokuno	December 20, 1961	April 1984 July 1991 January 2002 September 2008 October 2015 June 2019 July 2019 May 2023 June 2023	Yokogawa Hewlett-Packard Company Field Systems Arther D. Little Japan Consultant The Pokémon Company Executive Officer The Walt Disney Company, Director, Consumer Relationship Management Tsuburaya Productions Co., Ltd. Executive Officer and Head of Marketing Division COLOWIDE Co., Ltd., Director [Current position] TRAIL INC. Managing Director [Current position] MEDIA DO Co., Ltd., Outside Director [Current position] Cool Japan Fund Inc., Board Member [Current position]	1 year (Note) 1, 3	-
Director	Morio Fukuda	May 18, 1964	April 1987 August 2001 January 2007 March 2010 August 2011 August 2013 August 2014 March 2017 July 2018 August 2020 August 2021 December 2023 June 2024	National Police Agency Mie Prefectural Police, Head of Police Affairs Department Kyoto Prefectural Police, Head of Police Affairs Department Osaka Prefectural Police, Head of Traffic Police Department National Police Agency, Counsellor, Commissioner-General's Secretariat National Police Agency, Head of Traffic Education Department Cabinet Secretariat, Counsellor, Cabinet Secretariat Japan safe Driving Center, Head of General Affairs Department Ministry of Land, Infrastructure, Transport and Tourism, Deputy Director-General National Research Institute of Police Science, Deputy Director Public Security Intelligence Agency, Head of Research Division 1 Meiji Yasuda Life Insurance Company, Advisor to Mutual Company COLOWIDE Co., Ltd., Outside Director [Current position]	1 year (Note) 1, 3	–
Director (Audit and Supervisory Committee member)	Takeshi Uda	March 31, 1961	April 1984 July 1995 August 2005 June 2008 November 2012 June 2015 June 2018 June 2019	Nissin Shokuhin Co., Ltd. [Currently KAPPA-CREATE CO., LTD.] KAPPA-CREATE CO., LTD. General Manager of East Japan Business Division KAPPA-CREATE CO., LTD., Director KAPPA-CREATE Co., LTD. General Manager of Logistics Division KAPPA-CREATE CO., LTD. General Manager of General Affairs Division KAPPA-CREATE CO., LTD., Full-time Audit & Supervisory Board Member KAPPA-CREATE CO., LTD., Director [Audit & Supervisory Committee Member] COLOWIDE Co., Ltd., Director [Audit & Supervisory Committee Member] [Current position]	2 years (Note) 4	–
Director (Audit and Supervisory Committee member)	Shinya Fukuzaki	April 24, 1969	April 1997 October 2001 June 2016 July 2017 March 2023	Registered as an attorney [TOKYO BAR Association] Kudansogo Law Offices Bancho Square law Offices COLOWIDE Co., Ltd., Outside Director [Audit & Supervisory Committee Member] [Current position] YAMASHIN-FILTER Corp., Outside Director [Audit & Supervisory Committee Member] [Current position] Fukuzaki Law Office [Current position] FORSIGHT Co., Ltd., Outside Director [Audit & Supervisory Committee Member]	2 years (Note) 1, 4	–

Position	Name	Birthday date	Brief personal record	Tenure	Number of shares owned (shares)
Director (Audit and Supervisory Committee member)	Kazunari Higuchi	January 3, 1957	April 1980 The Fuji Bank, Limited, [Currently Mizuho Bank, Ltd.] March 2006 Mizuho Corporate bank, Ltd. [Currently Mizuho Bank, Ltd.] General Manager, Kabutocho Corporate Banking and Securities Business Division April 2008 Mizuho Corporate Bank, Ltd., General Manager, Settlement & Clearing Services Division April 2019 Mizuho Corporate Bank, Ltd., Executive Officer, General Manager, Internal Audit Division April 2010 Mizuho Research Institute Ltd. [Currently Mizuho Research & Technologies, Ltd.] Advisor May 2010 Mizuho Research Institute Ltd. [Currently Mizuho Research & Technologies, Ltd.] Managing Executive Officer May 2011 UC Card Co., Ltd. President and CEO Qubitous Co., Ltd. [Currently Credit Saison Co., Ltd.] Director April 2016 UC Card Co., Ltd. Advisor June 2016 Taiyo Nippon Sanso Corporation [Currently Nippon Sanso Holdings Corporation] Audit & Supervisory Board Member [Full-time] June 2020 The Michinoku Bank, Ltd.[Currently Aomori Michinoku BANK, Ltd.]Outside Director KUREHA CORPORATION, Outside Director April 2022 Procrea Holdings, Inc., Outside Director [Current position] June 2023 COLOWIDE Co., Ltd., Outside Director [Audit & Supervisory Committee Member] [Current position]	2 years (Note) 1, 4	–
Director (Audit and Supervisory Committee member)	Eriko Shiraishi	February 23, 1976	December 2006 Azusa Audit Corporation [Currently KPMG AZSA LLC] July 2017 Established Shiraishi Certified Public Accountant Office December 2021 Leverages Co., Ltd. [Currently VALX Inc.] Outside Corporate Auditor [Current position] July 2023 Morght Co., Ltd. Outside Corporate Auditor [Current position] June 2024 REINS international inc. Outside Director [Audit & Supervisory Committee Member] June 2025 COLOWIDE Co., Ltd., Outside Director [Audit & Supervisory Committee Member] [Current position]	2 years (Note) 1, 4	Common share 500
Total					Common share 5,663,882

(Note) 1. Five Directors, Ms. Junko Mokuno, Mr. Morio Fukuda, Mr. Shinya Fukuzaki, Mr. Kazunari Higuchi and Ms. Eriko Shiraishi are outside directors.

2. Director Mr. Masaki Kuroudo is a first-degree relative of Director Mr. Kaneo Kuroudo.

3. The term of office shall commence upon the conclusion of the Annual General Meeting of Shareholders to be held on June 25, 2026.

4. The term of office shall commence upon the conclusion of the Annual General Meeting of Shareholders to be held on June 26, 2026.

(ii) Status of outside directors

As of the date of filing (June 22, 2026), the Company's outside directors are Ms. Junko MOKUNO, Mr. Morio FUKUDA, Mr. Shinya FUKUZAKI, Mr. Kazunari HIGUCHI, and Ms. Eriko SHIRAISHI, totaling five individuals. None of them have any personnel, capital, or business relationships with the Company. Additionally, Ms. Junko MOKUNO, Mr. Morio FUKUDA, Mr. Shinya FUKUZAKI, Mr. Kazunari HIGUCHI and Ms. Eriko SHIRAISHI have been designated as independent directors in accordance with the criteria established by the Tokyo Stock Exchange.

Additionally, the Company has proposed the following items as agenda items (resolutions) for the Annual Shareholders' Meeting scheduled to be held on June 25, 2026: “Election of seven directors (excluding directors who are audit and supervisory committee members)” and if the proposals are approved, the Company's outside directors will be Ms. Junko MOKUNO, Mr. Morio FUKUDA, Mr. Shinya FUKUZAKI, Mr. Kazunari HIGUCHI, and Ms. Eriko SHIRAISHI.

The Company seeks to enhance its governance function and strengthen its corporate competitiveness by obtaining advice and recommendations from its outside directors on the legality and fairness of its operations. Based on the Company's criteria for determining the independence of outside directors, we believe that outside directors have no special

interest in the Company and are able to supervise the execution of the Company's operations from an independent standpoint.

(iii)Mutual Cooperation between Audits by Outside Directors and Internal Audits, Audit and Supervisory Committee, and Accounting Audits, and Relationship with Internal Control Department It is described in "(1) Outline of Corporate Governance (ii) Outline of Corporate Governance System and Reasons for Adoption of the System".

(3) Status of Audits

(i) Internal Audit and Audit and Supervisory Committee Audit

A. Internal Audits

Regarding internal auditing, an internal auditing team under the direct control of the President has been established to ensure compliance with laws and regulations and to control sales. The members of the internal audit team are in charge of internal audit at the Company as the holding company, and the store audit offices of the sales subsidiaries. As of May 31, 2026, the team members are as follows, although it is still in a state of flux due to changes in the organization.

a. In the management division audit, in charge of aggregate analysis, audit planning and evaluation
Two persons from the Company

b. For store operations audits, aggregate analysis and audit planning
ATOM CORPORATION has established an Internal Audit Office with three full-time employees, REINS international inc. has five full-time employees in the Audit Office, Freshness Co., Ltd. has one full-time employee in charge of audit, KAPPA-CREATE CO., LTD. has four full-time employees in the Internal Audit Office, and OOTOYA Holdings Co., Ltd. has four full-time employees in the Internal Audit Office, as for other companies, two full-time employees from the "Audit Department" of Colowide Dining Co., Ltd. are responsible for the above duties.
The results of internal audits are reported to the person in charge of internal control on a case-by-case basis, to the Representative Director and Audit and Supervisory Committee on a regular basis, and to the Board of Directors once a year as an annual summary report.

B. Status of Audit by audit and supervisory committee

a. Organization, personnel, and procedures
As of the date of filing (June 22, 2026), the audit and supervisory committee of the Company consists of four members: one full-time audit and supervisory committee member and three outside audit and supervisory committee members. Mr. Shinya FUKUZAKI, the outside audit and supervisory committee member, is attorneys at law with specialized knowledge and extensive experience in corporate legal affairs. In addition, Mr. Kazunari HIGUCHI worked for many years at a financial institution and has considerable knowledge of finance and accounting based on his broad business knowledge and experience.
Eriko SHIRAISHI is a certified public accountant with considerable knowledge and experience in accounting and taxation.

b. Activities of Audit and Supervisory Committee
Audit and Supervisory Committee meetings are held once a month in principle, and 24 meetings were held during the fiscal year under review, with an average meeting time of 1 hour and 18 minutes.
Attendance at Audit and Supervisory Committee meetings by individual Audit Committee members was as follows.

Position	Name	Number of attendances
Audit and Supervisory Committee member (full time)	Takeshi Uda	24
Audit and Supervisory Committee member (outside)	Shinya Fukuzaki	24
Audit and Supervisory Committee member (outside)	Kazunari Higuchi	24
Audit and Supervisory Committee member (outside)	Saiko Kumaou(Note)1	5
Audit and Supervisory Committee member (outside)	Eriko Shiraishi(Note)2	19

(Note) 1. Ms. Saiko Kumaou, who stepped down on June 26, 2025, has recorded her attendance at the five meetings held prior to that date.
2. Ms. Eriko Shiraishi, who assumed office on June 26, 2025, has recorded her attendance at the 19 meetings held since that date.

In addition, specific details of Audit and Supervisory Committee's deliberations during the current fiscal year are as follows.

Matters to be Audited	-General Compliance Matters -Execution of duties by executive directors -Reporting by directors at meetings of the Board of Directors, etc., and decision-making by the Board of Directors - Status of establishment and operation of internal control systems -Status of Internal Control over Financial Reporting -Status of compliance with the Corporate Governance Code -Business reports, etc., financial statements, securities reports, Semi-Annual Report, and timely disclosure documents -Appropriateness of the accounting auditor's audit methods and results -Matters pertaining to the internal control system of the Group, etc.
Matters to be Resolved	-Audit and Supervisory Committee Audit Structure -Audit and Supervisory Committee Audit Plan -Selection of Full-time Audit Committee Members -Agreement on Audit Compensation for Accounting Auditors -Reasonableness of the methods and results of the audit by the accounting auditors -Forming an opinion on the selection, dismissal and non-reappointment of the accounting auditor -Formation of opinions on the appointment and remuneration of directors -Audit and Supervisory Committee Report, etc.
Matters to be discussed and deliberated	-Advance review of proposed resolutions of the Board of Directors -Appropriateness of Non-Assurance Services provided by audit firm groups -Audit opinion on the establishment and operation of internal control systems -Evaluation of Audit and Supervisory Committee effectiveness and formulation of audit plans, etc.
Matters to be reported	-Results of quarterly audit review by accounting auditors -Status of execution of duties by directors, accounting division, internal control office, etc. -Status of performance of duties by corporate auditors, etc. of major subsidiaries and the Internal Audit Office -Monthly status of duties of full-time Audit & Supervisory Board Members, etc.

The Audit and Supervisory Committee formulated the audit policy and audit plan for the current fiscal year and resolved to conduct audits in accordance with the “Audit and Supervisory Committee Standards” and other relevant guidelines. Furthermore, to enhance the effectiveness of the audits, the Committee appointed selection committee members responsible for compliance, accounting, and risk management. These members took the lead in auditing relevant matters, and the Committee monitored and audited the performance of the Board of Directors and the Executive Directors based on the items outlined in the audit plan.

The main initiatives are as follows.

〈Internal Control System〉

-We conducted an audit of the establishment and operation of the internal control system described in the business report and reported our findings regarding its appropriateness to the responsible officers and others.

-To conduct audits of the Group’s internal controls effectively and efficiently, we regularly held “Audit and Supervisory Committee Liaison Meetings” for major subsidiaries, inviting full-time members of the Audit and Supervisory Committees to exchange views on each company’s audit policies and challenges. In addition, we held meetings to exchange views with the Audit and Supervisory Committees of each company—including outside members—and conducted joint meetings attended by all members of the Audit and Supervisory Committees. In addition, we held regular briefing sessions with the Internal Control Office and the internal audit departments of major subsidiaries, and we ensured close coordination by requesting investigations into risk-related matters as necessary.

〈Accounting and Finance〉

-In connection with the year-end financial statements, we obtained relevant documents from the Accounting Department regarding the accounts and other items identified by the accounting auditor as requiring special consideration, and carefully reviewed their contents as part of our audit of their appropriateness.

-Based on the accounting auditor's assessment and materials provided by the Accounting Department, we confirmed the appropriateness of the Group companies' accounting organizational structure designed to ensure the proper conduct of consolidated financial statement procedures. We also exchanged views with the Accounting Department regarding its management system for overseas subsidiaries and its efforts to address current challenges, and we are closely monitoring the progress of these initiatives.

〈Accounting Auditor〉

-In assessing the appropriateness of the accounting auditor's audit, we exchanged views on the results of the year-end audit and the interim review report, and discussed key audit matters (KAM). Additionally, at the end of the fiscal year, we submitted a questionnaire to the accounting auditor to verify the quality control system, independence, and expertise of the audit. We reviewed the responses and, taking into account the appropriateness of past audits, are currently deliberating on the reappointment of the accounting auditor.

-The audit firm group, acting as our accounting auditor, complies with the Code of Ethics and other regulations of the Japanese Institute of Certified Public Accountants. When providing non-assurance services to our Public Interest Entities (PIE), the group is required to explain matters related to independence to the Audit and Supervisory Committee and obtain the committee's approval in advance for services not included on the comprehensive approval list; therefore, the group consults with the committee as necessary.

c. Activities by Audit and Supervisory Committee members

-Based on the annual audit plan, the full-time Audit and Supervisory Committee member attends key meetings, reviews important documents, and reports necessary information to the Audit and Supervisory Committee as needed. Additionally, this individual serves as the chair of the Audit and Supervisory Committee and as a designated Audit and Supervisory Committee member.

-Outside Audit and Supervisory Committee members provide questions, advice, and other input at Board of Directors meetings and other meetings from specialized perspectives, including management, finance, accounting, taxation, and legal matters. In addition, Messrs. Fukuzaki and Higuchi serve as members of the Nomination and Remuneration Advisory Committee. They attend the committee's meetings and, from an objective and neutral standpoint, perform a supervisory role in the decision-making processes regarding the nomination of our directors and the determination of director remuneration.

(ii) Status of accounting audit

A. Continuity period of the audit firm

6 years

B. The Company's certified public accountants who performed the accounting audit are those three as follows

Masahiro Ide, Certified Public Accountant (Designated and Engagement Partner of Deloitte Touche Tohmatsu LLC)

Michiyuki Yamamoto, Certified Public Accountant (Designated and Engagement Partner of Deloitte Touche Tohmatsu LLC)

Yosuke Aizawa, Certified Public Accountant (Designated and Engagement Partner, Deloitte Touche Tohmatsu LLC)

The assistants in the accounting audit of the Company consist of 24 certified public accountants belonging to Deloitte Touche Tohmatsu LLC and 56 other persons.

(Note) Others are persons who have passed the CPA examination, persons in charge of system audits, etc.

Outline of the contents of the liability limitation agreement

The Company and its accounting auditor, Deloitte Touche Tohmatsu LLC, have entered into an agreement to limit liability for damages under Article 423, Paragraph 1 of the Companies Act, pursuant to Article 427, Paragraph 1 of the said Act. The maximum amount of liability for damages under such contracts is 50 million yen or the minimum liability amount stipulated by law, whichever is higher.

C. Appointment of Audit Firms Policy and Reasons for Appointment of Audit Firm

In selecting and evaluating an accounting auditor, the Company will make a comprehensive judgment based on the following factors: the accounting auditor has a certain scale that enables it to perform efficient audit work in accordance with the nature of the Company's business; the accounting auditor has a review system in place; the number of audit days, audit period, specific audit procedures, and audit costs are reasonable and appropriate; and the accounting auditor has a good track record in auditing.

In addition, we will verify and confirm that they are independent in accordance with the "Guidelines on Independence" established by the Japanese Institute of Certified Public Accountants (JICPA), and that they possess the necessary expertise.

D. Audit and Supervisory Committee's Policy on Dismissal of Audit Firms

Audit and Supervisory Committee shall dismiss the accounting auditor by unanimous consent of all Audit and Supervisory Committee members when it determines that the accounting auditor falls under any of the items of Article 340, Paragraph 1 of the Companies Act. In this case, the dismissal and the reasons thereof will be reported at the first general meeting of shareholders to be convened.

In addition to the above, Audit and Supervisory Committee will also decide the content of the proposal for dismissal or non-reappointment of the accounting auditor to be submitted to the General Meeting of Shareholders if it is deemed difficult for the accounting auditor to perform its duties properly or if it is deemed appropriate to change the accounting auditor.

E. Audit and Supervisory Committee's Evaluation of the Audit Firm

The Company's Audit and Supervisory Committee has evaluated the audit firm, and has confirmed that the accounting audit by the firm has been properly conducted for some time, based on its evaluation of quality control, appropriate audit while maintaining independence, the level of audit fees, communication with Audit and Supervisory Committee and management, and consideration of fraud risks.

In addition, Audit and Supervisory Committee resolves to confirm the reappointment of the accounting auditor, and in doing so, it comprehensively evaluates the accounting auditor in accordance with the "Practical Guidelines for Corporate Auditors on the Evaluation of Accounting Auditors and the Establishment of Selection Criteria" published by the Japan Corporate Auditors Association.

(iii) Details of audit compensation, etc.

A. Compensation to Certified Public Accountants, etc.

Classification	Previous consolidated fiscal year		Current consolidated fiscal year	
	Compensation based on audit attestation services (Million yen)	Compensation for non-audit services (Million yen)	Compensation based on audit attestation services (Million yen)	Compensation for non-audit services (Million yen)
The Company	117	6	133	-
Consolidated subsidiaries	277	-	261	-
Total	394	6	394	-

(Note 1) In addition to the amounts mentioned above, during the current consolidated fiscal year, we paid 36 million yen as additional compensation related to the previous consolidated fiscal year.

B. Compensation to the same network (Deloitte) as the Certified Public Accountants, etc. (excluding A.)

Classification	Previous consolidated fiscal year		Current consolidated fiscal year	
	Compensation based on audit attestation services (Million yen)	Compensation for non-audit services (Million yen)	Compensation based on audit attestation services (Million yen)	Compensation for non-audit services (Million yen)
The Company	-	77	-	127
Consolidated subsidiaries	130	-	119	-
Total	130	77	119	127

C. Details of compensation for other significant audit attestation services

(Previous consolidated fiscal year)

Not applicable.

(Current consolidated fiscal year)

Not applicable.

D. Contents of non-audit services provided by certified public accountants and other auditors to the Company and consolidated subsidiaries

(Previous consolidated fiscal year)

The Company has paid fees to the certified public accountants for the preparation of a comfort letter in connection with a capital increase through the issuance of new shares.

No non-audit services have been provided by the certified public accountants to any of the Company's consolidated subsidiaries.

(Current consolidated fiscal year)

Not applicable.

E. Non-audit services to the Company and consolidated subsidiaries by organizations belonging to the same network as the auditing certified public accountants, etc.

(Previous consolidated fiscal year)

The Company does not have any non-audit services for which it pays compensation to organizations belonging to the same network as the auditing certified public accountants, etc. In addition, there are no non-audit services for which the consolidated subsidiaries pay compensation to organizations belonging to the same network as the auditing certified public accountants, etc.

(Current consolidated fiscal year)

Our Company pays fees to Deloitte Tohmatsu LLC, which belongs to the same network as our audit firm, for financial due diligence services.

There are no non-audit services for which our consolidated subsidiaries pay fees to organizations belonging to the same network as our audit firm.

F. Policy for Determining Audit Compensation

Not applicable. However, it is determined in consideration of the size, characteristics, number of audit days, and other factors.

Audit and Supervisory Committee's consent is required to determine the amount of audit fees.

G. Reasons for Audit and Supervisory Committee's Consent to the compensation, etc. of the Accounting Auditor

Audit and Supervisory Committee made the decision to consent to the amount of compensation, etc. of the accounting auditor pursuant to Article 399, Paragraphs 1 and 3 of the Companies Act, after necessary verification of the appropriateness of the content of the audit plan formulated by the accounting auditor, Deloitte Touche Tohmatsu LLC, the status of performance of accounting audit duties, and the basis for calculation of compensation estimates

(4) Remuneration, etc. of Directors

(i) Details of policy and method of determining the amount of remuneration, etc. of Directors or the method of calculating the amount of remuneration, etc.

A. Matters relating to the resolution of the general meeting of shareholders regarding the remuneration, etc. of directors

The amount of monetary remuneration for the Company's directors (excluding directors who are members of the Audit and Supervisory Committee) was resolved at the 53rd Ordinary General Meeting of Shareholders held on June 24, 2015 to be no more than 500 million yen per year (not including employee salaries for directors who are also employees). As of the close of the said Ordinary General Meeting of Shareholders, the number of directors (excluding directors who are members of Audit and Supervisory Committee) was five.

The amount of monetary remuneration for directors who are members of the Audit and Supervisory Committee of the Company was resolved at the 53rd Ordinary General Meeting of Shareholders held on June 24, 2015 to be no more than 50 million yen per year. As of the close of the said Ordinary General Meeting of Shareholders, the number of directors who are members of Audit and Supervisory Committee was three.

Separately from the above monetary remuneration, the Company resolved at the 59th Ordinary General Meeting of Shareholders held on June 24, 2021 that the amount of monetary claims to be paid for the grant of restricted transferable shares shall not exceed 150 million yen per year (not including the portion of employee salary of directors who also serve as employees), all such monetary claims shall be paid as assets contributed in kind, and the total number of shares of the Company's common stock to be issued or disposed of as a result of the grant is 50,000 shares or less per year (directors who are members of the Audit and Supervisory Committee and outside directors are not eligible for the grant). The number of directors (excluding directors who are members of Audit and Supervisory Committee) as of the close of the said General Meeting of Shareholders was 6 (including 1 outside director).

B. Policy for determining the content of remuneration, etc. for individual directors

(A) Method of decision of the policy for determining the content of remuneration, etc., for individual directors

The Company's Board of Directors resolved at its meeting held on May 25, 2021 to adopt a policy for determining the content of the remuneration of current director by individual (hereinafter referred to as the "Determination Policy"). A summary of the details of the Policy is provided in (B) below.

(B) Summary of Determination Policy

i. Basic Policy

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

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

ii. Details of Policy on Determination of contents of Remuneration, etc. by individual

(i) Policy on determining the amount of monetary remuneration, etc. (other than performance-linked remuneration, etc.) by individual or the calculation method thereof

Monetary remuneration, etc. (other than performance-linked remuneration, etc.) shall be determined individually within the limit of remuneration by the representative director who has been entrusted with the responsibility by resolution of the Board of Directors as described in (vi) below, after receiving a report from "the Nomination and Remuneration Advisory Committee," taking into consideration the position, responsibilities, performance of the Company, and the level of employee salaries, and shall be paid as a fixed basic remuneration at a certain period of time each month.

