Annual Securities Report

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

Fiscal Year	From April 1, 2023
(The 62nd term)	To March 31, 2024

COLOWIDE Co., Ltd.

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

(E03321)

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Document Title	Annual Securities Report
Clause of Stipulation	Article 24, Paragraph 1 of The Financial Instruments and Exchange Act of Japan
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Filing Date	June 28, 2024
Fiscal Year	The 62nd term (From April 1, 2023 to March 31, 2024)
Company Name	Kabushiki Kaisha COLOWIDE
Company Name in English	COLOWIDE Co., Ltd.
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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 58th term	The 59th term	The 60th term	The 61st term	The 62nd term
Fiscal Year Ended		March 2020	March 2021	March 2022	March 2023	March 2024
Revenue	(Million Yen)	235,334	168,181	175,627	220,830	241,284
Business Profit (Loss)	(Million Yen)	5,632	(8,331)	6,133	(196)	8,712
Profit (Loss) before Tax	(Million Yen)	(8,839)	(14,146)	2,051	(8,446)	6,498
Profit (Loss)	(Million Yen)	(6,798)	(11,193)	3,068	(8,579)	4,064
Profit (Loss) attributable to Owners of Parent	(Million Yen)	(6,447)	(10,085)	1,437	(6,801)	2,905
Comprehensive Income (Loss)	(Million Yen)	(6,947)	(11,371)	3,255	(8,448)	4,317
Comprehensive Income (Loss) attributable to Owners of Parent	(Million Yen)	(6,600)	(10,220)	1,610	(6,678)	3,092
Equity attributable to Owners of parent	(Million Yen)	24,958	31,086	50,300	42,745	44,954
Total Assets	(Million Yen)	248,832	267,482	267,698	261,859	265,115
Equity attributable to Owners of Parent per Share	(Yen)	249.96	207.48	401.40	314.11	339.47
Basic earnings (loss) per Share	(Yen)	(88.62)	(141.30)	11.31	(84.45)	27.52
Diluted earnings (loss) per Share	(Yen)	(88.62)	(141.30)	11.31	(84.45)	27.52
Ratio of Equity attributable to Owners of Parent to Total Assets	(%)	10.0	11.6	18.8	16.3	17.0
Return on Equity attributable to Owners of Parent	(%)	(22.2)	(37.8)	2.3	(15.7)	6.6
Price Earnings Ratio	(Times)	-	-	157.0	-	78.8
Cash Flows from Operating Activities	(Million Yen)	26,072	3,420	23,830	28,783	29,879
Cash Flows from Investing Activities	(Million Yen)	(15,348)	(12,924)	(3,522)	(8,788)	(13,582)
Cash Flows from Financing Activities	(Million Yen)	(12,338)	15,890	(9,511)	(18,755)	(20,329)
Cash and Cash Equivalent at End of Period	(Million Yen)	32,215	38,422	48,534	50,066	46,307
Number of Employees [Besides, Average number of Temporary hires]	(Persons)	5,420 [16,232]	5,625 [13,217]	5,319 [12,612]	4,227 [16,113]	4,502 [16,475]

(Notes) 1. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").
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 58th, 59th and 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.

5. In the 60th fiscal year, the Company finalized the provisional accounting treatment for the business combination, and the related key management indices for the 59th fiscal year are based on the amounts after the initial allocation of acquisition costs was reflected due to the finalization of the provisional accounting treatment.
6. 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 58th term	The 59th term	The 60th term	The 61st term	The 62nd term
Fiscal Year Ended		March 2020	March 2021	March 2022	March 2023	March 2024
Operating Profit	(Million Yen)	3,862	928	882	1,128	1,773
Ordinary Profit (Loss)	(Million Yen)	613	(3,135)	(2,656)	(2,281)	(2,192)
Profit (Loss)	(Million Yen)	766	7,722	(2,417)	(2,066)	(2,203)
Share Capital	(Million Yen)	14,030	18,530	27,905	27,905	27,905
Total Number of Issued Shares						
Common Shares	(Shares)	75,284,041	75,284,041	86,903,541	86,903,541	86,903,541
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
Net Assets	(Million Yen)	28,203	44,670	60,111	57,145	54,076
Total Assets	(Million Yen)	91,500	124,131	135,344	134,990	131,391
Net Assets per Share	(Yen)	293.22	388.53	514.62	480.25	444.69
Dividend per Share						
Common Shares	(Yen)	5.00	5.00	5.00	5.00	5.00
Preferred Shares	(Yen)	3,126,360	3,126,360	3,126,360	3,136,360	3,149,090
Second Series Preferred Shares	(Yen)	3,626,360	3,626,360	3,626,360	3,636,360	3,649,090
Third Series Preferred Shares	(Yen)	-	3,500,000	3,500,000	3,500,000	3,500,000
[Interim Dividend per Share]	(Yen)	[-]	[-]	[-]	[-]	[-]
Basic Earnings (Loss) per Share	(Yen)	7.51	96.02	(36.10)	(29.83)	(31.41)
Diluted Earnings per Share	(Yen)	-	-	-	-	-
Equity Ratio	(%)	30.8	36.0	44.4	42.3	41.2
Return on Equity	(%)	2.7	21.2	(4.6)	(3.5)	(4.0)
Price Earnings Ratio	(Times)	217.7	19.8	-	-	-
Dividend Payout Ratio	(%)	66.6	5.2	-	-	-
Number of Employees [Besides, Average Number of Temporary Hires]	(Persons)	102 [1]	105 [1]	111 [1]	117 [5]	126 [4]
Total Return on Equity	(%)	71.6	83.3	78.1	84.9	95.7
[Benchmark：TOPIX Net Total Return Index]	(%)	[90.5]	[128.6]	[131.2]	[138.8]	[196.2]
Highest Share Price	(Yen)	2,379	2,169	2,192	1,996	2,648
Lowest Share Price	(Yen)	1,275	1,162	1,502	1,597	1,927

(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, 61st and 62nd 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	Event
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	Event
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	Event
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	Event
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 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.
March 2022	REINS international inc. merged REINS Hokkaido Co., Ltd. (formerly ATOM Hokkaido Co., Ltd.) in an absorption-type merger.
April 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.
June 2022	COLOWIDE MD Co., Ltd. got assignment of all shares of WORITS Co., Ltd that it had some.
July 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.
October 2022	COLOWIDE MD Co., Ltd. established COLOWIDE MD R&D Center in Totsuka-ku, Yokohama-shi, Kanagawa-ken.
January 2023	The corporate name of Dining Creation Co., Ltd. was changed to Bay Food Factory Co., Ltd.
May 2023	Worldpicom Corporation demerged its self-ordering total system business to impact・e Co., Ltd.(formerly impact mirai) in an absorption-type demerger. COLOWIDE MD acquired 33.4% of the outstanding shares of Vegefru Farm Co., Ltd. as an agricultural production corporation.
July 2023	Established Beer Thirty Co., Ltd.
September 2023	Beer Thirty Co., Ltd. acquired a portion of stores of the restaurant management business of Asahi Food Create Co., Ltd.
March 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.
April 2024	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 "La Pausa". Nihon Meika Souhonpo 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.
June 2024	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.

3. Description of Business

The Group consists of the Company and 53 consolidated subsidiaries. The Group is engaged in a wide range of food service businesses, operating directly managed restaurant chains throughout Japan, North America, and Asia, 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, production, procurement, manufacturing, and distribution of various food products, etc.

ATOM CORPORATION directly managed operates restaurants and izakaya (Japanese style pub) restaurants such as "Steak MIYA," "NIGIRI-NO-TOKUBE," "KARUBI TAISHO," and "NE-NE-YA" 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", "Handmade Izakaya Amataro", "Kita no Aji Kiko to Jizake Hokkaido", and "FRESHNESS BURGER" in Japan and overseas, and also engages in the franchise headquarters business.

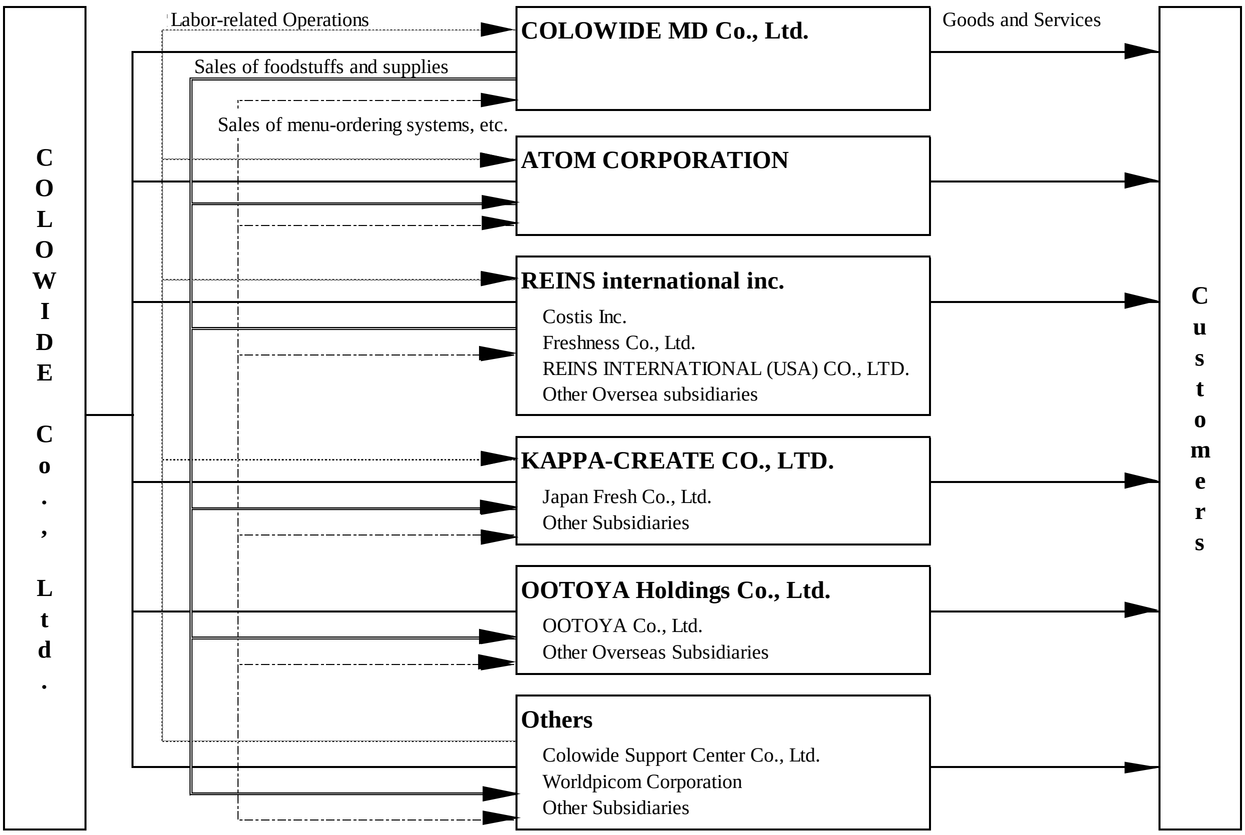
KAPPA-CREATE CO., LTD. operates directly managed restaurants such as "Kappa Sushi" and delicatessen business such as sushi and prepared bread.

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

In addition, 10 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) This table lists the main subsidiaries and main businesses.

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, production, 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) 3,9	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	Same as above	8,292	Investment business, holding and management of securities	99.9 (0.3)	-Investment company -Concurrent directorship -Financial support
REINS international inc. (Note) 2,9	Same as above	10	Operation of restaurant chains and franchise business	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 INTERNATIONAL (THAILAND) CO., LTD. (Note) 2,3	Thailand	18	Operation of restaurant chains in Thailand	49.0 (49.0)	-The Company's food service business in Thailand

Corporate name	Location	Share capital (Million Yen)	Main businesses	Ratio of Voting rights (%)	Details of relationship
PT. REINS MARINDO INDONESIA (Note) 2	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.	-	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
KAPPA-CREATE KOREA CO., LTD. (Note) 2	South Korea	814	Operation of restaurant in South Korea	80.0 (80.0)	-The Company's food service business in Korea -Concurrent directorship
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 directors
Beer Thirty Co., Ltd. (Note) 2	Same as above	10	Operation of restaurant business	100.0 (100.0)	-The Company's food service business
Cheers 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	Investment business, holding and investment of securities	100.0	-Investment company -Concurrent directorship
KAPPA-CREATE CO., LTD. (including 2 subsidiaries) (Note) 2,4,9	Same as above	100	Operation of restaurant chains and delicatessen business	50.6 (50.6)	-The Company’s food service business and delicatessen business -Business transactions
OOTOYA Holdings Co., Ltd. (including 8 subsidiaries) (Note) 1,2,3,7,9	Same as above	3,029	Operation of restaurant chains and franchise business	46.8 (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
SILSMARIA Co., Ltd. (Note) 2	Same as above	15	Production and sales of fresh confections, baked confections, and chocolates (fresh chocolates, etc.)	100.0 (100.0)	-Production and sales of fresh confections and others -Business transactions
Bay Food Factory Co., Ltd.	Same as above	10	Operation of restaurant business	100.0	-The Company's food service business -Concurrent directorship

Corporate name	Location	Share capital (Million Yen)	Main businesses	Ratio of Voting rights (%)	Details of relationship
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
Dining Yell Co., Ltd. (Note) 2	Same as above	10	Operation of catering service business	100.0 (100.0)	-The Company's catering 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
M. Y. Foods Co., Ltd. (Note) 2	Kamimikawa-cho, 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
Cocot Co., Ltd.	Nishi-ku, Yokohama-shi	10	Clerical work	100.0	-Administrative work -Concurrent directorship -Business transactions
COLOWIDE Support Center Co., Ltd.	Same as above	10	Labor-related services such as payroll calculation and social insurance management	100.0	-Operation of the Group’s indirect services -Concurrent directorship -Business transactions
Worldpicom 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
2 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 2 subsidiaries of KAPPA-CREATE CO., LTD. are Japan Fresh Co., Ltd. and Hanahachi Co., Ltd.
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 8 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.、M OOTOYA (THAILAND)CO., LTD. and VIETNAM OOTOYA CO., LTD.
8. The subsidiary of Nifs Co., Ltd. is Amis, Inc.
9. 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	61,256 Million yen
(ii) Ordinary profit	3,481 Million yen
(iii) Profit	975 Million yen
(iv) Net assets	5,825 Million yen
(v) Total assets	67,098 Million yen

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

5. Employees

(1) Consolidated basis

(As of March 31, 2024)

Reporting segment	Number of employees [persons]	
COLOWIDE MD Co., Ltd.	194	[214]
ATOM CORPORATION	663	[2,843]
REINS international inc. (including 22 subsidiaries)	1,709	[5,063]
KAPPA-CREATE CO., LTD. (including 2 subsidiaries)	784	[5,970]
OOTOYA Holdings Co., Ltd. (including 8 subsidiaries)	629	[1,487]
Others	523	[898]
Total	4,502	[16,475]

(Note) The number of employees indicates the number of the employed, and the figures in brackets.
indicates that the number of temporary employees (including part-timers, fixed-term contract employees, and contract employees, but excluding dispatched employees) is assumed as the average number of employees per year based on an 8-hour workday.

(2) The Reporting Company

(As of March 31, 2024)

Number of employees [persons]	Average age (Years old)	Average length of service (Years)	Average annual salary (Thousand yen)
126 [4]	44.2	13.9	6,691

(Note) 1. The Company has established reporting segments based on consolidated companies, and therefore, segment information is omitted.
2. The number of employees indicates the number of the employed, and the figures in brackets indicates that the number of temporary employees (including part-timers, fixed-term contract employees, and contract employees, but excluding dispatched employees) is assumed as the average number of employees per year based on an 8-hour workday.
3. Average age, average length of service and average annual salary indicates average figures of permanent employees only.
4. Average annual salary includes bonuses and other extra wages.

(3) Labor unions

The Company's labor union was formed on July 12, 2003 as the UA Zensen COLOWIDE Group Labor Union, with 39,057 members as of March 31, 2024, and is a member of the UA Zensen Alliance, an upper-level organization. The relationship between the Company and subsidiaries, and these labor unions are quite cooperative.

(4) Percentage of female workers in management positions, percentage of male workers taking childcare leave, and difference in wages between male and female workers

(i) The Company

Current fiscal year				
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-timers and Fixed-term workers
15.6	400.0	76.4	77.6	90.1

(Note) 1. Calculated in accordance with the provisions of the "Act on the Promotion of Women’s Active Engagement in Professional Life" (Act No.64 of September 4, 2015).

2. Based on the provisions of the "Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Member" (Act No. 76 of May 15, 1991), the percentage of child care leave, etc. taken is calculated as per Article 71-4-2 of the "Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Ordinance of the Ministry of Labor No. 25 of October 15, 1991).

3. The wage difference between male and female is shown as the ratio of female's wages (total wages per year divided by the average number of workers per year) to male's wages (total wages per year divided by the average number of workers per year). Regarding full-time workers, the main reasons are that the percentage of female workers in management positions is small, the average age is about 9 years younger than that of male workers, and the average length of service is about 4 years shorter than that of male workers. There is no difference in treatment based on gender between male and female in the wage system and wage structure. In addition, there is no wage difference between male and female employees for the same job (duties), as the Company has shifted to a JOB-based personnel system effective April 1, 2023. We will continue to make every effort to ensure diversity through gender- and age- neutral appointments.

(ii) Subsidiaries

Current fiscal year					
Reporting segment	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 MD Co., Ltd.	6.0	300.0	47.6	74.7	97.6
REINS international inc.	4.3	87.0	49.4	81.4	89.2
ATOM CORPORATION	9.1	150.0	65.8	76.6	106.9
KAPPA-CREATE CO., LTD.	3.2	33.3	87.3	80.4	123.8
OOTOYA Holdings Co., Ltd,	11.8	-	68.5	71.6	-

(Note) 1. Calculated in accordance with the provisions of the "Act on the Promotion of Women’s Active Engagement in Professional Life" (Act No.64 of September 4, 2015).

2. Based on the provisions of the "Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Member" (Act No. 76 of May 15, 1991), the percentage of child care leave, etc. taken is calculated as per Article 71-4-2 of the "Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Ordinance of the Ministry of Labor No. 25 of October 15, 1991).

3. The wage difference between male and female is shown as the ratio of female's wages (total wages per year divided by the average number of workers per year) to male's wages (total wages per year divided by the average number of workers per year). Regarding full-time workers, the main reasons are that the percentage of female workers in management positions is small, the average age 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 in the wage

system and wage structure. In addition, there is no wage difference between male and female employees for the same job (duties), as the Company has shifted to a JOB-based personnel system effective April 1, 2023. We will continue to make every effort to ensure diversity through gender- and age- neutral appointments.

4. The remaining consolidated subsidiaries data other than above are described in "VII. CORPORATE REFERENCE DATA, 2. Other Reference Information, (2) Percentage of female workers in management positions, Percentage of male workers taking childcare leave, and difference in wages between male and female workers".

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," and in order to make our customers "happy and enjoy our food", each and every one of our employees 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

As for the global economy, there are concerns about a growing sense of economic slowdown due to persistent inflation and higher interest rate policies in the U.S. and the stagnant Chinese economy. In Japan, although economic activity will maintain a recovery trend due to high earnings, especially among large corporations, personal consumption is expected to continue to be frugal and selective due to the slow growth of real wages, in addition to a lull in the recovery of demand since the end of the Corona disaster. The food service industry is expected to remain in a situation that does not allow for optimism, as upward pressure on costs and labor shortages continue to persist.

In addition, opportunities for growth in Japan over the medium to long term may be limited due to the decline in total population, declining purchasing power, and delays in correcting wage levels.

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

[Domestic food service business]

In the domestic food service business, we will continue to open new stores, mainly in the restaurant category, renovate stores that have deteriorated over time and change their business category, as well as continue to expand our market share through M&A.

[Overseas food service business]

In the overseas food service business, in addition to strengthening operations in Asian countries and North America, where we already have operations, we will promote the development of areas where we have yet to open new restaurants. We plan to open new stores mainly in the yakiniku and conveyor-belt sushi categories in selected markets where there is significant room for growth, focusing mainly on the working-age population.

[Catering service business]

In the catering service business, we are moving forward with full-scale entry and business expansion into the catering service business for hospitals and nursing care facilities, and we will make use of our superiority as a food service company by leveraging our menu development capabilities and high operational efficiency cultivated through competition in the food service market, and by improving cooking efficiency through meal kits utilizing our central kitchens. We will continue to develop our business by taking advantage of our superiority as a food service company.

