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## Consolidated Financial Report For the Year Ended February, 2023 (IFRS)

April 12, 2023

Company Name : KOMEDA Holdings Co., Ltd.                      Stock Exchange Listing : Tokyo and Nagoya  
 Securities Code : 3543    URL : <https://www.komeda-holdings.co.jp/en/index.html>  
 Representative : Yuichi Amari, President & CEO  
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 Date of the ordinary general shareholder's meeting :      May 25, 2023  
 Filing date of security report (as planned) :                      May 26, 2023  
 Dividend payable date (as planned) :                              May 11, 2023  
 Supplemental material of financial results :                      Yes  
 Convening briefing of financial results :                              Yes

(Millions of yen; amounts are rounded to the nearest million yen)

### 1. Consolidated Financial Results for the Year Ended February 28, 2023

#### (1) Consolidated Operating Results

(Percentages represent year-on-year changes)

	Revenue		Operating profit		Income before income taxes		Net income		Net income attributable to owners of the parent		Total comprehensive income	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
Fiscal year ended												
February 28, 2023	37,836	13.6	8,024	9.8	8,001	11.5	5,448	10.1	5,424	9.9	5,454	10.1
February 28, 2022	33,317	15.5	7,305	32.6	7,179	33.2	4,946	37.3	4,934	37.4	4,053	37.1

	Basic earnings per share	Diluted earnings per share	Ratio of net income to equity attributable to owners of the parent	Ratio of income before income taxes to total assets	Ratio of operating profit to revenue
Fiscal year ended	(Yen)	(Yen)	(%)	(%)	(%)
February 28, 2023	117.60	117.38	13.9	8.1	21.2
February 28, 2022	107.02	106.77	13.6	6.9	21.9

#### (2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets	Equity per share attributable to owners of parent
As of	(Millions of yen)	(Millions of yen)	(Millions of yen)	(%)	(Yen)
February 28, 2023	100,045	40,619	40,543	40.5	878.23
February 28, 2022	97,431	37,615	37,559	38.5	813.77

	Cash flows from operating activities	Cash flows from investment activities	Cash flows from financing activities	Cash and cash equivalents at end of the year
Fiscal year ended	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
February 28, 2023	10,257	(1,577)	(8,246)	6,681
February 28, 2022	8,148	9,712	(18,984)	6,205

## 2. Dividends

	Dividends per share					Total dividends	Payout ratio (Consolidated)	Ratio of dividends to equity attributable to owners of the parent (Consolidated)
	First quarter	Second quarter	Third quarter	Fourth quarter	Total			
Fiscal year ended	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)	(Millions of yen)	(%)	(%)
February 28, 2022	—	25.00	—	26.00	51.00	2,353	47.7	6.5
February 28, 2023	—	26.00	—	26.00	52.00	2,399	44.2	6.1
Fiscal year ending February 29, 2024 (Forecasted)	—	26.00	—	27.00	53.00		41.6	

## 3. Forecasts on the Consolidated Financial Results for the Fiscal Year Ending February 29, 2024 (March 1, 2023 - February 29, 2024)

(Percentages represent year-on-year changes)

	Revenue		Operating profit		Income before income taxes		Net income		Net income attributable to owners of the parent		Basic earnings per share
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Yen)
Fiscal year ending February 29, 2024	42,500	12.3	8,700	8.4	8,650	8.1	5,880	7.9	5,877	8.3	127.33

(1) Changes in status of significant subsidiaries during the period : Yes  
(changes in specified subsidiaries accompanying changes in scope of consolidation) (PT KOMEDA COFFEE INDONESIA was newly consolidated.)

(2) Changes in accounting policies and accounting estimates

(i) Changes in accounting policies required by IFRSs : No

(ii) Changes in accounting policies other than those in (i) : No

(iii) Changes in accounting estimates : No

(3) Number of issued shares (common stock)

(i) Number of issued shares (including treasury stock)	As of February 28, 2023	46,203,900	As of February 28, 2022	46,164,900
(ii) Number of treasury stock	As of February 28, 2023	46,839	As of February 28, 2022	22,323
(iii) Average number of issued shares during the period	Fiscal year ended February 28, 2023	46,124,938	Fiscal year ended February 28, 2022	46,106,405

**\* This report is not subject to audit procedures.**

**\* Notes for using forecasted information and other matters**

-The forecasts above are based on information available at the date of this report and certain assumptions deemed to be reasonable. The Company does not provide any assurance as to achievement of these forecasts. In addition, the actual results may vary materially from the forecasts due to various uncertainties.