(ii) If there are performance-linked remuneration, etc., the policy regarding the determination of the details of the performance indicators and the method of calculation of the amount or number of such performance-linked remuneration, etc.

Performance-linked remuneration, etc., shall be monetary remuneration reflecting performance indicators (KPI) in order to raise awareness of the need to improve performance in each fiscal year and to ensure sustainable and reliable increase in financial value, and if the financial results exceed the predetermined index determined by "the Nomination and Remuneration Advisory Committee" based on the Company's past performance, etc., and after receiving a report

from "the Nomination and Remuneration Advisory Committee," taking into consideration the performance and contribution of each director in the business year for which he/she is in charge, the representative director who has been entrusted with the responsibility by resolution of the Board of Directors, as described in (vi) below, will individually determine the amount of remuneration within the limit and pay it as a bonus in a lump sum at a certain time each year. In addition, a bonus will not be paid in principle if the financial results are below the predetermined performance indicators (KPI).

(iii)The details of non-monetary remuneration, if any, and the policy for determining the amount or number of such non-monetary remuneration or the method for calculating the amount or number of such non-monetary remuneration

Non-monetary remuneration, etc. shall be stock-based remuneration (restricted stock remuneration) with the aim of providing incentives to continuously improve the Company's corporate value, securing excellent management personnel, and promoting further value sharing with shareholders, and shall be determined by a resolution of the Board of Directors after receiving a report from "the Nomination and Remuneration Advisory Committee", and shall be paid at a certain time each year. The shares of common shares issued or disposed of as restricted share remuneration are subject to restrictions on transfer until the time of retirement or resignation from any position as a director, executive officer, or employee of the Company or its subsidiaries (hereinafter referred to as “officer, etc.”), and the restrictions on transfer shall be lifted upon expiration of term of office, retirement age, death, or reasons deemed justifiable by the board of directors of the Company. In addition, the Company may acquire at no cost any shares with transfer restrictions that have not been cancelled, such as in the event of retirement or resignation for reasons other than these reasons.

(iv) Policy on determination of the ratio of amounts of remuneration, etc. of individual directors

The ratio of base remuneration, bonuses (performance-linked remuneration, etc.) and stock-based remuneration (non-monetary remuneration, etc.) is based on the basic policy of the remuneration system that allows directors to devote themselves to their duties by ensuring a stable livelihood based on base remuneration as fixed remuneration, while also improving business performance by partially introducing performance-linked and stock-based remuneration and providing a certain amount of incentive remuneration. Based on this basic policy, bonuses (performance-linked remuneration, etc.) shall be within the ratio determined based on the base remuneration amount, and stock-based remuneration (non-monetary remuneration, etc.) shall be determined in accordance with the position, responsibilities, etc., with the appropriate remuneration ratio determined by the Board of Directors after receiving reports from "the Nomination and Remuneration Advisory Committee". The ratio for outside directors is 100% of base salary, since they are paid only base salary.

(v) Policy for determining the timing and conditions for granting remuneration, etc.

As described in (i), (ii), and (iii) above, basic remuneration (monetary remuneration, etc. (other than performance-linked remuneration, etc.)) shall be paid as a monthly fixed salary at a fixed time each month, bonuses (performance-linked remuneration, etc.) shall be paid at a certain time each year if they exceed performance indicators, and stock remuneration (non-monetary remuneration, etc.) shall be paid at a certain time each year subject to the execution of an allotment agreement for restricted stock.

(vi)Details, etc., when decisions on the details of individual compensation are delegated in whole or in part to directors or other third parties

With respect to the amount of remuneration, etc. for each individual director, the representative director shall be delegated the authority to determine the specific details thereof in accordance with the resolution of the Board of Directors, and such authority shall include the amount of base remuneration for each director and the allocation of bonuses for each director. The representative director, in order to exercise the authority appropriately, shall consult with "the Nomination and Remuneration Advisory Committee" and obtain its report on the amount of remuneration, etc. for each individual, and shall determine the amount of remuneration, etc. for each individual within the limit of remuneration, based on the content of the said report.

(C) Reasons why the Board of Directors has determined that the details of the individual director's compensation for the current fiscal year are in line with the policy for determining

In determining the details of compensation for each individual director, the Nomination and Remuneration Advisory Committee makes its report after a multifaceted review, including consistency with the determination policy, and the representative directors delegated by the Board of Directors determine the amount of remuneration for each director based on the content of the report, as described in C. below, and the Board of Directors therefore believes that the content of remuneration for each individual director for the current fiscal year is in line with the determination policy described in (B) above.

C. Matters relating to delegation of authority to determine individual director's remuneration

During the current fiscal year, the Board of Directors, at its meeting held on May 13, 2025, passed a resolution delegating to Representative Directors Kaneo Kuroudo and Kohei Nojiri the authority to determine the specific details of the individual remuneration amounts for directors (excluding directors who are Audit and Supervisory Committee members; hereinafter referred to as "Directors" in Section ノ below). The scope of this authority includes determining the amount of each director's base remuneration, the evaluation and allocation of bonuses, and the allocation of share-based remuneration. The reason for delegating these authorities is that we have determined that the Representative Directors are best suited to evaluate the business operations under each director's responsibility while maintaining an overview of the Company's overall performance. Furthermore, Representative Directors Kaneo Kuroudo and Kohei Nojiri received recommendations from the "Nomination and Remuneration Advisory Committee" and made their decisions based on the content of those recommendations.

(ii) Total amount of remuneration, etc. by director classification, total amount of remuneration, etc. by type of remuneration, etc., and number of directors subject to remuneration, etc.

Director Classification	Total amount of remuneration (Million yen)	Total amount of remuneration, etc. by type of remuneration (Million yen)				Number of directors subject to remuneration, etc. (persons)
		Fixed remuneration	Performance-linked remuneration, etc.	Retirement benefits	Non-monetary remuneration, etc.	
Directors (excluding Audit and Supervisory Committee member) (excluding outside directors)	452	356	59	-	38	5
Directors (Audit and Supervisory Committee) (excluding outside directors)	10	10	-	-	-	1
Outside directors	50	50	-	-	-	6

(Note) Performance-linked remuneration, etc., shown in the above table was paid in the current fiscal year as remuneration corresponding to the performance-linked remuneration, etc., for the previous fiscal year.
The performance indicators selected as the basis for calculating the amount of performance-linked remuneration, the reasons for selecting these performance indicators, and the method of calculating the amount of performance-linked remuneration are as described in "B. Policy for determining the content of remuneration, etc. for individual directors"

(iii) Total amount of remuneration, etc. of persons whose total amount of remuneration, etc. is 100 million yen or more

Name	Director Classification	Total amount of remuneration, etc. (Million yen)	Total amount of remuneration, etc. by type of remuneration (Million yen)			
			Fixed remuneration	Performance-linked remuneration	Retirement benefits	Non-monetary remuneration, etc.
Kaneo Kuroudo	Director	285	240	30	-	15

(5) Status of Shareholdings

(i) Criteria and approach to classification of investment shares

The Company classifies its shareholdings into two categories: investment shares held for pure investment purposes and investment shares held for purposes other than pure investment.

Investment shares for pure investment purposes are those held for the purpose of receiving profits from changes in the value of the shares or from dividends on the shares,

Investment shares held for purposes other than pure investment to be investment shares held for the purpose of strengthening business relationships with business partners.

(ii) Investment shares held for purposes other than pure investment

A. Methods for verifying shareholding policies and rationality of holdings, and details of verification by the Board of Directors, etc. regarding the appropriateness of holding individual shares.

The Company holds investment shares for purposes other than pure investment, provided that such shares contribute to enhancing corporate value by strengthening relationships in business with business partners. For individual policy shareholdings, the Company makes a judgment each year on the appropriateness of holding such share by carefully examining whether the purpose of holding the share is appropriate and whether the benefits and risks associated with holding the share are commensurate with the cost of capital.

(A) Number of issues and balance sheet amounts

	Number of Issues (Issues)	Amount shown on Balance Sheet Total (Million yen)
Unlisted shares	3	5
Shares other than unlisted shares	1	210

(Issues whose number of shares increased in the current fiscal year)

Not applicable.

(Issues whose number of shares decreased in the current fiscal year)

	Number of Issues (Issues)	Proceeds from sale related to decrease in number of shares (Million yen)
Unlisted shares	-	-
Shares other than unlisted shares	1	0

(B) Information on the number of specified investment shares by issue, balance sheet amount, etc.

Specified Investment Shares

Issue	Previous fiscal year	Current fiscal year	Summary of holding purposes, business alliances, etc. Quantitative effect of shareholding and reasons for increase in number of shares	If shareholding of the Company's share
	Number of share (shares)	Number of share (shares)		
	Amount shown on Balance Sheet (Million yen)	Amount shown on Balance Sheet (Million yen)		
Yokohama Financial Group, Ltd.	152,743	152,700	The purpose of holding this issue is to strengthen the medium to long term stability of funding and financial transactions. The number of shares has decreased due to the sale of less-than-unit shares.	None
	150	210		

(Note) Quantitative holding effects are not shown due to the difficulty of ascertaining such effects. For the method of verifying the reasonableness of holdings, please refer to "A. Methods for verifying shareholding policies and rationality of holdings, and details of verification by the Board of Directors, etc. regarding the appropriateness of holding individual shares."

B. Status of shareholdings in KAPPA-CREATE CO., LTD., which is the consolidated subsidiary with the largest balance sheet carrying amount of investment securities (i.e., the largest holding company) among the Company and its consolidated subsidiaries.

(A) Number of issues and balance sheet amounts

	Number of Issues (Issues)	Amount shown on Balance Sheet Total (Million yen)
Unlisted shares	-	-
Shares other than unlisted shares	1	9

(Issues whose number of shares increased in the current fiscal year)
Not applicable.

(Issues whose number of shares decreased in the current fiscal year)
Not applicable.

(B) Information on the number of specified investment shares by issue, balance sheet amount, etc.
Investment Shares Held for Purposes Other Than Pure Investment
Methods for Verifying Holding Policies and Rationality, and Contents of Board of Directors' Review Regarding the Appropriateness of Holding Individual Stocks
The Company's consolidated subsidiaries hold investment shares for purposes other than pure investment on the condition that such shares contribute to enhancing corporate value by strengthening business relationships with their clients. Regarding individual strategic equity holdings, the Board of Directors annually reviews the appropriateness of the holding purposes and verifies whether the benefits and risks associated with the holdings justify the capital costs, thereby determining whether to continue holding such shares. Quantitative effects of holding specified investment shares are not disclosed due to the difficulty in accurately measuring them.

Specified Investment Shares

Issue	Previous fiscal year	Current fiscal year	Summary of holding purposes, business alliances, etc. Quantitative effect of shareholding and reasons for increase in number of shares	If shareholding of the Company's share
	Number of shares (shares)	Number of shares (shares)		
	Amount shown on Balance Sheet (Million yen)	Amount shown on Balance Sheet (Million yen)		
Mizuho Financial Group, Ltd.	1,500	1,500	The purpose of holding this issue is to strengthen the medium to long term stability of funding and financial transactions.	Yes
	6	9		

(iii) Investment shares held for pure investment purposes
Status of Shareholdings in the Largest Holding Company

Category	Previous fiscal year		Current fiscal year	
	Number of Issues (Issues)	Amount shown on Balance Sheet (Million yen)	Number of Issues (Issues)	Amount shown on Balance Sheet (Million yen)
Unlisted shares	1	2,107	1	1,851
Shares other than unlisted shares	-	-	-	-

Category	Current fiscal year		
	Dividend income Total (Million yen)	Gain (loss) on sale Total (Million yen)	Valuation gains/losses Total (Million yen)
Unlisted shares	85	-	(256)
Shares other than unlisted shares	-	-	-

5【Employees】

(1) 【Basic policy on human resources strategy, etc.】

① Based on our corporate philosophy, “All for Our Customers and Employees,” and our mid-term management plan, “COLOWIDE Vision 2030,” our Group recognizes that securing and developing talent capable of providing high-quality services to our customers is essential to achieving sustainable growth in corporate value.

In our Group’s business operations, we believe that the source of our competitiveness lies in customer service skills at our stores, operational capabilities that support the quality of our products and services, and the creation of a workplace environment where a diverse workforce can continue to thrive. Furthermore, we believe that enhancing the expertise and execution capabilities tailored to specific duties and roles across all areas—including store operations, product development, sales, and administrative departments—is essential to the realization of our management strategy.

For this reason, our Group is working to create an environment where each employee can demonstrate their abilities and feel a sense of growth, while also focusing on the recruitment, development, and retention of personnel responsible for store operations, candidates for the next generation of management, and employees with specialized expertise.

Furthermore, our Group has adopted a job-based human resources system that clearly defines the scope of duties and roles as well as the expected outcomes, and provides evaluations and compensation based on these criteria. This system encourages employees to understand their roles and the results expected of them, and to proactively engage in skill development. It also leads to the right people being placed in the right positions, the enhancement of expertise, and increased overall organizational productivity.

② Policy on determining the amount and details of employee salaries and others

Our Group’s basic policy is to provide fair and appropriate compensation and benefits based on Group-wide guidelines, taking into account each employee’s role, duties, abilities, performance, and contribution to the Company.

Salaries and bonuses are determined based on our job-based human resources system, taking into comprehensive consideration each employee’s job duties, the scope of their role, the extent of their responsibilities, performance evaluation results, company performance, and labor market trends. Specifically, while maintaining a foundation of compensation based on job duties and roles, we strive to enhance employee satisfaction and achieve fair and transparent compensation by appropriately reflecting individual performance and contributions to the organization.

In addition, various allowances, welfare benefits, and other benefits are determined based on laws and regulations, internal policies, job responsibilities, employment status, and the business environment, with the aim of enhancing the working environment for employees, securing and retaining talent, and creating a foundation that allows employees to work with peace of mind.

Furthermore, to secure and retain talent and enhance employee motivation, we review compensation levels and the details of our benefit programs as necessary, taking into account the external environment, industry standards, labor market trends, and the Group’s business performance.

Going forward, we will continue to strive to establish systems and an environment where employees can work with peace of mind and fully utilize their abilities, with the aim of securing and developing the talent necessary to realize our management strategy.

(2) 【Employees】

① Consolidated subsidiaries

（As of March 31, 2026）

Reportable segment	Number of employees (persons)	
COLOWIDE MD Co., Ltd.	186	(244)
ATOM CORPORATION	550	(2,356)
REINS international inc. (including 25 subsidiaries)	1,446	(4,847)
KAPPA-CREATE CO., LTD. (including 4 subsidiaries)	801	(6,199)
OOTOYA Holdings Co., Ltd. (including 7 subsidiaries)	738	(1,832)
Seagrass Holdco Pty Ltd. (including 46 subsidiaries)	477	(590)
Others	1,709	(3,127)
Total	5,907	(19,195)

(Note) The number of employees refers to the total workforce. The number of temporary employees (including part-time workers, fixed-term contract employees, and contract employees, but excluding temporary agency workers) is shown in parentheses as the annual average number of employees calculated on the basis of an 8-hour workday.

② The Company

(As of March 31, 2026)

Number of employees (persons)	Average age (years old)	Average length of service (years)	Average annual salary (thousand yen)	Change in average annual salary compared to the previous fiscal year (%)
149 [8]	44.1	14.2	6,742	3.1

(Notes) 1. Since we establish reportable segments based on consolidated subsidiaries, we omit the disclosure of segment-specific information.
2. The number of employees refers to the total workforce. The number of temporary employees (including part-time workers, fixed-term contract employees, and contract employees, but excluding temporary agency workers) is shown in parentheses as the annual average number of employees calculated on the basis of an 8-hour workday.
3. The average age, average length of service, and average annual salary are based solely on full-time employees.
4. The average annual salary includes bonuses and non-standard wages.

③ Subsidiary with the largest number of employees

A. Subsidiary with the largest number of employees in the current fiscal year

REINS international inc.

(As of March 31, 2026)

Number of employees (persons)	Average age (years old)	Average length of service (years)	Average annual salary (thousand yen)	Change in average annual salary compared to the previous fiscal year (%)
743 [1,876]	40.1	8.7	5,101	0.2

(Note) 1. The number of employees refers to the total workforce. The number of temporary employees (including part-time workers, fixed-term contract employees, and contract employees, but excluding temporary agency workers) is shown in parentheses as the annual average number of employees calculated on the basis of an 8-hour workday.
2. The average age, average length of service, and average annual salary are based solely on full-time employees.
3. The average annual salary includes bonuses and non-standard wages.

B. Subsidiary with the second largest number of employees next to A above

Nifs Co., Ltd.

(As of March 31, 2026)

Number of employees (persons)	Average age (years old)	Average length of service (years)	Average annual salary (thousand yen)	Change in average annual salary compared to the previous fiscal year (%)
683 [1,209]	42.9	5.5	3,996	13.8

(Note) 1. The number of employees refers to the total workforce. The number of temporary employees (including part-time workers, fixed-term contract employees, and contract employees, but excluding temporary agency workers) is shown in parentheses as the annual average number of employees calculated on the basis of an 8-hour workday.
2. The average age, average length of service, and average annual salary are based solely on full-time employees.
3. The average annual salary includes bonuses and non-standard wages.

④ Labor Union

Our Group's labor union was established on July 12, 2003, as the UA Zensen Colowide Group Labor Union. As of March 31, 2026, the union has 42,764 members and is affiliated with the UA Zensen Alliance, its parent organization. Labor-management relations remain harmonious.

(3) The ratio of female workers in management positions, the rate at which male workers take parental leave, and the gender pay gap

① The Company

Current fiscal year				
The ratio of female workers in management positions (%) (Note) 1.	The rate at which male workers take parental leave (%) (Note) 2.	The gender pay gap (%) (Note) 1. (Note) 3.		
		All workers	Full-time employees	Part-time and fixed-term employees
20.8	900.0	64.3	75.1	54.3

(Notes) 1. This figure is calculated based on the provisions of the "Act on the Promotion of Women's Active Participation in the Workforce" (Act No. 64 of 2015).

2. This calculation of the rate of utilization of parental leave and other leave types is based on the provisions of the "Act on the Welfare of Workers Taking Parental Leave, Family Care Leave, and Other Leave for Childcare or Family Care" (Act No. 76 of 1991) and reflects the rate specified in Article 71-6, Item 2 of the "Enforcement Regulations of the Act on the Welfare of Workers Taking Parental Leave, Family Care Leave, and Other Leave for Childcare or Family Care" (Ministry of Labor Ordinance No. 25 of 1991).

3. Regarding the gender pay gap, the figure shows the ratio of females' wages (total annual wages ÷ average annual headcount) to males' wages (total annual wages ÷ average annual headcount). For full-time employees, the main reasons for this gap are that a smaller proportion of female employees hold managerial positions, their average age is approximately seven years younger than that of male employees, and their average length of service is approximately four years shorter than that of male employees. There is absolutely no gender-based difference in treatment within our wage system or pay structure. Furthermore, since transitioning to a JOB-based personnel system on April 1, 2023, there is no wage gap between male and female employees for the same JOB (position). We will continue to promote appointments regardless of gender or age and strive to ensure diversity.

② Major consolidated subsidiaries

Current fiscal year					
Name	The ratio of female workers in management positions (%) (Note) 1.	The rate at which male workers take parental leave (%) (Note) 2.	The gender pay gap (%) (Note) 1. (Note) 3.		
			All workers	Full-time employees	Part-time and fixed-term employees
COLOWIDE MD Co., Ltd.	19.1	700.0	54.4	75.5	110.2
ATOM CORPORATION	11.8	333.3	53.1	80.5	88.9
REINS international inc.	7.2	125.0	69.8	76.9	111.2
KAPPA-CREATE CO., LTD.	8.6	280.0	86.1	81.7	122.9
OOTOYA Holdings Co., Ltd.	17.8	125.0	82.0	82.0	―

(Notes) 1. This figure is calculated based on the provisions of the "Act on the Promotion of Women's Active Participation in the Workforce" (Act No. 64 of 2015).

2. This calculation of the rate of utilization of parental leave and other leave types is based on the provisions of the "Act on the Welfare of Workers Taking Parental Leave, Family Care Leave, and Other Leave for Childcare or Family Care" (Act No. 76 of 1991) and reflects the rate specified in Article 71-6, Item 2 of the "Enforcement Regulations of the Act on the Welfare of Workers Taking Parental Leave, Family Care Leave, and Other Leave for Childcare or Family Care" (Ministry of Labor Ordinance No. 25 of 1991).

3. Regarding the gender pay gap, the figure shows the ratio of females' wages (total annual wages ÷ average annual headcount) to males' wages (total annual wages ÷ average annual headcount). For full-time employees, the main reasons for this gap are that a smaller proportion of female employees hold managerial positions, their average age is approximately seven years younger than that of male employees, and their average length of service is approximately four years shorter than that of male employees. There is absolutely no gender-based difference in treatment within our wage system or pay structure. Furthermore, since transitioning to a JOB-based personnel system on April 1, 2023,

there is no wage gap between male and female employees for the same JOB (position). We will continue to promote appointments regardless of gender or age and strive to ensure diversity.

4. Information regarding consolidated subsidiaries other than major consolidated subsidiaries is provided in “VII. Reference Information on the Company, 2. Other Reference Information, (2) Ratio of Female Employees in Management Positions, Rate of Male Employees Taking Parental Leave, and Gender Pay Gap.”

V. FINANCIAL INFORMATION

1. Methods of Preparation for Consolidated Financial Statements and Financial Statements

(1) The consolidated financial statements of the Company are prepared in accordance with International Financial Reporting Standards (hereinafter referred to as "IFRS Accounting Standards") pursuant to the provisions of Article 312 of the "Regulations Concerning the Terminology, Forms and Preparation Methods of Consolidated Financial Statements" (Ministry of Finance Ordinance No. 28 of 1976, hereinafter referred to "Regulation for Consolidated Financial Statements".).

(2) The financial statements of the Company are prepared in accordance with the "Regulations Concerning Terms, Forms and Preparation Method of Financial Statements" (Ministry of Finance Ordinance No. 59 of 1963, hereinafter referred to as "Regulations for Financial Statements").

The Company is a company submitting special financial statements and prepares its financial statements in accordance with Article 127 of the Regulations for Financial Statements, etc.

2. Audit attestation

The Company has had its consolidated financial statements for the consolidated fiscal year (from April 1, 2025 to March 31, 2026) and its financial statements for the business year (from April 1, 2025 to March 31, 2026) audited by Deloitte Touche Tohmatsu LLC in accordance with the provisions of Article 193-2-1 of the Financial Instruments and Exchange Law.

3. Special efforts to ensure the appropriateness of consolidated financial statements, etc. and the implementation of a system that enables the proper preparation of consolidated financial statements, etc. in accordance with IFRS Accounting Standards

The Company has taken special measures to ensure the appropriateness of its consolidated financial statements, etc. and to implement a system that enables the proper preparation of consolidated financial statements, etc. in accordance with IFRS Accounting Standards. The details are as follows.

(1) The Company has joined the Financial Accounting Standards Foundation (FASF) and participates in seminars, etc. organized by FASF and auditing firms in order to appropriately grasp the contents of accounting standards, etc. and to establish a system to appropriately respond to changes in accounting standards, etc.