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

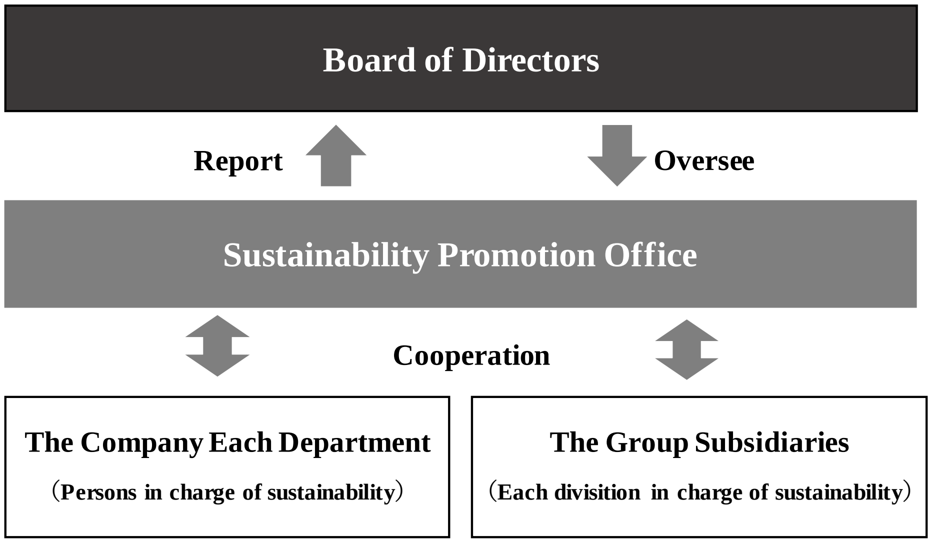
"Strengthen business management foundation" is one of the key issues essential for sustainable growth, and we will enhance the planning and execution of strategies and audits as a continuous and constant effort, while ensuring management transparency.

*Please refer to the Company's website (https://www.colowide.co.jp/sustainability/ Japanese Only) 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 operation costs due to introduction of carbon tax -Increase in operating costs due to stricter regulations on CO_2 emissions -Increase in business operation costs due to stricter regulations -Increase in investment costs for stores, etc. due to stricter regulations -Compliance with the Plastic Resources Recycling Law	◎ Very Large
		Reputation	-Loss of credibility among stakeholders due to delay in addressing environmental issues -Damage to brand value -Franchisee defections	◎ Very Large

		Market and Technology	-Increase in foodstuff procurement costs -Increase in procurement costs due to the shift to renewable energy sources -Increase in costs due to the replacement of plastic containers and packaging into renewable resources -Changes in demands due to changes in consumer preferences	○ Large
	Physical Risks		-Loss of business opportunities due to store closures following major natural disasters -Increase in procurement costs due to supply chain disruptions -Increased in electricity consumption at stores and factories	◎ Very Large
Opportunities	Energy / Technology		-Reduction of electricity consumption costs through promotion of energy conservation -Reduction of waste by supplying waste cooking oil as a raw material for SAF (Sustainable Aviation Fuel) -Reduction of transportation costs by improving logistics efficiency -Procurement of next-generation food materials	○ Large
	Market		-Gaining empathy from stakeholders by promoting sustainability -Increase revenues by developing environmentally friendly products and services -Develop products and services that meet changing tastes and preferences due to rising temperatures -Provide food aid in times of disaster	○ Large

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) Hierarchy-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 2024 (large corporation category)")

(xv) Increase in the number of annual scheduled holidays

(xvi) Childcare support leave

*For more information on our efforts, please visit the Company's website.

(https://www.colowide.co.jp/sustainability/diversity/index.html) (Japanese Only)

(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 FY2030, 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 FY2020, and as of FY2023, the results were 0.399 (Emissions: 122,037 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 FY2026 (23.4% in FY2023)

[Targets for the ratio of female managers]

30% of the entire group by FY2026 (11.4% in FY2023)

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 in the text are based on the Company's judgment as of the end of the current fiscal year, and the Company will strive to avoid the occurrence of these risks and minimize them if 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

The Group uses a wide variety of ingredients. Therefore, the Group's business performance and financial position could be affected if difficulties arise in securing the necessary amount of raw materials due to outbreaks of epidemics, unseasonable weather, or natural disasters, or if procurement prices soar due to fluctuations in market prices or exchange rates.

(iii) Store Opening Policy

The Group opens a wide range of stores, from those in front of train stations to those in suburban areas. However, because the decision to open a new store is based on comprehensive consideration of location and leasing conditions, if a property that meets these conditions cannot be secured, the Group may not be able to open a new store as planned, which could affect its business performance 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, the Group's business performance and financial position may be affected in the event that the Group is unable to attract the necessary human resources due to a worsening recruitment environment, personnel costs rise, or the training of hired personnel does not proceed smoothly.

(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 389 directly managed or franchised stores in 12 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 personal information of customers as well as trade secrets. Although the entire Group strives to properly manage the handling of personal information and trade secrets, in the unlikely event of a leak or unauthorized use of personal information or trade secrets, the Group's business performance and financial position could be affected by a loss of public trust and the obligation to pay compensation 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 3,256 million yen from the end of the previous consolidated fiscal year to 265,115 million yen. This was mainly due to increases of 5,228 million yen in property, plant and equipment, 2,345 million yen in goodwill, and 2,034 million yen in trade and other receivables, despite decreases of 3,759 million yen in cash and cash equivalents, 1,669 million yen in deferred tax assets, and 1,264 million yen in intangible assets.

Total liabilities decreased 178 million yen from the end of the previous fiscal year to 210,981 million yen. This was mainly due to decreases of 1,474 million yen in bonds and borrowings and 848 million yen in provisions, despite increases of 1,370 million yen in other current liabilities and 699 million yen in trade and other payables.

Total Equity increased 3,434 million yen from the end of the previous consolidated fiscal year to 54,135 million yen. This was mainly due to increases of 1,953 million yen in retained earnings and 1,225 million yen in non-controlling interest.

(ii) Operating Results

During the consolidated fiscal year under review, the Japanese economy showed a gradual movement toward recovery, partly due to the normalization of social and economic activities, growth in external demand, and a significant increase in inbound demand. However, the future of the economy remains uncertain, as there are concerns that consumer sentiment may cool down due to the prolonged depreciation of the yen beyond expectations and high cost of living caused by geopolitical risks and other factors. In the global economy, concerns about an economic slowdown continue due to factors such as the spread of inflation and the stagnant Chinese economy.

In the food service industry, the top line is recovering due to a recovery in demand and a certain degree of effectiveness of price revisions by various companies, but the business environment remains unpredictable due to upward pressure on costs and chronic labor shortages. In addition, the lifestyle changes that followed the Corona disaster, such as a decrease in the number of customers using late-night hours, have taken root, and in addition, the stagnation of real wages has led to increased thriftiness and selectivity in the restaurant scene.

Under these circumstances, the Group is strengthening its efforts to create a brand that is chosen by consumers in line with their changing lifestyles, and is continuing its efforts to respond to changes in the business environment over the medium term.

In terms of product measures, each brand is striving to refine its mainstay products, which are the foundation of its ability to attract customers, and to enhance the value of the experience through menus that utilize high-value-added ingredients and other products. For example, Kappa Sushi offers more than 100 kinds of products priced at 100 yen (110 yen including tax) to maintain price competitiveness, and to further enhance added value, Kappa Sushi uses luxurious ingredients and collaborates with famous brand restaurants.

Sales promotion measures included TV commercials featuring popular celebrities to enhance the image of brands with a certain network of stores in Japan, such as Gyu-Kaku, OOTOYA, and Kappa Sushi, as well as Freshness Burger's participation in a popular project on the TBS TV program "Job Tune", which was well received, and also continued to focus on PR activities. Overseas, we are also developing promotions that make full use of social media in response to the market environment in each country, and in the U.S., we are engaging in customer retention through "Meat Day" projects, etc. via the Gyu-Kaku app.

We are promoting the renovation of stores that have deteriorated over time with the aim of maintaining a comfortable space for customers, and our major themes include improving the convenience of Kappa Sushi by full made-to-order system, in addition refreshing the interior and exterior of Gyu-Kaku as well as improving the efficiency of in-store operations. And, in order to maintain appropriate QSCA standards, we are focusing on recruiting and training store personnel, and we are also continuing to make use of food serving robots, smartphone ordering, and self-checkout systems.

With respect to investment in new stores, the Company is aggressively working to respond to changing restaurant needs and trade areas, primarily by reviewing the balance of food categories and locations and recovering the net decrease in directly managed stores during the Corona disaster period. Specifically, in Japan, we have been increasing the number of restaurants, such as Gyu-Kaku and OOTOYA, located mainly in suburban and roadside areas, and overseas, also increasing mainly Gyu-Kaku and its derivatives in shopping malls, which have high customer attraction power, as major locations.

In response to rising costs, through the full-scale operation of the "COLOWIDE MD R&D Center", we have improved efficiency, such as by improving the yield rate of food ingredients through the integration of the product development departments of group companies, and have made changes to the grand menu and revised product prices in response to the procurement environment. Furthermore, to address the "2024 problem" of logistics, the number of distribution centers has been consolidated from 16 to 12 nationwide, and the frequency of food delivery has been optimized to reduce the delivery frequency from 6 days a week to 5 days a week at most of our distribution centers.

In the catering service business, which is one of our mid-term missions, we are working to increase the number of contracts from business establishments and universities, and in order to enter the catering service business for hospitals and nursing care facilities, which is our main focus, we acquired all shares of Nifs Co., Ltd., which specializes in catering service in the healthcare field, on March 25 and welcomed it into the Group. In addition, we have established a new logistics scheme with Yamato Transport Co., Ltd. to meet diverse delivery needs, such as small-lot deliveries of food materials, and are steadily accumulating and utilizing know-how in the catering service business.

We continue to focus on sustainability initiatives, and as one example, we have achieved a "100% food recycling rate" at all 10 plants of our group companies. In addition, we are working to improve the capacity utilization rate of soybean meat production lines and commercializing products under brands such as Steak Miya and Kappa Sushi. Furthermore, we have taken a stake in an agricultural production corporation to ensure a stable supply of vegetables, and we are working toward sustainable procurement of food ingredients from a supply chain perspective.

The Company is also promoting activities for the purpose of the growth and respect for diversity of its workforce, such as training for female leaders and providing a variety of employment options to ensure a comfortable work environment, then in March, the Company was certified as a "Corporation with Excellent Health Management 2024 (Large-Scale Corporation Division)".

The "Children's Cafeteria (Kodomo Shokudo)", which we have been working on as a measure to contribute to the local community and society, has served more than 70,000 people in total.

Regarding store openings and closings, the Company opened 94 directly managed restaurants and 12 directly managed izakaya (Japanese-style pub) restaurants, for a total of 106 stores, while closing 48 directly managed restaurants and 19 directly managed izakaya (Japanese-style pub) restaurants, for a total of 67 stores. As a result, the number of directly managed stores at the end of the current fiscal year was 1,403, and the total number of stores including franchised stores was 2,583. The ratio of restaurant business to the total number of stores is 90%, and we are steadily optimizing our business portfolio.

As a result of the efforts above, the consolidated financial results for the current fiscal year show that although the recovery of the performance of consolidated subsidiary ATOM CORPORATION has been delayed, the performance of other consolidated subsidiaries, mainly REINS international inc., has been recovered remarkably, revenue amounted to 241,284 million yen, business profit to 8,712 million yen, profit to 4,064 million yen, and profit attributable to owners of the parent to 2,905 million yen.

Operating results by segment are as follows.

a. COLOWIDE MD Co., Ltd.

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

For the consolidated fiscal year under review, revenues were 85,255 million yen (77,938 million yen in the same period of the previous year), business profit was 2,046 million yen (2,187 million yen in the same period of the previous year), and operating profit was 1,697 million yen (1,952 million yen in the same period of the previous year).

The number of stores at the end of the current fiscal year was one.

b. ATOM CORPORATION

ATOM CORPORATION operates restaurant and izakaya (Japanese style pub) restaurants such as "Steak MIYA", "NIGIRI-NO-TOKUBE", "KARUBI TAISHO," and "NE-NE-YA", as well as franchise headquarters business.

For the consolidated fiscal year under review, revenues were 36,974 million yen (35,266 million yen in the same period of the previous year), business loss was (148) million yen [(939) million yen in the same period of the previous year], and operating loss was (1,623) million yen [(1,560) million yen in the same period of the previous year].

Regarding store policy, we opened 3 new stores (3 directly managed stores) and closed 23 stores (23 directly managed stores), bringing the total number of stores to 334 (324 directly managed stores and 10 franchise stores) at the end of the current consolidated fiscal year.

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", "Handmade Izakaya Amataro", "Kita no Aji Kiko to Jizake Hokkaido", and

"FRESHNESS BURGER" in Japan and overseas, as well as engages in the franchise headquarters business

For the current consolidated fiscal year, revenues were 99,725 million yen (87,592 million yen in the same period of the previous year), business profit was 6,605 million yen (2,791 million yen in the same period of the previous year), and operating profit was 6,233 million yen [operating loss of (1,501) million yen in the same period of the previous year].

Regarding store policy, we opened 118 new stores (90 directly managed and 28 franchise stores) and converted 28 franchise restaurant-type stores and 2 franchise izakaya (Japanese-style pub)-type stores to directly managed stores. On the other hand, we closed 143 stores (26 directly managed stores and 117 franchised stores) and converted 4 directly managed restaurant-type stores to franchised stores. As a result, the number of stores at the end of the current consolidated fiscal year was 1,497 (587 directly managed and 910 franchised stores).

d. KAPPA-CREATE CO., LTD.

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

For the current consolidated fiscal year, revenues were 72,197 million yen (70,438 million yen in the same period of the previous year), business profit was 1,863 million yen [business loss of (734) million yen in the same period of the previous year], and operating profit was 1,767 million yen [operating loss of (2,017) million yen in the same period of the previous year].

Regarding store policy, the company closed 9 stores, bringing the total number of directly managed stores to 296 at the end of the consolidated fiscal year under review.

e. OOTOYA Holdings Co., Ltd.

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

For the current consolidated fiscal year, revenues were 27,894 million yen (23,847 million yen in the same period of the previous year), business profit was 1,278 million yen [business loss of (39) million yen in the same period of the previous year], and operating profit was 1,212 million yen (101 million yen in the same period of the previous year).

Regarding store policy, we opened 20 new stores (12 directly managed and 8 franchise stores) and converted 4 franchise restaurant category stores to directly managed stores. On the other hand, we closed 24 stores (7 directly managed and 17 franchise stores) and converted one directly managed restaurant business to a franchise. As a result, the number of restaurants at the end of the current consolidated fiscal year was 418 (158 directly managed and 260 franchised).

f. Others

Worldpicom Corporation for planning, operation, and maintenance of IT systems and call center operations; SILSMARIA Co., Ltd. for the production and sale of fresh confections, baked confections, and chocolates ("Nama-Choco" Ganache, etc.); administrative work for Cocot Co., Ltd.; the restaurant chain operation at WP Japan Co., Ltd.; the operation of restaurant business by Bay Food Factory Co., Ltd.; the operation of catering service business by Dining Yell Co., Ltd.; the restaurant chain operations at Future Link Co.; and labor-related services such as payroll calculation and social insurance management at Colowide Support Center Co., Ltd.

For the current consolidated fiscal year, revenues were 7,638 million yen (8,480 million yen in the same period of the previous year), business loss was 203 million yen (329 million yen in the same period of the previous year), and operating profit was 312 million yen [operating loss of (772) million yen in the same period of the previous year].

(2) Cash Flows

Cash Flows from Operating Activities	29,879 Million yen (3.8% increase compared to the end of the previous consolidated fiscal year)
Cash Flows from Investing Activities	(13,582) Million yen (54.6% decrease compared to the end of the previous consolidated fiscal year)
Cash flows from Financing Activities	(20,329) Million yen (8.4% decrease compared to the end of the previous consolidated fiscal year)
Cash and Cash Equivalents at End of Period	46,307 Million yen (7.5% decrease compared to the end of the previous consolidated fiscal year)

Cash and cash equivalents at the end of the current consolidated fiscal year decreased by 3,759 million yen from the end of the previous consolidated fiscal year to 46,307 million yen as a result of net cash provided by operating activities of

29,879 million yen, net cash used in investing activities of (13,582) million yen, net cash used in financing activities of (20,329) million yen, and the effect of exchange rate changes on cash and cash equivalents of 273 million yen. As a result, cash and cash equivalents decreased 3,759 million yen from the end of the previous consolidated fiscal year to 46,307 million yen.

Cash flows from operating activities were mainly due to profit before income taxes as well as depreciation and amortization.

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

Cash flows from financing activities were mainly due to repayments of lease liabilities.

(3) Production, Orders and Sales

(i) Production Results

Reporting segment	Current Consolidated Fiscal Year (From April 1, 2023 to March 31, 2024)	YoY change (%)
COLOWIDE MD Co., Ltd. (Million yen)	9,788	125.5
ATOM CORPORATION (Million yen)	-	-
REINS international inc. (including 22 subsidiaries) (Million yen)	-	-
KAPPA-CREATE CO., LTD. (including 2 subsidiaries) (Million yen)	12,062	98.9
OOTOYA Holdings Co., Ltd. (including 8 subsidiaries) (Million yen)	-	-
Others (Million yen)	363	98.0
Total (Million yen)	22,212	109.0

(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 (April 1, 2023 to March 31, 2024)	YoY change (%)
COLOWIDE MD Co., Ltd. (Million)	85,255	109.4
ATOM CORPORATION (Million)	36,974	104.8
REINS international inc. (including 22 subsidiaries) (Million)	99,725	113.9
KAPPA-CREATE CO., LTD. (including 2 subsidiaries) (Million)	72,197	102.5
OOTOYA Holdings Co., Ltd, (including 8 subsidiaries) (Million)	27,894	117.0
Others (Million)	7,638	90.1
Total (Million)	329,684	108.6

(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, 2022 to March 31, 2023)	Current consolidated fiscal year (From April 1, 2023 to March 31, 2024)
Revenue (Million yen)	220,830	241,284
Profit (loss) (Million)	(8,579)	4,064
Basic earnings (loss) per share (Yen)(Note)	(84.45)	27.52
Asset (Million yen)	261,859	265,115
Equity (Million)	50,701	54,135

(Note) Basic earnings (loss) 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."

The Company entered into a joint venture agreement on March 26, 2024 with Nippon General Food Co., Ltd. to establish an alliance in the catering service business. The summary of the agreement is as follows.

Contract Details	Party to a contract	Nippon General Food Co., Ltd.
	Content	Launching and strengthening and expanding a new type of catering business that combines the know-how of the food service and catering service businesses
	Investment Amount	COLOWIDE Co., Ltd.　25,500Thousand yen Nippon General Food Co., Ltd.　24,500Thousand Yen
	Name of Joint Venture	Heartful Dining Co., Ltd. (Capital　50,000Thousand yen)
	Month of Establishment	April 2024

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 14,215 million yen (including 803 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 1,432 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 1,300 million yen (including 47 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 6,832 million yen (including 589 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 3,261 million yen (including 71 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 926 million yen (including 37 million yen in lease deposits for stores, etc.), which was invested in store buildings and equipment and in the remodeling of existing stores.

(6) Others

Capital expenditures for the current fiscal year totaled 677 million yen (including 348 million yen in lease deposits related to store leases), which were invested in store buildings and equipment, remodeling of existing stores, and software development.

(7) Company-wide common

Capital expenditures totaled 98 million yen in the current consolidated fiscal year, and were mainly invested in the administrative divisions of the Head Office.

In addition, 311 million yen was consolidated adjustment due to internal transactions.