- Supplementary materials will be posted on our web site on April 14, 2023.

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# 1. Summary of Operating Results and Financial Position

## (1) Overview of Operating Results

During FY2022 (ended February 28, 2023), the business environment for the Japanese food service industry in which KOMEDA Holdings Group operates showed signs of recovery following the lifting in March 2022 of the government's Priority Measures to Prevent the Spread of COVID-19, with gradual normalization in economic and social activity. Nevertheless, the outlook remains extremely uncertain as a result of such factors as supply chain disruptions caused by the situation in Ukraine, along with rising food material prices and energy costs due to the depreciation of the yen, an increasingly serious labor shortage due to difficulties in recruiting workers, and changes in consumption behavior and values as a result of the effects of the COVID-19 crisis.

In such a business environment, KOMEDA Holdings Co., Ltd. ("KOMEDA" or "the Company"), in accordance with its medium-term business plan "VALUES 2025" covering the period through FY2025 (the fiscal year ending February 28, 2026), under the slogan "Link People, Communities, and Society through KUTSUROGI," is working to achieve sustainable growth by (1) Expanding Komeda's Model, (2) Creating New Value, and (3) Enhancing Financial Value, as well as to promote recovery in business performance affected by the COVID-19 pandemic.

KOMEDA has implemented comprehensive infection prevention measures to ensure the health and safety of customers. However, some locations have been forced to shorten business hours or temporarily suspend operations due to infections among staff members or close contact with infected persons. In addition, in response to rising prices for food material such as coffee beans and flour, as well as higher energy costs, the Company increased menu prices at stores from April 2022. Wholesale prices to franchisees were kept at the previous level through the end of August 2022, but were increased from September.

In response to the menu price increases, the Company boosted QSC (quality, service, and cleanliness) to provide a better store experience for customers, such as by enhancing the added value of breakfast specials, and launched products such as "Shiro-noir Black Thunder," a collaboration with Yuraku Confectionery Co., Ltd. using its popular snack item Black Thunder, and seasonal items such as "Shiro-noir Shiroi Koibito" under the direction of confectionery maker Ishiya Co., Ltd., leading to an increase in customer visits. As a result, same-store wholesale sales to franchise stores during the subject period increased 5.9% from the previous fiscal year (up 4.7% compared FY2019), with all-store sales increasing 9.6%, continuing the trend from the first half of wholesale sales exceeding levels prior to the COVID-19 crisis.

In terms of the number of stores, Komeda's Coffee opened a total of 40 new stores, mainly in the east and west areas of Japan, as well as overseas. In addition, the Company opened a take-away style obanyaki store "Dai-An-Kichi-Jitsu" as a new format. As a result, the total number of stores amounted to 987 stores as of the end of the subject period (February 28, 2023).

Brand	Area	At February 28, 2022	Newly opened	Closed	At February 28, 2023
Komeda's Coffee	East	293 (21)	15 (–)	– (–)	308 (21)
	Central	310 (3)	3 (–)	9 (–)	304 (3)
	West	308 (9)	13 (2)	2 (–)	319 (10)
	Overseas	29 (11)	9 (2)	1 (–)	37 (13)
Okagean	All	12 (6)	1 (1)	– (–)	13 (7)
BAKERY ADEMOK KOMEDA is □ Dai-An-Kichi-Jitsu La Vinotheque <sup>3</sup>	All	4 (4)	2 (2)	– (–)	6 (6)
Total		956 (54)	43 (7)	12 (–)	987 (60)

\*1. Figures in parenthesis are the number of company-owned stores, and are included in the total.