(2) With respect to the application of IFRS Accounting Standards, the Company keeps abreast of the latest standards by obtaining press releases and standards issued by the International Accounting Standards Board (IASB) from time to time. In addition, in order to prepare appropriate consolidated financial statements in accordance with IFRS Accounting Standards, the Company prepares group accounting policies and accounting guidelines in accordance with IFRS Accounting Standards and performs accounting procedures based on these policies and guidelines

1. Consolidated Financial Statements, etc.

(1) Consolidated Financial Statements

(i) Consolidated Statement of Financial Position

(Unit: Millions of yen)

	Notes	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
Assets			
Current Assets			
Cash & cash equivalents		71,537	63,191
Trade & other receivables	8	15,512	18,022
Other financial assets	9	441	445
Inventories	10	4,349	5,900
Income taxes receivables		342	205
Other current assets	11	3,451	4,114
Total current assets		95,631	91,878
Non-current assets			
Property, plant & equipment	13,17	52,883	59,767
Right-of-use assets	19	24,690	28,357
Goodwill	14	91,877	120,823
Intangible assets	14	13,889	17,632
Investment property	15	386	593
Other financial assets	9	20,433	21,124
Deferred tax assets	16	12,129	10,229
Other non-current assets	11	306	527
Total non-current assets		216,595	259,053
Total assets		312,226	350,931

(Unit: Millions of yen)

	Notes	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
Liabilities & Equity			
Liabilities			
Current liabilities			
Trade & other payables	20	26,665	29,694
Bonds & borrowings	17,33	33,971	38,275
Lease liabilities	19,33	14,770	16,582
Other financial liabilities	18	603	499
Income taxes payable		2,092	2,442
Provisions	22	4,258	4,220
Contract liabilities	26	385	530
Other current liabilities	23	11,030	14,308
Total current liabilities		93,776	106,551
Non-current liabilities			
Trade & other liabilities	20	5,733	6,510
Bonds & borrowings	17,33	95,345	107,515
Lease liabilities	19,33	19,081	23,981
Other financial liabilities	18	1,041	1,124
Provisions	22	6,409	6,527
Deferred tax liabilities	16	2,210	3,623
Contract liabilities	26	706	599
Other non-current liabilities	23	817	905
Total non-current liabilities		131,342	150,785
Total liabilities		225,118	257,336
Equity			
Share capital	24	43,814	43,814
Capital surplus	24	56,576	56,613
Treasury shares	24	(109)	(95)
Other components of equity	24	178	5,645
Retained earnings	24	(22,922)	(21,746)
Total equity attributable to owners of parent		77,537	84,232
Non-controlling interests		9,571	9,364
Total equity		87,108	93,596
Total liabilities & Equity		312,226	350,931

(ii) Consolidated Statement of Income

(Unit: Millions of yen)

	Notes	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
Revenue	6,26	269,156	300,090
Cost of sales		112,389	121,345
Gross profit		156,766	178,745
Selling, general & administrative expenses	6,27	147,462	166,218
Other operating income			
Rental income	28	267	267
Miscellaneous income	28	233	309
Other	28	2,135	600
Total other operating income		2,635	1,175
Other operating expenses			
Impairment losses	28	3,170	3,232
Other	28	1,058	1,063
Total other operating expenses		4,228	4,295
IFRS Operating profit	6	7,712	9,407
Finance income	29	406	1,738
Finance costs	29	3,341	4,598
Pre-tax profit		4,777	6,547
Income tax expenses	16	2,522	4,834
Income		2,255	1,713
Profit attributable to			
Owners of parent	31	1,249	2,233
Non-controlling interests	31	1,006	(520)
Profit		2,255	1,713
Earnings per share			
Basic earnings per share (yen)	31	7.45	15.73
Diluted earnings per share (yen)	31	7.45	15.73

(Note) Reconciliation of Gross Profit to Business Profit

Gross profit	156,766	178,745
Selling, general & administrative expenses	147,462	166,218
Business profit (*)	9,305	12,527

(*) Business profit = Revenue – Cost of sales – Selling, general & administrative expenses
The Company focuses on business profit as a measure of income from recurring business activities.
Business profit is not a measure as defined by IFRS Accounting Standards.

(iii) Consolidated statement of Comprehensive Income

(Unit: Millions of yen)

	Notes	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
Profit		2,255	1,713
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Financial assets measured at fair value through other comprehensive income	30	24	52
Total of items that will not be reclassified to profit or loss		24	52
Items that may be reclassified to profit or loss			
Cash flow hedges	30	367	251
Exchange differences on translation of foreign operations	30	(332)	5,191
Total of items that may be reclassified to profit or loss		35	5,442
Other comprehensive income, net of tax		59	5,494
Comprehensive income		2,314	7,207
Comprehensive income attributable to			
Owners of parent		1,567	7,700
Non-controlling interests		747	(493)
Comprehensive income		2,314	7,207

(iv) Consolidated statement of Changes in Net Assets

Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)

(Unit: Millions of yen)

	Note	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	24	-	-	(1)	-	-
Disposal of treasury shares	24	-	36	17	-	-
Dividends	25	-	-	-	-	-
Changes in ownership interests of parent due to transactions with non-controlling interests	24,36	-	23	-	-	-
Changes in ownership interests in subsidiaries	24,36	-	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

	Note	Equity attributable to owners of parent				Non-controlling interests	Total equity
		Other components of equity		Retained earnings	Total equity attributable to owners of parent		
		Exchange differences on translation of foreign operations	Total other components of equity				
Balance as of April 1, 2024		40	(139)	(23,219)	44,954	9,181	54,135
Profit		-	-	1,249	1,249	1,006	2,255
Other comprehensive income		(72)	318	-	318	(259)	59
Comprehensive income		(72)	318	1,249	1,567	747	2,314
Issuance of new shares		-	-	-	31,664	-	31,664
Purchase of treasury shares	24	-	-	-	(1)	-	(1)
Disposal of treasury shares	24	-	-	-	53	-	53
Dividends	25	-	-	(952)	(952)	(141)	(1,094)
Changes in ownership interests of parent due to transactions with non-controlling interests	24,36	-	-	-	23	13	36
Changes in ownership interests in subsidiaries	24,36	-	-	-	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

Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)

(Unit: Millions of yen)

	Note	Equity attributable to owners of parent				
		Share capital	Capital surplus	Treasury shares	Other components of equity	
					Financial assets measured at fair value through other comprehensive income	Cash flow hedges
Balance as of April 1, 2025		43,814	56,576	(109)	67	144
Profit		-	-	-	-	-
Other comprehensive income		-	-	-	46	240
Comprehensive income		-	-	-	46	240
Purchase of treasury shares	24	-	-	(1)	-	-
Disposal of treasury shares	24	-	29	15	-	-
Dividends	25	-	-	-	-	-
Changes in equity interest due to share capital increases by consolidated subsidiaries		-	-	-	-	-
Changes in ownership interests of parent due to transactions with non-controlling interests	24,36	-	9	-	-	-
Total transactions and others with owners		-	37	14	-	-
Balance as of March 31, 2026		43,814	56,613	(95)	113	383

	Note	Equity attributable to owners of parent				Non-controlling interests	Total equity
		Other components of equity		Retained earnings	Total equity attributable to owners of parent		
		Exchange differences on translation of foreign operations	Total other components of equity				
Balance as of April 1, 2025		(33)	178	(22,922)	77,537	9,571	87,108
Profit		-	-	2,233	2,233	(520)	1,713
Other comprehensive income		5,182	5,467	-	5,467	27	5,494
Comprehensive income		5,182	5,467	2,233	7,700	(493)	7,207
Purchase of treasury shares		-	-	-	(1)	-	(1)
Disposal of treasury shares		-	-	-	44	-	44
Dividends		-	-	(1,057)	(1,057)	(161)	(1,217)
Changes in equity interest due to share capital increases by consolidated subsidiaries		-	-	-	-	436	436
Changes in ownership interests of parent due to transactions with non-controlling interests		-	-	-	9	10	19
Total transactions and others with owners		-	-	(1,057)	(1,005)	286	(719)
Balance as of March 31, 2026		5,149	5,645	(21,746)	84,232	9,364	93,596

(v) 【Consolidated statement of Cash Flows】

(Unit: Millions of yen)

	Note	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
Cash flows from operating activities			
Pre-tax profit		4,777	6,547
Depreciation and amortization expenses	6	24,462	27,300
Impairment losses	6,28	3,170	3,232
Finance income	29	(406)	(1,738)
Finance costs	29	3,341	4,598
Loss (profit) on sale and retirement of non-current assets		262	94
Decrease (increase) in inventories		(65)	(1,238)
Decrease (increase) in trade and other receivables		(1,094)	(2,199)
Increase (decrease) in trade and other payable		820	1,479
Others		(1,832)	(2,827)
Sub-total		33,434	35,248
Interests and dividends received		264	380
Interests paid		(3,051)	(3,864)
Income tax refund		74	159
Income tax paid		(1,913)	(3,209)
Cash flows from operating activities		28,808	28,714
Cash flows from investing activities			
Payments into time deposits		(10)	(0)
Proceeds from the redemption of time deposits		268	-
Expenditures for purchase of property, plant and equipment		(11,411)	(12,200)
Proceeds from sale of property, plant and equipment		562	712
Expenditures for security and guarantee deposits		(639)	(1,039)
Proceeds from refund of security and guarantee deposits		1,030	1,297
Expenditures for acquisition of consolidated subsidiaries	7	(9,735)	(18,657)
Expenditures for business transfers		-	(269)
Others		(1,672)	(598)
Cash flows from investing activities		(21,606)	(30,755)
Cash flows from financing activities			
Net increase (decrease) in short term borrowings	33	(486)	700
Proceeds from long term borrowings	33	38,100	49,170
Expenditures for repayment of long-term borrowings	33	(35,673)	(36,824)
Proceeds from issuance of bonds	33	8,645	3,044
Expenditures for redemption of bonds	33	(7,739)	(6,322)
Expenditures for repayment of lease liabilities	33	(15,463)	(15,759)
Proceeds from issuance of shares	24	31,665	-
Proceeds from contributions by non-controlling interests		-	436
Dividends paid		(953)	(1,056)
Dividends paid to non-controlling interests		(142)	(160)
Others		(0)	(1)
Cash flows from financing activities		17,954	(6,773)
Effect of exchange rate changes on cash and cash		75	470

equivalents		
Net increase (decrease) in cash and cash equivalents	25,230	(8,345)
Cash and cash equivalents at beginning of period	46,307	71,537
Cash and cash equivalents at end of quarterly period	71,537	63,191

[Notes to Consolidated Financial Statements]

1. The reporting company

COLOWIDE Co., Ltd. (hereinafter referred to as "the Company") is a company located in Japan. The address of its registered Head Office and principal place of business is disclosed on its website (https://www.colowide.co.jp/en_us/). The consolidated financial statements of the Company comprise the accounts of the Company and its subsidiaries (hereinafter referred to as "The Group") for the fiscal year ended March 31, 2026.

The Group is engaged in a wide range of food service businesses, operating a chain of restaurants under direct management, recruiting franchisees, providing management guidance to franchisees, planning and selling products, and supplying food materials and other items.

2. Basis of Creation

(1) Compliance with IFRS Accounting Standards

The Consolidated Financial Statements of the Group have been prepared in accordance with IFRS Accounting Standards based on Article 312 of the Regulations for Consolidated Financial Statements, as the Company meets the requirements of a "Designated International Financial Reporting Standards Specified Company" as stipulated in Article 1-2 of the Regulations for Consolidated Financial Statements.

These consolidated financial statements were approved by Mr. Kohei Nojiri, President and Representative Director on June 22, 2026.

(2) Functional Currency and Presentation Currency

The Group's consolidated financial statements are presented in Japanese yen as the Company's functional currency, and are rounded to the nearest million yen.

3. Significant Accounting Policies

The accounting policies described below have been applied on an ongoing basis for all periods reported in these consolidated financial statements.

(1) Basis of consolidation

(i) 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.

(ii) Business Combinations

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) Foreign currency translation

(i) Foreign currency transactions

Transactions denominated in foreign currencies are translated into the functional currency of each of the Group's companies at the exchange rate prevailing on the transaction date.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated into the functional currency at the exchange rate at the end of the reporting period, non-monetary assets and liabilities denominated in foreign currencies at fair value are translated at the exchange rate at the date of the fair value calculation, and non-monetary items measured at cost are translated at the exchange rate on the transaction date. The translation differences arising from such translation or settlement are recognized in the functional currency.

Translation differences arising from such translation or settlement are recognized in profit or loss.

(ii) Foreign operations

Assets and liabilities of foreign operations are translated into Japanese yen, the currency of presentation, at the exchange rate prevailing at the end of the reporting period. Income and expenses of foreign operations are translated into Japanese yen, the currency of presentation, using average exchange rates, unless the exchange rates during the period have fluctuated significantly. The resulting translation differences are recognized in other comprehensive income and the accumulated translation differences are included in other components of equity in the consolidated statement of financial position.

(3) Financial instruments

(i) 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 the 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 measured at fair value through profit or loss are measured at fair value at initial recognition, and transaction costs are recognized in profit or loss when 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, we evaluate whether there has been a significant increase in credit risk since initial recognition as of the end of each consolidated fiscal year, and present the amount after deducting expected future credit losses. This evaluation takes into account not only past due information but also other reasonably available and supportable information.

For financial assets measured at amortized cost that are assessed to have experienced a significant increase in credit risk since initial recognition, we estimate the expected credit losses for the entire period on an individual basis. For other financial assets, we estimate the expected credit losses for the 12 months following the end of the consolidated fiscal year.

However, for financial assets measured at amortized cost, trade receivables and lease assets are recognized as expected credit losses for the entire period from the date of origination based on historical credit losses.

Expected credit losses on financial assets measured at amortized cost are estimated using the following methods.

- 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 of the risks and economic value associated with ownership of the financial asset. If the Company neither transfers nor retains almost all of 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.

(ii) 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.

(iii) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits that can be withdrawn on demand, and short-term investments that are readily convertible to cash, risk averse to price fluctuations, and redeemable within three months from the date of acquisition.

(iv) 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.

(4) 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.

(5) Property, plant, and equipment

(a) 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.

(b) 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.

(c) 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.

(6) Goodwill and intangible assets

i) Goodwill

[Initial recognition]

The measurement of goodwill at the time of initial recognition is described in Notes "3. Significant Accounting Policies (1) Basis of Consolidation (ii) Business Combinations".

[Measurement after initial recognition]

Goodwill is measured at cost less accumulated impairment losses.

ii) 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 5-20 years
- Franchise agreements 7-16 years

The estimated useful lives, residual values, and depreciation methods are reviewed at the end of each consolidated fiscal year, and if changes are necessary, they 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.

Intangible assets are derecognized at the time of disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising from the derecognition of an intangible asset is measured as the difference between the net disposal consideration and the carrying amount of the asset and is recognized in profit or loss at the time of derecognition.

(7) Leases

i) Lessee leases

The Company recognizes a right-of-use asset and a lease liability at the inception of the lease for the lease component except for short-term leases and leases where the underlying asset is immaterial.

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.

The lease term is determined as the non-cancelable term of the lease plus the term subject to the option to extend

the lease (if the Company is reasonably certain that it will exercise such option) and the term subject to the option to cancel the lease (if the Company is reasonably certain that it will not exercise such option).

After the inception date, right-of-use assets are measured at cost less accumulated depreciation and accumulated impairment losses. Here, when depreciating the right-of-use assets, the depreciation requirements of IAS 16 "Property, Plant and Equipment" are applied. In addition, IAS 36 "Impairment of Assets" is applied in determining whether an asset is impaired and accounting for the identified impairment loss. A right-of-use asset is depreciated from the inception date to the end of the useful life of the underlying asset if ownership of the underlying asset is transferred to the Company by the end of the lease term, or 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.

After the inception date, the lease liability is measured as follows

- The carrying amount is increased to reflect the interest rate on the lease liability.
- The carrying amount is reduced to reflect the lease payments made.
- Remeasure the carrying amount to reflect changes in lease payments or changes in the terms of the lease or to reflect revised effective fixed lease payments.

A lessee recognizes lease payments related to short-term leases or leases with a small underlying asset as expenses on a straight-line basis.

ii) Lessor leases

Leases that contractually transfer substantially all the risks and rewards of ownership and economic value of the underlying asset to the lessee are classified as finance leases; otherwise, they are classified as operating leases.

In finance lease transactions, the net unrecovered lease investment is recognized as a lease receivable, the total lease payments received are divided into a portion corresponding to the principal amount of the lease receivable and an interest portion, and the amount allocated to the interest portion of the lease payments received is calculated using the interest method.

Under operating leases, the Company recognizes profit or loss on a straight-line basis over the lease payments received and the lease term.

(8) Investment real estate

Investment real estate 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 reporting period and, if necessary, applied prospectively as a change in accounting estimate.

(9) Non-current assets held for sale

Non-current assets or disposal groups that are not in continuous use and are expected to be recovered through sale are classified as non-current assets and disposal groups held for sale if it is very likely that they will be sold within one year, they are available for immediate sale in their current condition, and the Company is committed to sell them. The Company has classified them as non-current assets and disposal groups held for sale.

Non-current assets or disposal groups classified as held for sale are not depreciated or amortized, but measured at the lower of carrying amount or fair value less costs to sell.

(10) Impairment of non-financial assets

i) Determination of impairment

The carrying amounts of nonfinancial 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.

ii) 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 reporting period. 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.

(11) Employee benefits

i) Post-employment benefits

The Company and certain consolidated subsidiaries have defined contribution plans.

Defined contribution plans are post-employment benefit plans under which the Company and certain consolidated subsidiaries contribute certain amounts to other independent entities and have no legal or constructive obligation to pay more than the amount contributed, and the Company recognizes as expenses the contributions made in exchange for the provision of service by employees during the period.

ii) Short-term employee benefits

Short-term employee benefits are employee benefits other than termination benefits that are expected to be settled entirely within 12 months of the end of the period in which the employee's service is rendered and are recognized as an expense when the related services are rendered, without discounting.

(12) 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.

(13) 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.

As described in "26. Revenue," 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.

(14) Government grants

Government grants are measured and recognized at fair value of the grant income if the conditions incidental to the grant are met and there is reasonable assurance that the grant will be received.

Grants related to assets are recognized as deferred revenue and recognized in profit or loss on a regular basis over the estimated useful life of the related assets. Grants related to revenues are recognized in profit or loss by deducting the relevant grants from the related expenses.

(15) Income Taxes

Income tax expense consists of current and deferred tax expense. They are recognized in profit or loss, except for those related to business combinations and items recognized directly in equity or other comprehensive income.

i) Current Tax Expense

Current tax expense is measured as the amount of tax expected to be paid on taxable income or refunded on tax losses for the current period. The amount of such taxes is determined based on tax rates and tax laws that have been enacted or substantively enacted by the end of the consolidated fiscal year.

ii) Deferred income taxes

Deferred tax assets and liabilities are recognized for temporary differences, tax loss carryforwards and tax credit carryforwards that are differences between the accounting carrying amounts of assets and liabilities and their tax bases at the end of the consolidated fiscal year. Deferred tax assets are recognized to the extent that it is probable that future subtractive temporary differences, unused tax loss carryforwards and tax credit carryforwards will be available against future taxable income, while deferred tax liabilities, on the other hand, are generally recognized for all future additional temporary differences. However, deferred tax assets and liabilities are not recognized for the following temporary differences

- Temporary differences arising from the initial recognition of goodwill
- Transactions other than business combinations that do not affect accounting profit or taxable income (loss) and do not give rise at the time of the transaction to an equal amount of temporary differences that will be added or subtracted in the future.
- Temporary differences related to investments in subsidiaries where the Company is able to control the timing of the reversal of the temporary difference and it is highly probable that the temporary difference will not reverse within a foreseeable period of time.

Deferred tax assets and liabilities are measured at the tax rates expected to apply in the period in which the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the consolidated fiscal year.

The recoverability of deferred tax assets is reviewed at the end of each consolidated fiscal year and the carrying amount of deferred tax assets is reduced to the extent that it is considered unlikely that sufficient taxable income will be earned to realize some or all of the tax benefits of the deferred tax assets. Unrecognized deferred tax assets are reviewed at the end of each consolidated fiscal year and recognized to the extent that it is more likely than not that the deferred tax assets will be recovered through future taxable income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and current tax liabilities and the corporate income tax is imposed by the same tax authority on the same taxpayer entity or on different taxpayers, but these tax entities intend to settle current tax assets and liabilities on a net basis or intend to realize these tax assets and liabilities simultaneously.

(16) Earnings per share

Basic earnings per share is calculated by dividing the profit for the period attributable to common shareholders of the parent company by the weighted average number of common shares outstanding adjusted for treasury shares for the corresponding period.

Diluted earnings per share is calculated after adjusting for the effect of all dilutive potential shares.

(17) Segment Information

A business segment is a unit of business activity that earns revenue and incurs expenses, including transactions with other business segments. The results of operations of all business segments are reviewed periodically by the Company's Board of Directors to determine the allocation of resources to each segment and to evaluate its performance, for which financial information is available separately.

(18) Equity

i) Share capital and capital surplus

For equity instruments issued by the Company, the issue price is recorded in “Share capital” and “Capital surplus,” and transaction costs directly attributable to the issuance (after taking into account tax effects) are deducted from “Capital surplus”.

ii) Treasury shares

When treasury share is acquired, the consideration paid, net of tax, including direct transaction costs, is recognized as a deduction from equity. When treasury share is sold, including the disposal of treasury shares upon exercise of stock options, the gain or loss on disposal is recognized as "capital surplus".

(19) Other important matters 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.

(20) Changes in Accounting Policies

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

IFRS		Summary of new / revised
IAS 21	Impact of foreign exchange rate fluctuations	Clarify requirements when a currency is not exchangeable with other currencies

The application of the standards had no impact on the consolidated financial statements.

(21) Changes in presentation method

Not applicable.

4. Critical accounting judgments and estimates

In preparing consolidated financial statements, management is required to apply accounting policies and make judgments, estimates, and assumptions that affect the amounts of assets, liabilities, revenues, and expenses. Actual results may differ from these estimates.

Estimates and the assumptions underlying them are reviewed on an ongoing basis. The effects of changes in accounting estimates are recognized in the accounting period in which the estimates are changed and in future accounting periods affected by the change.

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 2027, the outlook for the global economy is expected to remain uncertain due to developments in U.S. trade policy, signs of a slowdown in the Chinese economy, and ongoing geopolitical risks, particularly in Europe and the Middle East. In contrast, in Japan, the employment environment is expected to remain resilient, and wage growth is anticipated to broaden, suggesting positive prospects for corporate activity and household consumption.

However, in the food service industry, structural cost pressures—such as further increases in raw material and labor costs, as well as labor shortages—are expected to persist, and the business environment is likely to remain challenging. With this in mind, our Group will steadily advance our business operations based on our mid-term management plan, “COLOWIDE Vision 2030,” with a view to enhancing corporate value over the medium to long term. Building on our domestic food service business, we aim to achieve consolidated revenue of 500 billion yen by the fiscal year ending March 2030 through the expansion of our overseas food service business—where market growth is anticipated—,and the expansion of our catering service business as it enters a full-scale growth phase.

With regard to our domestic food service business, in addition to opening new stores primarily in the restaurant sector, we are also working to expand our café operations following the acquisition of C-United by our Group. Furthermore, we are actively pursuing the renovation, relocation, and format conversion of existing stores. We will also further enhance our merchandising capabilities, led by COLOWIDE MD Co., Ltd., to significantly enhance efficiency across procurement, manufacturing, and logistics. Additionally, we are committed to increasing the added value of the products and services we offer and will continue to strive to enhance profitability. With regard to our overseas food service business, in addition to “Gyu-Kaku” and its derivative concepts, as well as “Kappa Sushi”—a sushi concept we are actively expanding— we will also accelerate the opening of new stores under Seagrass Holdco Pty Ltd., which operates a premium steakhouse concept.

With regard to our catering service business, we are working to strengthen our business foundation against the backdrop of growing demand, particularly from healthcare facilities. Furthermore, to ensure long-term growth while fulfilling our social responsibilities, we remain committed to promoting sustainability. We will actively pursue initiatives based on our five key materiality issues: “Contribution to the Environment,” “Food Safety and Security,” “Workplace Diversity and Growth,” “Contribution to Our Community and Society,” and “Strengthen Business Management Foundation.”

We have made accounting estimates based on a business plan that takes the above into account.

The following information describes the judgments made in applying accounting policies that have a significant impact on the amounts recognized in the consolidated financial statements.

・Allocation of goodwill to cash-generating units (see Note 14, “Goodwill and Intangible Assets”)

The following information describes uncertainties regarding assumptions and estimates about the future that could result in significant adjustments to the book values of assets and liabilities in the following consolidated fiscal year.