	COLOWIDE MD Co., Ltd.	ATOM CORPORATION	REINS international inc.	KAPPA-CREATE CO., LTD.	OOTOYA Holdings Co., Ltd.	Others	Total
Number of directly managed stores	1	324	587	296	158	37	1,403
Number of FC stores	-	10	910	-	260	-	1,180
Total	1	334	1,497	296	418	37	2,583

Number of stores by region

		Kanto	Kansai	Tokai	Others	Overseas	Total
COLOWIDE MD Co., Ltd.	Directly managed stores	1	-	-	-	-	1
	FC stores	-	-	-	-	-	-
	Total	1	-	-	-	-	1
ATOM CORPORATION	Directly managed stores	78	15	87	144	-	324
	FC stores	-	-	10	-	-	10
	Total	78	15	97	144	-	334
REINS international inc.	Directly managed stores	327	39	22	66	133	587
	FC stores	330	63	64	308	145	910
	Total	657	102	86	374	278	1,497
KAPPA-CREATE CO., LTD.	Directly managed stores	74	42	49	131	-	296
	FC stores	-	-	-	-	-	-
	Total	74	42	49	131	-	296
OOTOYA Holdings Co., Ltd.	Directly managed stores	125	10	2	12	9	158
	FC stores	65	7	24	62	102	260
	Total	190	17	26	74	111	418
Others	Directly managed stores	34	2	1	-	-	37
	FC stores	-	-	-	-	-	-
	Total	34	2	1	-	-	37
Total	Directly managed stores	639	108	161	353	142	1,403
	FC stores	395	70	98	370	247	1,180
	Total	1,034	178	259	723	389	2,583

Main restaurant categories (Those having more than 20 stores)

Restaurant category	ATOM CORPORATION			REINS international inc.			KAPPA-CREATE Co., LTD.			OOTOYA Holdings Co., Ltd.			Others			Total		
	DM	FC	Total	DM	FC	Total	DM	FC	Total	DM	FC	Total	DM	FC	Total	DM	FC	Total
Gyu-Kaku	-	-	-	222	606	828	-	-	-	-	-	-	-	-	-	222	606	828
OOTOYA	-	-	-	-	-	-	-	-	-	150	260	410	1	-	1	151	260	411
Kappa Sushi	-	-	-	7	-	7	293	-	293	-	-	-	-	-	-	300	-	300
On-Yasai	-	-	-	87	170	257	-	-	-	-	-	-	-	-	-	87	170	257
FRESHNESS BURGER	-	-	-	63	91	154	-	-	-	-	-	-	-	-	-	63	91	154
Steak MIYA	115	-	115	-	-	-	-	-	-	-	-	-	-	-	-	115	-	115
KARUBI TAISHO	56	1	57	1	-	1	-	-	-	-	-	-	-	-	-	57	1	58
Doma-Doma	-	-	-	11	25	36	-	-	-	-	-	-	11	-	11	22	25	47
NIGIRI-NO-TOKUBE	35	7	42	-	-	-	-	-	-	-	-	-	-	-	-	35	7	42
Irohanihoheto	23	-	23	17	-	17	-	-	-	-	-	-	1	-	1	41	-	41
3-6-5 Sakaba	-	-	-	33	1	34	-	-	-	-	-	-	1	-	1	34	1	35
Kagurazaka Sakura	-	-	-	27	7	34	-	-	-	-	-	-	-	-	-	27	7	34
NE-NE-YA	28	-	28	-	-	-	-	-	-	-	-	-	-	-	-	28	-	28
Hokkaido	-	-	-	27	-	27	-	-	-	-	-	-	-	-	-	27	-	27
Jiyukan	25	-	25	-	-	-	-	-	-	-	-	-	-	-	-	25	-	25
Kamadoka	-	-	-	13	9	22	-	-	-	-	-	-	-	-	-	13	9	22

(Note) 1. COLOWIDE MD Co., Ltd. does not have a main restaurant category, then is omitted.
2. DM stands for Directly Managed Stores.
3. FC stands for Francise Stores.

2. Principal Facilities

Principal facilities by each company of the Group as of March 31, 2024 are as follows

(1) The Company

Entity	Location	Facility type	Total *Book value (Million yen)	Number of employee (person) [Number of part-timers (persons)]
Head Office	Nishi-ku, Yokohama-shi	Head Office facilities, etc.	58	126 [4]

*Details of Book value

Entity	Buildings (Million yen)	Machinery and equipment (Million yen)	Vehicles and transportation equipment (Million yen)	Tools, Furniture and Fixture (Million yen)	Right-of-use asset (Million yen)	Construction in progress (Million yen)	Total (Million yen)
Head Office	28	3	0	12	15	-	58

(2) Domestic subsidiaries

Reporting segment	Location	Facility type	Total *Book value (Million yen)	Number of employee (person) [Number of part-timers (persons)]
COLOWIDE MD Co., Ltd.	Nishi-ku, Yokohama-shi	Store facilities	12,653	194 [214]
ATOM CORPORATION	Nishi-ku, Yokohama-shi	Store facilities, etc.	12,802	663 [2,843]
REINS international inc. (including 22 subsidiaries)	Nishi-ku, Yokohama-shi	Store facilities, etc.	25,796	1,709 [5,063]
KAPPA-CREATE CO., LTD. (including 2 subsidiaries)	Nishi-ku, Yokohama-shi	Store facilities, etc.	16,745	784 [5,970]
OOTOYA Holdings Co., Ltd. (including 8 subsidiaries)	Nishi-ku, Yokohama-shi	Store facilities, etc.	2,530	629 [1,487]

*Details of Book value

Reporting segment	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)
COLOWIDE MD Co., Ltd.	4,430	235	945	8	60	6,738 (52,609)	231	6
ATOM CORPORATION	5,723	478	-	-	911	1,196 (19,490)	4,495	-
REINS international inc. (including 22 subsidiaries)	10,092	514	615	0	1,412	50 (2,044)	12,842	269
KAPPA-CREATE CO., LTD. (including 2 subsidiaries)	5,217	341	2,368	0	2,912	1,254 (22,942)	4,628	25
OOTOYA Holdings Co., Ltd. (including 8 subsidiaries)	1,096	40	1	16	369	75 (7,681)	901	30

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

(1) New additions of important facilities

(i) The Company

None

(ii)Domestic subsidiaries

Reporting 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	-	-	Own fund and borrowings	-	-	-
REINS international inc. (including 22 subsidiaries)	Store facilities	2,746	-	Own fund and borrowings	April 2024	March 2025	2,516
KAPPA-CREATE CO., LTD. (including 2 subsidiaries)	Store facilities	1,755	-	Own fund and borrowings	July 2024	January 2025	900
OOTOYA Holdings Co., Ltd. (including 8 subsidiaries)	Store facilities	597	-	Own fund and borrowings	April 2024	February 2025	630
Others	Catering service facilities	12	-	Own fund and borrowings	October 2024	February 2025	-
Total		5,109	-				4,046

(2) Repair of important facilities

Reporting segment	Facility type	Planned investment amount		Source 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	653	-	Own fund and borrowings	October 2024	October 2024	-
ATOM CORPORATION	Store facilities	537	-	Own fund and borrowings	April 2024	March 2025	62
REINS international inc. (including 22 subsidiaries)	Store facilities	488	-	Own fund and borrowings	April 2024	March 2025	-
KAPPA-CREATE CO., LTD. (including 2 subsidiaries)	Store facilities	480	-	Own fund and borrowings	April 2024	June 2024	-
OOTOYA Holdings Co., Ltd. (including 8 subsidiaries)	Store facilities	1,014	22	Own fund and borrowings	August 2023	June 2024	-
Others	Store facilities	168	-	Own fund and borrowings	October 2024	November 2024	-
Total		3,340	22				62

(3) Disposal of important equipment

Business category	Equipment type	Reporting segment	Number of applicable stores	Scheduled of asset disposal	Reference
Restaurant business	Store equipment	ATOM CORPORATION	6 stores	From April 2024 to March 2025	Closing of unprofitable stores
		REINS international inc. (including 22 subsidiaries)	11 stores		
		KAPPA-CREATE CO., LTD. (including 2 subsidiaries)	7 stores		
		OOTOYA Holdings Co., Ltd. (including 8 subsidiaries)	4 stores		
		その他	3 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, 2024)	Issued shares as of filing date (shares) (June 28, 2024)	Name of listed financial instruments exchange	Description
Common share	86,903,541	86,903,541	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	86,903,691	86,903,691	-	-

(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 disclosure requirements. The related other disclosure items required by IFRS 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.

(i) 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 disclosure requirements. Relevant other disclosure items required by IFRS 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 disclosure requirements. Relevant other disclosure items required by IFRS 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
August 20, 2020 (Note 1)	Third series preferred share 90	Common share 75,284,041 Preferred share 30 Second series preferred share 30 Third series preferred share 90	4,500	18,530	4,500	8,248
August 10, 2021 (Note 2)	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 3)	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 4)	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

(Note 1) Paid-in third-party allotment

Issue price 100,000,000 yen

Amount paid-in equity 50,000,000 yen

Main allottee Custody Bank of Japan, Ltd.

(Trust Account)

(Note 2) Restricted share
Issue price 2,028 yen
Amount paid-in equity 1,014 yen

(Note 3) 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 4) Paid-in third-party allotment
Issue price 1,612.60 yen
Amount paid-in equity 806.30 yen
Main allottee Nomura Securities Co., Ltd.

(5) Status by shareholders

(i) Common shares

As of March 31, 2024

Category	Status of shares (1 unit = 100 shares)								Shares less than one unit (shares)
	National and local governments	Financial institutions	Financial instruments business operators	Other corporations	Foreign shareholders		Individuals and others	Total	
					Other than individuals	Individuals			
Number of shareholders (persons)	-	20	18	687	124	180	108,306	109,335	-
Number of shares held (units)	-	96,476	8,634	64,772	25,747	947	670,992	867,568	146,741
Shareholding ratio (%)	-	11.12	1.00	7.47	2.97	0.11	77.34	100.00	-

(Note) 1. 1,961 units of treasury stock are included in "Individuals and others", and 99 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, 2024

Category	Status of shares (1 unit = 1 shares)								Less than one unit (shares)
	National and local governments	Financial institutions	Financial instruments business operators	Other corporations	Foreign shareholders		Individuals and others	Total	
					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, 2024

Category	Status of share (1 unit = 1 share)								Less than one unit (shares)
	National and local governments	Financial institutions	Financial instruments business operators	Other corporations	Foreign shareholders		Individuals and others	Total	
					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, 2024

Category	Status of share (1 unit = 1 share)								Less than one unit (shares)
	National and local governments	Financial institutions	Financial instruments business operators	Other corporations	Foreign shareholders		Individuals and others	Total	
					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, 2024

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	7,418,900	8.56
Sankurodo Co	2-5 Yoshino-cho, Minami-ku, Yokohama-shi, Kanagawa-ken	5,766,930	6.65
Ryoko Kuroudo	Zushi-shi, Kanagawa-ken	4,062,750	4.69
Masaki Kuroudo	Yokohama-shi, Kanagawa-ken	2,864,617	3.30
Kaneo Kuroudo	Zushi-shi, Kanagawa-ken	2,691,605	3.10
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12 Harumi, Chuo-ku, Tokyo	1,275,100	1.47
Rie Suzuki	Yokohama-shi, Kanagawa-ken	1,094,625	1.26
STATE STREET BANK WEST CLIENT-TREATY 505234 (Standing proxy: Mizuho Bank, Ltd. Settlement Services Division)	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U.S.A. (2-15-1 Konan, Minato-ku, Tokyo)	579,600	0.67
BofA Securities Co., Ltd.	1-4-1 Nihombashi, Chuo-ku, Tokyo	379,300	0.44
Mizuho Bank, Ltd.	1-5-5 Otemachi, Chiyoda-ku, Tokyo	354,375	0.41
Total	-	26,487,802	30.55

(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, 2024

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	74,189	8.57
Sankurodo Co	2-5 Yoshino-cho, Minami-ku, Yokohama-shi, Kanagawa-ken	57,669	6.66
Ryoko Kuroudo	Zushi-shi, Kanagawa-ken	40,627	4.69
Masaki Kuroudo	Yokohama-shi, Kanagawa-ken	28,646	3.31
Kaneo Kuroudo	Zushi-shi, Kanagawa-ken	26,916	3.11
Custody Bank of Japan, Ltd. (Trust account)	1-8-12 Harumi, Chuo-ku, Tokyo	12,751	1.47
Rie Suzuki	Yokohama-shi, Kanagawa-ken	10,946	1.26
STATE STREET BANK WEST CLIENT-TREATY 505234 (Standing proxy: Mizuho Bank, Ltd. Settlement Services Division)	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U.S.A. (2-15-1 Konan, Minato-ku, Tokyo)	5,796	0.67
BofA Securities Co., Ltd.	1-4-1 Nihombashi, Chuo-ku, Tokyo	3,793	0.44
Mizuho Bank, Ltd.	1-5-5 Otemachi, Chiyoda-ku, Tokyo	3,543	0.41
Total	-	264,876	30.60

(7) Voting rights

(i) Issued shares

As of March 31, 2024

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	196,100	-	The standard shares without limitations on the shareholders' rights
Shares with full voting rights (others)	Common shares	86,560,700	865,607	Same as above
Shares less than one unit	Common shares	146,741	-	Same as above
Total number of issued shares		86,903,691	-	-
Voting rights of all shareholders		-	865,607	-

(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.

March 31, 2024

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	196,100	-	196,100	0.23
Total	-	196,100	-	196,100	0.23

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	272	1
Treasury shares acquired during the period	150	0

(Note) Treasury shares acquired during the period under review do not include shares less than one unit purchased from June 1, 2024 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	28,000	18	-	-
Sale of shares less than one unit upon request for additional purchase	50	0	-	-
Number of treasury shares held	196,199	-	196,349	-

(Note) The number of treasury shares held during the period under review does not include shares less than one unit purchased from June 1, 2024 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 9, 2024, the Company will pay 5 yen per share of common shares, 3,149,090 yen per share of preferred shares, 3,649,090 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 434 million yen per common share, 94 million yen per preferred share, 109 million yen per Second series preferred share, and 315 million yen per Third series preferred share, totaling 952 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 operation of karaoke houses, and the purchase, processing, distribution, and sales of various food materials and foodstuffs. The Food Sanitation Law, the Fire Service Law, and the Personal Information Protection Law are among the laws that companies engaged in the restaurant business must comply with, and the Corporate Governance Code is among the rules that listed companies must follow. The Company believes that the establishment of an appropriate compliance system will provide a foundation for the steady implementation of our corporate philosophy and management strategy, and will contribute to our sustainable growth and enhancement of our corporate value over the medium to long term.

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

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

The Company held 21 meetings of the Board of Directors during the fiscal year under review (including 6 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	13
President and representative director	Kohei Nojiri	21
Director	Takeo Isono	21
Director	Daisuke Matsumi	21
Director	Takefumi Ueda (Note1)	16

Outside director	Junko Mokuno	20
Outside director	Yuji Fujiyama	21
Director (Audit and Supervisory Committee member)	Takeshi Uda	21
Outside director (Audit and Supervisory Committee member)	Shinya Fukuzaki	21
Outside director (Audit and Supervisory Committee member)	Michio Tani (Note2)	5
Outside director (Audit and Supervisory Committee member)	Saiko Kumaou	21
Outside director (Audit and Supervisory Committee member)	Kazunari Higuchi (Note1)	16

(Note) 1. Mr. Takefumi Ueda and Mr. Kazunari Higuchi, who assumed office on June 27, 2023, are shown as having attended 16 meetings held after that date.

2. Attendance of Mr. Michio Tani, who retired on June 27, 2023, is stated for the 5 meetings held prior to June 27, 2023.

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

Resolutions (26 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 -Revision of important rules and regulations (Group Company Management Rules, Internal Control Rules, Document Management Rules, etc.) -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 (43 items)	-Group Performance Report -Skill Matrix of Directors, etc. -Business plans of subsidiaries for the next fiscal year -Status of Sustainability Initiatives -Initiatives for trade secret management, etc.

＜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.

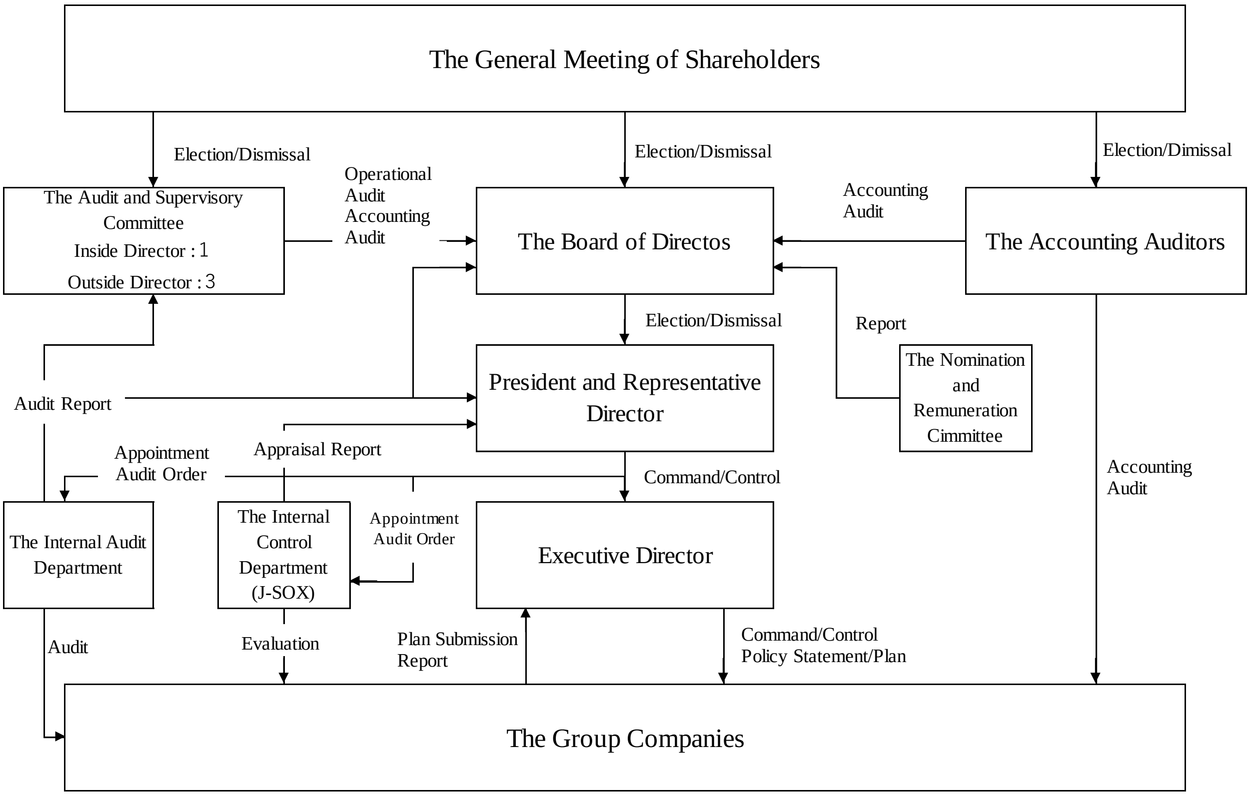
The Company held two meetings of the Nomination and Remuneration Advisory Committee during the fiscal year under review, and the membership of the Committee and the attendance of individual directors are as follows

Position	Name	Number of attendances
Chairperson	Shinya Fukuzaki	2
Committee member	Kaneo Kuroudo	2
Committee member	Kohei Nojiri	2
Committee member	Michio Tani (Note)	2

(Note) Mr. Michio Tani, who retired from the position of Director as a member of the Audit and Supervisory Committee on June 27, 2023, also retired from the Committee as of the same date.

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.
With regard to the storage and management of information, the Company has revised the "Document Management Regulations" and appropriately stores and manages information in accordance with laws and regulations and the said revised regulations.

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 regard to the management of group subsidiaries, the "Group Company Management Regulations" have been revised, and while respecting the autonomy of each subsidiary, the Group Executive Committee has been held to receive regular reports on business activities and discuss countermeasures in accordance with the said regulations.