2. In the East Japan area, one Komeda's Coffee company-owned store was changed to a franchise store, and one franchise store was changed to a company-owned store. In the West Japan area, one company-owned store was changed to a franchise store.

3. Chart includes La Vinotheque, a goods store opened in September 2022.

As a result of these measures, revenue during the subject fiscal year amounted to 37,836 million yen (an increase of 13.6% from the previous fiscal year). In terms of earnings, as a result of a rise in the gross profit on sales stemming from recovery in sales revenue, operating profit amounted to 8,024 million yen (up 9.8%), with income before income taxes of 8,001 million yen (up 11.5%), and net income attributable to owners of the parent of 5,424 million yen (up 9.9%).

KOMEDA has classified items of materiality under the four themes of (1) Customer-related Activities, (2) People and Work, (3) Environment, and (4) Community. The principal initiatives for each theme conducted during the subject fiscal year are as follows. (Items in bold are new initiatives implemented between December 2022 and February 2023.)

Customer-related Activities	
Ensuring safe and reliable products and services	<b>Obtained</b> JFS-B standard* at Kanto Coffee plant. *A certification/conformity assessment standard for food safety management developed and managed by the Japan Food Safety Management Association.
	Strengthened safety inspections for outdoor advertising, replacing or repairing facilities as necessary.
	Expanded QS Circle activities to all plants, and implemented e-learning courses for the manufacturing industry
	Launched "Toromi Coffee" (thickened coffee) that people who have difficulty swallowing can drink comfortably.
Commitment to diversified consumer needs	Conducted the <b>Customer Service Contest 2022</b> and Operations Contest with the aim of enhancing QSC activities and increasing the number of customers visiting stores.
	Added a new choice of bread called "l'aube" to the morning set menu to enrich the customer experience and counterbalance menu price increases at stores.
	Launched "Pinky Chocolate Wiener," "Pinky Berry Kuro-neige" and "Pinky Berry Shake" as the PINKY COLLECTION using Ruby Chocolate.
	Launched seasonal Jelly-Co "Ruby Chocolate" and "Chocolate Banana."
	Launched rich-flavored, espresso sauce and cheese drink "Jelyco Tiramisu."
	Simultaneously launched five types of cream soda as part of the "Colorful Cream Soda" campaign.
	Launched seasonal products "Ogura-noir" with Komeda's original Ogura-An, "Shiro-noir Waka," "Kuro-neige Waka," "Milk-noir," "Shiro-noir Matcha Caramel," and "Kuro-neige Matcha Caramel."
	Launched collaboration items "Orange and Ogura-an Shiro-noir" and "Orange and Ogura-an Kuro-neige" with lifestyle information magazine <i>Orange Page</i> .
	Launched seasonal product "Shiro-noir Black Thunder" as collaboration with Yuraku Confectionery Co., Ltd. using its popular snack item Black Thunder.
	<b>Conducted the "Mid-Winter Muchauma Collaboration" with the popular Chiikawa manga character.</b>
	<b>Launched "Shiro-noir Shiroyo Koibito" under the direction of Ishiya Co., Ltd.</b>
	Launched shaved ice flavors "Caramel au lait," "Aloe Muscat," "Fruits Mix," "Uji-Macha" and "Strawberry."
	Launched special cake "Salty Caramel Mille Crepe" and "Milk Tea Mille Crepe," developed under supervision from "chez Shibata," in East and West area of Japan.
	Launched "Kome-Jang Chicken Katsu Bread" with a spicy sauce to stimulate the appetite.
	Held the Curry Festival for a second consecutive year, launching new "Cheese Curry Hotdog."
	Launched "Full Moon Burger," a special hamburger that looks like a full moon, satisfying the stomach and spirit.
Launched seasonal item "Gra-Cro" (Gratin Croquette), a standard winter burger that warms the body and spirit.	