① Estimates of the useful lives and residual values of property, plant, and equipment, intangible assets, and right-of-use assets

The useful lives of property, plant, and equipment, intangible assets, and right-of-use assets are estimated by taking into comprehensive consideration factors such as expected usage, physical natural depreciation, and technical or economic obsolescence. In addition, residual values are estimated as the amounts expected to be received from the disposal of the assets, net of estimated disposal costs. These estimates are subject to risks that could result in significant adjustments to the book values of property, plant and equipment, intangible assets, and right-of-use assets due to changes in future economic conditions and other uncertainties.

Details and amounts regarding property, plant, and equipment, intangible assets, and right-of-use assets are disclosed in Notes “13. Property, Plant, and Equipment,” “14. Goodwill and Intangible Assets,” and “19. Leases.”

② Lease term of right-of-use assets

Our Group determines the lease term to include, in addition to the non-cancellable portion of the lease, the period covered by lease extension options that are reasonably certain to be exercised, and the period covered by lease termination options that are reasonably certain not to be exercised. Specifically, the lease term is estimated by taking into account the existence of options to extend or terminate the lease, the likelihood of their exercise, and the existence of termination penalties. These factors carry the risk of causing significant adjustments to the amounts of right-of-use assets and lease liabilities due to fluctuations in future uncertain economic conditions or the results of negotiations at the time of contract renewal.

Details regarding the determination of lease terms are provided in Note "3. Significant Accounting Policies (7)," while details and amounts related to right-of-use assets and lease liabilities are provided in Note "19. Leases."

③ Impairment of property, plant, and equipment, intangible assets, investment property, and right-of-use assets

Impairment tests for property, plant, and equipment, intangible assets, investment property, and right-of-use assets are conducted based on various assumptions and estimates, such as those used to determine the fair value of a cash-generating unit (net of disposal costs) for the purpose of calculating recoverable amount, or those used to estimate the future cash flows of a cash-generating unit and the discount rate for the purpose of calculating value in use. As a result of changes in uncertain future economic conditions, there is a risk of significant adjustments to the book values of property, plant, and equipment, intangible assets, investment property, and right-of-use assets.

Please note that the business plan used as the basis for calculating future cash flows is as described above.

Details and amounts related to impairment of property, plant, and equipment, intangible assets, investment property, and right-of-use assets are disclosed in Notes "13. Property, Plant, and Equipment," "14. Goodwill and Intangible Assets," "15. Investment Property," and "19. Leases."

④ Recoverability of deferred tax assets

When calculating corporate income tax, it is necessary to make estimates and judgments regarding various factors, such as the interpretation of tax laws and the results of past tax inspections. As a result, the amount recognized for corporate income tax may differ from the actual tax payment.

In addition, while deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which temporary differences can be utilized, the timing and amount of such taxable income may be affected by changes in future economic conditions, which are highly uncertain. Consequently, there is a risk that the timing and amount of such taxable income, if realized, may differ from estimates, which could result in significant changes to the amounts recognized in the following consolidated accounting year or later.

Please note that the business plan, which will constitute the basis for calculating future taxable income, is as described above.

Details and amounts related to corporate income tax are disclosed in Note 16, "Corporate Income Tax."

⑤ Measurement of provisions

Our Group recognizes asset retirement obligations and measures them at the present value of the best estimate of the expenditure required to settle the obligation, discounted using a pre-tax discount rate that reflects the risks specific to the liability, taking into account the risks and uncertainties existing at the balance sheet date.

The amount of expenditure required to settle liabilities is calculated by comprehensively considering all possible future outcomes; however, it may be affected by the occurrence of unforeseeable events or changes in circumstances. Consequently, there is a risk that the amounts recognized in the following consolidated fiscal year or later may be significantly affected if actual payments differ from estimates, or if there are significant changes in the discount rate used to discount estimated expenditures due to fluctuations in economic conditions or other factors.

In addition, to prepare for the costs associated with the use of shareholder benefit coupons for sales promotion purposes, we record an estimated amount for expenses expected to arise from their use in the following fiscal year and later, based on historical usage data. While this estimated amount is calculated by comprehensively considering possible future outcomes, it may be affected by unforeseeable events or changes in circumstances. Consequently, there is a risk that if actual expenses differ from the estimate, this could result in significant fluctuations in the amounts recognized in the following consolidated fiscal year and later.

Details and amounts related to asset retirement obligations and provisions for sales promotions are disclosed in Note 22, "Provisions."

5. New standards and interpretations not yet adopted

The followings are the major new or revised standards and interpretations issued by the date of approval of the consolidated financial statements, and the Company has not early adopted any of them as of the end of the current fiscal year (March 31, 2026). The impact of their adoption on the Company is still under consideration and cannot be estimated at this time.

IFRS Accounting Standards		Mandatory application period (and subsequent starting fiscal years)	Our Group Application Period	Outline of New and Revised
IFRS 9 IFRS 7	Revisions to classification and measurement of financial instruments	January 1, 2026	FY ending March 2027	Clarification of the classification of financial assets, addition of requirements for derecognition of financial liabilities, and revision of disclosure requirements for financial assets measured at fair value through other comprehensive income
IFRS 9 IFRS 7	Contracts referencing natural-source electricity	January 1, 2026	FY ending March 2027	Adjustments to more accurately reflect contracts for natural-source electricity in the financial statements
IFRS 18	Presentation and disclosure in financial statements	January 1, 2027	FY ending March 2028	New standards replacing IAS No. 1, the current accounting standards for presentation and disclosure in financial statements
IFRS19	Subsidiaries not subject to public accountability: Disclosure	January 1, 2027	FY ending March 2028	New standard allowing application of reduced IFRS disclosure requirements to subsidiaries that meet certain criteria
IFRS10 IAS28	Consolidated financial statements Investments in affiliates and jointly controlled entities	Undecided	Undecided	Revision of accounting treatment for disposal or contribution of assets between investors and their affiliates or jointly controlled entities

6. Segment Information

(1) Overview of reportable segments

The Group's reportable segments are components within the Group for which separate financial information is available and which are subject to periodic review by the Board of Directors for the purpose of determining the allocation of management resources and evaluating performance.

In the current consolidated fiscal year, Seagrass Holdco Pty Ltd. was consolidated as a subsidiary, and a new reportable segment was added.

In light of the above segment changes, segment information for the previous consolidated fiscal year has been reclassified and presented according to the new reportable segment classifications.

The Group primarily operates directly managed restaurants and franchise businesses. Considering the similarity of business formats and commonality of operations, the Group has designated six segments as reportable segments: "COLOWIDE MD Co., Ltd.," "ATOM CORPORATION," "REINS international inc.," "KAPPA-CREATE CO., LTD.," "OOTOYA Holdings Co., Ltd.", and "Seagrass Holdco Pty Ltd.". In addition, the operating results of the segments include 25 subsidiaries for "REINS international inc.", 4 subsidiaries for "KAPPA-CREATE CO., LTD.", 7 subsidiaries for "OOTOYA Holdings Co., Ltd.", and 46 subsidiaries for "Seagrass Holdco Pty Ltd.".

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

ATOM CORPORATION operates directly managed restaurants such as "Steak MIYA", "NIGIRI-NO-TOKUBE", "KALUBI TAISHO" as well as franchise headquarter business.

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

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

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

Seagrass Holdco Pty Ltd. operates a steakhouse restaurant chain in the Oceania region and elsewhere.

(2) Method of calculating revenue, profit or loss, and other items by reportable segment

The accounting method for reportable segments is the same as that described in "3. Significant Accounting Policies".

Business profit of reportable segments is based on operating income.

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

(3) Information on revenue, profit or loss, and other items by reportable segments

Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)

(Unit: Millions of yen)

	Reportable segment							Others (Note4)	Total	Adjustments (Note5)	Amounts recorded on consolidate financial statements
	COLOWIDE MD Co., Ltd.	ATOM CORPORATION	REINS international inc. (Note1)	KAPPA-CREATE Co., Ltd. (Note2)	OOTOYA Holdings Co., Ltd. (Note3)	Seagrass Holdco Pty Ltd.	Total				
Revenue											
External revenue	2,729	35,503	88,666	72,370	31,312	-	230,580	38,575	269,156	-	269,156
Inter-segment revenue and transfers	93,415	1	3,718	838	73	-	98,046	3,901	101,947	(101,947)	-
Total	96,144	35,504	92,384	73,209	31,385	-	328,626	42,476	371,102	(101,947)	269,156
Segment profit (loss)	4,188	1,748	4,309	1,268	1,173	-	12,686	(681)	12,005	(4,293)	7,712
Finance income											406
Finance costs											3,341
Pre-tax profit											4,777
Income tax expenses											2,522
Profit											2,255
Segment assets	16,425	27,018	103,285	61,854	26,177	-	234,759	32,718	267,477	44,749	312,226
Depreciation and amortization	833	3,667	9,610	6,727	2,402	-	23,240	1,000	24,240	221	24,462
Impairment losses	-	1,462	1,065	349	117	-	2,993	339	3,332	(162)	3,170

(Note1) “REINS international” segment includes REINS international inc. and its consolidated subsidiaries.

(Note2) “KAPPA-CREATE” segment includes KAPPA-CREATE CO., LTD. and its consolidated subsidiaries.

(Note3) “OOTOYA Holdings” segment includes OOTOYA Holdings Co., Ltd. and its consolidated subsidiaries.

(Note4) “Others” indicate business segments not included in reportable segments as follows. WORLD PICOM CORPORATION develops and sells total self-ordering systems for restaurant business, develops and operates wireless communication technology, Manufacturing and sales of fresh confectionery, baked goods and chocolates (Nama-choco ganache and others) in Silsmaria Co., Ltd., Manufacture and sale of Western-style confectionery by N Baton Company, Ltd. and its consolidated subsidiaries, administrative work at cocot Co., Ltd., Operation of restaurants by Colowide Dining Co., Ltd., Operation of restaurants by WP Japan Co., Ltd., Operation of restaurants and franchise business by Bay Foodfactory Co., Ltd., catering service business by Dining Yell Co., Ltd., Operation of catering service business by Nifs Co., Ltd. and its consolidated subsidiaries, Operation of catering service business by Socio Food Service Co., Ltd. and its consolidated subsidiaries, Operation of catering service business by Heartful Dining Co., Ltd., FC business operation by Future Link Co., Ltd. and labor-related operations by COLOWIDE Support Center Co., Ltd.

(Note5) The details of adjustments are as follows.

(i) Adjustment of business profit of (4,293) million yen includes adjustment of unrealized profit and general and administrative expenses that do not belong to any reportable segment.

(ii) Adjustment of segment assets of 44,749 million yen includes corporate assets in consolidated basis.

(iii) The adjustment of 221 million yen for depreciation and amortization expenses includes the amortization of corporate-wide assets.

(Note6) Segment profit is reconciled with operating profit on the consolidated statement of income.

Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)

(Unit: Millions of yen)

	Reportable segment							Others (Note5)	Total	Adjustments (Note6)	Amounts recorded on consolidate financial statements (Note7)
	COLOWIDE MD Co., Ltd.	ATOM CORPORATION	REINS international inc. (Note1)	KAPPA-CREATE Co., Ltd. (Note2)	OOTOYA Holdings Co., Ltd. (Note3)	Seagrass Holdco Pty Ltd. (Note4)	Total				
Revenue											
External revenue	3,548	30,434	91,289	72,347	36,916	20,041	254,576	45,513	300,090	-	300,090
Inter-segment revenue and transfers	97,719	-	1,358	846	101	-	100,024	1,546	101,569	(101,569)	-
Total	101,268	30,434	92,647	73,193	37,017	20,041	354,600	47,059	401,659	(101,569)	300,090
Segment profit (loss)	5,168	(828)	3,454	(255)	1,709	2,583	11,830	2,199	14,029	(4,623)	9,407
Finance income											1,738
Finance costs											4,598
Pre-tax profit											6,547
Income tax expenses											4,834
Profit											1,713
Segment assets	20,295	22,148	103,664	59,277	26,246	47,635	279,265	34,296	313,561	37,370	350,931
Depreciation and amortization	869	3,041	8,692	7,010	2,611	1,086	23,310	3,711	27,021	279	27,300
Impairment losses	-	824	1,211	725	221	-	2,980	252	3,232	-	3,232

(Note1) “REINS international” segment includes REINS international inc. and its consolidated subsidiaries.

(Note2) “KAPPA-CREATE” segment includes KAPPA-CREATE CO., LTD. and its consolidated subsidiaries.

(Note3) “OOTOYA Holdings” segment includes OOTOYA Holdings Co., Ltd. and its consolidated subsidiaries.

(Note4) “Seagrass Holdco Pty Ltd.” segment includes Seagrass Holdco Pty Ltd. and its consolidated subsidiaries.

(Note5) “Others” indicate business segments not included in reportable segments as follows. WORLD PICOM CORPORATION develops and sells total self-ordering systems for restaurant business, develops and operates wireless communication technology, Manufacturing and sales of fresh confectionery, baked goods and chocolates (Nama-choco ganache and others) in Silsmaria Co., Ltd., Manufacture and sale of Western-style confectionery by N Baton Company, Ltd. and its consolidated subsidiaries, Administrative work at cocot Co., Ltd., Operation of restaurants by Colowide Dining Co., Ltd., Operation of restaurants by WP Japan Co., Ltd., Operation of restaurants and franchise business by Bay Foodfactory Co., Ltd., Operation of catering service business by Nifs Co., Ltd. and its consolidated subsidiaries, Operation of catering service business by Heartful Dining Co., Ltd., FC business operation by Future Link Co., Ltd. and labor-related operations by COLOWIDE Support Center Co., Ltd.

(Note6) The details of adjustments are as follows.

(i) Adjustment of business profit of (4,623) million yen includes adjustment of unrealized profit and general and administrative expenses that do not belong to any reportable segment.

(ii) Adjustment of segment assets of 37,370 million yen includes corporate assets in consolidated basis.

(iii) The adjustment of 279 million yen for depreciation and amortization expenses includes the amortization of corporate-wide assets.

(Note7) Segment profit is reconciled with operating profit on the consolidated statement of income.

(4) Information by region

The breakdown of revenue and non-current assets by geographic region are as follows.

Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)

(i) External revenue

(Unit: Millions of yen)

Japan	North America	Asia	Oceania	Total
236,405	17,448	15,303	-	269,156

(ii) Non-current assets

(Excluding financial instruments, deferred tax assets and rights arising from insurance contracts)

(Unit: Millions of yen)

Japan	North America	Asia	Oceania	Total
159,649	20,525	3,858	-	184,032

Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)

(i) External revenue

(Unit: Millions of yen)

Japan	North America	Asia	Oceania	Total
244,631	19,033	18,079	18,346	300,090

(ii) Non-current assets

(Excluding financial instruments, deferred tax assets and rights arising from insurance contracts)

(Unit: Millions of yen)

Japan	North America	Asia	Oceania	Total
186,990	20,975	4,831	14,905	227,700

(5) Information on major customers

In the previous and current consolidated fiscal years, the Group has been engaged in businesses targeting general consumers, and there are no single external customers (groups) that account for 10% or more of the Group's revenue, so this information has been omitted.

7. Business Combinations

Previous Interim Consolidated Fiscal Year (From April 1, 2024 to March 31, 2025)

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

(1) Overview of the Business Combination

Name of the Acquired Company and Description of Business

Name of Acquired Company: Nihon Meika Souhonpo Co., Ltd.

Description of Business: Manufacturing and retailing of regional specialty confectionery

(2) Acquisition Date

April 1, 2024

(3) Percentage of Voting Share Capital Interests Acquired

100%

(4) Main reasons for the business combination

The Group is in the food service 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 specialty confectionery. It possesses brands such as “Cheese Garden,” “Criollo,” and “GrindelBerg,” which have received extremely high customer evaluations. It has achieved robust business growth, including opening flagship stores in prime locations such as Tokyo Solamachi, Nakameguro, and Azabudai Hills, in addition to its main store.

We believe the Target Company's business holds significant potential for further growth. The purpose of this transaction is t to maximize the corporate value of both the Target Company and our entire Group. This will be achieved by leveraging the Target Company's business growth through new store openings domestically and internationally, while also exploring new business opportunities, such as sales, within our Group's existing businesses.

(5) Method of acquiring control of the target company

Acquisition of shares for cash consideration

(6) Consideration paid on the acquisition date

(Unit: Millions of yen)

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

(7) Fair value of acquired assets and assumed liabilities as of the acquisition date

(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

Current interim consolidated fiscal year (From April 1, 2025 to March 31, 2026)

On June 2, 2025, our Company acquired 100% of the shares of Seagrass Holdco Pty Ltd. (hereinafter referred to as the "Target Company") through its subsidiary, COLOWIDE MD Co., Ltd., making it a wholly owned subsidiary.

(1) Overview of business combination

Name of the acquired company and description of business

Name of the acquired company Seagrass Holdco Pty Ltd.

Description of business Operation of steak restaurant chains in Oceania regions, etc.

(2) Acquisition dated

June 2, 2025

(3) Percentage of voting share capital interests acquired

100%

(4) Main reasons for business combination

Our Group is striving to expand its business scale and enhance profitability to realize the mid-term management plan "COLOWIDE Vision 2030," which covers the period up to 2030. Under "COLOWIDE Vision 2030," while maintaining our domestic food service business as the foundation, we have set a target of achieving consolidated revenue of 500 billion yen by the fiscal year ending March 2030. This will be achieved by strengthening our overseas food service business, and through the dramatic growth of our catering service business, where market expansion is anticipated.

Our Group's overseas food service business operates approximately 400 stores in North America, East Asia, and Southeast Asia. Since last fiscal year, we have also launched a new Gyu-Kaku business in the United Arab Emirates through a joint venture with a local company.

On the other hand, the Target Company operates 17 premium steakhouse restaurants in Australia and two in the United Arab Emirates, providing customers with high-quality products and sophisticated spaces and services. As the leading steak restaurant chain in the Oceania region, it possesses high brand recognition, strong business viability, and profitability.

From the perspective of anticipating future business growth for the Target Company, in addition to expanding existing operations in Australia and the United Arab Emirates, entry into the Asian region, primarily Southeast Asia, is expected in the near future. Given that our Group conducts extensive business operations across various Asian countries, we are positioned to provide robust support for the Target Company's expansion into Asia. This will enable us to promote the Target Company's business growth and its contribution to our Group.

Furthermore, the Target Company has established strong relationships of trust and business ties with leading packers in Australia for beef procurement. By leveraging these relationships across our entire Group, we can achieve stable beef procurement for our Group and strengthen distribution revenues through the establishment of a supply chain network centered on Asia.

(5) Method of acquiring control of the Target Company

Acquisition of shares for cash consideration

(6) Consideration paid on the acquisition date

(Unit: Millions of yen)

Cash and cash equivalents used in acquisitions	20,155
Cash and cash equivalents held by the acquiree at the time of acquisition	1,499
Expenditure for the acquisition of a subsidiary	18,657

(7) Fair value of acquired assets and assumed liabilities as of the acquisition date

(Unit: Millions of yen)

Fair value of consideration paid	20,155
Current assets	2,624
Non-current assets	11,515
Current liabilities	4,044
Non-current liabilities	13,688
Goodwill	23,749

(Finalization of temporary accounting treatment for business combination)

With regard to this business combination, the allocation of the acquisition cost had not been completed during the current

interim consolidated fiscal year, and the amounts were temporary. However, they have been finalized as of the end of the current consolidated fiscal year.

Following the finalization of this temporary accounting treatment, the initial fair value measurement as of the acquisition date has been revised. Compared to the fair value measurement as of the business combination date at the end of the current interim consolidated accounting period, non-current assets increased by 4,621 million yen, current liabilities increased by 34 million yen, non-current liabilities increased by 1,600 million yen, and goodwill decreased by 2,987 million yen.

8. Trade and other receivables

Trade and other receivables consist of the following:

(Unit: Millions of yen)

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
Financial assets measured at amortized cost		
Accounts receivable	12,984	14,384
Accounts receivable - other	2,717	3,830
Allowance for doubtful accounts	(190)	(192)
Total	15,512	18,022

(Note) In the consolidated statement of financial position, the amounts are presented net of allowance for doubtful accounts.

9. Other financial assets

Other financial assets consist of the following

(1) Current assets

(Unit: Millions of yen)

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
Financial assets measured at amortized cost		
Time deposits with a deposit term exceeding three months	6	6
Lease receivables	431	397
Others	4	42
Total	441	445

(2) Non-current assets

(Unit: Millions of yen)

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
Financial assets measured at amortized cost		
Security deposits and guarantee deposits	16,452	16,605
Lease receivables	228	608
Others	1,056	1,105
Allowance for doubtful accounts	(290)	(317)
Subtotal	17,446	18,001
Financial assets at fair value through profit or loss		
Shares	2,107	1,851
Derivative assets designated as hedging instruments	183	555
Others	378	400
Subtotal	2,667	2,806
Financial assets at fair value through other comprehensive income		
Shares	320	317
Total	20,433	21,124

(Note) In the consolidated statement of financial position, the amounts are presented net of allowance for doubtful accounts.

10. Inventories

Inventories consist of the following:

(Unit: Millions of yen)

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
Merchandise and finished goods	914	1,603
WIP	14	9
Raw materials and supplies	3,421	4,289
Total	4,349	5,900

(Note 1) The amount of inventories recorded as "cost of sales" as expenses was 108,219 million yen in the previous fiscal year and 118,566 million yen in the current fiscal year (this amount includes the amount of write-downs).

(Note 2) There are no inventories pledged as collateral.

11. Other assets

Other assets consist of the following

(1) Current assets

(Unit: Millions of yen)

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
Prepaid expenses	2,590	2,940
Consumption Taxes Receivable	70	147
Others	791	1,028
Total	3,451	4,114

(2) Non-current assets

(Unit: Millions of yen)

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
Long-term prepaid expenses	299	507
Others	7	21
Total	306	527

12. Assets held for sale

Not applicable.

13. Property, plant, and equipment

Schedule of Increase/Decrease

Changes in the book value of property, plant and equipment are as follows:

Acquisition cost

(Unit: Millions of yen)

	Buildings and structures	Machinery, equipment, and vehicles	Tools, furniture, and fixtures	Land	Construction in progress	Total
April 1, 2024	81,479	10,295	20,848	9,860	331	122,813
Acquisition	7,416	1,430	3,205	1,418	264	13,733
Acquisition through business combination	1,697	158	768	860	2	3,485
Sale or disposal	(6,436)	(235)	(1,550)	(524)	-	(8,746)
Transfer of subject	301	-	-	-	(301)	-
Foreign currency translation adjustments on foreign operations	(133)	(2)	(60)	-	-	(194)
Others	(0)	-	-	-	-	(0)
March 31, 2025	84,325	11,646	23,211	11,614	296	131,091
Acquisition	7,479	1,022	3,119	267	1,572	13,459
Acquisition through business combination	3,004	876	1,192	-	-	5,072
Sale or disposal	(4,451)	(531)	(1,563)	(208)	-	(6,752)
Transfer of subject	335	-	-	1	(477)	(140)
Foreign currency translation adjustments on foreign operations	571	4	381	-	-	956
Others	-	-	-	-	-	-
March 31, 2026	91,263	13,018	26,340	11,674	1,391	143,685

Accumulated depreciation and accumulated impairment loss

(Unit: Millions of yen)

	Buildings and structures	Machinery, equipment, and vehicles	Tools, furniture, and fixtures	Land	Construction in progress	Total
April 1, 2024	52,883	6,291	15,276	263	-	74,713
Depreciation and amortization expenses (Note 1)	3,927	877	2,139	-	-	6,943
Impairment loss (Note 2) (Note 3)	1,911	121	317	59	-	2,407
Acquisition through business combination	529	343	554	8	-	1,435
Sale or disposal	(5,351)	(137)	(1,249)	(309)	-	(7,045)
Foreign currency translation adjustments on foreign operations	(105)	(2)	(137)	-	-	(244)
Others	-	-	-	-	-	-
March 31, 2025	53,794	7,493	16,900	22	-	78,208
Depreciation and amortization expenses (Note 1)	4,388	1,482	2,301	-	-	8,172
Impairment loss (Note 2) (Note 3)	1,891	126	363	9	-	2,389
Acquisition through business combination	24	207	155	0	-	387
Sale or disposal	(4,070)	(503)	(1,546)	(0)	-	(6,119)
Foreign currency translation adjustments on foreign operations	113	0	768	-	-	881
Others	-	-	-	-	-	-
March 31, 2026	56,141	8,805	18,941	31	-	83,918

(Note 1) Depreciation of property, plant and equipment is included in "Cost of sales" and "Selling, general and administrative expenses" in the consolidated statement of income.