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

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 2,691,605
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 49,160
Director	Takeo Isono	September 1, 1971	April 1996 Nigata 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 9,000
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 9,000
Director	Takefumi Ueda	September 13, 1964	September 2001 HEISEI FOOD SERVICE Co., Ltd. October 2004 COLOWIDE EAST JAPAN Co., Ltd. [Currently COLOWIDE MD Co., Ltd.] Director June 2005 ATOM CORPORATION President and Representative Director June 2011 COLOWIDE EAST JAPAN Co., Ltd. [Currently COLOWIDE MD Co., Ltd.] President and Representative Director COLOWIDE Co., Ltd. Director December 2014 KAPPA-CREATE Holdings Co., Ltd. [Currently KAPPA-CREATE CO., LTD.] Senior Managing Director April 2019 COLOWIDE Co., Ltd. Executive Officer July 2020 COLOWIDE Co., Ltd. Executive Officer, General Manager of Development Division April 2023 WP Japan Co., Ltd. President and Representative Director [Current position] June 2023 COLOWIDE Co., Ltd. Director, General Manager of Development Division April 2024 COLOWIDE Co., Ltd. Director, General Manager of Contract Business Division [Current position]	1 year (Note) 3	Common share 6,000

Position	Name	Birthday date	Brief personal record	Tenure	Number of shares owned (shares
Director	Junko Mokuno	December 20, 1961	July 1991 Arther D. Little Japan Consultant September 2008 The Walt Disney Company, Director, Consumer Relationship Management June 2019 COLOWIDE Co., Ltd., Director [Current position] May 2023 MEDIA DO Co., Ltd., Outside Director [Current position] June 2023 Cool Japan Fund Inc., Board Member [Current position]	1 year (Note) 1,3	-
Director	Morio Fukuda	May 18, 1964	April 1987 National Police Agency August 2001 Mie Prefectural Police, Head of Police Affairs Department January 2007 Kyoto Prefectural Police, Head of Police Affairs Department March 2010 Osaka Prefectural Police, Head of Traffic Police Department August 2011 National Police Agency, Counsellor, Commissioner-General's Secretariat August 2013 National Police Agency, Head of Traffic Education Department August 2014 Cabinet Secretariat, Counsellor, Cabinet Secretariat March 2017 Japan safe Driving Center, Head of General Affairs Department July 2018 Ministry of Land, Infrastructure, Transport and Tourism, Deputy Director-General August 2020 National Research Institute of Police Science, Deputy Director August 2021 Public Security Intelligence Agency, Head of Research Division 1 December 2023 Meiji Yasuda Life Insurance Company, Advisor to Mutual Company June 2024 COLOWIDE Co., Ltd., Outside Director [Current position]	1 year (Note) 1,3	-
Director (Audit and Supervisory Committee member)	Takeshi Uda	March 31, 1961	April 1984 Nissin Shokuhin Co., Ltd. [Currently KAPPA-CREATE CO., LTD.] July 1995 KAPPA-CREATE CO., LTD. General Manager of East Japan Business Division August 2005 KAPPA-CREATE CO., LTD., Director June 2008 KAPPA-CREATE Co., LTD. General Manager of Logistics Division November 2012 KAPPA-CREATE CO., LTD. General Manager of General Affairs Division June 2015 KAPPA-CREATE CO., LTD., Full-time Audit & Supervisory Board Member June 2018 KAPPA-CREATE CO., LTD., Director [Audit & Supervisory Committee Member] June 2019 COLOWIDE Co., Ltd., Director [Audit & Supervisory Committee Member] [Current position]	2 years (note) 2	-
Director (Audit and Supervisory Committee member)	Shinya Fukuzaki	April 24, 1969	April 1997 Registered as an attorney [TOKYO BAR Association] Kudansogo Law Offices October 2001 Bancho Square law Offices June 2016 COLOWIDE Co., Ltd., Outside Director [Audit & Supervisory Committee Member] [Current position] YAMASHIN-FILTER Corp., Outside Director [Audit & Supervisory Committee Member] [Current position] July 2017 Fukuzaki Law Office [Current position] March 2023 FORSIGHT Co., Ltd., Outside Director [Audit & Supervisory Committee Member] [Current position]	2 years (Note) 1,2	-
Director (Audit and Supervisory Committee member)	Saiko Kumaou	February 27, 1970	December 2017 Registered as an attorney [Dai-Ichi TOKYO BAR Association] Legal Plus Law Office June 2018 SHIMAMURA LAW & ACCOUNTING [Current position] March 2020 The Sailor Pen Co., Ltd., Outside Director [Audit & Supervisory Committee Member] [Current position] June 2021 COLOWIDE Co., Ltd., Outside Director [Audit & Supervisory Committee Member] [Current position] July 2022 Hamee Corp., Outside Director [Audit & Supervisory Committee Member] [Current position] November 2022 Meiko Network Japan Co., Ltd., Outside Director [Audit & Supervisory Committee Member] [Current position]	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. 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	-
Total					Common share 2,764,765

(Note) 1. Five Directors, Ms. Junko Mokuno, Mr. Morio Fukuda, Mr. Shinya Fukuzaki, Ms. Saiko Kumaou and Mr. Kazunari Higuchi are outside directors.
2. The tenure will expire from the conclusion of the Ordinary General Meeting of Shareholders held on June 27, 2023.
3. The tenure will expire from the conclusion of the Ordinary General Meeting of Shareholders to be held on June 27, 2024.

(ii) Status of Outside Directors

A. Number and name of outside directors

The Company has five outside directors, Ms. Junko Mokuno, Mr. Morio Fukuda, Mr. Shinya Fukuzaki, Ms. Saiko Kumaou, and Mr. Kazunari Higuchi. In addition, Ms. Junko Mokuno, Mr. Morio Fukuda, Mr. Shinya Fukuzaki, Ms. Saiko Kumaou, and Mr. Kazunari Higuchi are designated as independent directors.

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.

B. Relationship between Outside Directors and the Company in personal, capital and business

Name	Relationship with the Company	
Junko Mokuno	Personal relationship	Not applicable.
	Capital relationship	Not applicable.
	Business relationship	Not applicable.
Morio Fukuda	Personal relationship	Not applicable.
	Capital relationship	Not applicable.
	Business relationship	Not applicable.

Name	Relationship with the Company	
Shinya Fukuzaki	Personal relationship	Not applicable.
	Capital relationship	Not applicable.
	Business relationship	Not applicable.
Saiko Kumaou	Personal relationship	Not applicable.
	Capital relationship	Not applicable.
	Business relationship	Not applicable.
Kazunari Higuchi	Personal relationship	Not applicable.
	Capital relationship	Not applicable.
	Business relationship	Not applicable.

(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, 2024, 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 four full-time employees, REINS international inc. has six full-time employees in the Audit Office, KAPPA-CREATE CO., LTD. has four full-time employees in the Internal Audit Office, and OOTOYA Holdings Co., Ltd. has three full-time employees in the Internal Audit Office, who are in charge of the above operations.

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. Audit and Supervisory Committee Audits

a. Organization, Personnel and Procedures

Audit and Supervisory Committee consists of four members: one full-time Audit and Supervisory Committee member and three outside Audit and Supervisory Committee members.

Outside Audit & Supervisory Board Members Mr. Shinya Fukuzaki and Ms. Saiko Kumaou are attorneys at law and have expertise and extensive business experience in corporate legal affairs. In addition, Mr. Kazunari Higuchi worked for a financial institution for many years and has considerable knowledge of finance and accounting based on his extensive business knowledge and experience.

b. Activities of Audit and Supervisory Committee

Audit and Supervisory Committee meetings are held once a month in principle, and 25 meetings were held during the fiscal year under review, with an average meeting time of 1 hour and 5 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	25
Audit and Supervisory Committee member (outside)	Shinya Fukuzaki	25
Audit and Supervisory Committee member (outside)	Saiko Kumaou	24
Audit and Supervisory Committee member (outside)	Michio Tani (Note)1	9
Audit and Supervisory Committee member (outside)	Kazunari Higuchi (Note)2	16

(Note) 1. Mr. Michio Tani, who retired on June 27, 2023, attended 9 meetings prior to that date.
2. Attendance of Mr. Kazunari Higuchi, who assumed office on June 27, 2023, is shown for the 16 meetings held after 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 Internal Control System -Status of Internal Control over Financial Reporting -Status of compliance with the Corporate Governance Code -Business reports, etc., financial statements, securities reports, quarterly reports, 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 -Prior review of proposed revisions to rules and regulations, etc. -Audit opinions on the development 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 group subsidiaries and the Internal Audit Office -Monthly status of duties of full-time Audit & Supervisory Board Members, etc.

Audit and Supervisory Committee established the audit policy and audit plan for the current fiscal year and resolved to conduct the audit in accordance with the Standards for the Conduct of Audits, etc. In addition, in order to enhance the

audit workability, the Committee selected a member in charge of Compliance, Accounting, and Risk Management, and each selected member took the initiative in conducting audits of relevant matters, and monitored the execution status of the Board of Directors and executive directors, and audited each audit item in accordance with the audit plan.
The main initiatives are as follows.

＜Internal Control System related matters＞

- We have audited the status of the development and operation of the internal control system described in the Business Report and reported the results of the appropriateness of the system to the directors in charge and other relevant personnel.
- In order to effectively and efficiently audit the internal control of the corporate group, the Committee holds a "Liaison Meeting of Corporate Auditors, etc." on a regular basis, inviting full-time corporate auditors, etc. of major subsidiaries to exchange opinions on auditing policies and issues, etc. of each company. In addition, the Committee holds regular reporting meetings with the Internal Control Office and the internal audit offices of major subsidiaries, and works closely with them to investigate risk-related matters as necessary.
- The Committee also recommends to the Board of Directors the necessity of revising some of the major internal control-related rules and regulations, and audits the legality and appropriateness of the proposed revisions to the rules and regulations presented by the executive directors, and provides opinions as appropriate.

＜Accounting and Finance related matters＞

- In auditing the appropriateness of accounts and other items designated as risks requiring special consideration by the accounting auditor in the year-end financial statements, we obtained the relevant materials from the Accounting Division and examined their contents.
- We confirmed the appropriateness of the group company accounting organization system to ensure the appropriateness of the consolidated closing procedures, based on the evaluation by the accounting auditor and materials presented by the Accounting Division. In addition, we exchanged opinions on the management system of overseas subsidiaries and efforts to resolve current issues at this Division, and closely monitored the response to these issues.

＜Accounting Auditors related matters＞

- In determining the appropriateness of the accounting auditor's audit, we exchanged opinions on the results of the year-end audit, the quarterly review report meeting, etc., and discussed KAM, a major issue for consideration.
  At the end of the fiscal year, the Committee also presents a written questionnaire to the accounting auditor to confirm the quality system, independence, and expertise of the audit, and confirms the responses to the questionnaire, and the Committee deliberates on the reappointment of the accounting auditor based on the appropriateness of the existing audit.

ｃ. Activities of Audit and Supervisory Committee Members

- The full-time Audit and Supervisory Committee member attends important meetings and inspects important documents in accordance with the annual audit plan, and report necessary information to Audit and Supervisory Committee as needed.
- Outside Audit and Supervisory Committee members ask questions and offer advice and other opinions at meetings of the Board of Directors and other meetings from their professional perspectives in areas such as management, finance and accounting, and legal affairs. In addition, Mr. Fukuzaki and Ms. Kumaou are members of the Nomination and Remuneration Advisory Committee and attend the Committee meetings to supervise, from an objective and neutral standpoint, the process of selecting candidates for the Company's board of directors and determining directors' remuneration and other matters related thereto.

(ii) Status of accounting audit

A. Continuity period of the audit firm

4 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 15 certified public accountants belonging to Deloitte Touche Tohmatsu LLC and 39 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	102	-	96	-
Consolidated subsidiaries	279	-	285	3
Total	381	-	381	3

(Note 1) In addition to the above, 42 million yen was paid during the previous consolidated fiscal year as additional compensation for the last consolidated fiscal year before last.

(Note 2) In addition to the above, 4 million yen was paid as additional compensation for the previous fiscal year during the current 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	-	-	-	48
Consolidated subsidiaries	49	-	48	-
Total	49	-	48	48

C. Details of compensation for other significant audit attestation services

(Previous consolidated fiscal year)

Not applicable.

(Current consolidated fiscal year)

Not applicable.

D. Non-audit services to the Company and its consolidated subsidiaries by certified public accountants, etc.

(Previous consolidated fiscal year)

The Company does not pay compensation to certified public accountants, etc. for non-audit services.

The consolidated subsidiaries do not pay compensation to certified public accountants, etc. for non-audit services.

(Current consolidated fiscal year)

The Company does not pay compensation to certified public accountants, etc. for non-audit services.

REINS international inc., a consolidated subsidiary of the Company, pays compensation to certified public accountants, etc. for research on organizational issues.

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)

The Company pays Deloitte Tohmatsu Financial Advisory LLC, which belongs to the same network as the auditing certified public accountants, etc., for financial due diligence services.

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.

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 stock issued or disposed of as restricted stock 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 other reasons deemed justifiable by the Board of Directors of the Company (hereinafter referred to as "justifiable reasons"). 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 justifiable 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, as for directors (excluding directors who are Audit and Supervisory Committee Members, hereinafter referred to as "directors in the following "c."), the Board of Directors Meeting held on June 20, 2023 resolved to delegate to Representative Directors Mr. Kaneo Kuroudo and Mr. Kohei Nojiri the authority to determine the specific amount of remuneration for each individual director. The nature of such authority is each director's the amount of base remuneration, the evaluation and allocation of bonuses, and the allocation of stock-based remuneration, and therefore the reason for delegating this authority is that the Board of Directors believes that the representative directors are best suited to evaluate the business operations of each director while maintaining a bird's-eye view of the Company's overall business performance. Representative Directors Mr. Kaneo Kuroudo and Mr. Kohei Nojiri received a report from Nomination and Remuneration Advisory Committee, and their decisions were made based on the contents of the report.

(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)	395	348	-	-	47	5
Directors (Audit and Supervisory Committee) (excluding outside directors)	10	10	-	-	-	1
Outside directors	49	49	-	-	-	6

(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	256	240	-	-	16

(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	118

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

	Number of Issues (Issues)	Acquisition cost related to increase in number of shares (Million yen)	Reason for increase in number of shares
Unlisted shares	-	-	-
Shares other than unlisted shares	1	0	The number of shares has increased due to cumulative investment.

(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.

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)		
Concordia Financial Group, Ltd.	152,741	152,742	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 increased due to cumulative investments.	None
	75	118		

(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 next largest company in terms of the amount of investment shares recorded on the balance sheet (amount of investment shares recorded) 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	5

(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.
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
	3	5		

(iii) Investment shares held for pure investment purposes

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	1,521	1	2,016
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	75	-	495
Shares other than unlisted shares	-	-	-

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") pursuant to the provisions of Article 93 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, 2023 to March 31, 2024) and its financial statements for the business year (from April 1, 2023 to March 31, 2024) 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

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. 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, 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, the Company prepares group accounting policies and accounting guidelines in accordance with IFRS 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, 2023)	Current consolidated fiscal year (March 31, 2024)
Assets			
Current Assets			
Cash & cash equivalents		50,066	46,307
Trade & other receivables	8	11,124	13,158
Other financial assets	9	634	542
Inventories	10	3,492	3,932
Income taxes receivables		386	160
Other current assets	11	3,611	3,177
Total current assets		69,312	67,275
Non-current assets			
Property, plant & equipment	13,17	42,872	48,100
Right-of-use assets	3,19	22,509	23,253
Goodwill	14	80,188	82,534
Intangible assets	14	11,243	9,979
Investment property	15	389	387
Other financial assets	9	20,861	20,719
Deferred tax assets	16	14,038	12,370
Other non-current assets	11	447	499
Total non-current assets		192,547	197,840
Total assets		261,859	265,115

(Unit: Millions of yen)

	Notes	Previous consolidated fiscal year (March 31, 2023)	Current consolidated fiscal year (March 31, 2024)
Liabilities & Equity			
Liabilities			
Current liabilities			
Trade & other payables	20	23,661	23,999
Bonds & borrowings	17,33	31,956	39,098
Lease liabilities	3,19,33	14,681	14,826
Other financial liabilities	18	25	26
Income taxes payable		926	1,059
Provisions	22	5,532	4,663
Contract liabilities	26	211	220
Other current liabilities	23	9,504	10,873
Total current liabilities		86,494	94,765
Non-current liabilities			
Trade & other liabilities	20	4,167	4,527
Bonds & borrowings	17,33	91,509	82,893
Lease liabilities	3,19,33	18,419	18,388
Other financial liabilities	18	2,048	1,951
Provisions	22	6,478	6,498
Deferred tax liabilities	16	484	303
Contract liabilities	26	855	794
Other non-current liabilities	23	703	862
Total non-current liabilities		124,664	116,216
Total liabilities		211,158	210,981
Equity			
Share capital	24	27,905	27,905
Capital surplus	24	40,482	40,532
Treasury shares	24	(143)	(126)
Other components of equity	24	(327)	(139)
Retained earnings	24	(25,172)	(23,219)
Total equity attributable to owners of parent		42,745	44,954
Non-controlling interests		7,956	9,181
Total equity		50,701	54,135
Total liabilities & Equity		261,859	265,115

(ii) Consolidated Statement of Income

(Unit: Millions of yen)

	Notes	Previous consolidated fiscal year (From April 1, 2022 to March 31, 2023)	Current consolidated fiscal year (From April 1, 2023 to March 31, 2024)
Revenue	6,26	220,830	241,284
Cost of sales		96,619	101,916
Gross profit		124,212	139,368
Selling, general & administrative expenses	27,34	124,408	130,656
Other operating income			
Rental income	28	265	253
Miscellaneous income	28	632	903
Other	28	1,154	985
Total other operating income		2,051	2,142
Other operating expenses			
Impairment losses	28	7,061	2,900
Other	28	1,537	837
Total other operating expenses		8,598	3,736
IFRS Operating profit (loss)	6	(6,743)	7,117
Finance income	29	1,223	2,214
Finance costs	29	2,926	2,833
Profit (loss) before tax		(8,446)	6,498
Income tax expenses	16	133	2,434
Income (loss)		(8,579)	4,064
Profit (loss) attributable to			
Owners of parent	31	(6,801)	2,905
Non-controlling interests	31	(1,778)	1,159
Profit (loss)		(8,579)	4,064
Earnings per share			
Basic earnings (loss) per share (yen)		(84.45)	27.52
Diluted earnings (loss) per share (yen)		(84.45)	27.52

(Note) Reconciliation of Gross Profit to Business Profit

Gross profit	124,212	139,368
Selling, general & administrative expenses	124,408	130,656
Business profit (loss) (*)	(196)	8,712

(*) 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.

(iii) Consolidated statement of Comprehensive Income

(Unit: Millions of yen)

	Notes	Previous consolidated fiscal year (From April 1, 2022 to March 31, 2023)	Current consolidated fiscal year (From April 1, 2023 to March 31, 2024)
Profit (loss)		(8,579)	4,064
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Financial assets measured at fair value through other comprehensive income	30	(6)	44
Total of items that will not be reclassified to profit or loss		(6)	44
Items that may be reclassified to profit or loss			
Cash flow hedges	30	(49)	22
Exchange differences on translation of foreign operations	30	187	187
Total of items that may be reclassified to profit or loss		137	209
Other comprehensive income, net of tax		131	253
Comprehensive income		(8,448)	4,317
Comprehensive income attributable to			
Owners of parent		(6,678)	3,092
Non-controlling interests		(1,770)	1,224
Comprehensive income		(8,448)	4,317

(iv) Consolidated statement of Changes in Equity

Previous consolidated fiscal year (From April 1, 2022 to March 31, 2023)

	Notes	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	Exchange differences on translation of foreign operation
Balance as of April 1, 2022		27,905	40,424	(159)	7	(189)	(267)
Loss		-	-	-	-	-	-
Other comprehensive income		-	-	-	0	(57)	179
Comprehensive income		-	-	-	0	(57)	179
Purchase of treasury shares	24	-	-	(1)	-	-	-
Disposal of treasury shares	24	-	33	17	-	-	-
Dividends	25	-	-	-	-	-	-
Changes in ownership interests of parent due to transaction with non-controlling interests	24,36	-	25	-	-	-	-
Total transactions and others with owners		-	57	16	-	-	-
Balance as of March 31, 2023		27,905	40,482	(143)	7	(246)	(88)

(Unit: Millions of yen)

	Notes	Equity attributable to owners of parent			Non-controlling interests	Total equity
		Other components of equity	Retained earnings	Total equity attributable to owners of parent		
		Total other components of equity				
Balance as of April 1, 2022		(450)	(17,421)	50,300	9,730	60,030
Loss		-	(6,801)	(6,801)	(1,778)	(8,579)
Other comprehensive income		123	-	123	8	131
Comprehensive income		123	(6,801)	(6,678)	(1,770)	(8,448)
Purchase of treasury shares	24	-	-	(1)	-	(1)
Disposal of treasury shares	24	-	-	50	-	50
Dividends	25	-	(951)	(951)	-	(951)
Changes in ownership interests of parent due to transaction with non-controlling interests	24,36	-	-	25	(4)	21
Total transactions and others with owners		-	(951)	(877)	(4)	(881)
Balance as of March 31,2023		(327)	(25,172)	42,745	7,956	50,701

Current consolidated fiscal year (From April 1, 2023 to March 31, 2024)

	Notes	Equity attributable to owners of parent					
					Other components of equity		
		Capital share	Retained earnings	Treasury shares	Financial assets measured at fair value through other comprehensive income	Cash flow hedges	Exchange differences on translation of foreign operation
Balance as of April 1, 2023		27,905	40,482	(143)	7	(246)	(88)
Profit		-	-	-	-	-	-
Other comprehensive income		-	-	-	37	23	127
Comprehensive income		-	-	-	37	23	127
Purchase of treasury shares	24	-	-	(1)	-	-	-
Disposal of treasury shares	24	-	39	18	-	-	-
Dividends	25	-	-	-	-	-	-
Changes in ownership interests of parent due to transaction with non-controlling interests	24,36	-	14	-	-	-	-
Changes in ownership interests in subsidiaries	24,36	-	(2)	-	-	-	-
Total transactions and others with owners		-	51	17	-	-	-
March 31, 2024		27,905	40,532	(126)	44	(223)	40

(Unit: Millions of yen)