	<p><b>Launched “Yangnyeom Chicken Cutlet Bun” with a chicken cutlet seasoned with a special yangnyeom sauce.</b></p> <p>Conducted a campaign giving away special discount group tickets to encourage customers to visit stores with family and friends, even after price revisions.</p> <p>Launched “Strawberry An-Butter” and “Coffee An-Butter” as the second and third products, respectively, in Komeda’s popular “Ogura-An-Butter” series.</p> <p>Launched packaged ice cream “KOMEDA’s Coffee Frozen Coffee Float” as a collaboration with Morinaga &amp; Co., Ltd.</p> <p>Launched packaged drink “Komeda’s Coffee Lemonade” and “Coffee Soft Cream Drink” as a collaboration with Toyo Beverage Co., Ltd.</p> <p>Renewed Komeda’s official website to improve customer convenience and experience.</p> <p>Opened take-away style <i>obanayaki</i> store “Dai-An-Kichi-Jitsu” as a new format in Nagoya.</p> <p>Sold 2023 New Year Lucky Bags in collaboration with “meet tree,” a botanical cosmetics brand that is both people and environmentally friendly.</p> <p>Nationwide launch of “11 varieties of regional jams made with local products” to increase the choice of breakfast special.</p>
Education and raising awareness of sustainable consumption	<p>Conducted “Relaxation Relay Challenge” in conjunction with national “relaxation day” on September 26 to promote relaxation throughout the country.</p> <p>Held on-site experience-based classes to deepen understanding of the sustainability measures for the coffee sold at Komeda Coffee stores.</p> <p><b>Held online internal trainings to deepen understand of Komeda’s sustainability activities among all employees.</b></p>
People and Work	
Securing of human resources and ensuring an environment for growth	<p>Introduced coffee grounds conveyors at coffee plants to raise productivity and improve the work environment.</p> <p>Increased number of security cameras in bread factories to maintain a safe and trusted work environment.</p> <p>Distributed short video of “Komeda DX strategy” to all store</p> <p>Conducted improvement activities such as expansion of QC circle and digitalization of production control data at own plants.</p> <p>Expanded installation of mobile POS system with functionality for Mobile Ordering and Congestion Monitoring.</p> <p><b>Developed monthly on-site training program for employees in manager positions and higher to enhance QSC for head office employees.</b></p> <p><b>Conducted employee satisfaction surveys with the aim of enhancing staff engagement in which many franchise owners participated.</b></p> <p>Conducted engagement surveys to enhance employee trust in the company, elicit a passion for work, and promote independent effort.</p>
Diversity of human capital	<p>Conducted “Diversity Promotion Program” for all employees regardless of age, gender or title.</p> <p>Female president appointed at an overseas subsidiary, and female Marketing Division Manager appointed at Komeda Co., Ltd.</p> <p>Supported immigration to Japan for employees who graduated from Komeda Training Center in Myanmar, who <b>began work in stores and production plants.</b></p>
Environment	

Response to climate change	In accordance with the Act on Promotion of Resource Circulation for Plastics, replaced plastic muddlers with wood muddlers, and switched to biomass blend materials for all straw items and takeaway packaging.
	Downsized the packaging of peanuts to reduce the use of plastic material.
	Replaced paper napkins with FSC certified napkins.
	Opened the renovated Komeda Coffee Flagship Store (Honten) utilizing sustainable materials such as lumber from Komeda's forest.
	Disclosure of CO <sub>2</sub> reduction targets in Komeda's first Integrated Report.
	Began preparations for disclosure based on TCFD recommendations.
Consideration for the environment and society in the supply chain	Started project to support Women's Coffee to female coffee producers through "Sustainable Kutsurogi Voting."
	Donated food material to Kodomo Shokudo and after-school activity centers as part of measures to reduce food loss and strengthen community ties.
Community	
Contribution to local communities	<b>Opened KOMEDA'S Coffee Whampoa, the first location in Hong Kong, and KOMEDA'S Coffee Dewisri Kuta Bali Island, the first location in Indonesia.</b>
	<b>Opened Okage-An Honten in Mizuho-ku, Nagoya.</b>
	Provided support for Meijo University Women's Ekiden Team, a relay race powerhouse with six consecutive victories in the All-Japan University Women's Ekiden, and <b>five consecutive victories in the Mount Fuji Women's Ekiden.</b>
	Started selling a charm suggested by the members of Komeda Club, comprising Komeda fans.
	Started after-school program "Tera-Koya Komeda" at Yokohama Eda store, Ukima Park store, and <b>Komazawa Park store.</b>
	Komeda Kitchen Car delivered Komeda's "Kutsurogi" throughout Japan.
	<b>Conducted nationwide contests to expand community contribution activities</b> that connect customers and local communities, such as collaboration events with elderly care homes and facilities for disabled persons.