(Note 2) Impairment losses mainly resulted from store facilities.

The book value of an asset group whose operating income or loss has declined significantly, or whose assets' market value has declined significantly below its book value, is reduced to its recoverable amount, and the amount of the reduction is recorded in "Other operating expenses" in the consolidated statement of income. The recoverable amount of the asset group is measured mainly by its value in use, which is calculated by discounting the estimated future cash flows by the pre-tax discount rate (7.9% to 13.6% for the previous fiscal year and 6.0% to 12.3% for the current fiscal year) to arrive at the present value.

(Note 3) The recoverable amount of the main asset groups for which impairment losses were recognized was 2,002 million yen and 1,298 million yen for the previous and current fiscal years, respectively.

Book value

(Unit: Millions of yen)

	Buildings and structures	Machinery, equipment, and vehicles	Tools, furniture, and fixtures	Land	Construction in progress	Total
April 1, 2024	28,596	4,004	5,572	9,597	331	48,100
March 31, 2025	30,531	4,154	6,311	11,592	296	52,883
March 31, 2026	35,122	4,212	7,399	11,643	1,391	59,767

14. Goodwill and intangible assets

(1) Table of Increase/Decrease

Changes in the book value of goodwill and intangible assets are as follows:

Acquisition cost

(Unit: Millions of yen)

	Goodwill	Intangible assets				
		Software	Trademark Rights	Franchise agreements	Others	Total
April 1, 2024	89,798	5,530	5,399	13,958	522	25,410
Acquisition	-	262	-	-	16	278
Acquisition through business combination	9,464	47	4,807	-	294	5,148
Sale or disposal	-	(1)	-	-	(26)	(28)
Foreign currency translation adjustments on foreign operations	(129)	(19)	-	(14)	-	(33)
Others	10	-	-	-	-	-
March 31, 2025	99,142	5,818	10,207	13,944	807	30,775
Acquisition	-	125	5	4	14	147
Acquisition through business combination	28,226	7	4,266	-	-	4,273
Sale or disposal	-	(91)	-	-	(2)	(94)
Foreign currency translation adjustments on foreign operations	720	-	1,034	80	9	1,123
Others	-	-	-	-	-	-
March 31, 2026	128,088	5,859	15,512	14,027	827	36,225

Accumulated depreciation and accumulated impairment loss

(Unit: Millions of yen)

	Goodwill	Intangible assets				
		Software	Trademark Rights	Franchise agreements	Others	Total
April 1, 2024	7,265	4,849	4,261	5,996	325	15,431
Depreciation and amortization expenses	-	239	354	885	43	1,521
Impairment loss	-	0	-	-	0	1
Acquisition through business combination	-	22	-	-	-	22
Sale or disposal	-	(49)	-	-	(20)	(69)
Foreign currency translation adjustments on foreign operations	-	(12)	-	(8)	-	(20)
Others	-	-	-	-	-	-
March 31, 2025	7,265	5,050	4,614	6,873	349	16,887
Depreciation and amortization expenses	-	236	366	885	47	1,533
Impairment loss	-	0	-	-	3	4
Acquisition through business combination	-	-	194	-	-	194
Sale or disposal	-	(85)	-	-	(2)	(88)
Foreign currency translation adjustments on foreign operations	-	-	16	46	-	62
Others	-	-	-	-	-	-
March 31, 2026	7,265	5,201	5,190	7,805	397	18,593

(Note 1) Amortization of intangible assets is included in "Cost of sales" and "Selling, general and administrative expenses" in the consolidated statement of income.

(Note 2) Impairment losses are included in "Other operating expenses" in the consolidated statement of income.。

Book value

(Unit: Millions of yen)

	Goodwill	Intangible assets				
		Software	Trademark rights	Franchise agreements	Others	Total
April 1, 2024	82,534	681	1,138	7,962	197	9,979
March 31, 2025	91,877	768	5,592	7,071	457	13,889
March 31, 2026	120,823	657	10,321	6,223	430	17,632

(2) Goodwill impairment test

The group of cash-generating units to which goodwill is allocated is tested for impairment each period, and furthermore, each time there is an indication of impairment. The carrying amounts of goodwill allocated to groups of cash-generating units with significant carrying amounts are as follows:

(Unit: Millions of yen)

Reportable segment	Cash-generating units Group	Previous consolidated Fiscal year (March 31, 2025)	Current consolidated Fiscal year (March 31, 2026)
ATOM CORPORATION		3,775	3,775
REINS international inc.	Gyu-Kaku	23,358	23,358
	On-Yasai	9,310	9,389
	Doma-Doma	3,419	3,163
	Gyu-Kaku (North American operations)	10,353	11,073
KAPPA-CREATE CO., LTD.		20,887	20,887
OOTOYA Holdings Co., Ltd.		9,535	9,535
Seagrass Holdco Pty Ltd.		-	28,104

The Group tests goodwill for impairment each period or whenever there is an indication of impairment. The recoverable amount of goodwill tested for impairment is based on its value in use or fair value less costs to dispose of.

The recoverable amounts of ATOM CORPORATION, KAPPA-CREATE CO., LTD. and OOTOYA Holdings Co., Ltd. are based on fair value less costs to dispose, and such fair value is based on quoted prices in active markets, and the fair value hierarchy is Level 1.

Value in use is based on estimated cash flows that reflect historical experience and external information and are based on forecasts approved by management for a period of three to five years. The main assumption used in determining the projections is the growth rate of revenue over the relevant period, and the growth rate of revenue is consistent with the projected nominal GDP growth rate of the countries to which these cash-generating unit groups belong.

The value in use of the cash-generating unit groups to which significant goodwill has been allocated is calculated by discounting the estimated future cash flows to their respective present values using pre-tax discount rates. The pre-tax discount rates used for each cash-generating unit group of REINS international inc. The pre-tax discount rates applied to each cash-generating unit group of REINS international, excluding Gyu-Kaku (North American business) were 9.5% for the previous period and 8.4% for the current period; the pre-tax discount rates applied to Gyu-Kaku (North American business) were 11.6% for the previous period and 10.4% for the current period; and the pre-tax discount rate applied to Seagrass Holdco Pty Ltd. was 12.0% for the current period.

For periods beyond the 3-5 year projection approved by management, the value in use is estimated using cash flows based on growth rates. The growth rate is determined by considering the average long-term growth rate of the industry or country to which the cash-generating unit or cash-generating units group belongs and does not exceed the average long-term growth rate of the market. The growth rates applied to each cash-generating unit group of REINS international, excluding Gyu-Kaku (North American business) were 1.4% for the previous period and 1.7% for the current period; the growth rates applied to Gyu-Kaku (North American business) were 2.2% for the previous period and 2.3% for the current period; and the growth rate applied to Seagrass Holdco Pty Ltd. was 2.6% for the current period.

As a result of impairment tests conducted during the previous consolidated fiscal year, management has determined that no impairment has occurred for each cash-generating unit.

As a result of impairment tests conducted during the current consolidated fiscal year, management has determined that no impairment has occurred for each cash-generating unit. The amount by which the recoverable amount of the cash-generating unit group exceeds its carrying amount is as follows: Gyu-Kaku (Domestic Operations) 45,500 million en, Gyu-Kaku (North

American Operations) 2,138 million yen, On-Yasai 9,571 million yen, Doma-Doma 2,830 million yen, and Seagrass Holdco Pty Ltd.17,339 million yen. Additionally, the change in the discount rate at which the recoverable amount equals the book value is 8.3 points for Gyu-Kaku (Domestic Operations), 1.0 points for Gyu-Kaku (North America Operations), 5.5 points for On-Yasai, 5.1 points for Doma Doma, and 3.8 points for Seagrass Holdco Pty Ltd. However, for certain subsidiaries, the amount by which the recoverable amount of the cash-generating unit group exceeds the book value is small, and there is a possibility that impairment losses may arise if the estimated future cash flows or the fair value after deducting disposal costs decreases.

15. Investment property

(1) Schedule of Increase/Decrease

Changes in the book value of investment property are as follows:

(Unit: Millions of yen)

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
Balance at beginning of year	387	386
Increase (Decrease)	(1)	207
Balance at end of year	386	593

The amount recorded in the consolidated statement of financial position is the cost of acquisition less accumulated depreciation and accumulated impairment losses.

(2) Fair value

(Unit: Millions of yen)

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
Fair value	415	663

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. The level of the fair value hierarchy of investment property is Level 3.

(3) Income and expenses related to investment property

(Unit: Millions of yen)

	Previous consolidated fiscal year (April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (April 1, 2025 to March 31, 2026)
Rental revenues	50	51
Rental expenses	36	31

Rental revenues are recorded in "Other operating revenues" in the consolidated statement of income.

Rental expenses are expenses related to rental revenues and are included in "Other operating expenses" in the consolidated statement of income.

Investment property is generally grouped based on the smallest unit of the asset group identified as generating independent cash inflows.

16. Income Taxes

(1) Deferred tax assets and liabilities

The major components of deferred tax assets and deferred tax liabilities are as follows:

Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)

(Unit: Millions of yen)

	April 1, 2024	Recognized through profit or loss	Increase/decrease due to Capital transactions	Recognized in other comprehensive income	March 31, 2025
Deferred tax assets					
Enterprise tax payable	73	144	5	-	222
Business office tax payable	44	(1)	-	-	42
Allowance for doubtful accounts	103	(4)	0	-	100
Property, plant, and equipment	12,658	(246)	130	-	12,542
Asset retirement obligation	891	59	-	-	950
Tax loss carry forwards	7,165	337	-	-	7,502
Deferred revenue	33	(19)	-	-	14
Others	1,961	(464)	99	(116)	1,480
Total	22,929	(195)	234	(116)	22,851
Deferred tax liabilities					
Intangible assets	(2,925)	398	(1,730)	-	(4,257)
Property, plant, and equipment	(7,344)	(529)	-	-	(7,873)
Asset retirement obligation	(457)	(84)	-	-	(541)
Others	(136)	(61)	(1)	(64)	(262)
Total	(10,862)	(276)	(1,731)	(64)	(12,932)

Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)

(Unit: Millions of yen)

	April 1, 2025	Recognized through profit or loss	Increase/decrease due to Capital transactions	Recognized in other comprehensive income	March 31, 2026
Deferred tax assets					
Enterprise tax payable	222	(29)	-	-	193
Business office tax payable	42	(1)	-	-	42
Allowance for doubtful accounts	100	7	-	-	107
Property, plant, and equipment	12,542	205	1,218	-	13,965
Asset retirement obligation	950	(191)	-	-	759
Tax loss carry forwards	7,502	(1,635)	-	-	5,867
Deferred revenue	14	(11)	-	-	3
Others	1,480	(269)	-	19	1,230
Total	22,851	(1,923)	1,218	19	22,165
Deferred tax liabilities					
Intangible assets	(4,257)	415	(1,527)	-	(5,368)
Property, plant, and equipment	(7,873)	(106)	(1,218)	-	(9,197)
Asset retirement obligation	(541)	(51)	-	-	(592)
Others	(262)	44	-	(186)	(403)
Total	(12,932)	303	(2,745)	(186)	(15,560)

In recognizing deferred tax assets, the Company considers the possibility that some or all of the deductible temporary differences or net operating loss carry forwards will be available against future taxable income. In assessing the recoverability of deferred tax assets, the Company considers the expected reversal of deferred tax liabilities, projected future taxable income and tax planning. The Company believes that it is more likely than not that tax benefits will be realized from the recognized

deferred tax assets based on historical taxable income levels and projections of future taxable income in the period in which the deferred tax assets can be recognized.

Tax loss carry forwards and deductible temporary differences for which deferred tax assets are not recognized are as follows:

(Unit: Millions of yen)

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
Tax loss carry forwards	9,847	11,085
Deductible temporary differences	16,481	21,989
Total	26,328	33,074

The scheduled expiration of tax loss carry forwards for which deferred tax assets have not been recognized are as follows:

(Unit: Millions of yen)

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
First year	20	37
Second year	37	-
Third year	-	61
Fourth year	61	-
Fifth year and thereafter	9,729	10,987
Total	9,847	11,085

The total amount of future additional temporary differences related to investments in subsidiaries for which deferred tax liabilities are not recognized was 23,923 million yen and 32,236 million yen for the previous and current fiscal years, respectively. Deferred tax liabilities have not been recognized for these investments because the Company is able to control the timing of reversal of the temporary differences and it is highly probable that the temporary differences will not reverse within a foreseeable period of time.

The above does not include the amount of net operating loss carry forwards for which deferred tax assets related to local taxes (inhabitants' and enterprise taxes) are not recognized. The amounts of loss carry forwards related to local taxes (resident tax and enterprise tax) are as follows: for the previous consolidated fiscal year, 1,233 million yen for resident tax and 11,697 million yen for enterprise tax; and for the current consolidated fiscal year, 846 million yen for resident tax and 13,731 million yen for enterprise tax. In addition, the amounts of unrecognized deferred tax assets related to these items were 855 million yen for the previous consolidated fiscal year and 909 million yen for the current consolidated fiscal year, respectively.

(2) Income Tax Expense

Income tax expense consists of the following:

(Unit: Millions of yen)

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
Current tax expenses		
Current fiscal year	2,051	3,214
Subtotal	2,051	3,214
Deferred tax expenses		
Accrual and reversal of temporary differences, etc.	575	1,620
Changes in Tax Rates	(104)	
Subtotal	471	1,620
Total	2,522	4,834

Deferred tax expense includes the amount of expense resulting from the write-down of deferred tax assets or the reversal of

previously recorded write-downs (assessment of the recoverability of deferred tax assets).
Consequently, while there was no change in deferred tax expense for the previous consolidated fiscal year, deferred tax expense for the current consolidated fiscal year increased by 1,254 million yen.

Factors in the difference between the statutory effective tax rate and the average actual tax rate are as follows:

(Unit: %)

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (April 1, 2025 to March 31, 2026)
Statutory effective tax rate	30.58	30.58
Expenses not deductible for taxable income calculation purposes	24.57	16.20
Changes in unrecognized deferred tax assets	(3.33)	22.98
Consolidation and elimination of dividend income	(0.58)	(1.12)
Difference in effective tax rate of subsidiaries	5.18	4.52
Impact of the tax reform	(2.17)	-
Others	(1.45)	0.68
Average actual tax rates	52.80	73.84

The Company is mainly subject to corporate, inhabitant and enterprise taxes, and the statutory tax rate calculated based on these taxes is 30.58%.

(3) Global Minimum Tax

On March 28, 2023, the "Act for Partial Revision of the Income Tax Act, etc." (Act No. 3 of 2023) was enacted in Japan, where the Company is located, to introduce global minimum taxation in accordance with the second pillar model rule. This law has been effective for the Company since the beginning of the previous consolidated fiscal year.

The impact of the introduction of the global minimum tax on the consolidated financial statements is expected to be immaterial.

In addition, it applies the exceptions that exempt an awareness and disclosure of information temporarily about deferred tax asset and deferred tax liabilities to modify the corporate income tax that occurs from the establishment or tax law that established was substantial because we introduce the second stanchion of model rule that The Organization for Economic Cooperation and Development made public.

17. Bonds and Borrowings

(1) Breakdown of bonds and borrowings

Breakdown of bonds and borrowings is as follows:

1) Current liabilities

(Unit: Millions of yen)

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)	Average interest rate (%) (Note)	Repayment or Redemption Date
Financial liabilities measured at amortized cost				
Short-term borrowing	224	645	0.95	-
Current portion of bonds	6,261	5,586	1.25	-
Current portion of long-term borrowings	27,486	32,044	1.98	-
Total	33,971	38,275	-	-

(Note) Average interest rate is the weighted average interest rate for the balance at the end of the fiscal year.

2) Non-current liabilities

(Unit: Millions of yen)

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)	Average interest rate (%) (Note)	Repayment or Redemption Date
Financial liabilities measured at amortized cost				
Bonds	20,573	18,113	1.33	From 2027 To 2033
Long-term borrowings	74,771	89,403	2.04	From 2027 To 2033
Total	95,345	107,515	-	-

(Note) Average interest rate is the weighted average interest rate for the balance at the end of the fiscal year.

(2) Terms and Conditions of the Bonds

A summary of the terms and conditions of the issuance of the bonds are as follows:

(Unit: Millions of yen)

Issuer	Description	Date of Issue	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)	Interest rate (%)	Collateral	Redemption period
COLOWIDE Co., Ltd.	The 48th Unsecured bond (Qualified institutional investors only)	2017 February 27	119 (60)	60 (60)	0.54	None (Note 2)	2027 February 27
COLOWIDE Co., Ltd.	The 56th Unsecured bond (Qualified institutional investors only)	2018 September 26	179 (179)	- -	0.41	None (Note 2)	2025 September 26
COLOWIDE Co., Ltd.	The 61st Unsecured bond (Qualified institutional investors only)	2019 February 28	159 (159)	- -	0.27	None (Note 2)	2026 February 28
COLOWIDE Co., Ltd.	The 63rd Unsecured bond (Qualified institutional investors only)	2020 February 25	1,135 (531)	607 (607)	0.16	None (Note 2)	2027 February 26
COLOWIDE Co., Ltd.	The 64th Unsecured bond (Qualified institutional investors only)	2020 February 26	774 (362)	414 (414)	0.19	None (Note 2)	2027 February 26
COLOWIDE Co., Ltd.	The 65th Unsecured bond (Qualified institutional investors only)	2020 February 28	179 (84)	96 (96)	0.17	None	2027 February 28
COLOWIDE Co., Ltd.	The 67th Unsecured bond (Qualified institutional investors only)	2020 March 31	199 (199)	- -	0.11	None (Note 2)	2025 August 29
COLOWIDE Co., Ltd.	The 68th Unsecured bond (Qualified institutional investors only)	2021 February 25	1,088 (348)	744 (348)	0.20	None (Note 2)	2028 February 25
COLOWIDE Co., Ltd.	The 69th Unsecured bond (Qualified institutional investors only)	2022 February 28	1,487 (362)	1,131 (362)	0.40	None (Note 2)	2029 February 28
COLOWIDE Co., Ltd.	The 70th Unsecured bond (Qualified institutional investors only)	2022 September 28	1,918 (418)	1,510 (418)	0.55	None (Note 2)	2029 September 28
COLOWIDE Co., Ltd.	The 71st Unsecured bond (Qualified institutional investors only)	2023 February 28	707 (139)	572 (139)	0.82	None (Note 2)	2030 February 28
COLOWIDE Co., Ltd.	The 72nd Unsecured bond (Qualified institutional investors only)	2024 February 26	1,601 (265)	1,344 (265)	0.86	None (Note 2)	2031 February 26
COLOWIDE Co., Ltd.	The 73rd Unsecured bond (Qualified institutional investors only)	2024 February 29	2,611 (432)	2,193 (432)	0.84	None (Note 2)	2031 February 28
COLOWIDE Co., Ltd.	The 74th Unsecured bond (Qualified institutional investors only)	2024 October 25	668 (135)	537 (135)	0.90	Yes (Note 2)	2029 October 25
COLOWIDE Co., Ltd.	The 75th Unsecured bond (Qualified institutional investors only)	2024 October 25	544 -	546 -	0.96	Yes (Note 2)	2029 October 25
COLOWIDE Co., Ltd.	The 76th Unsecured bond (Qualified institutional investors only)	2025 February 25	2,250 (321)	1,941 (321)	1.28	None (Note 2)	2032 February 25
COLOWIDE Co., Ltd.	The 77th Unsecured bond (Qualified institutional investors only)	2025 February 27	1,758 (251)	1,516 (251)	1.41	None (Note 2)	2032 February 27
COLOWIDE Co., Ltd.	The 78th Unsecured bond (Qualified institutional investors only)	2025 March 31	1,966 (279)	1,694 (279)	1.46	None (Note 2)	2032 March 31
COLOWIDE Co., Ltd.	The 79th Unsecured bond (Qualified institutional investors only)	2026 February 25	- -	2,557 (363)	2.34	None (Note 2)	2033 February 25

Issuer	Description	Date of Issue	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)	Interest rate (%)	Collateral	Redemption period
KAPPA-CREATE Co., Ltd.	The 7th Unsecured bond (Qualified institutional investors only)	2020 September 30	100 (100)	-	0.97	None	2025 August 31
REINS international inc.	The 5th Unsecured bond (The Bank of Yokohama, Ltd.)	2018 August 29	90 (90)	-	0.40	None	2025 August 29
REINS international inc.	The 8th Unsecured bond (Resona Bank, Ltd.)	2019 August 26	80 (80)	-	0.34	None	2025 August 26
REINS international inc.	The 9th Unsecured bond (The Bank of Yokohama, Ltd.)	2019 August 28	274 (167)	108 (108)	0.20	None	2026 August 28
REINS international inc.	The 11th Unsecured bond (Sumitomo Mitsui Trust Bank, Ltd.)	2019 August 29	50 (50)	-	0.65	None	2025 August 29
REINS international inc.	The 13th Unsecured bond (The Bank of Yokohama, Ltd.)	2020 August 31	528 (202)	331 (202)	0.22	None	2027 August 31
REINS international inc.	The 14th Unsecured bond (Sumitomo Mitsui Trust bank, Ltd.)	2020 August 31	90 (90)	-	0.67	None	2025 August 29
REINS international inc.	The 15th Unsecured bond (Mizuho Bank, Ltd.)	2020 August 31	240 (240)	-	0.14	None	2025年 August 29
REINS international inc.	The 16th Unsecured bond (The Bank of Yokohama)	2022 August 31	512 (111)	403 (111)	0.57	None	2029 August 31
REINS international inc.	The 17th Unsecured bond (Resona Bank, Ltd.)	2024 August 26	910 (139)	775 (139)	1.10	None	2031 August 26
REINS international inc.	The 18th Unsecured bond (The Bank of Yokohama)	2024 August 29	455 (70)	388 (70)	0.96	None	2031 August 29
REINS international inc.	The 19th Unsecured bond (The Bank of Yokohama)	2025 August 27	- -	455 (70)	1.54	None	2032 August 27
REX Co., Ltd.	The 1st Unsecured bond (Mizuho Bank, Ltd.)	2020 September 30	4,106 (385)	3,734 (385)	0.14	None	2028 August 31
Amis, Inc.	The 1st Unsecured bond (Resona Bank, Ltd.)	2021 December 30	58 (14)	44 (14)	0.36	None	2028 December 29
Total	-	-	26,834 (6,261)	23,699 (5,586)	-	-	-

(Note 1) Figures in parentheses represent the redemption schedule within one year.

(Note 2) Buildings and structures of 11 million yen, land of 79 million yen, and shares of 6,139 million yen in subsidiaries eliminated in consolidation were pledged as revolving collateral.

(3) Collateral assets and collateralized debt obligations

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

(Unit: Millions of yen)

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
Buildings and structures	1,411	1,477
Land	3,924	1,685
Total	5,335	3,162

The corresponding liabilities are as follows:

(Unit: Millions of yen)

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
Bonds (Note 1)	19,164	17,366
Long term borrowings (Note 1)	51,036	71,990
Total	70,200	89,356

(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 and long-term loans that have been eliminated in consolidation.

18. Other financial liabilities

Other financial liabilities consist of the following:

(1) Current liabilities

(Unit: Millions of yen)

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
Financial liabilities measured at amortized cost		
Security deposits and guarantee deposits	574	466
Others	29	33
Total	603	499

(2) Non-current liabilities

(Unit: Millions of yen)

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
Financial liabilities measured at amortized cost		
Security deposits and guarantee deposits	841	924
Preferred shares (Note)	200	200
Total	1,041	1,124

(Note) These are preferred shares issued by certain subsidiaries. These preferred shares are classified as financial liabilities in IFRS Accounting Standards because of the conditional obligation to deliver cash to the holders of the preferred shares in the future.