	Notes	Equity attributable to owners of parent			Non-controlling interests	Total equity
		Other components of equity				
		Total other components of equity	Retained earnings	Total equity attributable to owners of parent		
Balance as of April 1, 2023		(327)	(25,172)	42,745	7,956	50,701
Profit		-	2,905	2,905	1,159	4,064
Other comprehensive income		187	-	187	65	253
Comprehensive income		187	2,905	3,092	1,224	4,317
Purchase of treasury shares	24	-	-	(1)	-	(1)
Disposal of treasury shares	24	-	-	57	-	57
Dividends	25	-	(952)	(952)	△19	(971)
Changes in ownership interests of parent due to transaction with non-controlling interests	24,36	-	-	14	24	38
Changes in ownership interests in subsidiaries	24,36	-	-	(2)	(4)	(6)
Total transactions and others with owners		-	(952)	(883)	0	(883)
Balance as of March 31, 2024		(139)	(23,219)	44,954	9,181	54,135

(v) Consolidated Statement of Cash Flows

(Unit: Millions of yen)

	Notes	Previous consolidated fiscal year (From April 1, 2022 to March 31, 2023)	Current consolidated fiscal year (From April 1, 2023 to March 31, 2024)
Cash flows from operating activities			
Profit (loss) before tax		(8,446)	6,498
Depreciation & Amortization	6	22,696	22,788
Impairment losses	6,28	7,061	2,900
Finance income	29	(1,223)	(2,214)
Finance costs	29	2,926	2,833
Loss (gain) on sale & retirement of non-current assets		69	265
Decrease (increase) in inventories		(688)	(729)
Decrease (increase) in trade & other receivables		3,043	(1,188)
Increase (decrease) in trade & other payables		5,455	804
Other		488	1,090
Subtotal		31,383	33,048
Interest & dividends received		113	173
Interest paid		(2,449)	(2,737)
Income taxes refund		613	247
Income taxes paid		(878)	(852)
Cash flows from operating activities		28,783	29,879
Cash flows from investing activities			
Payments into time deposits		(12)	(12)
Purchase of property, plant & equipment		(9,220)	(12,963)
Proceeds from sale of property, plant & equipment		1,074	14
Payments of security & guarantee deposits		(944)	(803)
Proceeds from refund of security & guarantee deposits		1,988	1,795
Payments for acquisition of consolidated subsidiaries		-	(528)
Other		(1,674)	(1,085)
Cash flows from investing activities		(8,788)	(13,582)

(Unit: Millions of yen)

	Notes	Previous consolidated fiscal year (From April 1, 2022 to March 31, 2023)	Current consolidated fiscal year (From April 1, 2023 to March 31, 2024)
Cash flows from financing activities			
Net increase (decrease) in short term borrowings	33	38	(2,074)
Proceeds from long-term borrowings	33	23,900	26,000
Repayment of long-term borrowings	33	(17,251)	(21,278)
Proceeds from issuance of bonds	33	4,675	4,868
Redemption of bonds	33	(12,443)	(9,837)
Repayment of lease liabilities	33	(16,761)	(17,030)
Purchase of treasury shares of consolidated subsidiaries	24,36	(0)	-
Dividends paid	25	(950)	(952)
Dividends paid to non-controlling interests		(2)	(21)
Other		39	(7)
Cash flows from financing activities		(18,755)	(20,329)
Effect of exchange rate changes on cash & cash equivalents		292	273
Net increase (decrease) in cash & cash equivalents		1,532	(3,759)
Cash & cash equivalents at beginning of period		48,534	50,066
Cash & cash equivalents at end of period		50,066	46,307

[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, 2024.

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

The Consolidated Financial Statements of the Group have been prepared in accordance with IFRS based on Article 93 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 26, 2024.

(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 their acquisition.

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

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

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

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

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

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

ii) Subsequent measurement

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

(a) Financial assets measured at amortized cost

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

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

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

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

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

iii) Impairment of financial assets

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

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

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

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

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

iv) Derecognition of financial assets

A financial asset is derecognized when the contractual rights to the cash flows from the financial asset expire or when the financial asset is transferred, and the transfer relocates almost all 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 5-15 years
- Franchise agreements 7-16 years

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

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 reporting period 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 reporting period.

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 reporting period. 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 reporting period.

The recoverability of deferred tax assets is reviewed at the end of each reporting period 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 reporting period 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) Changes in Accounting Policies

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

IFRS		Outline of New and Revised
IAS 1	Presentation of Financial Statements	Revise to require disclosure of material accounting policies rather than significant accounting policies
IAS 8	Accounting policies, changes in accounting estimates and errors	Clarify the distinction between accounting policies and accounting estimates
IFRS 12	Corporate Income Taxes	Clarify accounting for deferred taxes on leases and disposal obligations

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

(20) Changes in presentation method

Not applicable.

4. Critical accounting judgments and estimates

The preparation of consolidated financial statements requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. The effects of changes in accounting estimates are recognized in the period in which the estimate is changed and in future 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 31, 2025, there is a growing concern about the global economic slowdown due to the persistent inflation and high-interest rate policy in the U.S. and the stagnant Chinese economy. In Japan, although economic activity will maintain a recovery trend due to high earnings, especially among large companies, personal consumption is expected to continue to be frugal and selective due to the slow growth of real wages, in addition to a lull in the demand recovery since the end of the Corona disaster. The food service industry is expected to continue to face a situation that does not allow for optimism, as upward pressure on costs and labor shortages continue to mount.

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

In the domestic food service business, we will continue to open new stores, mainly in the restaurant business, renovate and change the business format of aging deteriorated stores, and expand our market share through M&A.

In the overseas food service business, in addition to strengthening business in Asian countries and North America, where we are already operating, we will promote the development of areas where we have yet to open new restaurants. We plan to open new stores mainly in the yakiniku and conveyor-belt sushi categories in selected markets where there is significant room for growth, focusing mainly on the working-age population.

In the catering service business, we are proceeding with full-scale entry and business expansion into the catering service business for hospitals and nursing care facilities, using the acquisition of shares in Nifs Co., Ltd. as a foothold. We aim to leverage our superiority as a food service company through our menu development capabilities and high operational efficiency cultivated through competition in the restaurant market, as well as improved cooking efficiency through meal kits utilizing our central kitchen.

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

Information on judgments made in applying accounting policies that have a significant effect on the amounts recognized in the consolidated financial statements is as follows:

- The allocation of goodwill to groups of cash-generating units (see Note "14. Goodwill and intangible assets")

Information about uncertainties in assumptions and estimates about the future that are at risk of causing significant adjustments to the carrying amounts of assets and liabilities in the next consolidated fiscal year are as follows:

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

Details and amounts of property, plant and equipment, intangible assets and right-of-use assets are described in Notes "13. property, plant, and equipment", "14. goodwill and intangible assets" and "19. leases".

(ii) Lease term of right-of-use asset

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

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

(iii) Impairment of property, plant and equipment, intangible assets, investment real estate and right-of-use assets

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

The business plan, which is the basis for the calculation of future cash flows, is described above.

Details and amounts related to impairment of property, plant and equipment, intangible assets, investment real estates and right-of-use assets are described in Notes "13. property, plant, and equipment", "14. goodwill and intangible assets", "15. investment real estate" and "19. leases".

(iv) Recoverability of deferred tax assets

The calculation of income taxes requires estimates and judgments regarding various factors, such as interpretations of tax laws and regulations and past tax audit histories. Therefore, there is a possibility that the recorded amount of income taxes may differ from the actual amount to be borne. Deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which the deductible temporary differences can be utilized, but the timing and amount of taxable income may be affected by uncertain future changes in economic conditions. If the actual timing and amount of taxable income differs from estimates, there is a risk of material fluctuations in the amounts recognized in subsequent periods.

The business plan that is the basis for the calculation of future taxable income is shown above.

Details and amounts related to income taxes are described in Note "16, Income Taxes".

(v) Measurement of provisions

The Company records asset retirement obligations at the present value of the best estimate of expenditures required to settle the obligation, taking into account risks and uncertainties at the balance sheet date, discounted at a pre-tax discount rate that reflects the risks inherent in the liability. The amount of expenditures required to settle liabilities is calculated based on a comprehensive consideration of possible future outcomes, but may be affected by the occurrence of unforeseeable events or changes in circumstances. If actual payments differ from estimates, or if there are material changes in the discount rate used to discount estimated expenditures due to changes in economic conditions, there is a risk of material changes in the amounts recognized from the next fiscal year onward.

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

Details and amounts related to asset retirement obligations and sales promotion provisions are described 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, 2024). The impact of their adoption on the Company is still under consideration and cannot be estimated at this time.

IFRS		Mandatory application period (and subsequent starting fiscal years)	Our Group Application Period	Outline of New and Revised
IAS 1	Presentation of Financial Statements	January 1, 2024	Fiscal year ending March 31, 2025	Clarified requirements for classification of liabilities as current or non-current Revised to require disclosure of information on long-term debt with covenants
IAS 7 IFRS 7	Statements of Cash Flows Financial Instruments: Disclosures	January 1, 2024	Fiscal year ending March 31, 2025	Revised to require disclosures to promote transparency in supplier-financing agreements
IFRS 16	Lease	January 1, 2024	Fiscal year ending March 31, 2025	Clarified post-transaction accounting for sale-and-leaseback transactions
IAS 21	Effects of foreign exchange rate fluctuations	January 1, 2025	Fiscal year ending March 31, 2026	Clarified requirements for cases where currency is not convertible to another currency
IFRS 10 IAS 28	Consolidated Financial Statements Investments in Associates and Jointly Controlled Entities	TBD	TBD	Revised accounting for the sale or contribution of assets between an investor and its affiliate or jointly controlled entity

6. Segment Information

(1) Overview of reportable segments

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

The Group is mainly engaged in the operation of directly managed restaurants and the development of franchise businesses. Based on comprehensive consideration of similarities in business categories and commonalities in business operations, the Group has five reportable segments: "COLOWIDE MD Co., Ltd.," "ATOM CORPORATION," "REINS international inc.," "KAPPA-CREATE CO., LTD.," and "OOTOYA Holdings Co., Ltd." The operating results of the segment include 22 subsidiaries of REINS international inc., 2 subsidiaries of KAPPA-CREATE CO., LTD., and 8 subsidiaries of OOTOYA Holdings Co., Ltd.

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

ATOM CORPORATION operates directly managed restaurants and izakaya (Japanese style pub) restaurants such as "Steak MIYA," "NIGIRI-NO-TOKUBE," "KARUBI TAISHO," and "NE-NE-YA," as well as franchise headquarters.

REINS international inc. operates directly managed restaurants and izakaya (Japanese style pubs) such as "Gyu-Kaku", "On-Yasai", "Doma-Doma", "Kamadoka", "Handmade Izakaya Amataro", "Kita no Aji Kiko to Jizake Hokkaido", "FRESHNESS BURGER", etc. in Japan and overseas, and also 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 the restaurant category in Japan and overseas, and operates franchise headquarters business.

The self-ordering total system business for restaurant operations at Worldpicom Corporation was transferred to impact-e Co., Ltd. in the consolidated fiscal year under review.

(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 segment

Previous consolidated fiscal year (April 1, 2022 to March 31, 2023)

(Unit: Millions of yen)

	Reportable segment						Others (Note 4)	Total	Adjustments (Note 5)	Amount recorded in consolidated financial statements (Note 6)
	COLOWIDE MD Co., Ltd.	ATOM CORPORATION	REINS international inc. (Note 1)	KAPPA-CREATE CO., LTD. (Note 2)	OOTOYA Holdings Co., Ltd. (Note 3)	Total				
Revenue										
External revenue	1,174	35,222	85,029	69,961	23,709	215,095	5,736	220,830	-	220,830
Intersegment revenue & transfers	76,764	44	2,563	477	138	79,986	2,744	82,730	(82,730)	-
Total	77,938	35,266	87,592	70,438	23,847	295,081	8,480	303,560	(82,730)	220,830
Business profit (loss)	1,952	(1,560)	(1,501)	(2,017)	101	(3,023)	(772)	(3,795)	(2,948)	(6,743)
Finance income										1,223
Finance costs										2,926
Loss before tax										(8,446)
Tax expenses										133
Loss										(8,579)
Assets	14,181	34,287	106,796	59,536	22,134	236,935	5,766	242,701	19,158	261,859
Depreciation & amortization	745	3,954	8,875	6,501	1,857	21,932	514	22,445	251	22,696
Impairment loss	41	817	4,363	1,291	55	6,567	494	7,061	-	7,061

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

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

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

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

(Note 5) Details of adjustments are as follows:

1) The business profit adjustment of (2,948) million yen includes adjustments for unrealized profit and general and administrative expenses that do not belong to any reportable segment.
2) The assets adjustment of 19,158 million yen includes corporate assets in consolidated financial statements.
3) The depreciation & amortization adjustment of 251 million yen includes amortization of corporate assets.

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

Current consolidated fiscal year (From April 1, 2023 to March 31, 2024)

(Unit: Millions of yen)

	Reportable segment						Others (Note 4)	Total	Adjustments (Note 5)	Amount recorded in consolidated financial statements (Note 6)
	COLOWIDE MD Co., Ltd.	ATOM CORPORATION	REINS international inc. (Note 1)	KAPPA-CREATE CO., LTD. (Note 2)	OOTOYA Holdings Co., Ltd. (Note 3)	Total				
Revenue										
External revenue	2,097	36,971	97,017	71,526	27,836	235,447	5,838	241,284	-	241,284
Intersegment revenue & transfers	83,158	3	2,708	671	59	86,599	1,801	88,400	(88,400)	-
Total	85,255	36,974	99,725	72,197	27,894	322,045	7,638	329,684	(88,400)	241,284
Business profit (loss)	1,697	(1,623)	6,233	1,767	1,212	9,285	312	9,598	(2,480)	7,117
Finance income										2,214
Finance costs										2,833
Profit before tax										6,498
Tax expenses										2,434
Profit										4,064
Assets	15,371	31,496	109,833	60,863	24,295	241,858	6,105	247,964	17,152	265,115
Depreciation & amortization	846	4,244	8,683	6,445	1,943	22,161	448	22,609	179	22,788
Impairment loss	3	1,442	956	218	61	2,679	221	2,900	-	2,900

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

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

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

(Note 4) "Others" indicate business segments not included in reportable segments as follows: Planning, operation and maintenance of IT systems, call center administration by Worldpicom Corporation, the production and sale of fresh confections, baked confections, and chocolates ("Nama-Choco" Ganache, etc.) by SILSMARIA Co., Ltd., administrative work by Cocot Co., Ltd., operation of restaurants by WP Japan Co., Ltd., operation of restaurants and franchise business by Bay Food Factory Co., Ltd., operation of catering service business by Dining Yell Co., Ltd., operation of franchise business by Future Link Co., Ltd. and labor-related operations by Colowide Support Center Co., Ltd.

(Note 5) Details of adjustments are as follows:

1) The business profit adjustment of (2,480) million yen includes adjustments for unrealized profit and general and administrative expenses that do not belong to any reportable segment.
2) The assets adjustment of 17,152 million yen includes corporate assets in consolidated financial statements.
3) The depreciation & amortization adjustment of 179 million yen includes amortization of corporate assets.

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

(4) Information by region

The following is a breakdown of revenue and non-current assets by geographic region.

Previous consolidated fiscal year (From April 1, 2022 to March 31, 2023)

1) External revenue

(Unit: Millions of yen)

Japan	North America	Asia	Total
192,050	15,662	13,119	220,830

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

(Unit: Millions of yen)

Japan	North America	Asia	Total
136,695	18,828	2,125	157,648

Current consolidated fiscal year (April 1, 2023 to March 31, 2024)

1) External revenue

(Unit: Millions of yen)

Japan	North America	Asia	Total
209,662	17,160	14,462	241,284

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

(Unit: Millions of yen)

Japan	North America	Asia	Total
141,546	20,199	3,006	164,751

(5) Information on major customers

This information is omitted because for the fiscal year ended March 31, 2023 and the fiscal year ended March 31, 2024, the Group is engaged in businesses for general consumers, and there is no single external customer (group) that accounts for 10% or more of the Group's revenue

7. Business Combinations

Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)

Not applicable.

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

Not applicable.

8. Trade and other receivables

Trade and other receivables consist of the following:

(Unit: Millions of yen)

	Previous consolidated fiscal year (March 31, 2023)	Current consolidated fiscal year (March 31, 2024)
Financial assets measured at amortized cost		
Accounts receivable	10,378	11,867
Accounts receivable - other	928	1,472
Allowance for doubtful accounts	(182)	(181)
Total	11,124	13,158

(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, 2023)	Current consolidated fiscal year (March 31, 2024)
Financial assets measured at amortized cost		
Time deposits with a deposit term exceeding three months	252	264
Lease receivables	369	259
Others	13	19
Total	634	542

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

(2) Non-current assets

(Unit: Millions of yen)

	Previous consolidated fiscal year (March 31, 2023)	Current consolidated fiscal year (March 31, 2024)
Financial assets measured at amortized cost		
Security deposits and guarantee deposits	17,589	16,914
Lease receivables	412	399
Others	1,081	1,040
Allowance for doubtful accounts	(339)	(298)
Subtotal	18,743	18,055
Financial assets at fair value through profit or loss		
Shares	1,521	2,016
Others	352	365
Subtotal	1,873	2,381
Financial assets at fair value through other comprehensive income		
Shares	245	283
Total	20,861	20,719

(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, 2023)	Current consolidated fiscal year (March 31, 2024)
Merchandise and finished goods	923	910
WIP	28	12
Raw materials and supplies	2,541	3,010
Total	3,492	3,932

(Note 1) The amount of inventories recorded as "cost of sales" as expenses was 92,801 million yen in the previous fiscal year and 99,851 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, 2023)	Current consolidated fiscal year (March 31, 2024)
Prepaid expenses	2,220	2,388
Consumption Taxes Receivable	13	39
Others	1,378	750
Total	3,611	3,177

(2) Non-current assets

(Unit: Millions of yen)

	Previous consolidated fiscal year (March 31, 2023)	Current consolidated fiscal year (March 31, 2024)
Long-term prepaid expenses	439	491
Others	8	8
Total	447	499

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, 2022	79,959	7,959	16,126	8,682	216	112,942
Acquisition	6,298	1,292	3,334	-	285	11,209
Sale or disposal	(7,746)	(417)	(855)	(267)	-	(9,285)
Transfer of subject	110	-	2	-	△111	-
Foreign currency translation adjustments on foreign operations	757	27	257	-	12	1,053
Others	740	-	-	-	-	740
March 31, 2023	80,117	8,861	18,865	8,415	402	116,659
Acquisition	7,213	1,606	2,721	1,384	290	13,214
Acquisition through business combination	117	38	13	63	-	231
Sale or disposal	(6,960)	(408)	(906)	(2)	-	(8,275)
Transfer of subject	151	183	29	-	(363)	-
Foreign currency translation adjustments on foreign operations	843	15	126	-	2	985
Others	(2)	-	-	-	-	(2)
March 31, 2024	81,479	10,295	20,848	9,860	331	122,813

[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, 2022	53,617	5,464	12,191	168	-	71,440
Depreciation and amortization expenses (Note 1)	3,394	568	1,672	-	-	5,634
Impairment loss (Note 2) (Note 3)	3,474	131	519	98	-	4,221
Sale or disposal	(7,049)	(335)	(804)	(0)	-	(8,188)
Foreign currency translation adjustments on foreign operations	456	26	198	-	-	680
Others	-	-	-	-	-	-
March 31, 2023	53,892	5,854	13,777	265	-	73,787
Depreciation and amortization expenses (Note 1)	3,498	735	1,934	-	-	6,167
Impairment loss (Note 2) (Note 3)	1,682	36	328	-	-	2,046
Acquisition through business combination	83	35	12	-	-	130
Sale or disposal	(6,751)	(383)	(855)	(2)	-	(7,991)
Foreign currency translation adjustments on foreign operations	479	14	80	-	-	573
Others	-	-	-	-	-	0
March 31, 2024	52,883	6,291	15,276	263	-	74,713

(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 (7.4% to 17.0% for the previous fiscal year and 7.1% to 13.3% 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 1,600 million yen and 1,127 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, 2022	26,342	2,494	3,935	8,514	216	41,501
March 31, 2023	26,225	3,007	5,088	8,150	402	42,872
March 31, 2024	28,596	4,004	5,572	9,597	331	48,100

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, 2022	86,682	5,096	5,399	13,736	538	24,770
Acquisition	-	253	-	-	-	253
Sale or disposal	-	(0)	-	-	(12)	(12)
Foreign currency translation adjustments on foreign operations	771	19	-	85	8	112
Others	-	-	-	-	-	-
March 31, 2023	87,453	5,368	5,399	13,822	534	25,123
Acquisition	-	300	-	-	25	325
Acquisition through business combination	1,109	0	-	-	0	1
Sale or disposal	-	(185)	-	-	(36)	(222)
Foreign currency translation adjustments on foreign operations	1,237	46	-	137	-	183
Others	-	-	-	-	-	-
March 31, 2024	89,798	5,530	5,399	13,958	522	25,410

[Accumulated depreciation and accumulated impairment loss]

(Unit: Millions of yen)

	Goodwill	Intangible assets				
		Software	Trademark Rights	Franchise agreements	Others	Total
April 1, 2022	6,464	4,210	3,504	4,142	325	12,182
Depreciation and amortization expenses	-	324	380	885	3	1,592
Impairment loss	800	84	-	-	5	89
Sale or disposal	-	(13)	-	-	(6)	(19)
Foreign currency translation adjustments on foreign operations	-	8	-	27	0	35
Others	-	-	-	-	-	-
March 31, 2023	7,265	4,613	3,885	5,054	328	13,880
Depreciation and amortization expenses	-	291	376	885	2	1,554
Impairment loss	-	-	-	-	11	11
Acquisition through business combination	-	-	-	-	-	-
Sale or disposal	-	(95)	-	-	(15)	(110)
Foreign currency translation adjustments on foreign operations	-	40	-	57	-	96
Others	-	-	-	-	-	-
March 31. 2024	7,265	4,849	4,261	5,996	325	15,431

(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, 2022	80,218	886	1,895	9,594	213	12,588
March 31, 2023	80,188	755	1,515	8,767	206	11,243
March 31, 2024	82,534	681	1,138	7,962	197	9,979

(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, 2023)	Current consolidated Fiscal year (March 31, 2024)
ATOM CORPORATION		3,775	3,775
REINS international inc.	Gyu-Kaku	23,358	23,358
	On-Yasai	9,475	9,345
	Doma-Doma	3,419	3,419
	Gyu-Kaku (North American operations)	9,246	10,483
KAPPA-CREATE CO., LTD.		20,887	20,887
OOTOYA Holdings Co., Ltd.		9,535	9,535

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. excluding Gyu-Kaku (North American operations) were 9.7% and 8.9% for the previous and current periods, respectively, and the pre-tax discount rates used for Gyu-Kaku (North American operations) were 13.0% and 12.4% for the previous and current periods, respectively.