## (2) Overview of Financial Position

The status of assets, liabilities, and equity at the end of the subject fiscal year was as follows.

Current assets increased 1,089 million yen from the end of FY2021 (February 28, 2022) to 16,484 million yen, due mainly to an increase in cash and cash equivalents. Non-current assets increased 1,525 million yen to 83,561 million yen, due mainly to an increase in property, plant, and equipment. As a result, total assets increased 2,614 million yen, to 100,045 million yen.

Current liabilities increased 434 million yen from the end of FY2021 to 12,128 million yen, due mainly to an increase in trade payables. Non-current liabilities decreased 824 million yen to 47,298 million yen, due mainly to a decrease in borrowings. As a result, total liabilities decreased 390 million yen to 59,426 million yen.

Total equity increased 3,004 million yen from the end of FY2021 to 40,619 million yen, due mainly to dividends paid to owners of the parent of 2,399 million yen, and acquisition of treasury stock of 100 million yen, against net income for the period of 5,448 million yen.

## (3) Overview of Cash Flows

Cash and cash equivalents at the end of the subject fiscal year amounted to 6,681 million yen, an increase of 476 million yen from the end of FY2021 (February 28, 2022). The status of cash flows by activity and underlying factors were as follows.

(Cash flow from operating activities)

Cash provided by operating activities amounted to 10,257 million yen (an increase of 2,109 million yen from FY2021). This mainly reflected income before income tax of 8,001 million yen (increase of 822 million yen), an increase in other financial liabilities of 3,726 million yen (increase of 2,122 million yen), and income taxes paid of 3,128 million yen (decrease of 569 million yen).

(Cash flow from investing activities)

Cash used in investing activities amounted to 1,577 million yen (compared to cash provided of 9,712 million yen in FY2021). This was due mainly to purchase of property, plant and equipment of 1,080 million yen (decrease of 155 million yen).

(Cash flow from financing activities)

Cash used in financing activities amounted to 8,246 million yen (decrease of 10,738 million yen from FY2021). This mainly reflected repayment of borrowings of 2,137 million yen (decrease of 25,270 million yen), repayments of lease liabilities of 3,627 million yen (increase of 243 million yen), and cash dividends paid to owners of the parent of 2,396 million yen in (increase of 279 million yen).

#### (4) Forecast for the Next Fiscal Year (FY2023)

The business environment for the Japanese food service industry in which KOMEDA Holdings Group operates has been shown signs of recovery following the relaxation of restrictions on the spread of COVID-19, with gradual normalization in economic and social activity. Nevertheless, the outlook remains extremely uncertain as a result of such factors as continued rising food material prices and energy costs due to geopolitical risks, an increasingly serious labor shortage due to difficulties in recruiting workers, and changes in consumption behavior and values as a result of the effects of the COVID-19 crisis.

In such a business environment, under our medium-term business plan "VALUES 2025", the Company will implement various measures aimed at (1) Expanding Komeda's Model, (2) Creating New Values and (3) Enhancing Financial Values under the slogan "Link People, Communities, and Society through <KUTSUROGI>."

Based on the above, the Company is forecasting revenue of 42,500 million yen, with operating profit of 8,700 million yen, income before income tax of 8,650 million yen, and net income attributable to owners of the parent of 5,877 million yen for the fiscal year ending February 29, 2024.

#### (5) Shareholder Return Policy and Dividends

The Company recognizes that returning profits to shareholders is a critical issue for management.

The policy of the Company is to return profit to shareholders at a targeted total return ratio of 50% or more during the cumulative period of our medium-term business plan "VALUES 2025" for the five years ending February 28, 2026, with comprehensive consideration of the demand for finance such as repayment of debt, investment for performance or business expansion, and simultaneously realizing appropriate capital allocation from a medium to long-term perspective, in order to achieve more flexible and stable shareholders returns.