19. leases

(1) Profit (loss) and cash flows related to leases

Profit (loss) and cash flows related to leases are as follows:

(Unit: Millions of yen)

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
Depreciation of right-of-use assets		
Land, buildings and structures as underlying assets	15,713	17,350
Machinery, equipment, and vehicles as underlying assets	53	46
Tools, furniture, and fixtures as underlying assets	232	198
Total	15,998	17,594
Interest expense on lease liabilities	976	1,430
Impairment loss on right-of-use assets (Note 1) (Note 2) (Note 3)	762	839
Total cash outflows related to leases	16,439	17,189

(Note 1) Impairment losses on right-of-use assets are included in "Other operating expenses" in the consolidated statement of income.

(Note 2) Impairment losses mainly resulted from store facilities.

The book value of an asset group whose operating income or loss has declined significantly, or whose assets' market value has declined significantly below its book value, is reduced to its recoverable amount, and the amount of the reduction is recorded in "Other operating expenses" in the consolidated statement of income. The recoverable amount of the asset group is measured mainly by its value in use, which is calculated by discounting the estimated future cash flows by the pre-tax discount rate (7.9% to 13.6% for the previous fiscal year and 6.0% to 12.3% for the current fiscal year) to arrive at the present value.

(Note 3) The recoverable amount of the main asset groups for which impairment losses were recognized was 629 million yen and 373 million yen for the previous and current fiscal years, respectively.

(Note 4) Short-term lease expenses, lease payments for small assets and variable lease payments are omitted because they are not material.

(2) Breakdown of book value of right-of-use assets

The breakdown of the book value of the right-of-use assets is as follows:

(Unit: Millions of yen)

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
Right-of-use assets		
Land, buildings and structures as underlying assets	24,253	27,953
Machinery, equipment, and vehicles as underlying assets	119	73
Tools, furniture, and fixtures as underlying assets	317	331
Total	24,690	28,357

(3) Maturity analysis of lease liabilities

Maturity analysis of lease liabilities is presented in Note 35 "Financial instruments (4) Liquidity risk management".

(4) Extension and Termination Options

Extension and termination options are included in real estate leases, primarily for store land and buildings. The terms of real estate leases are negotiated on an individual basis and include widely varying terms and conditions, and extension and termination options are used as necessary to provide flexibility in the management of the business.

Extension and termination options include options to terminate the lease early before the expiration of the contract

term by notifying the counterparty in writing at least a certain period of time in advance (e.g., six months), and contracts that are automatically renewed unless the counterparty indicates its intention to reject the renewal at least a certain period of time before the expiration of the contract, and the Company evaluates the exercisability of these options at the commencement date of the lease. Furthermore, the occurrence or change of a material event within the Group's control will allow the Group to reduce its exposure to risks arising from leases by reviewing whether it is reasonably certain that it will exercise such options.

20. Trade and other payables

Trade and other payables consist of the following:

(1) Current liabilities

(Unit: Millions of yen)

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
Financial liabilities measured at amortized cost		
Accounts payable	17,335	19,462
Arrears	6,220	6,842
Equipment and construction accounts payable	3,104	3,384
Others	7	6
Total	26,665	29,694

(2) Non-current liabilities

(Unit: Millions of yen)

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
Financial liabilities measured at amortized cost		
Equipment and construction accounts payable	5,733	6,510
Total	5,733	6,510

21. Employee Benefits

The Company and some of its consolidated subsidiaries have defined contribution plans to provide retirement benefits to employees, almost all of whom are covered by the plans.

(1) Defined Contribution Plan

The amounts recognized as expenses for the defined contribution plan were 408 million yen in the previous fiscal year and 612 million yen in the current fiscal year.

(2) Employee Benefit Expenses

Total employee benefit expenses included in "Cost of sales" and "Selling, general and administrative expenses" in the consolidated statements of income for the years ended March 31, 2023 and 2024 amounted to 78,937 million yen and 94,399 million yen, respectively.

22. Provisions

The breakdown of provisions and changes in provisions are as follows:

(Unit: Millions of yen)

	Asset retirement obligations	Provision for sales promotion expenses	Other provisions	Total
April 1,2024	6,822	3,759	581	11,161
Increase during the period	1,448	3,287	533	5,268
Decrease during the period (Purposeful use)	(505)	(3,569)	(469)	(4,543)
Decrease during the period (Reversal)	(953)	-	(10)	(962)
Others	(253)	-	(5)	(257)
March 31, 2025	6,560	3,477	631	10,667
Increase during the period	456	2,460	715	3,632
Decrease during the period (Purposeful use)	(371)	(2,496)	(533)	(3,401)
Decrease during the period (Reversal)	(115)	-	(2)	(117)
Others	(34)	-	-	(34)
March 31, 2026	6,496	3,441	811	10,747

(1) Asset retirement obligations

With respect to the future retirement of property, plant and equipment and leased assets used by the Group, obligations arising from legal obligations required by law or contract and obligations arising accordingly are reasonably estimated and recorded based on historical experience and other factors.

(2) Provision for sales promotion expenses

To provide for expenses arising from the use of shareholder special benefit coupons for sales promotion, the Group accrues an estimated amount of expenses to be incurred from the use of such coupons after the next consolidated fiscal year based on actual usage.

23. Other liabilities

Other liabilities consist of the following:

(1) Current liabilities

(Unit: Millions of yen)

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
Consumption tax payable	1,597	2,021
Accrued expenses	5,550	7,114
Accrued bonus	736	604
Accrued paid vacation leave	1,902	2,005
Others	1,245	2,564
Total	11,030	14,308

(2) Non-current liabilities

(Unit: Millions of yen)

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
Deferred revenue	349	312
Others	469	594
Total	817	905

(Note) Deferred revenue mainly represents grants related to assets.

24. Equity and other equity items

(1) Number of authorized and outstanding shares

Changes in the number of authorized shares and the number of shares issued and outstanding are as follows:

(Unit: Shares)

	Common shares	Preferred shares	Second series preferred shares	Third series preferred shares
(Number of authorized shares)				
Beginning of the previous fiscal year (April 1, 2024)	112,999,820	30	50	100
Increase or decrease	-	-	-	-
Previous consolidated fiscal year (March 31, 2025)	112,999,820	30	50	100
Increase or decrease	-	-	-	-
Current Consolidated Fiscal Year (March 31, 2026)	112,999,820	30	50	100
(Number of shares issued)				
Beginning of the previous fiscal year (April 1, 2024)	86,903,541	30	30	90
Increase or decrease	19,550,000	-	-	-
Previous consolidated fiscal year (March 31, 2025)	106,453,541	30	30	90
Increase or decrease	-	-	-	-
Current Consolidated Fiscal Year (March 31, 2026)	106,453,541	30	30	90

(Note 1) The shares to be issued by the Company will consist of no-par-value common shares with no restrictions on their rights and

preferred shares with a par value that differs from the common shares in terms of voting rights at shareholders' meetings.

(Note 2) Details of preferred shares are stated in "IV. INFORMATION ON THE COMPANY, 1. Information on the Company's Shares, etc., (1) Total Number of shares, etc., (ii) Shares issued".

(Note 3) All outstanding shares have been paid in full.

(2) Capital surplus

The main components of capital surplus are as follows:

(i) Share capital reserve

The Companies Act in Japan stipulates that one-half or more of the amount paid or to be paid in upon the issuance of shares shall be credited to share capital, and the amount not to be credited to share capital shall be credited to share capital reserve.

The increase of 15,756 million yen in share capital reserve for the previous consolidated fiscal year is due to the issuance of new shares through a public offering and a third-party allotment, with the amount not to be credited to share capital being treated as an increase in share capital reserve.

(ii) Other capital surplus

Other capital surplus is surplus arising from certain capital transactions, such as changes in ownership interests in subsidiaries that do not result in the loss of control.

(3) Treasury shares

Changes in the number of treasury shares are as follows:

(Unit: shares)

	Common shares
Beginning of the previous consolidated fiscal year (April 1, 2024)	196,199
Increase (decrease) (Note)	(25,349)
Previous consolidated fiscal year (March 31, 2025)	170,850
Increase (decrease) (Note)	(23,100)
Current consolidated fiscal year (March 31, 2026)	147,750

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

(4) Other components of equity

(i) Financial assets measured at fair value through other comprehensive income

This is the difference of valuation between the fair value of financial assets at fair value through other comprehensive income and the fair value of financial assets at fair value through other comprehensive income.

(ii) Translation differences of foreign operations

Translation differences arising from the consolidation of financial statements of foreign operating activities prepared in foreign currencies.

(iii) Cash flow hedges

The portion of the change in fair value of derivatives designated as cash flow hedging instruments that is considered effective.

(5) Retained earnings

Retained earnings consist of legal reserve and unappropriated retained earnings.

The Companies Act stipulates that one-tenth of the amount to be disbursed as dividends from surplus shall be set aside as share capital reserve or legal reserve until the total amount of share capital reserve and legal reserve reaches one-fourth of the share capital. The accumulated legal reserve can be used to compensate for losses. The legal reserve may also be reversed by resolution of the general meeting of shareholders.

25. Dividends

Dividends paid were as follows:

Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date	Source of dividends
Board of directors meeting held on May 9, 2024	Common shares	434	5	March 31, 2024	June 6, 2024	Retained earnings
	Preferred shares	94	3,149,090			
	Second series preferred shares	109	3,649,090			
	Third series preferred shares	315	3,500,000			

Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date	Source of dividends
Board of directors meeting held on May 9, 2025	Common shares	531	5	March 31, 2025	June 5, 2025	Retained earnings
	Preferred shares	98	3,252,730			
	Second series preferred shares	113	3,752,730			
	Third series preferred shares	315	3,500,000			

Dividends whose effective dates are in the next consolidated fiscal year are as follows:

Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date	Source of dividends
Board of directors meeting held on May 9, 2025	Common shares	531	5	March 31, 2025	June 5, 2025	Retained earnings
	Preferred shares	98	3,252,730			
	Second series preferred shares	113	3,752,730			
	Third series preferred shares	315	3,500,000			

Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date	Source of dividends
Board of directors meeting held on May 8, 2026	Common shares	532	5	March 31, 2026	June 4, 2026	Retained earnings
	Preferred shares	115	3,847,270			
	Second series preferred shares	130	4,347,270			
	Third series preferred shares	315	3,500,000			

26. Revenues

(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:

Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)

(Unit: Millions of yen)

		Reportable segment						Others	Total
		COLOWIDE MD Co., Ltd.	ATOM CORPO RATION	REINS international inc.	KAPPA-CREATE CO., LTD.	OOTOYA Holdings Co., Ltd.	Seagrass Holdco Pty Ltd.		
By type of goods and services	Services 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		2729	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.

Current consolidated fiscal year (April 1, 2025 to March 31, 2026)

(Unit: Millions of yen)

		Reportable segment						Others	Total
		COLOWIDE MD Co., Ltd.	ATOM CORPO RATION	REINS international inc.	KAPPA-CREATE CO., LTD.	OOTOYA Holdings Co., Ltd.	Seagrass Holdco Pty Ltd.		
By type of goods and services	Services provided	-	30,354	60,135	59,222	25,711	19,890	34,617	229,929
	Sales of goods	3,399	-	24,036	13,125	9,527	-	10,183	60,271
	Others	149	81	6,262	-	1,678	151	713	9,034
Total		3,548	30,434	90,433	72,347	36,916	20,041	45,513	299,234

(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)

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
Revenue recognized from contracts with customers	268,470	299,234
Revenue recognized from other sources	686	856
Total	269,156	300,090

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 from 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)

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
Claims arising from contracts with customers (Note 1)		
Accounts Receivable	12,961	13,825
Allowance for doubtful accounts	(190)	(192)
Total	12,771	13,633
Contract liabilities, etc. (Note 2)		
Contract liabilities, etc. (current liabilities)	385	530
Contract liabilities, etc. (non-current liabilities)	706	599
Total	1,091	1,129

(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.

The amounts of revenue recognized in the previous and current consolidated fiscal years that were included in contract liabilities and other liabilities at the beginning of the previous and current consolidated fiscal years were 222 million yen and 325 million yen, respectively.

The amount of revenue recognized from performance obligations satisfied in past periods was not material in the previous and current consolidated accounting periods.

There were no significant changes in the balances of receivables and liabilities arising from contracts with customers in the previous and current consolidated accounting periods.

(3) Calculation of transaction prices allocated to remaining performance obligations

The Group allocates the total transaction price to the remaining performance obligations because the Group has significant transactions with individual expected contract periods exceeding one year.

There are no significant amounts of consideration arising from contracts with customers that are not included in the transaction price.

(Unit: Millions of yen)

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
Within 1 year	373	424
More than 1 year but within 5 years	409	373
More than 5 years	296	319
Total	1,079	1,117

27. Selling, general and administrative expenses

Selling, general and administrative expenses consist of the following:

(Unit: Millions of yen)

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
Personnel expenses	75,155	86,993
Depreciation and amortization	24,052	25,971
Lease payments	3,064	3,759
Utilities expenses	9,208	9,127
Others	35,982	40,367
Total	147,462	166,218

28. Other operating income and expenses

Other operating income and expenses consist of the following:

(Unit: Millions of yen)

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
Rental Income	267	267
Miscellaneous income	233	309
Gain on sales of property, plant, and equipment	77	14
Others (Note)	2,058	585
Total	2,635	1,175

(Note) “Others” for the previous consolidated fiscal year includes gains on the transfer of business related to the karaoke operations of ATOM CORPORATION, a consolidated subsidiary of the Company.

Other operating expenses consist of the following:

(Unit: Millions of yen)

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
Impairment losses (Note)	3,170	3,232
Others	1,058	1,063
Total	4,228	4,295

(Note) Please refer to Notes “13. Property, Plant and Equipment”, “14. Goodwill and Intangible Assets” and “19. Leases” for details on impairment losses.

29. Finance income and costs

Finance income consists of the following:

(Unit: Millions of yen)

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
Interest income	207	313
Dividends income	82	94
Foreign exchange profit	-	1,271
Gain on valuation of investment securities	91	-
Others	26	59
Total	406	1,738

Finance costs consist of follow:

(Unit: Millions of yen)

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
Interest expense	3,251	4,341
Loss on valuation of investment securities	-	256
Others	90	-
Total	3,341	4,598

30. Other comprehensive income

Amounts arising during the year, reclassification adjustments to profit or loss and the effect of tax effect for each item of other comprehensive income are as follows:

Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)

(Unit: Millions of yen)

	Amount accrued in the current period	Alternate adjustment amount	Before tax effects	Tax effects	After tax effects
Items not reclassified to profit or loss					
Financial assets measured at fair value through other comprehensive income	36	-	36	(12)	24
Total items not reclassified to profit or loss	36	-	36	(12)	24
Items that may be reclassified to profit or loss					
Cash flows hedges	772	(238)	535	(168)	367
Exchange differences on translation of foreign operations	(332)	-	(332)	-	(332)
Total items that may be reclassified to profit or loss	440	(238)	203	(168)	35
Total	476	(238)	239	(180)	59

Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)

(Unit: Millions of yen)

	Amount accrued in the current period	Alternate adjustment amount	Before tax effects	Tax effects	After tax effects
Items not reclassified to profit or loss					
Financial assets measured at fair value through other comprehensive income	97	-	97	(45)	52
Total items not reclassified to profit or loss	97	-	97	(45)	52
Items that may be reclassified to profit or loss					
Cash flows hedges	472	(100)	373	(122)	251
Exchange differences on translation of foreign operations	5,191	-	5,191	-	5,191
Total items that may be reclassified to profit or loss	5,663	(100)	5,563	(122)	5,442
Total	5,760	(100)	5,660	(167)	5,494

31. Earnings per share

(1) Basic earnings per share

Basic earnings (loss) per share and the basis for calculating basic earnings per share are as follows:

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
Profit attributable to common shareholders of the parent company (Millions of yen)		
Profit attributable to owners of parent	1,249	2,233
Amount not attributable to common shareholders of parent company		
Dividends on preferred shares classified as equity	525	561
Profit attributable to common shareholders of the parent company	724	1,672
Weighted average number of common shares (shares)	97,249,732	106,295,220
Basic earnings per share (yen)	7.45	15.73

(2) Diluted earnings per share

Diluted earnings (loss) per share and the basis for calculating diluted earnings per share are as follows:

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
Diluted profit attributable to common shareholders of the parent company (Millions of yen)		
Profit attributable to owners of parent	1,249	2,233
Amount of profit adjustment for the period		
Dividends on preferred shares classified as equity	525	561
Diluted profit attributable to common shareholders of the parent company	724	1,672
Diluted weighted average number of shares of common shares (shares)		
Effect of dilution	-	-
Diluted weighted average number of shares of common shares	97,249,732	106,295,220
Diluted earnings per share (yen)	7.45	15.73

(Note) Diluted earnings per share for the previous and current consolidated fiscal years are the same amount as basic earnings per share because there are no potentially dilutive shares.

32. Non-cash transactions

(Unit: Millions of yen)

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
Assets acquired through leases	18,053	24,451

33. Liabilities related to financing activities

Changes in liabilities related to financing activities are as follows:

(Unit: Millions of yen)

	Bonds & borrowings (Note)	Lease liabilities
April 1, 2024	121,991	33,214
Cash flows	2,846	(15,463)
Non-cash variables		
Acquisition	-	18,053
Amortization	183	-
Foreign exchange	(2)	(68)
Others	4,297	(1,885)
April 1, 2025	129,316	33,851
Cash flows	9,767	(15,759)
Non-cash variables		
Acquisition	-	24,451
Amortization	162	-
Foreign exchange	2	579
Others	6,543	(2,559)
March 31, 2026	145,790	40,564

(Note) Bonds and borrowings include the current portion and the redemption schedule.

34. Share-based remuneration

The Company has introduced a restricted share remuneration system for the Company's directors (excluding directors who are members of the Audit Committee and outside directors), executive officers who do not concurrently serve as directors, and certain directors of the Company's subsidiaries, as a remuneration system for eligible directors, etc., with the aim of securing excellent management personnel, providing incentives to continuously improve the Company's corporate value, and promoting further value sharing with shareholders.

Restricted Share Remuneration

The restricted share remuneration plan is accounted for as equity-settled share-based remuneration, and the expense recorded for the previous and current consolidated fiscal years was 99 million yen and 82 million yen, respectively. The restricted transfer period is from the date of allotment of shares of the Company's common share under the restricted share allotment agreement between the Company and the subject director until the time of his/her retirement or resignation from any position of director, executive officer or employee of the Company or its subsidiaries.

The details of the restricted share remuneration plan are as follows:

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
Grant date	August 6, 2024	August 12, 2025
Number of grants	26,500 shares	23,500 shares
Fair value at grant date (Note 2)	2,018.5 yen	1,878.0 yen

(Note 1) The Company shall enter into a Restricted Share Allotment Agreement with the Subject directors, etc., which includes: (i) the Subject directors, etc. shall be prohibited from transferring to a third party, creating a security interest or otherwise disposing of the common share of the Company allotted under the Restricted Share Allotment Agreement for a certain period; and (ii) if certain events occur, the Company shall acquire such common share without compensation.

(Note 2) The grant-date fair value for the previous consolidated fiscal year was 2,018.5 yen, which is the closing price of the Company's common shares on the prime market of the Tokyo Stock Exchange on July 8, 2024 (the business day preceding the date of the Board of Directors' resolution).

The grant date fair value for the current consolidated fiscal year was set at 1,878.0 yen, which is the closing price of the Company's common stock on the prime market of the Tokyo Stock Exchange on July 14, 2025 (the business day prior to the date of the Board of Directors' resolution).

The details of the restricted share remuneration plan at subsidiary ATOM CORPORATION.

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
Grant date	August 6, 2024	August 12, 2025
Number of grants	11,000 shares	11,000 shares
Fair value at grant date (Note 2)	717 yen	673 yen

(Note 1) The company shall enter into a Restricted Share Allotment Agreement with the Subject directors, etc., which includes: (i) the Subject directors, etc. shall be prohibited from transferring to a third party, creating a security interest or otherwise disposing of the common share of the Company allotted under the Restricted Share Allotment Agreement for a certain period; and (ii) if certain events occur, the Company shall acquire such common share without compensation.

(Note 2) The fair value on the grant date for the previous fiscal year was 717 yen, which is the closing price of the company's common shares on the Tokyo Stock Exchange Standard Market on July 8, 2024 (the business day preceding the date of the resolution of the board of directors).

The grant-date fair value for the current fiscal year is 673 yen, which is the closing price of the company's common shares on the Tokyo Stock Exchange Standard Market on July 14, 2025 (the business day prior to the date of the resolution of the Board of Directors).

The details of the restricted share remuneration plan at subsidiary KAPPA-CREATE CO., LTD.

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
Grant date	August 6, 2024	August 12, 2025
Number of grants	6,000 shares	4,000 shares
Fair value at the grant date (Note 2)	1,776 yen	1,487 yen

(Note 1) The Company shall enter into a Restricted Share Allotment Agreement with the Subject directors, etc., which includes: (i) the Subject directors, etc. shall be prohibited from transferring to a third party, creating a security interest or otherwise disposing of the common share of the Company allotted under the Restricted Share Allotment Agreement for a certain period; and (ii) if certain events occur, the Company shall acquire such common share without compensation.

(Note 2) The grant-date fair value for the previous consolidated fiscal year was 1,776 yen, which is the closing price of the Company's common shares on the prime market of the Tokyo Stock Exchange on July 12, 2024 (the business day preceding the date of the Board of Directors' resolution).

The grant date fair value for the current consolidated fiscal year was set at 1,487 yen, which is the closing price of the Company's common stock on the prime market of the Tokyo Stock Exchange on July 15, 2025 (the business day prior to the date of the Board of Directors' resolution).

The details of the restricted share remuneration plan at subsidiary OOTOYA Holdings Co., Ltd.

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
Grant date	August 6, 2024	August 12, 2025
Number of grants	5,500 shares	6,000 shares
Fair value at the grant date (Note 2)	5,240 yen	5,290 yen

(Note 1) The Company shall enter into a Restricted Share Allotment Agreement with the Subject directors, etc., which includes: (i) the Subject directors, etc. shall be prohibited from transferring to a third party, creating a security interest or otherwise disposing of the common share of the Company allotted under the Restricted Share Allotment Agreement for a certain period; and (ii) if certain events occur, the Company shall acquire such common share without compensation.

(Note 2) The fair value on the grant date for the previous fiscal year was 5,240 yen, which is the closing price of the Company's common shares on the Tokyo Stock Exchange Standard Market on July 8, 2024 (the business day preceding the date of the resolution of the board of directors).

The grant-date fair value for the current fiscal year is 5,290 yen, which is the closing price of the Company's common shares on the Tokyo Stock Exchange Standard Market on July 15, 2025 (the business day prior to the date of the resolution of the Board of Directors).

35. 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.

There are no significant equity controls to which the Group is subject.

(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.

(i) Trade and other receivables

With respect to trade and other receivables, the Group mainly extends credit to franchise store owners in the form of accounts receivable, etc., and is therefore exposed to credit risk in the event of irrecoverability of trade and other receivables due to deterioration of credit conditions or bankruptcy of franchise store owners.

The Group manages due dates and outstanding balances for each counterparty and monitors the credit status of accounts receivable and other receivables in accordance with the credit management rules.

Since accounts receivable do not contain significant financial elements, the amount of allowance for doubtful accounts is calculated based on expected credit losses for the entire period until accounts receivable are collected. Since accounts receivable are composed of a large number of customers, they are grouped by the age of the receivables and the expected credit losses are measured collectively, taking into consideration the past credit loss experience and other factors. In the event of significant economic fluctuations, the allowance ratio is adjusted based on historical default rates to reflect current and projected future economic conditions. In the case of delayed payments and requests for payment deferral, if the cause is judged to be a temporary demand for funds, the risk of default is low, and the Company has a strong ability to meet its contractual cash flow obligations in the near future, the asset is not treated as a credit-impaired financial asset.