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 rate used for each group of cash-generating units of REINS international inc. excluding Gyu-Kaku (North American operations) was 0.0% for the previous period and 1.2% for the current period, and the pre-tax discount rate used for Gyu-Kaku (North American operations) was 2.2% for the previous period and 2.2% for the current period.

As a result of the impairment test conducted in the previous fiscal year, management recorded an impairment loss of 790 million yen against goodwill related to Doma-Doma based on the recovery of business performance from the Corona disaster. For some subsidiaries, the amount by which the recoverable amount of a group of cash-generating units exceeds the carrying amount is small, and if the estimated future cash flows or the fair value less disposal costs were to decrease, an impairment loss could be incurred.

The amounts by which the recoverable amount of the cash-generating unit group exceeded its carrying amount as a result of impairment tests conducted in the current fiscal year are 38,664 million yen for Gyu-Kaku (domestic operations), 9,360 million yen for Gyu-Kaku (North American operations), 1,552 million yen for On-Yasai and 2,468 million yen for Doma-Doma. The changes in the discount rate at which the recoverable amount equals the carrying amount are 10.7 percentage points for Gyu-Kaku (domestic operations), 5.5 percentage points for Gyu-Kaku (North American operations), 0.9 percentage points for On-Yasai and 3.7 percentage points for Doma-Doma. However, for some subsidiaries, the amount by which the recoverable amount of a group of cash-generating units exceeds its carrying amount is small, and a decrease in the estimated future cash flows or fair value less disposal costs may result in an impairment loss.

15. Investment real estate

(1) Schedule of Increase/Decrease

Changes in the book value of investment real estate are as follows:

(Unit: Millions of yen)

	Previous consolidated fiscal year (From April 1, 2022 to March 31, 2023)	Current consolidated fiscal year (From April 1, 2023 to March 31, 2024)
Balance at beginning of year	390	389
Increase (Decrease)	(2)	(2)
Balance at end of year	389	387

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, 2023)	Current consolidated fiscal year (March 31, 2024)
Fair value	416	418

The fair value of investment real estates 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 real estates is Level 3.

(3) Income and expenses related to investment real estates

(Unit: Millions of yen)

	Previous consolidated fiscal year (April 1, 2022 to March 31, 2023)	Current consolidated fiscal year (April 1, 2023 to March 31, 2024)
Rental revenues	55	51
Rental expenses	40	36

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 real estates are 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, 2022 to March 31, 2023)

(Unit: Millions of yen)

	April 1, 2022	Recognized through profit or loss	Increase/decrease due to Capital transactions	Recognized in other comprehensive income	March 31, 2023
Deferred tax assets					
Enterprise tax payable	34	(4)	-	-	30
Business office tax payable	56	(8)	-	-	48
Allowance for doubtful accounts	160	(41)	-	-	119
Property, plant, and equipment	6,687	(883)	-	-	5,804
Asset retirement obligation	355	444	-	-	799
Tax loss carry forwards	6,811	722	-	-	7,533
Deferred revenue	51	(5)	-	-	46
Others	2,599	15	-	24	2,638
Total	16,752	241	-	24	17,019
Deferred tax liabilities					
Intangible assets	(3,691)	383	-	-	(3,308)
Others	(203)	47	-	-	(156)
Total	(3,894)	430	-	-	(3,464)

Current consolidated fiscal year (From April 1, 2023 to March 31, 2024)

(Unit: Millions of yen)

	April 1, 2023	Recognized through profit or loss	Increase/decrease due to Capital transactions	Recognized in other comprehensive income	March 31, 2024
Deferred tax assets					
Enterprise tax payable	30	43	-	-	73
Business office tax payable	48	(5)	-	-	44
Allowance for doubtful accounts	119	(17)	1	-	103
Property, plant, and equipment	5,804	(490)	0	-	5,314
Asset retirement obligation	799	(365)	-	-	434
Tax loss carry forwards	7,533	(368)	-	-	7,165
Deferred revenue	46	(13)	-	-	33
Others	2,638	(663)	13	(27)	1,961
Total	17,019	(1,878)	14	(27)	15,128
Deferred tax liabilities					
Intangible assets	(3,308)	383	-	-	(2,925)
Others	(156)	20	-	-	(136)
Total	(3,464)	404	-	-	(3,061)

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, 2023)	Current consolidated fiscal year (March 31, 2024)
Tax loss carry forwards	12,510	9,371
Temporary difference for future reduction	14,950	14,289
Total	27,461	23,660

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, 2023)	Current consolidated fiscal year (March 31, 2024)
First year	170	481
Second year	481	20
Third year	20	37
Fourth year	191	-
Fifth year and thereafter	11,647	8,832
Total	12,510	9,371

The total amount of future additional temporary differences related to investments in subsidiaries for which deferred tax liabilities are not recognized was 16,709 million yen and 21,550 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 net operating loss carry forwards related to local taxes (inhabitant taxes and enterprise taxes) were 6,739 million yen and 14,891 million yen for inhabitant taxes and enterprise taxes, respectively, in the previous fiscal year, and 5,847 million yen and 12,918 million yen for inhabitant taxes and enterprise taxes, respectively, in the current fiscal year. The amount of unrecognized deferred tax assets related to these items was 1,174 million yen and 1,089 million yen for the previous and current consolidated accounting periods, respectively.

(2) Income Tax Expense

Income tax expense consists of the following:

(Unit: Millions of yen)

	Previous consolidated fiscal year (From April 1, 2022 to March 31, 2023)	Current consolidated fiscal year (From April 1, 2023 to March 31, 2024)
Current tax expenses Current fiscal year	804	959
Subtotal	804	959
Deferred tax expenses Accrual and reversal of temporary differences, etc.	(671)	1,474
Subtotal	(671)	1,474
Total	133	2,434

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). There was no increase or decrease in deferred tax expenses in the previous and current fiscal years as a result of this change.

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, 2022 to March 31, 2023)	Current consolidated fiscal year (April 1, 2023 to March 31, 2024)
Statutory effective tax rate	30.58	30.58
Expenses not deductible for taxable income calculation purposes	(8.79)	16.70
Changes in unrecognized deferred tax assets	(22.17)	(8.86)
Consolidation and elimination of dividend income	-	0.04
Difference in effective tax rate of subsidiaries	1.14	0.30
Others	(2.32)	(1.32)
Average actual tax rates	(1.58)	37.46

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 is effective for the Company for fiscal years beginning on or after April 1, 2024.

We have evaluated the potential impact of the application of the global minimum tax system based on the country-by-country reports and financial statements of each of the component entities subject to the system, and expect the impact on the consolidated financial statements to be immaterial.

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, 2023)	Current consolidated fiscal year (March 31, 2024)	Average interest rate (%) (Note)	Repayment or Redemption Date
Financial liabilities measured at amortized cost				
Short-term borrowing	2,230	256	0.28	-
Current portion of bonds	9,794	7,602	0.86	-
Current portion of long-term borrowings	19,932	31,241	1.41	-
Total	31,956	39,098	-	-

(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, 2023)	Current consolidated fiscal year (March 31, 2024)	Average interest rate (%) (Note)	Repayment or Redemption Date
Financial liabilities measured at amortized cost				
Bonds	20,686	18,183	0.88	From 2024 To 2031
Long-term borrowings	70,824	64,710	1.34	From 2024 To 2031
Total	91,509	82,893	-	-

(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, 2023)	Current consolidated fiscal year (March 31, 2024)	Interest rate (%)	Collateral	Redemption period
COLOWIDE Co., Ltd.	The 46th Unsecured bond (Qualified institutional investors only)	2016 September 29	359 (359)	- -	0.25	None (Note 2)	2023 September 29
COLOWIDE Co., Ltd.	The 48th Unsecured bond (Qualified institutional investors only)	2017 February 27	235 (60)	177 (60)	0.54	None (Note 2)	2027 February 27
COLOWIDE Co., Ltd.	The 54th Unsecured bond (Qualified institutional investors only)	2018 February 26	298 (298)	- -	0.48	None (Note 2)	2024 February 26
COLOWIDE Co., Ltd.	The 56th Unsecured bond (Qualified institutional investors only)	2018 September 26	733 (279)	457 (279)	0.41	None (Note 2)	2025 September 26
COLOWIDE Co., Ltd.	The 57th Unsecured bond (Qualified institutional investors only)	2019 January 31	414 (414)	- -	0.15	None (Note 2)	2024 February 29
COLOWIDE Co., Ltd.	The 58th Unsecured bond (Qualified institutional investors only)	2019 February 25	516 (230)	286 (286)	0.42	None (Note 2)	2025 February 25
COLOWIDE Co., Ltd.	The 59th Unsecured bond (Qualified institutional investors only)	2019 February 28	751 (750)	- -	0.10	None (Note 2)	2024 February 29
COLOWIDE Co., Ltd.	The 60th Unsecured bond (Qualified institutional investors only)	2019 February 28	286 (286)	- -	0.78	None (Note 2)	2024 February 29
COLOWIDE Co., Ltd.	The 61st Unsecured bond (Qualified institutional investors only)	2019 February 28	435 (139)	298 (139)	0.27	None (Note 2)	2026 February 28
COLOWIDE Co., Ltd.	The 62nd Unsecured bond (Qualified institutional investors only)	2019 December 30	913 (458)	458 (458)	0.17	None (Note 2)	2025 February 28
COLOWIDE Co., Ltd.	The 63rd Unsecured bond (Qualified institutional investors only)	2020 February 25	2,183 (531)	1,660 (531)	0.16	None (Note 2)	2027 February 26
COLOWIDE Co., Ltd.	The 64th Unsecured bond (Qualified institutional investors only)	2020 February 26	1,487 (362)	1,131 (362)	0.19	None (Note 2)	2027 February 26
COLOWIDE Co., Ltd.	The 65th Unsecured bond (Qualified institutional investors only)	2020 February 28	345 (84)	262 (84)	0.17	None	2027 February 28
COLOWIDE Co., Ltd.	The 66th Unsecured bond (Qualified institutional investors only)	2020 February 28	571 (286)	286 (286)	0.77	None (Note 2)	2025 February 28
COLOWIDE Co., Ltd.	The 67th Unsecured bond (Qualified institutional investors only)	2020 March 31	991 (398)	597 (398)	0.11	None (Note 2)	2025 August 29
COLOWIDE Co., Ltd.	The 68th Unsecured bond (Qualified institutional investors only)	2021 February 25	1,769 (348)	1,429 (348)	0.20	None (Note 2)	2028 February 25
COLOWIDE Co., Ltd.	The 69th Unsecured bond (Qualified institutional investors only)	2022 February 28	2,190 (362)	1,840 (362)	0.40	None (Note 2)	2029 February 28
COLOWIDE Co., Ltd.	The 70th Unsecured bond (Qualified institutional investors only)	2022 September 28	2,727 (418)	2,324 (418)	0.55	None (Note 2)	2029 September 28
COLOWIDE Co., Ltd.	The 71st Unsecured bond (Qualified institutional investors only)	2023 February 28	976 (139)	842 (139)	0.82	None (Note 2)	2030 February 28

Issuer	Description	Date of issue	Previous consolidated fiscal year (March 31, 2023)	Current consolidated fiscal year (March 31, 2024)	Interest rate (%)	Collateral	Redemption period
COLOWIDE Co., Ltd.	The 72nd Unsecured bond (Qualified institutional investors only)	2024 February 26	- -	1,855 (265)	0.86	None (Note 2)	2031 February 26
COLOWIDE Co., Ltd.	The 73rd Unsecured bond (Qualified institutional investors only)	2024 February 29	- -	3,027 (432)	0.84	None (Note 2)	2031 February 28
KAPPA-CREATE CO., LTD.	The 5th Unsecured bond (Qualified institutional investors only)	2019 September 30	298 (199)	100 (100)	0.73	None	2024 August 31
KAPPA-CREATE CO., LTD.	The 6th Unsecured bond (Qualified institutional investors only)	2019 September 30	367 (179)	189 (189)	0.70	None	2025 February 28
KAPPA-CREATE CO., LTD.	The 7th Unsecured bond (Qualified institutional investors only)	2020 September 30	497 (199)	299 (199)	0.97	None	2025 February 28
REINS international inc.	The 1st Unsecured bond (Resona Bank, Ltd.)	2017 August 25	56 (56)	- -	0.45	None	2023 August 25
REINS international inc.	The 4th Unsecured bond (Resona Bank, Ltd.)	2018 August 27	153 (87)	66 (66)	0.50	None	2024 August 27
REINS international inc.	The 5th Unsecured bond (The Bank of Yokohama, Ltd.)	2018 August 29	367 (139)	229 (139)	0.40	None	2025 August 29
REINS international inc.	The 6th Unsecured bond (Mizuho Bank, Ltd.)	2018 August 30	245 (245)	- -	0.02	None	2023 August 30
REINS international inc.	The 7th Unsecured bond (Sumitomo Mitsui Bank, Ltd.)	2018 August 31	187 (187)	- -	0.24	None	2023 August 31
REINS international inc.	The 8th Unsecured bond (Resona Bank, Ltd.)	2019 August 26	291 (107)	186 (107)	0.34	None	2025 August 26
REINS international inc.	The 9th Unsecured bond (The Bank of Yokohama, Ltd.)	2019 August 28	604 (167)	440 (167)	0.20	None	2026 August 28
REINS international inc.	The 10th Unsecured bond (Mizuho Bank, Ltd.)	2019年 8月29日	534 (356)	179 (178)	0.13	None	2024 August 28
REINS international inc.	The 11th Unsecured bond (Sumitomo Mitsui Trust Bank, Ltd.)	2019 August 29	242 (96)	146 (96)	0.65	None	2025 August 29
REINS international inc.	The 12th Unsecured bond (Sumitomo Mitsui Bank, Ltd.)	2019 August 30	328 (219)	110 (110)	0.08	None	2024 August 30
REINS international inc.	The 13th Unsecured bond (The Bank of Yokohama, Ltd.)	2020 August 31	928 (202)	730 (202)	0.22	None	2027 August 31
REINS international inc.	The 14th Unsecured bond (Sumitomo Mitsui Trust bank, Ltd.)	2020 August 31	449 (180)	270 (180)	0.67	None	2025 August 29
REINS international inc.	The 15th Unsecured bond (Mizuho Bank, Ltd.)	2020 August 31	1,193 (479)	717 (479)	0.14	None	2025年 August 29
REINS international inc.	The 16th Unsecured bond (The Bank of Yokohama)	2022 August 31	728 (111)	620 (111)	0.57	None	2029 August 31
REX Co., Ltd.	The 1st Unsecured bond (Mizuho Bank, Ltd.)	2020 September 30	4,808 (385)	4,471 (385)	0.14	None	2028 August 31
Nifs Co., Ltd.	The 2nd Unsecured bond (Resona Bank, Ltd.)	2019 December 30	- -	12 (12)	0.42	None	2024 December 30
Nifs Co., Ltd.	The 4th Unsecured bond (Mizuho Bank, Ltd.)	2020 March 31	- -	20 (20)	0.16	None	2025 March 31
Amis, Inc.	The 1st Unsecured bond (Resona Bank, Ltd.)	2021 December 30	- -	72 (14)	0.36	None	2028 December 29
Total	-	-	30,480 (9,794)	25,784 (7,602)	-	-	-

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

(Note 2) Buildings and structures of 13 million yen, land of 79 million yen, and shares of 6,139 million yen in subsidiaries eliminated in consolidation were pledged as revolving collateral.

(Note 3) 0.26% per annum from the day following the issue date to December 31, 2015, and after December 31, 2015, the variable interest rate using the 6-month TIBOR two banking business days prior to each interest payment date immediately preceding the beginning of each interest period.

(4) 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, 2023)	Current consolidated fiscal year (March 31, 2024)
Buildings and structures	1,627	1,575
Land	2,538	2,538
Total	4,165	4,113

The corresponding liabilities are as follows:

(Unit: Millions of yen)

	Previous consolidated fiscal year (March 31, 2023)	Current consolidated fiscal year (March 31, 2024)
Short term borrowings	60	36
Bonds (Note 1)	17,834	16,670
Long term borrowings (Note 1)	44,367	45,545
Total	62,261	62,251

(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, 2023)	Current consolidated fiscal year (March 31, 2024)
Financial liabilities measured at amortized cost		
Others	25	26
Total	25	26

(2) Non-current liabilities

(Unit: Millions of yen)

	Previous consolidated fiscal year (March 31, 2023)	Current consolidated fiscal year (March 31, 2024)
Financial liabilities measured at amortized cost		
Security deposits and guarantee deposits	1,465	1,399
Preferred shares (Note)	200	200
Subtotal	1,665	1,599
Interest rate swap	383	352
Total	2,048	1,951

(Note) These are preferred shares issued by certain subsidiaries. These preferred shares are classified as financial liabilities in IFRS 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, 2023)	Current consolidated fiscal year (March 31, 2024)
Depreciation of right-of-use assets		
Land, buildings and structures as underlying assets	14,328	14,931
Machinery, equipment, and vehicles as underlying assets	91	68
Tools, furniture, and fixtures as underlying assets	514	353
Total	14,932	15,352
Interest expense on lease liabilities	982	864
Impairment loss on right-of-use assets (Note 1) (Note 2) (Note 3)	1,878	825
Total cash outflows related to leases	17,743	17,894

(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 (7.4% to 17.0% for the previous fiscal year and 7.1% to 13.3% 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 550 million yen and 704 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, 2023)	Current consolidated fiscal year (March 31, 2024)
Right-of-use assets		
Land, buildings and structures as underlying assets	21,417	22,601
Machinery, equipment, and vehicles as underlying assets	231	163
Tools, furniture, and fixtures as underlying assets	861	488
Total	22,509	23,253

(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, 2023)	Current consolidated fiscal year (March 31, 2024)
Financial liabilities measured at amortized cost		
Accounts payable	15,019	16,209
Arrears	5,063	5,167
Equipment and construction accounts payable	3,567	2,610
Others	12	13
Total	23,661	23,999

(2) Non-current liabilities

(Unit: Millions of yen)

	Previous consolidated fiscal year (March 31, 2023)	Current consolidated fiscal year (March 31, 2024)
Financial liabilities measured at amortized cost		
Equipment and construction accounts payable	4,167	4,527
Total	4,167	4,527

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 419 million yen in the previous fiscal year and 405 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 63,662 million yen and 67,118 million yen, respectively.