For the year ended February 28, 2023, the year-end dividend will be 26 yen per share, and a full year dividend will be 52 yen per share including the interim dividend of 26 yen per share.

The full-year dividend for the year ending February 29, 2024 is forecast to be 53 yen per share (including the interim dividend of 26 yen per share and the year-end dividend of 27 yen per share), an increase of one yen from the subject fiscal year.

## 2. Basic Approach to Selection of Accounting Standards

The Company has adopted the International Financial Reporting Standards (IFRS) since the year ended February 29, 2016 with the aim of enhancing the international comparability of its financial information in capital markets as well as overall convenience.



### 3. Consolidated Financial Statements

#### (1) Consolidated Statements of Financial Position (Unaudited)

(Millions of yen)

	February 28,	
	2022	2023
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	6,205	6,681
Trade and other receivables	5,074	5,285
Other financial assets	3,152	3,336
Inventories	276	294
Other current assets	688	888
Total current assets	15,395	16,484
<b>Non-current assets</b>		
Property, plant and equipment	13,679	14,316
Goodwill	38,354	38,354
Other intangible assets	261	374
Trade and other receivables	25,890	26,523
Other financial assets	3,227	3,315
Deferred tax assets	414	299
Other non-current assets	211	380
Total non-current assets	82,036	83,561
<b>Total assets</b>	97,431	100,045
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade payables	1,524	2,075
Borrowings	2,169	1,941
Lease liabilities	3,356	3,602
Income tax payable	1,557	1,322
Other financial liabilities	1,746	1,949
Other current liabilities	1,342	1,239
Total current liabilities	11,694	12,128
<b>Non-current liabilities</b>		
Borrowings	12,077	10,143
Lease liabilities	29,021	29,874
Other financial liabilities	6,307	6,486
Provisions	360	389
Other non-current liabilities	357	406
Total non-current liabilities	48,122	47,298
Total liabilities	59,816	59,426
<b>Equity</b>		
Share capital	639	651
Capital surplus	13,099	13,100
Retained earnings	23,870	26,895
Treasury stock	(53)	(109)
Other components of equity	4	6
Equity attributable to owners of the parent	37,559	40,543
Non-controlling interests	56	76
Total equity	37,615	40,619
<b>Total liabilities and equity</b>	97,431	100,045

## 2. Consolidated Financial Statements (continued)

### (2) Consolidated Statements of Income (Unaudited)

	(Millions of yen)	
	Year ended February 28,	
	2022	2023
Revenue	33,317	37,836
Cost of sales	(21,273)	(24,844)
Gross profit	12,044	12,992
Other operating income	490	400
Selling, general and administrative expenses	(4,912)	(5,329)
Other operating expenses	(317)	(39)
Operating profit	7,305	8,024
Financial income	47	52
Financial expense	(173)	(75)
Income before income taxes	7,179	8,001
Income taxes	(2,233)	(2,553)
Net income	4,946	5,448
<b>Net income attributable to:</b>		
Owners of the parent	4,934	5,424
Non-controlling interests	12	24
Net income	4,946	5,448
<b>Interim earnings per share</b>		
Basic (Yen)	107.02	117.60
Diluted (Yen)	106.77	117.38

### (3) Consolidated Statements of Comprehensive Income (Unaudited)

	(Millions of yen)	
	Year ended February 28,	
	2022	2023
Net income	4,946	5,448
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	7	6
Other comprehensive income after taxes	7	6
Total comprehensive income	4,953	5,454
<b>Total comprehensive income attributable to:</b>		
Owners of the parent	4,938	5,426
Non-controlling interests	15	28
Total comprehensive income	4,935	5,454

## 2. Consolidated Financial Statements (continued)

### (4) Consolidated Statements of Changes in Equity (Unaudited)

(Millions of yen)