(ii) Other financial assets

With respect to other financial assets, the Group mainly deposits and guarantees with lessors when opening new stores and is exposed to the credit risk that a part or all of the deposits and guarantees may not be collected due to deterioration of the lessor's credit status or bankruptcy of the lessor.

For deposits and guarantee money, the credit status of the counterparty is thoroughly verified at the time of new acquisition, and the department in charge monitors the status of the counterparty in order to early identify and mitigate concerns about collection due to deterioration of financial conditions and other factors.

For deposits and guarantee money, the credit risk of the financial assets is determined to have increased significantly after initial recognition when the collection of such financial assets is delayed after the agreed-upon date (including requests for payment deferral).

However, even in the case of delayed payment or a request for payment deferral, if the cause is judged based on objective data such as external credit ratings to be a temporary demand for funds, the risk of default is low, and the Company has a strong ability to fulfill its contractual cash flow obligations in the near future, the credit risk is not judged to be significantly increased.

If, at the end of the reporting period, the credit risk associated with other financial assets has not increased significantly since initial recognition, the amount of allowance for doubtful accounts for such financial assets is calculated based on a collective estimate of expected credit losses for the next 12 months based on historical default rates and other factors. In cases affected by significant economic fluctuations and other factors, the allowance rate based on historical loan loss experience is adjusted to reflect current and projected future economic conditions. On the other hand, if, at the end of the reporting period, credit risk has increased significantly since initial recognition, the amount of allowance for doubtful accounts for the financial instrument is calculated by individually estimating the expected credit loss for the entire period for the recovery of the financial asset, based on past credit loss experience and future recoverable amounts.

The Company has no significant credit risk exposure to specific counterparties and no excessive concentration of credit risk

with special controls.

Trade and other receivables and other financial assets are considered to be in default if all or part of these financial assets are deemed uncollectible or extremely difficult to collect.

i) Quantitative and qualitative information on amounts arising from expected credit losses

The Group considers the likelihood of collection based on the credit standing of its counterparties and records an allowance for doubtful accounts. A reconciliation of the allowance for doubtful accounts from the beginning balance to the ending balance is as follows:

Trade and other receivables and other financial assets

(Unit: Millions of yen)

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
As of April 1	479	480
Increase during the period (provision)	54	186
Decrease during the period (purposeful use)	(11)	(29)
Decrease during the period (reversal)	(63)	(128)
Others	21	(0)
As of March 31	480	509

Provision for and reversal of allowance for doubtful accounts are included in “Selling, general and administrative expenses,” “Other operating revenues” and “Other operating expenses” in the consolidated statements of income. In addition, a breakdown of trade and other receivables and other financial assets is presented in Note 8. "Trade and other receivables" and Note 9. "Other financial assets".

ii) Credit risk exposure.

At each balance sheet date, the maximum exposure to credit risk of a financial asset is the book value presented in the consolidated financial statements without taking into account the value of collateral acquired. The maximum exposure represents the maximum amount of loss the Group would incur if the financial asset were to become valueless, and does not indicate the likelihood of its occurrence or credit enhancement.

(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, taking into consideration reports from each department, and maintaining liquidity on hand.

The balances of financial liabilities (including derivatives) by due date are as follows:

Previous consolidated fiscal year (March 31, 2025)

(Unit: Millions of yen)

	Book value	Contractual amount	1 year or less	More than 1 year 2 years or less	More than 2 years 3 years or less	More than 3 years 4 years or less	More than 4 years 5 years or less	More than 5 years
Non-derivative financial liabilities								
Trade and other payables	32,398	32,587	26,727	2,385	1,903	1,264	309	-
Bonds	26,834	28,191	6,575	5,405	4,043	6,121	3,024	3,023
Borrowings	102,482	105,252	29,731	25,739	18,712	14,033	13,078	3,958
Lease liabilities	33,851	35,595	12,257	4,669	3,350	2,456	1,981	10,882
Preferred shares	200	200	200	-	-	-	-	-
Others	1,535	1,535	118	50	68	69	309	920
Total	197,300	203,360	75,608	38,248	28,075	23,943	18,701	18,784

(Note) Net receivables and payables arising from derivative transactions are presented in net amounts.

Current consolidated fiscal year (March 31, 2026)

(Unit: Millions of yen)

	Book value	Contractual amount	1 year or less	More than 1 year 2 years or less	More than 2 years 3 years or less	More than 3 years 4 years or less	More than 4 years 5 years or less	More than 5 years
Non-derivative financial liabilities								
Trade and other payables	36,204	36,347	29,521	2,742	2,146	1,237	701	-
Bonds	23,699	24,964	5,911	4,539	6,606	3,498	2,363	2,047
Borrowings	122,091	127,563	30,392	30,075	21,837	20,610	21,177	3,473
Lease liabilities	40,564	43,635	13,457	5,940	4,523	3,571	2,863	13,282
Preferred shares	200	200	200	-	-	-	-	-
Others	1,509	1,509	548	77	45	221	97	521
Total	224,267	234,218	80,029	43,372	35,157	29,137	27,201	19,322

(Note) Net receivables and payables arising from derivative transactions are presented in net amounts.

(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.

(i) Foreign exchange fluctuation risk management

As the Group operates mainly in the restaurant business, it may face price hikes and procurement difficulties for raw materials due to fluctuations in foreign exchange rates.

The Group purchases raw materials mainly through Japanese food product manufacturers and trading companies, which are denominated in yen, and the Group constantly monitors current and future foreign exchange rates.

(ii) Interest rate fluctuation risk management

In light of its capital investment plans, the Group raises a portion of the funds needed to open new stores through bank borrowings or the issuance of bonds. Since a portion of these borrowings and bonds have floating interest rates, the Group is exposed to interest rate risk and interest payments may increase due to a rise in interest rates. Thus, the Group's exposure to interest rate risk is primarily related to its borrowings and bonds payable.

The Group constantly monitors market interest rate trends and estimates the impact on profit and loss. In addition, the Group uses interest rate swaps to reduce the risk of interest rate fluctuations on its borrowings and bonds (for details, see "(8) Derivative Transactions and Hedge Accounting").

The following table shows as of the end of the reporting period the Group’s net balance of variable-rate borrowings and bonds (excluding those that are effectively fixed-rate due to interest rate swap transactions), and the impact on profit before income taxes of a 1% increase in these interest rates. The analysis assumes that all other variables remain constant.

(Unit: Millions of yen)

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
Variable rate borrowings and bonds	59,491	50,489
Impact of interest rate swap	36,814	34,737
Net balance of variable rate borrowings and bonds	22,677	15,752
Profit before income tax	(227)	(158)

(6) Fair value of financial instruments

(i) 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

(ii) Methods of measuring fair value

The fair value measurements of major financial instruments are as follows:

The fair values of financial instruments, except for the following, approximate their book values because they are mainly settled in a short period of time.

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 deposits 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 for equipment and construction

The fair value of accounts payable 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 company 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.

(iii) Financial instruments measured at amortized cost

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

Previous consolidated fiscal year (March 31, 2025)

(Unit: Millions of yen)

	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
(Financial assets)					
Other financial assets					
Security deposits and guarantee deposits	16,452	-	-	16,288	16,288
Lease assets (Note 1)	659	-	-	765	765
Total	17,111	-	-	17,054	17,054
(Financial liabilities)					
Trade and other payables					
Account payable for equipment and construction (Note 1)	8,837	-	-	8,848	8,848
Bonds and borrowings					
Bonds (Note 1)	26,834	-	-	26,751	26,751
Borrowings (Note 1)	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, current portion and redemption schedule.

(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.

Current consolidated fiscal year (March 31, 2026)

(Unit: Millions of yen)

	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
(Financial assets)					
Other financial assets					
Security deposits and guarantee deposits	16,605	-	-	16,413	16,413
Lease assets (Note 1)	1,005	-	-	1,092	1,092
Total	17,610	-	-	17,505	17,505
(Financial liabilities)					
Trade and other payables					
Account payable for equipment and construction (Note 1)	9,893	-	-	10,023	10,023
Bonds and borrowings					
Bonds (Note 1)	23,699	-	-	23,283	23,283
Borrowings (Note 1)	122,091	-	-	121,459	121,459
Other financial liabilities					
Preferred shares	200	-	-	83	83
Total	155,884	-	-	154,848	154,848

(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.

(iv) 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:

Previous consolidated fiscal year (March 31, 2025)

(Unit: Millions of yen)

	Level 1	Level 2	Level 3	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
Others	-	-	378	378
Measured at fair value through other comprehensive income				
Shares	267	-	52	320
Total	267	183	2,537	2,987

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

Current consolidated fiscal year (March 31, 2026)

(Unit: Millions of yen)

	Level 1	Level 2	Level 3	Total
(Financial assets)				
Other financial assets				
Measured at fair value through profit and loss				
Shares	-	-	1,851	1,851
Derivative assets designated as hedging instruments	-	555	-	555
Others	-	-	400	400
Measured at fair value through other comprehensive income				
Shares	265	-	52	317
Total	265	555	2,303	3,123

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

(ii) Financial instruments classified as Level 3

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

(7) Financial instruments measured at fair value through other comprehensive income

The Group designates investments in equity instruments held for financial policy or to maintain smooth business relationships as financial assets measured at fair value through other comprehensive income in light of the purpose for which they are held.

(i) Fair value by major issue

The fair value by major issue of investments in equity instruments designated as financial assets measured at fair value through other comprehensive income is as follows:

Previous consolidated fiscal year (March 31, 2025)

(Unit: Millions of yen)

Issues	Amount
Concordia Financial Group Inc.	150
Ogaki Kyoritsu Bank, Ltd.	64
Tochigi Television Co., Ltd.	30

Current consolidated fiscal year (March 31, 2026)

(Unit: Millions of yen)

Issues	Amount
Yokohama Financial Group, Inc.	210
Tochigi Television Co., Ltd.	30
YAMANAKA CO., LTD.	20

(ii) Dividends received

(Unit: Millions of yen)

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
Investments derecognized during the reporting period	-	-
Investments held as of the end of the reporting period	7	9
Total	7	9

(8) Derivative transactions and hedge accounting

The Group uses interest rate swaps to reduce the risk of interest rate fluctuations on borrowings and bonds with variable interest rates.

(i) Derivative transactions for which hedge accounting is applied

The Group enters into interest rate swap agreements with highly rated financial institutions and designates them as cash flow hedging instruments in order to reduce the risk of interest rate fluctuations on its variable rate borrowings. In applying hedge accounting, the Company and its subsidiaries apply hedge accounting to confirm that there exists an economic relationship in which fluctuations in the cash flows of the hedged item attributable to the hedged risk are offset by fluctuations in the cash flows of the hedging instrument. The existence of an economic relationship between the hedged item and the hedging instrument is confirmed through a qualitative assessment of whether the material terms of the hedged item and the hedging instrument match or closely match, and a quantitative assessment of whether the value of the hedged item and the hedging instrument are in a relationship whereby changes in value offset each other due to the same risk.

The hedge ratio is 1:1 because the borrowings being hedged and the interest rate swaps being hedging instruments are executed at the same amount.

Derivatives designated as hedging instruments are as follows:

Previous consolidated fiscal year (March 31, 2025)

(Unit: Millions of yen)

	Notional amounts of hedging instruments	Book value of hedging instruments (liabilities)	Hedging instruments on the consolidated statement of financial position
Cash flow hedges			
Interest rate risk			
Interest rate swap	36,814	183	Other financial liabilities (Non-current)

Current consolidated fiscal year (March 31, 2026)

(Unit: Millions of yen)

	Notional amounts of hedging instruments	Book value of hedging instruments (liabilities)	Hedging instruments on the consolidated statement of financial position
Cash flow hedges			
Interest rate risk			
Interest rate swap	34,737	555	Other financial liabilities (Non-current)

Liabilities designated as hedged items are as follows:

Previous consolidated fiscal year (March 31, 2025)

(Unit: Millions of yen)

	Cash flow hedging surplus
Cash flow hedges	
Interest rate risk	
Borrowings	144

Current consolidated fiscal year (March 31, 2026)

(Unit: Millions of yen)

	Cash flow hedging surplus
Cash flow hedges	
Interest rate risk	
Borrowings	395

The effect of the adoption of hedge accounting on the consolidated statements of income and comprehensive income is as follows:

Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)

(Unit: Millions of yen)

	Recognized in income by changes in the value of hedging instruments on other comprehensive income (Note 1)	Amount reclassified from cash flow hedging surplus to profit or loss (Note 1)	Account title in profit or loss impacted by reclassification
Cash flow hedges			
Interest rate risk			
Interest rate swap	772	(238)	Finance costs

(Note 1) Amounts are before tax effect adjustments.

(Note 2) The amount of ineffective portion of hedges recognized in profit or loss is not material.

Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)

(Unit: Millions of yen)

	Recognized in income by changes in the value of hedging instruments on other comprehensive income (Note 1)	Amount reclassified from cash flow hedging surplus to profit or loss (Note 1)	Account title in profit or loss impacted by reclassification
Cash flow hedges			
Interest rate risk			
Interest rate swap	472	(100)	Finance costs

(Note 1) Amounts are before tax effect adjustments.

(Note 2) The amount of ineffective portion of hedges recognized in profit or loss is not material.

(ii) Derivative transactions for which hedge accounting is not applied

Not applicable.

36. Significant Subsidiaries

(1) Composition of the corporate group

The status of major subsidiaries as of the end of the current consolidated fiscal year is as described in "I. OVERVIEW OF COMPANY 4. Subsidiaries."

(2) Condensed consolidated financial statements of subsidiaries in which the Company recognizes significant noncontrolling interests

(i) ATOM CORPORATION

i) General information

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
Percentage of ownership interest held by non-controlling interests (%)	58.81	58.81
Accumulated non-controlling interest in subsidiary group (millions of yen)	2,038	(72)

The Company does not hold a majority of the voting rights of ATOM CORPORATION. However, based on the dispersion of voting rights and the voting patterns of past general meetings of shareholders, the Company has determined that it has substantial control over the company and consolidated it.

(Unit: Millions of yen)

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
Profit (loss) allocated to noncontrolling interests in subsidiary groups	539	(867)

ii) Condensed Consolidated Financial Statements

(Unit: Millions of yen)

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
Current assets	8,639	5,593
Non-current assets	19,509	17,652
Current liabilities	10,694	9,825
Non-current liabilities	10,215	9,769
Equity	7,240	3,652

(Unit: Millions of yen)

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
Revenue	35,504	30,434
Profit (loss)	916	(1,473)

Dividends paid by ATOM CORPORATION to the noncontrolling interest during the year ended March 31, 2026 amounted to - million (0 million for the year ended March 31, 2025).

(Unit: Millions of yen)

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
Cash flows from operating activities, net	2,296	1,842
Cash flows from investing activities, net	3,688	(550)
Cash flows from financing activities, net	(3,929)	(4,362)
Effect of exchange rate changes on cash and cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	2,055	(3,070)

(ii) KAPPA-CREATE CO., LTD. (KAPPA-CREATE CO., LTD. and its subsidiaries)

i) General information

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
Percentage of ownership interest held by non-controlling interests (%)	49.46	49.46
Accumulated non-controlling interest in subsidiary group (millions of yen)	6,063	5,613

(Unit: Millions of yen)

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
Profit (loss) allocated to noncontrolling interests in subsidiary groups	553	(423)

ii) Condensed Consolidated Financial Statements

(Unit: Millions of yen)

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
Current assets	13,455	11,859
Non-current assets	48,648	47,675
Current liabilities	16,625	16,493
Non-current liabilities	12,333	10,805
Equity	33,146	32,236

(Unit: Millions of yen)

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
Revenue	73,209	73,193
Profit (loss)	1,319	(619)

Dividends paid by KAPPA-CREATE CO., LTD to the noncontrolling interest during the year ended March 31, 2026 amounted to 122 million yen (121 million yen for the one-year period ended March 31, 2025)

(Unit: Millions of yen)

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
Cash flows from operating activities, net	8,607	7,113
Cash flows from investing activities, net	(1,980)	(2,177)
Cash flows from financing activities, net	(6,639)	(6,830)
Effect of exchange rate changes on cash and cash equivalents	17	(13)
Net increase (decrease) in cash and cash equivalents	4	(1,906)

(iii) OOTOYA Holdings Co., Ltd. (OOTOYA Holdings Co., Ltd. and its subsidiaries)

i) General information

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
Percentage of ownership interest held by non-controlling interests (%)	53.28	53.32
Accumulated non-controlling interest in subsidiary group (millions of yen)	3,559	3,260

The Company does not hold a majority of the voting rights of ATOM CORPORATION. However, based on the dispersion of voting rights and the voting patterns of past general meetings of shareholders, the Company has determined that it has substantial control over the company and consolidated it.

(Unit: Millions of yen)

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
Profit (loss) allocated to noncontrolling interests in subsidiary groups	594	617

ii) Condensed Consolidated Financial Statements

(Unit: Millions of yen)

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
Current assets	6,287	5,827
Non-current assets	19,897	20,459
Current liabilities	5,759	6,540
Non-current liabilities	4,209	4,098
Equity	16,215	15,649

(Unit: Millions of yen)

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
Revenue	31,385	37,017
Profit (loss)	981	1,016

Dividends paid by OOTOYA Holdings Co., Ltd. to the noncontrolling interest during the year ended March 31, 2026 amounted to 38 million (19 million for the year ended March 31, 2025).

(Unit: Millions of yen)

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
Cash flows from operating activities, net	3,438	4,479
Cash flows from investing activities, net	(1,493)	(1,634)
Cash flows from financing activities, net	(2,367)	(3,574)
Effect of exchange rate changes on cash and cash equivalents	121	15
Net increase (decrease) in cash and cash equivalents	(301)	(714)

(iv) In addition to the above, SPCKAPPA CO., LTD. had no non-controlling interest recorded as of the end of the current fiscal year.

37. Related Parties

(1) Transactions with related parties

Previous consolidated fiscal year (April 1, 2024 to March 31, 2025)

Not applicable.

Current consolidated fiscal year (April 1, 2025 to March 31, 2026)

Not applicable.

(2) Remuneration to key management personnel

(Unit: Millions of yen)

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
Short-term directors' remuneration	498	475
Share-based remuneration	46	38
Total	544	513

(Note) Remuneration to key management personnel represents remuneration to the Company's directors.

38. Commitments

Commitments for expenditures after the end of the consolidated fiscal year are as follows:

(Unit: Millions of yen)

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
Acquisition of property, plant, and equipment	851	386
Total	851	386

39. Significant subsequent events

On April 1, 2026, our Company acquired all shares of C-United Co., Ltd. (hereinafter referred to as the “Target Company”) through our subsidiary, COLOWIDE MD Co., Ltd.

(i) Name of the acquired company and details of its business

Name of the acquired company C-United Co., Ltd.

Details of its business Operation of a coffee shop chain

(ii) Date of business combination

April 1, 2026

(iii) Percentage of voting rights acquired

100%

(iv) Main reasons for the business combination

Our Group is working to expand our business scale and strengthen profitability in order to achieve our mid-term management plan, “COLOWIDE Vision 2030,” which covers the period through 2030. Under “COLOWIDE Vision 2030,” we aim to achieve consolidated revenue of 500 billion yen by the fiscal year ending March 2030. This will be accomplished through a significant strengthening of our overseas business segments and the rapid growth of our catering service business—including through M&A—as well as by increasing our market share and strengthening profitability in the domestic food service business (our core business area) through M&A.

The Target Company operates a café chain with 565 stores nationwide (including directly managed and franchise stores as of April 1, 2026), primarily under the three brands “COFFEE・KAN,” “CAFFÈ VELOCE,” and “CAFÉ de CRIÉ.” Given that the market for the café business operated by the Target Company has continued to grow steadily even after the coronavirus pandemic, and that the market share of major café chains is gradually increasing, the Target Company’s business is expected to continue growing steadily.

Furthermore, since the Target Company operates three business formats with distinct customer bases and average spending per customer, it possesses competitive advantages such as the ability to strategically select locations and target specific occasions, as well as the capacity to establish a dominant presence within the same area; we believe this positions the company for further growth in the café market.

In addition, in terms of synergies with our Group, we anticipate further enhancing the business value of both the Target Company and our Group through measures such as expanding revenue by selling products from multiple dessert brands owned by the Group—including “Cheese Garden”—improving the speed and accuracy of store openings by sharing location data, strengthening franchise development and store openings through collaboration with our Group’s existing franchise companies, and reducing procurement costs and logistics expenses.

Through this transaction, our Group will enhance its business portfolio—including average customer spending and usage scenarios—by acquiring the Target Company, which possesses one of the largest scales of operations and unique strengths among café chains, in the domestic food service markets, which continue to evolve due to changes in the macroeconomic environment and diversifying consumer preferences.

(v) Legal forms of business combinations

Acquisition of shares in exchange for cash

(vi) Consideration paid on the business combination date

44,092 million yen

(vii) Fair value of assets acquired and liabilities assumed as of the business combination date

Currently being determined.