22. Provisions

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

(Unit: Millions of ye
n)

	Asset retirement obligations	Provision for sales promotion expenses	Other provisions	Total
April 1,2022	7,235	3,843	655	11,733
Increase during the period	775	3,785	530	5,090
Decrease during the period (Purposeful use)	(856)	(3,879)	(590)	(5,326)
Decrease during the period (Reversal)	(124)	-	(18)	(142)
Others	678	-	(23)	654
March 31, 2023	7,708	3,749	553	12,010
Increase during the period	482	3,811	698	4,991
Decrease during the period (Purposeful use)	(1,236)	(3,801)	(665)	(5,702)
Decrease during the period (Reversal)	(279)	-	(11)	(289)
Others	146	-	5	152
March 31, 2024	6,822	3,759	581	11,161

(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, 2023)	Current consolidated fiscal year (March 31, 2024)
Consumption tax payable	1,944	2,349
Accrued expenses	4,373	5,336
Accrued bonus	449	540
Accrued paid vacation leave	1,601	1,708
Others	1,137	941
TP	9,504	10,873

(2) Non-current liabilities

(Unit: Millions of yen)

	Previous consolidated fiscal year (March 31, 2023)	Current consolidated fiscal year (March 31, 2024)
Deferred revenue	196	395
Others	507	467
Total	703	862

(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, 2022)	112,999,820	30	50	100
Increase or decrease	-	-	-	-
Previous consolidated fiscal year (March 31, 2023)	112,999,820	30	50	100
Increase or decrease	-	-	-	-
Current Consolidated Fiscal Year (March 31, 2024)	112,999,820	30	50	100
(Number of shares issued)				
Beginning of the previous fiscal year (April 1, 2022)	86,903,541	30	30	90
Increase or decrease	-	-	-	-
Previous consolidated fiscal year (March 31, 2023)	86,903,541	30	30	90
Increase or decrease	-	-	-	-
Current Consolidated Fiscal Year (March 31, 2024)	86,903,541	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.

(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, 2022)	250,218
Increase (decrease)(Note)	(26,241)
Previous consolidated fiscal year (March 31, 2023)	223,977
Increase (decrease)(Note)	(27,778)
Current consolidated fiscal year (March 31, 2024)	196,199

(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, 2022 to March 31, 2023)

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 12, 2022	Common shares	433	5	March 31, 2022	June 29, 2022	Retained earnings
	Preferred shares	94	3,126,360			
	Second series preferred shares	109	3,626,360			
	Third series preferred shares	315	3,500,000			

Current consolidated fiscal year (From April 1, 2023 to March 31, 2024)

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 12, 2023	Common shares	433	5	March 31, 2023	June 7, 2023	Retained earnings
	Preferred shares	94	3,136,360			
	Second series preferred shares	109	3,636,360			
	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, 2022 to March 31, 2023)

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 12, 2023	Common shares	433	5	March 31, 2023	June 7, 2023	Retained earnings
	Preferred shares	94	3,136,360			
	Second series preferred shares	109	3,636,360			
	Third series preferred shares	315	3,500,000			

Current consolidated fiscal year (From April 1, 2023 to March 31, 2024)

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			

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, 2022 to March 31, 2023)

(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.		
By type of goods and services	Services provided	137	35,138	51,378	56,325	15,877	3,866	162,721
	Sales of goods	949	-	26,778	13,636	6,517	1,543	49,423
	Others	88	84	6,268	-	1,314	328	8,083
Total		1,174	35,222	84,425	69,961	23,709	5,736	220,226

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

Current consolidated fiscal year (April 1, 2023 to March 31, 2024)

(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.		
By type of goods and services	Services provided	103	36,896	63,158	58,297	19,334	4,091	181,878
	Sales of goods	1,844	-	26,979	13,229	7,138	1,353	50,544
	Others	150	76	6,324	-	1,363	393	8,306
Total		2,097	36,971	96,461	71,526	27,836	5,838	240,728

(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, 2022 to March 31, 2023)	Current consolidated fiscal year (From April 1, 2023 to March 31, 2024)
Revenue recognized from contracts with customers	220,226	240,728
Revenue recognized from other sources	604	556
Total	220,830	241,284

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, 2023)	Current consolidated fiscal year (March 31, 2024)
Claims arising from contracts with customers (Note 1)		
Accounts Receivable	10,378	11,867
Allowance for doubtful accounts	(182)	(181)
Total	10,196	11,686
Contract liabilities, etc. (Note 2)		
Contract liabilities, etc. (current liabilities)	211	220
Contract liabilities, etc. (non-current liabilities)	855	794
Total	1,066	1,013

(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 227 million yen and 202 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, 2023)	Current consolidated fiscal year (March 31, 2024)
Within 1 year	198	207
More than 1 year but within 5 years	471	473
More than 5 years	384	321
Total	1,053	1,001

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, 2022 to March 31, 2023)	Current consolidated fiscal year (From April 1, 2023 to March 31, 2024)
Personnel expenses	61,009	64,988
Depreciation and amortization	22,510	22,515
Lease payments	2,335	2,941
Utilities expenses	8,972	8,560
Others	29,582	31,652
Total	124,408	130,656

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, 2022 to March 31, 2023)	Current consolidated fiscal year (From April 1, 2023 to March 31, 2024)
Rental Income	265	253
Miscellaneous income	632	903
Gain on sales of property, plant, and equipment	608	12
Others	546	973
Total	2,051	2,142

Other operating expenses consist of the following:

(Unit: Millions of yen)

	Previous consolidated fiscal year (From April 1, 2022 to March 31, 2023)	Current consolidated fiscal year (From April 1, 2023 to March 31, 2024)
Impairment losses (Note)	7,061	2,900
Others	1,537	837
Total	8,598	3,736

(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

Financial income consists of the following:

(Unit: Millions of yen)

	Previous consolidated fiscal year (From April 1, 2022 to March 31, 2023)	Current consolidated fiscal year (From April 1, 2023 to March 31, 2024)
Interest income	102	141
Dividends income	58	82
Foreign exchange profit	1,030	1,439
Gain on valuation of investment securities	-	495
Others	34	57
Total	1,223	2,214

Finance costs consist of follow:

(Unit: Millions of yen)

	Previous consolidated fiscal year (From 1, 2022 to March 31, 2023)	Current Consolidated fiscal year (From April 1, 2023 to March 31, 2024)
Interest expense	2,865	2,818
Loss on valuation of investment securities	58	-
Others	3	15
Total	2,926	2,833

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, 2022 to March 31, 2023)

(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	(8)	-	(8)	2	(6)
Total items not reclassified to profit or loss	(8)	-	(8)	2	(6)
Items that may be reclassified to profit or loss					
Cash flows hedges	89	(161)	(72)	23	(49)
Exchange differences on translation of foreign operations	187	-	187	-	187
Total items that may be reclassified to profit or loss	276	(161)	115	23	137
Total	268	(161)	107	24	131

Current consolidated fiscal year (From April 1, 2023 to March 31, 2024)

(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	62	-	62	(18)	44
Total items not reclassified to profit or loss	62	-	62	(18)	44
Items that may be reclassified to profit or loss					
Cash flows hedges	282	(251)	31	(9)	22
Exchange differences on translation of foreign operations	187	-	187	-	187
Total items that may be reclassified to profit or loss	468	(251)	217	(9)	209
Total	531	(251)	280	(27)	253

31. Earnings per share

(1) Basic earnings per share

Basic earnings (loss) per share and the basis for calculating basic earnings (loss) per share are as follows:

	Previous consolidated fiscal year (From April 1, 2022 to March 31, 2023)	Current consolidated fiscal year (From April 1, 2023 to March 31, 2024)
Profit attributable to common shareholders of the parent company (Millions of yen)		
Profit attributable to owners of parent	(6,801)	2,905
Amount not attributable to common shareholders of parent company		
Dividends on preferred shares classified as equity	518	519
Profit attributable to common shareholders of the parent company	(7,319)	2,386
Weighted average number of common shares (shares)	86,667,527	86,696,640
Basic earnings per share (yen)	(84.45)	27.52

(2) Diluted earnings per share

Diluted earnings (loss) per share and the basis for calculating diluted earnings (loss) per share are as follows:

	Previous consolidated fiscal year (From April 1, 2022 to March 31, 2023)	Current consolidated fiscal year (From April 1, 2023 to March 31, 2024)
Diluted profit attributable to common shareholders of the parent company (Millions of yen)		
Profit attributable to owners of parent	(6,801)	2,905
Amount of profit adjustment for the period		
Dividends on preferred shares classified as equity	518	519
Adjustment of profit on latent shares of subsidiaries	-	-
Diluted profit attributable to common shareholders of the parent company	(7,319)	2,386
Diluted weighted average number of shares of common shares (shares)		
Effect of dilution	-	-
Diluted weighted average number of shares of common shares	86,667,527	86,696,640
Diluted earnings per share (yen)	(84.45)	27.52

(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, 2022 to March 31, 2023)	Current consolidated fiscal year (From April 1, 2023 to March 31, 2024)
Assets acquired through leases	14,835	17,791

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, 2022	124,335	36,126
Cash flows	(1,081)	(16,761)
Non-cash variables		
Acquisition	-	14,835
Amortization	261	-
Foreign exchange	68	790
Others	(119)	(1,890)
April 1, 2023	123,465	33,101
Cash flows	(2,321)	(17,030)
Non-cash variables		
Acquisition	-	17,791
Amortization	195	-
Foreign exchange	57	1,069
Others	595	(1,718)
March 31, 2024	121,991	33,214

(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 79 million yen and 90 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, 2022 to March 31, 2023)	Current consolidated fiscal year (From April 1, 2023 to March 31, 2024)
Grant date	August 9, 2022	August 8, 2023
Number of grants	26,500 shares	28,000 shares
Fair value at grant date (Note 2)	1,865 yen	2,031 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 1,865 yen, which is the closing price of the Company's common shares on the prime market of the Tokyo Stock Exchange on July 11, 2022 (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 2,031 yen, which is the closing price of the Company's common stock on the prime market of the Tokyo Stock Exchange on July 10, 2023 (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, 2022 to March 31, 2023)	Current consolidated fiscal year (From April 1, 2023 to March 31, 2024)
Grant date	August 9, 2022	August 8, 2023
Number of grants	9,000 shares	10,000 shares
Fair value at grant date (Note 2)	790 yen	854 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 790 yen, which is the closing price of the company's common shares on the Tokyo Stock Exchange Standard Market on July 12, 2022 (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 854 yen, which is the closing price of the company's common shares on the Tokyo Stock Exchange Standard Market on July 11, 2023 (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, 2022 to March 31, 2023)	Current consolidated fiscal year (From April 1, 2023 to March 31, 2024)
Grant date	August 9, 2022	August 8, 2023
Number of grants	6,000 shares	6,000 shares
Fair value at the grant date (Note 2)	1,479 yen	1,512 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 1,479 yen, which is the closing price of the Company's common shares on the prime market of the Tokyo Stock Exchange on July 15, 2022 (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 1,512 yen, which is the closing price of the Company's common stock on the prime market of the Tokyo Stock Exchange on July 14, 2023 (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, 2022 to March 31, 2023)	Current consolidated fiscal year (From April 1, 2023 to March 31, 2024)
Grant date	August 9, 2022	August 8, 2023
Number of grants	5,000 shares	5,000 shares
Fair value at the grant date (Note 2)	2,946 yen	4,105 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 2,946 yen, which is the closing price of the Company's common shares on the Tokyo Stock Exchange Standard Market on July 11, 2022 (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 4,105 yen, which is the closing price of the Company's common shares on the Tokyo Stock Exchange Standard Market on July 10, 2023 (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, 2022 to March 31, 2023)	Current consolidated fiscal year (From April 1, 2023 to March 31, 2024)
As of April 1	649	521
Increase during the period (provision)	90	40
Decrease during the period (purposeful use)	(76)	(27)
Decrease during the period (reversal)	(144)	(67)
Others	1	12
As of March 31	521	479

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, 2023)

(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	27,828	27,428	21,662	1,755	1,253	849	351	-
Bonds	30,480	31,632	10,086	7,063	4,495	3,352	2,015	4,620
Borrowings	92,985	93,811	22,444	26,288	17,012	13,543	7,049	7,475
Lease liabilities	33,101	35,469	12,463	4,491	3,232	2,390	1,875	11,019
Preferred shares	200	200	200	-	-	-	-	-
Others	1,588	1,257	51	15	22	68	74	1,027
Derivative financial liabilities								
Interest rate swap	383	383	71	70	68	65	52	57
Total	186,564	190,179	66,977	39,681	26,082	20,268	11,415	24,199

(Note) Net receivables and payables arising from derivative transactions are presented in net amounts.

Current consolidated fiscal year (March 31, 2024)

(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	28,526	29,548	24,934	1,862	1,462	968	323	-
Bonds	25,784	26,843	7,858	5,251	4,101	2,757	4,852	2,024
Borrowings	96,207	97,520	31,990	22,335	18,594	11,735	7,234	5,632
Lease liabilities	33,214	34,640	12,160	4,370	3,072	2,358	1,855	10,824
Preferred shares	200	200	200	-	-	-	-	-
Others	1,517	1,517	58	66	57	75	74	1,186
Derivative financial liabilities								
Interest rate swap	352	352	69	69	66	60	47	41
Total	185,800	190,620	77,269	33,952	27,353	17,954	14,385	19,707

(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, 2023)	Current consolidated fiscal year (March 31, 2024)
Variable rate borrowings and bonds	60,438	60,799
Impact of interest rate swap	30,689	34,802
Net balance of variable rate borrowings and bonds	29,749	25,997
Profit before income tax	(297)	(260)

(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) Leasehold and guarantee deposits

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

ii) Lease receivables

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

iii) Accounts payable 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, 2023)

(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	17,589	-	-	17,513	17,513
Lease assets (Note 1)	781	-	-	793	793
Total	18,370	-	-	18,306	18,306
(Financial liabilities)					
Trade and other payables					
Account payable for equipment and construction (Note 1)	7,734	-	-	7,811	7,811
Bonds and borrowings					
Bonds (Note 1)	30,480	-	-	30,752	30,752
Borrowings (Note 1)	92,985	-	-	93,527	93,527
Other financial liabilities					
Preferred shares	200	-	-	141	141
Total	131,399	-	-	132,231	132,231

(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, 2024)

(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	16,914	-	-	16,775	16,775
Lease assets (Note 1)	658	-	-	662	662
Total	17,572	-	-	17,437	17,437
(Financial liabilities)					
Trade and other payables					
Account payable for equipment and construction (Note 1)	7,137	-	-	7,237	7,237
Bonds and borrowings					
Bonds (Note 1)	25,784	-	-	25,823	25,823
Borrowings (Note 1)	96,207	-	-	96,118	96,118
Other financial liabilities					
Preferred shares	200	-	-	119	119
Total	129,329	-	-	129,297	129,297

(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, 2023)

(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	-	-	1,521	1,521
Others	-	-	352	352
Measured at fair value through other comprehensive income				
Shares	193	-	52	245
Total	193	-	1,925	2,118
(Financial liabilities)				
Other financial liabilities				
Derivative liabilities designated as hedging instruments	-	383	-	383
Total	-	383	-	383

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

Current consolidated fiscal year (March 31, 2024)

(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	-	-	2,016	2,016
Others	-	-	365	365
Measured at fair value through other comprehensive income				
Shares	231	-	52	283
Total	231	-	2,433	2,664
(Financial liabilities)				
Other financial liabilities				
Derivative liabilities designated as hedging instruments	-	352	-	352
Total	-	352	-	352

(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, 2023)

(Unit: Millions of yen)

Issues	Amount
Concordia Financial Group Inc.	75
Ogaki Kyoritsu Bank, Ltd.	48
Tochigi Television Co., Ltd.	30

Current consolidated fiscal year (March 31, 2024)

(Unit: Millions of yen)

Issues	Amount
Concordia Financial Group Inc.	118
Ogaki Kyoritsu Bank, Ltd.	59
Tochigi Television Co., Ltd.	30

(ii) Dividends received

(Unit: Millions of yen)

	Previous consolidated fiscal year (From April 1, 2022 to March 31, 2023)	Current consolidated fiscal year (From April 1, 2023 to March 31, 2024)
Investments derecognized during the reporting period	1	1
Investments held as of the end of the reporting period	7	6
Total	8	7

(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, 2023)

(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	30,843	383	Other financial liabilities (Non-current)

Current consolidated fiscal year (March 31, 2024)

(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	34,802	352	Other financial liabilities (Non-current)

Liabilities designated as hedged items are as follows:

Previous consolidated fiscal year (March 31, 2023)

(Unit: Millions of yen)

	Cash flow hedging surplus
Cash flow hedges	
Interest rate risk	
Borrowings	(246)

Current consolidated fiscal year (March 31, 2024)

(Unit: Millions of yen)

	Cash flow hedging surplus
Cash flow hedges	
Interest rate risk	
Borrowings	(223)

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, 2022 to March 31, 2023)

(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	89	(161)	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, 2023 to March 31, 2024)

(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	282	(251)	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, 2023)	Current consolidated fiscal year (March 31, 2024)
Percentage of ownership interest held by non-controlling interests (%)	58.81	58.81
Accumulated non-controlling interest in subsidiary group (millions of yen)	2,505	1,482

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, 2022 to March 31, 2023)	Current consolidated fiscal year (From April 1, 2023 to March 31, 2024)
Profit (loss) allocated to noncontrolling interests in subsidiary groups	(922)	(1,031)

ii) Condensed Consolidated Financial Statements

(Unit: Millions of yen)

	Previous consolidated fiscal year (March 31, 2023)	Current consolidated fiscal year (March 31, 2024)
Current assets	7,632	6,712
Non-current assets	27,436	24,395
Current liabilities	14,576	12,474
Non-current liabilities	12,458	12,339
Equity	8,034	6,294

(Unit: Millions of yen)

	Previous consolidated fiscal year (From April 1, 2022 to March 31, 2023)	Current consolidated fiscal year (From April 1, 2023 to March 31, 2024)
Revenue	35,266	36,974
Profit (loss)	(1,570)	(1,758)

Dividends paid by ATOM CORPORATION to the noncontrolling interest during the year ended March 31, 2024 amounted to 0 million (1 million for the year ended March 31, 2023).

(Unit: Millions of yen)

	Previous consolidated fiscal year (From April 1, 2022 to March 31, 2023)	Current consolidated fiscal year (From April 1, 2023 to March 31, 2024)
Cash flows from operating activities, net	4,370	4,102
Cash flows from investing activities, net	(1,836)	(1,931)
Cash flows from financing activities, net	(4,033)	(3,090)
Effect of exchange rate changes on cash and cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	(1,499)	(919)

(i) KAPPA-CREATE CO., LTD. (KAPPA-CREATE CO., LTD. and its subsidiaries)

i) General information

	Previous consolidated fiscal year (March 31, 2023)	Current consolidated fiscal year (March 31, 2024)
Percentage of ownership interest held by non-controlling interests (%)	49.44	49.45
Accumulated non-controlling interest in subsidiary group (millions of yen)	4,416	5,507

(Unit: Millions of yen)

	Previous consolidated fiscal year (From April 1, 2022 to March 31, 2023)	Current consolidated fiscal year (From April 1, 2023 to March 31, 2024)
Profit (loss) allocated to noncontrolling interests in subsidiary groups	(1,261)	1,086

ii) Condensed Consolidated Financial Statements

(Unit: Millions of yen)

	Previous consolidated fiscal year (March 31, 2023)	Current consolidated fiscal year (March 31, 2024)
Current assets	12,562	13,232
Non-current assets	47,158	47,726
Current liabilities	16,303	16,259
Non-current liabilities	13,599	12,675
Equity	29,818	32,024

(Unit: Millions of yen)

	Previous consolidated fiscal year (From April 1, 2022 to March 31, 2023)	Current consolidated fiscal year (From April 1, 2023 to March 31, 2024)
Revenue	70,438	72,197
Profit (loss)	(2,530)	(2,194)

There were no dividends paid to noncontrolling interests by KAPPA-CREATE Co., LTD. during the year ended March 31, 2024 (year ended March 31, 2023: 0 million yen).

(Unit: Millions of yen)

	Previous consolidated fiscal year (From April 1, 2022 to March 31, 2023)	Current consolidated fiscal year (From April 1, 2023 to March 31, 2024)
Cash flows from operating activities, net	7,336	8,318
Cash flows from investing activities, net	(1,156)	(2,532)
Cash flows from financing activities, net	(8,069)	(5,367)
Effect of exchange rate changes on cash and cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	(1,889)	419

(ii) OOTOYA Holdings Co., Ltd. (OOTOYA Holdings Co., Ltd. and its subsidiaries)

i) General information

	Previous consolidated fiscal year (March 31, 2023)	Current consolidated fiscal year (March 31, 2024)
Percentage of ownership interest held by non-controlling interests (%)	53.21	53.24
Accumulated non-controlling interest in subsidiary group (millions of yen)	3,310	3,835

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, 2022 to March 31, 2023)	Current consolidated fiscal year (From April 1, 2023 to March 31, 2024)
Profit (loss) allocated to noncontrolling interests in subsidiary groups	82	648

ii) Condensed Consolidated Financial Statements

(Unit: Millions of yen)

	Previous consolidated fiscal year (March 31, 2023)	Current consolidated fiscal year (March 31, 2024)
Current assets	5,662	6,318
Non-current assets	17,832	18,103
Current liabilities	4,401	4,924
Non-current liabilities	3,337	2,759
Equity	15,756	16,738

(Unit: Millions of yen)

	Previous consolidated fiscal year (From April 1, 2022 to March 31, 2023)	Current consolidated fiscal year (From April 1, 2023 to March 31, 2024)
Revenue	23,847	27,894
Profit (loss)	123	1,186

19 million in dividends paid by OOTOYA Holdings Co., Ltd. to non-controlling interests during the year ended March 31, 2024 (no dividends were paid during the year ended March 31, 2023).