	Share capital	Capital surplus	Retained earnings	Treasury stock	Other components of equity	Equity attributable to owners of the parent	Non- controlling interests	Total equity
Balance as of March 1, 2021	625	13,127	21,057	(17)	(0)	34,792	41	34,833
Net income			4,934			4,934	12	4,946
Other comprehensive income					4	4	3	7
Total comprehensive income	—	—	4,934	—	4	4,938	15	4,953
Exercise of subscription rights to shares	14	11				25		25
Share-based payment transactions		25				25		25
Dividends			(2,121)			(2,121)		(2,121)
Acquisition of treasury stock		1		(101)		(100)		(100)
Disposal of treasury stock		(65)		65		—		—
Total transactions with owners	14	(28)	(2,121)	(36)	—	(2,171)	—	(2,171)
Balance as of February 28, 2022	639	13,099	23,870	(53)	4	37,559	56	37,615
Net income			5,424			5,424	24	5,448
Other comprehensive income					2	2	4	6
Total comprehensive income	—	—	5,424	—	2	5,426	28	5,454
Exercise of subscription rights to shares	12	10				22		22
Share-based payment transactions		35				35		35
Dividends			(2,399)			(2,399)	(8)	(2,407)
Acquisition of treasury stock		3		(103)		(100)		(100)
Disposal of treasury stock		(47)		47		—		—
Total transactions with owners	12	1	(2,399)	(56)	—	(2,442)	(8)	(2,450)
Balance as of February 28, 2023	651	13,100	26,895	(109)	6	40,543	76	40,619

## 2. Consolidated Financial Statements (continued)

### (5) Consolidated Statements of Cash Flows (Unaudited)

(Millions of yen)

	Year ended February 28,	
	2022	2023
<b>Cash flows from operating activities</b>		
Income before income taxes	7,179	8,001
Depreciation and amortization	1,617	1,609
Financial income	(47)	(52)
Financial expense	173	75
Decrease (increase) in trade and other receivables	876	(673)
Decrease (increase) in guarantee deposits and construction assistance fund receivables	(16)	(60)
Increase (decrease) in trade payables	30	544
Increase (decrease) in guarantee deposits received and construction assistance fund received	246	166
Increase (decrease) in other financial liabilities	1,604	3,726
Others	(315)	(112)
Subtotal	11,347	13,224
Interest received	2	1
Interest paid	(72)	(72)
Income taxes paid	(3,697)	(3,128)
Income taxes refunded	568	232
Net cash provided by operating activities	8,148	10,257
<b>Cash flows from investing activities</b>		
Decrease (increase) in time deposits	11,000	(200)
Purchase of property, plant and equipment	(1,235)	(1,080)
Purchase of intangible assets	(51)	(189)
Others	(2)	(108)
Net cash provided by (used in) investing activities	9,712	(1,577)
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	14,000	—
Repayment of borrowings	(27,407)	(2,137)
Repayments of lease liabilities	(3,384)	(3,627)
Proceeds from issuance of shares	24	22
Purchase of treasury stock	(100)	(100)
Cash dividends paid to owners of the parent	(2,117)	(2,396)
Cash dividends paid to non-controlling interests	—	(8)
Net cash used in financing activities	(18,984)	(8,246)
Effect of exchange rate changes on cash and cash equivalents	28	42
Net increase (decrease) in cash and cash equivalents	(1,096)	476
Cash and cash equivalents at beginning of period	7,301	6,205
Cash and cash equivalents at end of period	6,205	6,681

## 2. Consolidated Financial Statements (continued)

### (6) Notes to Consolidated Financial Statements (Unaudited)

Notes on Assumption of Going Concern

None

Segment Information

As the Company only has a single segment consisting of the cafe business, the description of segment information is omitted.

Earnings per Share

	Year ended February 28, 2022	Year ended February 28, 2023
Net income attributable to owners of the parent (millions of yen)	4,934	5,424
Weighted average number of ordinary shares (shares)	46,106,405	46,124,938
Number of ordinary shares with dilutive effects Increase due to stock options (shares)	110,294	85,703
Weighted average number of ordinary shares after dilution (shares)	46,216,699	46,210,641
Basic earnings per share (yen)	107.02	117.60
Diluted earnings per share (yen)	106.77	117.38

Significant Subsequent Events

None