(2) Others

Semi-annual information for the current consolidated fiscal year

	Interim consolidated fiscal year	Current consolidated fiscal year
Revenue (Million yen)	141,467	300,090
Interim (current) profit before tax (Million yen)	3,307	6,547
Interim (current) profit attributable to owners of parent (Million yen)	1,318	2,233
Basic interim (current) earnings per share (Yen)	7.13	15.73

2. Non-consolidated Financial Statements, etc.

(1) Non-consolidated Financial Statements

(i) Statement of Balance Sheet

(Unit: Millions of yen)

	Previous fiscal year (March 31, 2025)	Current fiscal year (March 31, 2026)
Assets		
Current assets		
Cash & deposits	41,207	34,677
Accounts receivable	2	7
Prepaid Expenses	159	162
Short-term loans receivable from subsidiaries and affiliates	22,418	51,749
Accounts receivable - other	5,397	5,277
Inventories	0	2
Income taxes refund receivable	7	23
Other	1	2
Total current assets	69,195	91,902
Non-current assets		
Property, plant, and equipment		
Buildings	313	325
Accumulated depreciation	(220)	(238)
Buildings, net	93	86
Structures	5	5
Accumulated depreciation	(0)	(0)
Structures (net)	4	4
Machinery and equipment	30	30
Accumulated depreciation	(15)	(19)
Machinery and equipment, net	14	11
Vehicles and transportation equipment	25	25
Accumulated depreciation	(13)	(19)
Vehicles and transportation equipment, net	11	5
Tools, furniture, and fixtures	145	149
Accumulated depreciation	(132)	(138)
Tools, furniture and fixtures, net	13	11
Leased assets	22	22
Accumulated depreciation	(22)	(22)
Lease assets, net	0	0
Total property, plant, and equipment	138	119
Intangible assets		
Software	65	91
Lease assets	0	0
Total intangible assets	65	91
Investment and other assets		
Investment securities	154	214
Shares of subsidiaries and affiliates	*1 64,068	*1 60,576
Security and guarantee deposits	281	332
Membership Rights	69	69
Deferred tax assets	108	-
Long-term loans receivable from subsidiaries and affiliates	34,567	33,877
Other	277	290
Total investment and other assets	99,527	95,360
Total non-current assets	99,731	95,571
Deferred assets		
Bond issuance cost	421	360
Total deferred assets	421	360
Total assets	169,349	187,834

(Unit: Millions of yen)

	Previous fiscal year (March 31, 2025)	Current fiscal year (March 31, 2026)
Liabilities		
Current liabilities		
Accounts payable	3	9
Current portion of long-term borrowings	*1 17,440	*1 18,010
Accounts payable - other	1,214	1,197
Current portion of bonds payable	*1 4,545	*1 4,509
Accrued expenses	228	469
Income taxes payable	355	209
Accrued consumption taxes	5	38
Deposit received	53	55
Provision for sales promotion expenses	1,178	1,275
Provision for bonuses	16	16
Received in advance	-	55
Total current liabilities	25,041	25,846
Non-current liabilities		
Bonds payable	*1 15,129	*1 13,220
Long term borrowings	*1 46,613	*1 67,147
Long term accounts payable-other	63	46
Deferred tax liabilities	-	1
Asset retirement obligations	10	10
Total non-current liabilities	61,815	80,425
Total liabilities	86,857	106,271
Net assets		
Shareholders' equity		
Share capital	43,814	43,814
Capital surplus		
Share capital reserve	33,532	33,532
Other capital surplus	1,228	1,257
Total capital surplus	34,760	34,789
Retained earnings		
Legal reserve	112	112
Other retained earnings		
Retained earnings brought forward	3,862	2,850
Total retained earnings	3,974	2,962
Treasury shares	(109)	(94)
Total shareholders' equity	82,440	81,471
Valuation and translation adjustments, etc.		
Valuation difference on available-for-sale securities	50	91
Total valuation and translation adjustments, etc.	50	91
Total net assets	82,491	81,562
Total liabilities and net assets	169,349	187,834

(ii) Statement of income

(Unit: Millions of yen)

	Previous fiscal year (From April 1, 2024 to March 31, 2025)	Current fiscal year (From April 1, 2025 to March 31, 2026)
Revenue	* 1,874	* 4,753
Selling, general and administrative expenses		
Advertising expenses	251	282
Officers' remuneration	543	514
Salary and allowances	910	1,004
Rent expenses	94	94
Lease expenses	25	24
Commission expenses	397	415
Entertainment expenses	509	602
Fee expenses	268	258
Taxes and public dues	682	569
Depreciation	30	34
Amortization of software	30	22
Provision for sales promotion expenses	1,178	1,275
Provision for bonuses	33	34
Others	422	473
Total selling, general and administrative expenses	* 5,379	* 5,607
Operating profit (loss)	(3,504)	(853)
Non-operating income		
Interest income	* 1,567	* 2,477
Dividend income	3	5
Others	79	167
Total non-operating income	1,650	2,649
Non-operating expenses		
Interest expenses	* 1,055	* 1,537
Interest expenses on bonds	153	210
Amortization of bond issuance expenses	109	105
Fees and commissions	65	116
Others	26	56
Total non-operating expenses	1,410	2,026
Ordinary profit (loss)	(3,263)	(231)
Extraordinary profit		
Others	7	0
Total extraordinary profit	7	0
Pre-tax profit (loss)	(3,256)	(231)
Corporate, inhabitants and enterprise taxes	(576)	(365)
Adjustments to corporate tax, etc.	(154)	90
Total income taxes, etc.	(731)	(275)
Profit (loss)	(2,525)	43

(iii) Statement of changes in net assets

Previous fiscal year (From April 1, 2024 to March 31, 2025)

(Unit: Millions of yen)

	Shareholders' equity								
	Share capital	Capital surplus			Retained earnings			Treasury shares	Total shareholders' equity
		Share capital reserve	Other capital surplus	Total capital surplus	Legal reserve	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance as of the beginning of the fiscal year	27,905	17,623	1,192	18,815	112	7,341	7,453	(125)	54,048
Changes during the fiscal year									
Issuance of new shares	15,908	15,908	-	15,908	-	-	-	-	31,817
Dividends paid	-	-	-	-	-	(952)	(952)	-	(952)
Profit (loss)	-	-	-	-	-	(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	-	-	-	-	-	-	-	-	-
Total changes during the fiscal year	15,908	15,908	36	15,945	-	(3,478)	(3,478)	16	28,392
Balance as of the end of the fiscal year	43,814	33,532	1,228	34,760	112	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 the beginning of the fiscal year	28	28	54,076
Changes during the fiscal year			
Issuance of new shares	-	-	31,817
Dividends paid	-	-	(952)
Profit (loss)	-	-	(2,525)
Acquisition of treasury shares	-	-	(0)
Disposal of treasury shares	-	-	53
Net changes of items other than shareholders' equity	22	22	22
Total changes during the fiscal year	22	22	28,414
Balance as of the end of the fiscal year	50	50	82,491

Current fiscal year (From April 1, 2025 to March 31, 2026)

(Unit: Millions of yen)

	Shareholders' equity								
	Share capital	Capital surplus			Retained earnings			Treasury shares	Total shareholders' equity
		Share capital reserve	Other capital surplus	Total capital surplus	Legal reserve	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance as of the beginning of the fiscal year	43,814	33,532	1,228	34,760	112	3,862	3,974	(109)	82,440
Changes during the fiscal year									
Issuance of new shares	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	(1,056)	(1,056)	-	(1,056)
Profit	-	-	-	-	-	43	43	-	43
Acquisition of treasury shares	-	-	-	-	-	-	-	(0)	(0)
Disposal of treasury shares	-	-	29	29	-	-	-	15	44
Net changes of items other than shareholders' equity	-	-	-	-	-	-	-	-	-
Total changes during the fiscal year	-	-	29	29	-	(1,012)	(1,012)	14	(969)
Balance as of the end of the fiscal year	43,814	33,532	1,257	34,789	112	2,850	2,962	(94)	81,471

	Valuation and translation adjustments, etc.		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments, etc.	
Balance as of the beginning of the fiscal year	50	50	82,491
Changes during the fiscal year			
Issuance of new shares	-	-	-
Dividends paid	-	-	(1,056)
Profit	-	-	43
Acquisition of treasury shares	-	-	(0)
Disposal of treasury shares	-	-	44
Net changes of items other than shareholders' equity	40	40	40
Total changes during the fiscal year	40	40	(928)
Balance as of the end of the fiscal year	91	91	81,562

[NOTES]

(Significant Accounting Policies)

1. Valuation standards and methods for securities

(1) Shares of subsidiaries and affiliates

Stated at cost determined by the moving-average method.

(2) Other securities

(i) Shares and other securities without market quotations

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).

(ii) Shares, etc. without market quotations

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. Valuation standards and methods for derivatives

Market value method is used.

3. Depreciation and amortization method for fixed assets

(1) Tangible fixed assets (excluding lease assets)

Depreciation is computed principally by the straight-line method. The same standard as stipulated in the Corporate Tax Law is applied to useful life and residual value.

(2) Intangible assets (excluding lease assets)

Software for internal use is amortized by the straight-line method over the estimated useful life (5 years).

(3) Leased assets

Lease assets related to finance lease transactions that do not transfer ownership

Leased assets are depreciated over the lease term with a residual value of zero.

4. Accounting for Deferred Assets

Bond issuance cost

Amortized equally over the bond redemption period of 5 to 10 years.

5. Basis for provisions

(1) Provision for bonuses

To provide for the payment of bonuses to employees, the Company accrues an estimated amounts of bonuses to be paid.

(2) 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.

6. 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.

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.

(Significant 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.

1. valuation of shares of subsidiaries

(i) Amount recorded on the balance sheet

(Unit: Millions of yen)

	Previous fiscal year	Current fiscal year
Shares of subsidiaries	64,068	60,576

(ii) 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

(Changes in Accounting Policies)
Not applicable.

(Changes in presentation method)
Not applicable.

(Notes to Balance Sheet)

*1. Assets pledged as collateral and secured liabilities

(1) Assets pledged as collateral are as follows:

	Previous fiscal year (March 31, 2025)	Current fiscal year (March 31, 2026)
Shares of subsidiaries	28,355 Millions of yen	28,355 Millions of yen

(2) Collateralized Debt Obligations are as follows:

	Previous fiscal year (March 31, 2025)	Current fiscal year (March 31, 2026)
Current portion of long-term borrowings	14,736	15,225
Long-term borrowings	36,351	56,885
Bonds (including current portion of bonds)	19,495	17,633
Total	70,582	89,744

(Note) Some of the above shares of subsidiary companies are pledged as collateral for the above debts as well as bonds (including current portion of bonds) of the affiliated companies.

2. Contingent liabilities

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

	Previous fiscal year (March 31, 2025)	Current fiscal year (March 31, 2026)
COLOWIDE MD Co., Ltd.	153 Millions of yen	86 Millions of yen
REX Co., Ltd.	13,002	11,067
Total	13,155	11,154

3. Monetary receivables from and monetary payables to subsidiaries and affiliates (excluding those presented separately)

	Previous fiscal year (March 31, 2025)	Current fiscal year (March 31, 2026)
Short-term monetary receivables	3,748 Millions of yen	4,015 Millions of yen
Short-term monetary payables	181	186

(Notes to Statements of Income)

* The following items related to transactions with affiliated companies are included.

	Previous fiscal year (From April 1, 2024 to March 31, 2025)	Current fiscal year (From April 1, 2025 to March 31, 2026)
Operating revenues	1,873 Millions of yen	4,458 Millions of yen
Selling, general & administrative expenses	1,538	1,329
Non-operating transactions	1,565	2,334

(Notes to Marketable Securities)

Shares of subsidiaries and affiliates

Previous fiscal year (March 31, 2025)

	Amount shown on Balance Sheet (Millions of yen)	Market value (Millions of yen)	Difference (Millions of yen)
Shares of subsidiaries	15,534	67,359	51,825
Total	15,534	67,359	51,825

Current fiscal year (Marh 31, 2026)

	Amount shown on Balance Sheet (Millions of yen)	Market value (Millions of yen)	Difference (Millions of yen)
Shares of subsidiaries	15,534	71,663	56,129
Total	15,534	71,663	56,129

(Note) Book value of non-marketable equity securities and other securities not included in the above

(Unit: Millions of yen)

Categories	Previous fiscal year (March 31, 2025)	Current fiscal year (March 31, 2026)
Shares of subsidiaries	48,534	45,042

(Tax effect accounting)

1. Significant components of deferred tax assets and liabilities

	The 63rd term (March 31, 2025)	The 64th term (March 31, 2026)
Deferred tax assets		
Shares of subsidiaries	1,434 Millions of yen	1,435 Millions of yen
Provision for sales promotion expenses	370	401
Loss on valuation of memberships	22	22
Net operating loss carried forward	283	367
Unpaid business taxes, etc.	107	64
Others	79	96
Subtotal of deferred tax assets	2,295	2,385
Valuation provision for net operating loss carried forward for tax purposes	(248)	(367)
Valuation provision related to the total amount of future deductible temporary differences, etc.	(1,888)	(1,948)
Subtotal of valuation provision	(2,136)	(2,316)
)Total deferred tax assets	158	69
Deferred tax liabilities		
Shares of subsidiaries	(24)	(24)
Others	(26)	(46)
Total deferred tax liabilities	(50)	(70)
Deferred tax assets (liabilities), net	108	(1)

2. Significant differences between the statutory tax rate and the effective income tax rate after the application of tax effect accounting, by major item that caused the differences.

	The 63rd term (March 31, 2025)	The 64th term (March 31, 2025)
Statutory Effective Tax Rates	30.5%	30.5%
(Adjustments)		
Entertainment expenses and other items not permanently deductible for income tax purposes	(14.8)	(248.0)
Dividend income and other items not permanently includable in taxable income	3.1	405.8
Inhabitant tax equalization rate	(0.1)	(2.0)
Increase (decrease) in valuation provision	1.6	(77.9)
Income tax credit	0.2	10.1
Others	1.9	0.6
Effective tax rate after application of tax effect accounting	22.4	119.0

3. Accounting for corporate and local income taxes or tax effect accounting related to these taxes

The Company applies the group totalization system. In addition, the Company accounts for corporate and local income taxes or tax effect accounting related to these taxes and disclosures in accordance with "Treatment of Accounting and Disclosure when Applying the Group Totalization System" (Practical Issues Task Force No. 42, August 12, 2021).

(Significant Subsequent Events)

Not applicable.

(iv) [Attached Schedule]

[Schedule of property, plant and equipment, etc.]

Type of Assets	Balance at the beginning of current period (Millions of yen)	Increase during the period (Millions of yen)	Decrease during the period (Millions of yen)	Balance at the end of current period (Millions of yen)	Accumulated depreciation or amortization at the end of current period (Millions of yen)	Amortization for the year (Millions of yen)	Balance after deduction at the end of the period (Millions of yen)
Property, plant, and equipment							
Buildings	-	-	-	325	238	18	86
Structures	-	-	-	5	0	0	4
Machinery and equipment	-	-	-	30	19	3	11
Vehicles and transportation equipment	-	-	-	25	19	5	5
Tools, furniture, and fixtures	-	-	-	149	138	6	11
Lease assets	-	-	-	22	22	-	0
Total property, plant, and equipment	-	-	-	558	438	34	119
Intangible assets							
Trademarks	-	-	-	5	5	-	-
Software	-	-	-	303	211	22	91
Lease assets	-	-	-	226	226	-	0
Total intangible assets	-	-	-	535	443	22	91

(Note) Since the amount of property, plant and equipment and intangible assets is less than 1% of total assets, "Balance at the beginning of current period," "Increase during the period," and "Decrease during the period" are omitted.

[Table of Details of Provision]

Categories	Balance at the beginning of current period (Millions of yen)	Increase during the period (Millions of yen)	Decrease during the period (Millions of yen)	Balance at the end of current period (Millions of yen)
Provision for sales promotion expenses	1,178	1,275	1,178	1,275
Provision for bonuses	16	33	32	16

(2) [Details of Major Assets and Liabilities]

This information is omitted because consolidated financial statements are prepared.

(3) [Others]

Not applicable.

VI. STOCK-RELATED ADMINISTRATION FOR THE COMPANY

Fiscal year	From April 1 to March 31
Ordinary General Meeting of Shareholders	Within 3 months from the day after the last day of each fiscal year
Record date	March 31
Record date for dividends of surplus	September 30, March 31
Number of shares per unit	Common shares:100 shares, Preferred shares: 1 share, Second series preferred shares: 1 share, Third series preferred shares: 1 share
Purchase and sale of odd-lot shares	
Handling location	(Special account) 1-4-1, Marunouchi, Chiyoda-ku, Tokyo Sumitomo Mitsui Trust Bank, Limited, Stock Transfer Agency Business Planning Department
Administrator of shareholder registry	(Special account) 1-4-1, Marunouchi, Chiyoda-ku, Sumitomo Mitsui Trust Bank, Limited.
Place to act as an agent	――――
Purchase Commissions	Free of charge
Method of Public Notices	The method of public notice of the Company shall be electronic public notice. However, in the event of an accident or other unavoidable circumstances that preclude electronic public notices, the Company shall post public notices in the Nihon Keizai Shimbun. URL for public notice https://www.colowide.co.jp/en_us/
Benefits for Shareholders	We have a shareholder special benefit program for shareholders who hold 500 or more shares. "Shareholders who hold 500 or more shares are entitled to receive 10,000yen worth of points for dining at the company's restaurants four times a year, once in June and September for the shareholders at the end of March, and once in December and March for the shareholders at the end of September".

(Note) Pursuant to the Company's Articles of Incorporation, shareholders holding shares of less than one unit do not have any rights other than the rights listed in each item of Article 189, Paragraph 2 of the Companies Act, the right to receive dividends from surplus, the right to receive allotment of offered shares and offered share subscription rights in proportion to the number of shares held by shareholders, and the right to demand sale of shares less than one unit.

VII. CORPORATE REFERENCE DATA

1. Information on the Parent Company, etc.

The Company has no parent company, etc.

2. [Other Reference Information]

(1) The following documents were filed between the beginning of the current fiscal year and the date of filing of the Annual Securities Report.

(i) Annual Securities Report and Attachments and Confirmation Statement

The fiscal year (The 63rd Term) (from April 1, 2024 to March 31, 2025) Filed to the Director-General of the Kanto Local Finance Bureau on June 23, 2025

(ii) Internal Control Report and Attachments

Filed to the Director-General of the Kanto Local Finance Bureau on June 23, 2025

(iii) Semi-Annual Securities Report and Confirmation Letter

(The 64th Term Interim) (From April 1, 2025 to September 30, 2025) Filed to the Director-General of the Kanto Local Finance Bureau on November 14, 2025

(iv) Extraordinary Report

Filed to the Director-General of the Kanto Local Finance Bureau on May 13, 2025

This is an extraordinary report filed pursuant to Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 8-2 of the Cabinet Office Ordinance on Disclosure of Corporate Information.

Filed to the Director-General of the Kanto Local Finance Bureau on June 27, 2025

This is an extraordinary report based on Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 9-2 of the Cabinet Office Ordinance on Disclosure of Corporate Information.

Filed to the Director-General of the Kanto Local Finance Bureau on March 10, 2026

This is an extraordinary report based on Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 8-2 of the Cabinet Office Ordinance on Disclosure of Corporate Information.

(2) Percentage of Female Workers in Management Positions, Percentage of Male Workers Taking Childcare Leave, and Wage Differentials between Male and Female Workers

The percentage of female workers in management positions, the percentage of male workers taking childcare leave, and the difference in wages between male and female workers for consolidated subsidiaries other than major consolidated subsidiaries are as follows.

Current fiscal year					
Name	Percentage of female workers in management positions (%) (Note) 1.	Percentage of male workers taking childcare leave (%) (Note) 2.	Difference in wages between male and female workers (%) (Note) 1. (Note) 3.		
			All workers	Permanent fulltime workers	Part-time and Fixed time workers
Colowide Dining Co., Ltd.	1.7	71.4	56.2	77.1	92.9
OOTOYA Co., Ltd.	11.8	96.2	67.0	78.9	102.9
Freshness Co., Ltd.	22.2	66.7	77.5	85.2	102.5
Japan Fresh Co., Ltd.	11.3	500.0	64.1	82.2	99.1
Nifs Co., Ltd.	31.9	140.0	52.8	83.3	66.8
Kuraya Co., Ltd.	37.2	0.0	61.2	78.7	101.0

(Note) 1. calculated in accordance with the provisions of the "Law Concerning the Promotion of Active Roles for Women in the Workplace" (Law No. 64, 2015).

2. Based on the provisions of the "Law Concerning the Welfare of Workers Who Take Care of Children or Other Family Members Including Child Care and Family Care Leave" (Law No. 76, 1991), the percentage of child care leave, etc. taken is calculated in accordance with Article 71-6, Item 2 of the "Enforcement Regulations of the Law Concerning the Welfare of Workers Who Take Care of Children or Other Family Members Including Child Care and Family Care Leave" (Ministry of Labor Ordinance No. 25, 1991).

3. The wage difference between male and female workers represents the ratio of female wages (total wages for the year divided by the average number of employees during the year) to male wages (total wages for the year divided by the average number of employees during the year). With regard to full-time workers, the main reasons are that the percentage of female workers in management positions is small, the average age of workers in the Group as a whole is about 8 years younger than that of male workers, and the average length of service is about 6 years shorter than that of male workers. There is no difference in treatment based on gender between male and female employees in the wage system and wage structure. In addition, we have shifted to a JOB-based personnel system effective April 1, 2023, and there is no wage difference between male and female employees for the same JOB (job function). We will continue our efforts to ensure diversity by making appointments regardless of gender and age.

4. The Submitting Company and its major consolidated subsidiaries are listed in "第4提出会社の状況, 5. Employees等, (4) Ratio of Female Workers in Management Positions, Percentage of Male Workers Taking Childcare Leave, and Wage Differentials between Male and Female Workers".

Part II. INFORMATION OF CORPORATE GUARANTOR, ETC. FOR THE COMPANY

Not applicable.

【Cover Page】

【Document Title】	Confirmation Letter
【Clause of Stipulation】	Article 24-4-2, Paragraph 1 of The Financial Instruments and Exchange Act of Japan
【Place of filing】	Director-General, Kanto Local Finance Bureau
【Filing Date】	June 22, 2026
【Company Name】	Kabushiki Kaisha COLOWIDE
【Company name in English】	COLOWIDE CO., LTD.
【Title and name of Representative】	Kohei NOJIRI, President and representative Director
【Title and Name of Chief Financial Officer】	Not applicable
【Address of Head Office】	2-1 Minato-Mirai 2-chome, Nishi-ku, Yokohama-shi, Kanagawa-ken
【Place of Public Inspection】	Tokyo Stock Exchange, Inc. (2-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo)

1【Matters concerning the appropriateness of the contents of Securities Report】

Our President and Representative Director, Kohei NOJIRI, has confirmed that the contents of our 64th fiscal year (from April 1, 2025 to March 31, 2026) Securities Report have been properly disclosed in accordance with the Financial Instruments and Exchange Act.

2【Special notes】

Not applicable.

【Cover Page】

【Document Title】	Internal Control Report
【Clause of Stipulation】	Article 24-4-4, Paragraph 1 of The Financial Instruments and Exchange Act of Japan
【Place of Filing】	Director-General, Kanto Local Finance Bureau
【Filing Date】	June 22, 2026
【Company Name】	Kabushiki Kaisha COLOWIDE
【Company Name in English】	COLOWIDE CO., LTD.
【Title and Name of Representative】	Kohei NOJIRI, President and Representative Director
【Title and Name of Chief Finance Officer】	Not applicable
【Address of Head Office】	2-1 Minato-Mirai 2-chome, Nishi-ku, Yokohama-shi, Kanagawa-ken
【Place of Public Inspection】	Tokyo Stock Exchange, Inc. (2-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo)

1【Matters concerning the basic framework of internal control over financial reporting】

Kohei NOJIRI, President and Representative Director, is responsible for the establishment and operation of internal controls over financial reporting for the Company and its consolidated subsidiaries (hereinafter referred to as "the Group").

The Group has established and operates internal controls over financial reporting in accordance with the “The Standards for the Evaluation and Audit of Internal Controls over Financial Reporting and the Implementation Standards for the Evaluation and Audit of Internal Controls over Financial Reporting” that Business Accounting Council made public.

Furthermore, internal control is a system designed to achieve its objectives within a reasonable scope by ensuring that each of its basic elements are organically linked and function as an integrated whole. Therefore, internal control over financial reporting may not be able to completely prevent or detect misstatements in financial reporting.

2【Matters concerning the scope of evaluation, base date, and evaluation procedures】

The Group conducted an evaluation of internal controls as of March 31, 2026, the end of the fiscal year.

In evaluating internal controls related to financial reporting, we complied with generally accepted standards for evaluating internal controls over financial reporting.

In this evaluation, we assessed the establishment and operation of internal controls (company-wide internal controls) that have a significant impact on the overall financial reporting on a consolidated basis. Based on the results of this assessment, we analyzed the business processes within the scope of the internal controls subject to evaluation and selected key control points that have a significant impact on the reliability of financial reporting. We then evaluated the effectiveness of internal controls for these key control points.

The scope of the evaluation of internal controls over financial reporting was determined based on the significance of the impact on the reliability of financial reporting for the Company and its consolidated subsidiaries. The significance of the impact on the reliability of financial reporting was determined by considering both the quantitative and qualitative significance of the impact. Based on the results of the company-wide evaluation of internal controls conducted for the Company and its 77 consolidated subsidiaries, the scope of the evaluation of internal controls over business processes was reasonably determined. Note that for 30 consolidated subsidiaries, it was determined that the impact was minimal from both a quantitative and qualitative significance perspective, and therefore they were not included in the scope of the company-wide evaluation of internal controls.

Because there are a business location to manage food service business and a business location to take the merchandising in general of procurement, manufacturing, and logistics in our consolidated Group, it is judged that revenue and cost of sales are suited as the relevant indicators of a business location on considering the scope of evaluation for internal control of business process. As we judged that the results of evaluation for company-wide internal control is fine, the scope of evaluation of internal controls related to business processes was determined based on the total revenue after elimination of inter-company transactions for the consolidated fiscal year, with seven business locations reaching approximately two-thirds of this amount designated as “important business locations.” At the selected key business locations, we operate food service business as its core business, and the operation of directly managed restaurants and the development of the franchise business, as well as the merchandising functions of procurement, manufacturing, and logistics that support these businesses, are related to revenue-generating activities. The accounts that are significantly related to the business objectives of the Company at these “important business locations” were defined as revenue, accounts receivable, inventories, cost of sales and property, plant and equipment in accordance with each business detail.

Furthermore, regardless of the selected “important business locations,” we have added business processes related to important accounts that involve estimates and forecasts, which are highly likely to contain material misstatements, to the scope of evaluation as important business processes for property, plant and equipment, impairment losses process of goodwill and intangible assets, valuation process of shares of subsidiaries and valuation process of deferred tax assets, taking into consideration their impact on financial reporting.

3【Matters concerning the evaluation results】

As a result of the above evaluation procedures, we have determined that the internal controls over financial reporting of the Group as of March 31, 2026 are effective.

4【Additional information】

Not applicable.

5【Special notes】

Not applicable.