(Unit: Millions of yen)

	Previous consolidated fiscal year (From April 1, 2022 to March 31, 2023)	Current consolidated fiscal year (From April 1, 2023 to March 31, 2024)
Cash flows from operating activities, net	1,896	3,483
Cash flows from investing activities, net	(479)	(788)
Cash flows from financing activities, net	(1,943)	(2,139)
Effect of exchange rate changes on cash and cash equivalents	141	38
Net increase (decrease) in cash and cash equivalents	(385)	595

(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, 2022 to March 31, 2023)

Not applicable.

Current consolidated fiscal year (April 1, 2023 to March 31, 2024)

Not applicable.

(2) Remuneration to key management personnel

(Unit: Millions of yen)

	Previous consolidated fiscal year (From April 1, 2022 to March 31, 2023)	Current consolidated fiscal year (From April 1, 2023 to March 31, 2024)
Short-term directors' remuneration	422	407
Share-based remuneration	37	47
Total	459	454

(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, 2023)	Current consolidated fiscal year (March 31, 2024)
Acquisition of property, plant, and equipment	501	3,004
Total	501	3,004

39. Subsequent Events

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

(1) Name of acquired company and its business

Name of acquired company: Nihon Meika Souhonpo Co., Ltd.

Description of business: Manufacturing and retailing of local confectionery

(2) Date of business combination

April 1, 2024

(3) Percentage of voting rights acquired

100% of voting rights

(4) Main reasons for the business combination

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

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

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

The subject company's net sales for the fiscal year ending May 2024 are expected to be 6,601 million yen.

(5) Legal form of business combination

Acquisition of shares for cash consideration

(6) Consideration paid at the date of business combination

8,966 million yen

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

The fair value of the assets acquired, and liabilities assumed as of the date of the business combination is currently being calculated.

(2) Others

Quarterly information, etc. for the current consolidated fiscal year

(Accumulated period)	First quarter	Second quarter	Third quarter	Current consolidated fiscal year
Revenue (Million yen)	57,243	118,015	179,205	241,284
Profit before income tax (Million yen)	3,418	4,440	5,949	6,498
Profit attributable to owners of parent (Million yen)	2,069	2,310	2,962	2,905
Basic earnings per share (Yen)	17.89	20.66	28.18	27.52

(Accounting period)	First quarter	Second quarter	Third quarter	Fourth quarter
Basic earnings per share for the quarter (Yen)	17.89	2.77	7.52	△0.66

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, 2023)	Current fiscal year (March 31, 2024)
Assets		
Current assets		
Cash & deposits	15,895	12,274
Prepaid Expenses	137	141
Short-term loans receivable from subsidiaries and affiliates	27,901	28,264
Accounts receivable - other	3,512	4,155
Income taxes refund receivable	21	45
Other	1	29
Total current assets	47,469	44,912
Non-current assets		
Property, plant, and equipment		
Buildings	232	232
Accumulated depreciation	(191)	(204)
Buildings, net	40	28
Machinery and equipment	16	16
Accumulated depreciation	(12)	(13)
Machinery and equipment, net	4	3
Vehicles and transportation equipment	6	6
Accumulated depreciation	(6)	(6)
Vehicles and transportation equipment, net	0	0
Tools, furniture, and fixtures	138	139
Accumulated depreciation	(121)	(126)
Tools, furniture and fixtures, net	16	12
Leased assets	22	22
Accumulated depreciation	(22)	(22)
Lease assets, net	0	0
Total property, plant, and equipment	62	44
Intangible assets		
Trademark Rights	0	0
Software	102	157
Lease assets	0	0
Total intangible assets	102	157
Investment and other assets		
Investment securities	79	122
Shares of subsidiaries and affiliates	*1 56,548	*1 56,548
Security and guarantee deposits	257	268
Membership Rights	69	69
Deferred tax assets	201	-
Long-term loans receivable from subsidiaries and affiliates	29,567	28,624
Other	252	264
Total investment and other assets	86,975	85,898
Total non-current assets	87,140	86,100
Deferred assets		
Bond issuance cost	380	378
Total deferred assets	380	378
Total assets	134,990	131,391

(Unit: Millions of yen)

	Previous fiscal year (March 31, 2023)	Current fiscal year (March 31, 2024)
Liabilities		
Current liabilities		
Short-term borrowings	*1 60	*1 36
Current portion of long-term borrowings	*1 11,464	*1 16,412
Accounts payable - other	227	373
Current portion of bonds payable	*1 6,229	*1 4,871
Accrued expenses	252	209
Income taxes payable	4	59
Accrued consumption taxes	19	14
Deposit received	64	74
Provision for sales promotion expenses	1,013	1,008
Provision for bonuses	20	12
Total current liabilities	19,356	23,073
Non-current liabilities		
Bonds payable	*1 12,212	*1 12,341
Long-term borrowings	*1 46,266	*1 41,853
Deferred tax liabilities	-	36
Asset retirement obligations	10	10
Total non-current liabilities	58,488	54,241
Total liabilities	77,844	77,314
Net assets		
Shareholders’ equity		
Share capital	27,905	27,905
Capital surplus		
Share capital reserve	17,623	17,623
Other capital surplus	1,153	1,192
Total capital surplus	18,776	18,815
Retained earnings		
Legal reserve	112	112
Other retained earnings		
Retained earnings brought forward	10,496	7,341
Total retained earnings	10,608	7,453
Treasury shares	(142)	(125)
Total shareholders’ equity	57,147	54,048
Valuation and translation adjustments, etc.		
Valuation difference on available-for-sale securities	(1)	28
Total valuation and translation adjustments, etc.	(1)	28
Total net assets	57,145	54,076
Total liabilities and net assets	134,990	131,391

(ii) Statement of income

(Unit: Millions of yen)

	Previous fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Revenue	* 1,128	* 1,773
Selling, general and administrative expenses		
Advertising expenses	123	209
Officers' remuneration	461	457
Salary and allowances	784	909
Rent expenses	31	82
Lease expenses	25	24
Commission expenses	349	318
Entertainment expenses	480	460
Fee expenses	167	188
Taxes and public dues	241	247
Depreciation	18	18
Amortization of software	35	29
Provision for sales promotion expenses	1,013	1,008
Provision for bonuses	41	26
Others	304	403
Total selling, general and administrative expenses	* 4,078	* 4,385
Operating profit (loss)	(2,949)	(2,612)
Non-operating income		
Interest income	* 1,695	* 1,508
Dividend income	2	3
Others	29	43
Total non-operating income	1,727	1,555
Non-operating expenses		
Interest expenses	* 720	* 865
Interest expenses on bonds	177	141
Amortization of bond issuance expenses	155	122
Fees and commissions	5	4
Others	0	0
Total non-operating expenses	1,059	1,135
Ordinary profit (loss)	(2,281)	(2,192)
Extraordinary profit		
Others	0	-
Total extraordinary profit	0	-
Profit (loss) before tax	(2,281)	(2,192)
Corporate, inhabitants and enterprise taxes	(202)	(212)
Adjustments to corporate tax, etc.	(11)	224
Total income taxes, etc.	(214)	11
Profit (loss)	(2,066)	(2,203)

(iii) Statement of changes in net assets

Previous fiscal year (From April 1, 2022 to March 31, 2023)

(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	1,120	18,743	112	13,514	13,626	(159)	60,115
Changes during the fiscal year									
Dividends paid	-	-	-	-	-	(950)	(950)	-	(950)
Profit (loss)	-	-	-	-	-	(2,066)	(2,066)	-	(2,066)
Acquisition of treasury shares	-	-	-	-	-	-	-	(0)	(0)
Disposal of treasury shares	-	-	32	32	-	-	-	16	49
Net changes of items other than shareholders' equity	-	-	-	-	-	-	-	-	-
Total changes during the fiscal year	-	-	32	32	-	(3,017)	(3,017)	16	(2,968)
Balance as of the end of the fiscal year	27,905	17,623	1,153	18,776	112	10,496	10,608	(142)	57,147

	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	(4)	(4)	60,111
Changes during the fiscal year			
Dividends paid	-	-	(950)
Profit (loss)	-	-	(2,066)
Acquisition of treasury shares	-	-	(0)
Disposal of treasury shares	-	-	49
Net changes of items other than shareholders' equity	3	3	3
Total changes during the fiscal year	3	3	(2,965)
Balance as of the end of the fiscal year	(1)	(1)	57,145

Current fiscal year (From April 1, 2023 to March 31, 2024)

(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	1,153	18,776	112	10,496	10,608	(142)	57,147
Changes during the fiscal year									
Dividends paid	-	-	-	-	-	(951)	(951)	-	(951)
Profit (loss)	-	-	-	-	-	(2,203)	(2,203)	-	(2,203)
Acquisition of treasury shares	-	-	-	-	-	-	-	(0)	(0)
Disposal of treasury shares	-	-	39	39	-	-	-	17	56
Net changes of items other than shareholders' equity	-	-	-	-	-	-	-	-	-
Total changes during the fiscal year	-	-	39	39	-	(3,155)	(3,155)	17	(3,099)
Balance as of the end of the fiscal year	27,905	17,623	1,192	18,815	112	7,341	7,453	(125)	54,048

	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	(1)	(1)	57,145
Changes during the fiscal year			
Dividends paid	-	-	(951)
Profit (loss)	-	-	(2,203)
Acquisition of treasury shares	-	-	(0)
Disposal of treasury shares	-	-	56
Net changes of items other than shareholders' equity	29	29	29
Total changes during the fiscal year	29	29	(3,069)
Balance as of the end of the fiscal year	28	28	54,076

[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.

(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	56,548	56,548

(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, 2023)	Current fiscal year (March 31, 2024)
Shares of subsidiaries	30,219 Millions of yen	30,219 Millions of yen

(2) Collateralized Debt Obligations are as follows:

	Previous fiscal year (March 31, 2023)	Current fiscal year (March 31, 2024)
Short-term borrowings	60 Millions of yen	36 Millions of yen
Current portion of long-term borrowings	9,153	13,979
Long-term borrowings	35,271	31,591
Bonds (including current portion of bonds)	18,093	16,948
Total	62,578	62,555

(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, 2023)	Current fiscal year (March 31, 2024)
COLOWIDE MD Co., Ltd.	579 Millions of yen	271 Millions of yen
WP Japan Co., Ltd.	19	0
SILSMARIA Co., Ltd.	19	8
REX Co., Ltd.	17,865	14,937
REINS international inc.	64	4
計	18,547	15,223

3. Monetary receivables from and monetary payables to subsidiaries and affiliates (excluding those presented separately)

	Previous fiscal year (March 31, 2023)	Current fiscal year (March 31, 2024)
Short-term monetary receivables	3,310 Millions of yen	3,945 Millions of yen
Short-term monetary payables	136	173

(Notes to Statements of Income)

* The following items related to transactions with affiliated companies are included.

	Previous fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Operating revenues	1,127 Millions of yen	1,772 Millions of yen
Selling, general & administrative expenses	1,251	1,477
Non-operating transactions	1,729	1,543

(Notes to Marketable Securities)

Shares of subsidiaries and affiliates

Previous fiscal year (March 31, 2023)

	Amount shown on Balance Sheet (Millions of yen)	Market value (Millions of yen)	Difference (Millions of yen)
Shares of subsidiaries	15,534	76,810	61,276
Total	15,534	76,810	61,276

Current fiscal year (Marh 31, 2024)

	Amount shown on Balance Sheet (Millions of yen)	Market value (Millions of yen)	Difference (Millions of yen)
Shares of subsidiaries	15,534	89,958	74,424
Total	15,534	89,958	74,424

(Note) Book value of non-marketable equity securities and other securities not included in the above

(Unit: Millions of yen)

	Previous fiscal year (March 31, 2023)	Current fiscal year (March 31, 2024)
Shares of subsidiaries	41,014	41,014

(Tax effect accounting)

1. Significant components of deferred tax assets and liabilities

	The 61st term (March 31, 2023)	The 62nd term (March 31, 2024)
Deferred tax assets		
Shares of subsidiaries	1,394 Millions of yen	1,394 Millions of yen
Provision for sales promotion expenses	309	308
Loss on valuation of memberships	23	21
Net operating loss carried forward	351	389
Others	48	78
Subtotal of deferred tax assets	2,125	2,190
Valuation provision for net operating loss carried forward for tax purposes	(142)	(389)
Valuation provision related to the total amount of future deductible temporary differences, etc.	(1,757)	(1,800)
Subtotal of valuation provision	(1,899)	(2,189)
Total deferred tax assets	225	0
Deferred tax liabilities		
Shares of subsidiaries	(23)	(23)
Others	(1)	(13)
Total deferred tax liabilities	(24)	(36)
Deferred tax assets (liabilities), net	201	(36)

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 61st term (March 31, 2023)	The 62nd term (March 31, 2024)
Statutory Effective Tax Rates	30.5%	30.5%
(Adjustments)		
Entertainment expenses and other items not permanently deductible for income tax purposes	(20.7)	(21.4)
Dividend income and other items not permanently includable in taxable income	1.4	3.0
Inhabitant tax equalization rate	(0.1)	(0.2)
Increase (decrease) in valuation provision	(0.9)	(13.2)
Others	(0.7)	0.7
Effective tax rate after application of tax effect accounting	9.4	(0.5)

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)

Business combination through acquisition

Notes have been omitted because the same information is presented in the "Subsequent Events" section of the notes to the consolidated financial statements.

(iv) [Schedule of Subsidiaries]

[Schedule of Tangible Fixed Assets, 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	-	-	-	232	204	12	28
Machinery and equipment	-	-	-	16	13	-	3
Vehicles and transportation equipment	-	-	-	6	6	-	0
Tools, furniture, and fixtures	-	-	-	139	126	5	12
Lease assets	-	-	-	22	22	-	0
Total property, plant, and equipment	-	-	-	418	373	18	44
Intangible assets							
Trademarks	-	-	-	5	5	-	0
Software	-	-	-	315	158	29	157
Lease assets	-	-	-	226	226	-	0
Total intangible assets	-	-	-	547	390	30	157

(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]

	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	1,013	1,008	1,013	1,008
Provision for bonuses	20	26	34	12

(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 30
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 submitted 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

Business year (the 61st term) (from April 1, 2022 to March 31, 2023) Filed with the Director-General of the Kanto Local Finance Bureau on June 28, 2023

(ii) Internal Control Report and Attachments

Filed with the Director-General of the Kanto Local Finance Bureau on June 28, 2023

(iii) Quarterly Report and Confirmation Statement

(First Quarter of the 62nd term) (From April 1, 2023 to June 30, 2023) Filed with the Director-General of the Kanto Local Finance Bureau on August 14, 2023

(For the second quarter of the 62nd term) (From July 1, 2023 to September 30, 2023) Filed with the Director-General of the Kanto Local Finance Bureau on November 14, 2023

(Third Quarter of the 62nd term) (From October 1, 2023 to December 31, 2023) Filed with the Director-General of the Kanto Local Finance Bureau on February 14, 2024

(iv) Extraordinary Report

Filed with the Director-General of the Kanto Local Finance Bureau on June 28, 2023

This is an Extraordinary Report pursuant to 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, etc.

Filed with the Director-General of the Kanto Local Finance Bureau on March 1, 2024

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, etc.

(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.

<table>
<tr><th colspan="6">Current fiscal year</th></tr>
<tr><th rowspan="2"></th><th rowspan="2">Percentage of female workers in management positions (%) (Note) 1.</th><th rowspan="2">Percentage of male workers taking childcare leave (%) (Note) 2.</th><th colspan="3">Difference in wages between male and female workers (%) (Note) 1. (Note) 3.</th></tr>
<tr><th>All workers</th><th>of which regular employee workers</th><th>of which part-timers and fixed-term workers</th></tr>
<tr><td>OOTOYA Co., Ltd.</td><td>8.9</td><td>22.2</td><td>65.3</td><td>76.8</td><td>103.8</td></tr>
<tr><td>Freshness Co., Ltd.</td><td>20.0</td><td>100.0</td><td>67.7</td><td>85.3</td><td>96.7</td></tr>
<tr><td>Japan Fresh Co., Ltd.</td><td>3.2</td><td>0.0</td><td>62.3</td><td>78.8</td><td>100.0</td></tr>
<tr><td>Worldpicom Corporation</td><td>27.3</td><td>-</td><td>39.8</td><td>84.6</td><td>-</td></tr>
<tr><td>Nifs Co., Ltd.</td><td>22.2</td><td>0.0</td><td>53.5</td><td>82.5</td><td>68.8</td></tr>
</table>

(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 71-4, 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 7 years younger than that of male workers, and the average length of service is about 5 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 "I. OVERVIEW OF COMPANY, 5. Employees, (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 submitted]	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 28, 2024
[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 Nihombashi Kabutocho, Chuo-ku, Tokyo, Japan)

1. [Basic Framework for Internal Control over Financial Reporting]

Mr. Kohei Nojiri, President and Representative Director, is responsible for the establishment and operation of internal control over financial reporting of the Company and its consolidated subsidiaries (hereinafter referred to as "the Group").

The Group establishes and operates internal control over financial reporting in accordance with the "Standards for Management Assessment and Audit of Internal Control Over Financial Reporting and the Establishment of Practice Standards for Management Assessment and Audit of Internal Control Over Financial Reporting (Opinion)" (Business Accounting Council, February 15, 2007).

Internal control attempts to achieve its objectives to a reasonable extent by organically linking and integrally functioning each basic element of internal control. Therefore, internal control over financial reporting may not completely prevent or detect misstatements in financial reporting.

2. [Scope of Assessment, Reference date and Assessment Procedures]

The Group conducted its assessment of internal control with a reference date of March 31, 2024, the last day of the fiscal year.

In evaluating internal control over financial reporting, we followed generally accepted standards for evaluating internal control over financial reporting.

In this assessment, we evaluated the design and operation of internal control (company-wide internal control) that has a significant impact on the overall financial reporting on a consolidated basis, and based on the assessment results, we analyzed the business processes within the scope of internal control to be assessed, and selected key control points that have a significant impact on the reliability of internal control over financial reporting, and then we evaluated the effectiveness of the internal control over such key control points.

As for the scope of assessment of internal control over financial reporting, the necessary scope was determined for the Company and its consolidated subsidiaries from the viewpoint of materiality of impact on the reliability of financial reporting. The materiality of the effects on the reliability of financial reporting was determined by considering the materiality of monetary and qualitative effects, and the scope of assessment of internal control over business processes was reasonably determined based on the assessment results of company-wide internal control conducted for the Company and 27 consolidated subsidiaries. The 26 consolidated subsidiaries were not included in the scope of evaluation of company-wide internal control because they were deemed to be insignificant in terms of monetary and qualitative importance.

For the scope of evaluation of internal control over business processes, the total revenue after elimination of internal transactions for the consolidated fiscal year was used as an indicator, and six business locations that reached approximately 2/3 of the total revenue were designated as "important business locations. The accounts that have a significant bearing on the company's business purpose in these "important business locations" are revenues, trade receivables, and inventories.

Furthermore, regardless of the selected "significant business locations," the business processes related to significant account items that have a high likelihood of material misstatement and involve estimates and projections are added to the scope of evaluation as significant business processes, taking into account their impact on financial reporting.

3. [Results of the Assessment]

As a result of the assessment above, the Company concluded that internal control over financial reporting of the Group was effective as of March 31, 2024.

4. [Additional notes]

Not applicable.

5. [Special notes]

Not applicable.

[COVER PAGE]

[Document submitted]	Confirmation Letter
[Clause of stipulation]	Article 24-4-2, Paragraph 4 of the Financial Instruments and Exchange Act of Japan
[Place of filing]	Director-General, Kanto Local Finance Bureau
[Filing date]	July 3, 2024
[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 for public inspection]	Tokyo Stock Exchange, Inc.
	(2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo, Japan)

1. [Matters Concerning the Appropriateness of the Information in the Annual Securities Report]

Mr. Kohei Nojiri, President and Representative Director of the Company, has confirmed that the contents of the Annual Securities Report for the 62nd fiscal year (from April 1, 2023 to March 31, 2024) of the Company are properly described in accordance with the Financial Instruments and Exchange Law.

2. [Special note]

Not applicable.