

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

(Notes) Revision of forecasts: No

(1) Changes in status of significant subsidiaries during the period
(changes in specified subsidiaries accompanying changes in : No scope of consolidation)

(2) Changes in accounting policies and accounting estimates
(i) Changes in accounting policies required by IFRSs : Yes
(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 May 31, 2023	46,227,900	As of February 28, 2023	46,203,900
(ii) Number of treasury stock	As of May 31, 2023	275,729	As of February 28, 2023	46,839
(iii) Average number of issued shares during the period	Three Months ended May 31, 2023	46,088,611	Three Months ended May 31, 2022	46,121,590

*** This report is not subject to quarterly review 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 July 12, 2023.

(Appendix)

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1. Qualitative Information on Business and Financial Results

(1) Overview of Operating Results

During the first quarter period (March 1 to May 31, 2023) of fiscal 2023 (ending February 29, 2024), in the food service industry of which KOMEDA Holdings Group is a part, normalization of economic and social activity further accelerated, and the trend toward economic recovery strengthened as a result of recovery in the flow of people following the subsiding of impacts from the COVID-19 pandemic, and the easing of restrictions on movement and inbound tourism. Nevertheless, the business environment continues to be extremely uncertain due to such factors as supply chain disruptions caused by Russia's invasion of Ukraine, rising food material prices and energy costs with the depreciation of the yen, an increasingly severe labor shortage from difficulties in recruiting personnel, and changes in consumer behavior and values in the wake of the pandemic.

In such a business environment, KOMEDA Holdings Co., Ltd. ("KOMEDA" or "the Company"), under the slogan "Link People, Communities, and Society through KUTSUROGI" outlined in its medium-term business plan "VALUES 2025," worked to expand and enhance its existing business model, pursue the co-creation of new value, and maintain and enhance its financial value.

At stores, KOMEDA implemented measures for QSC (quality, service, and cleanliness) to provide a better store experience for customers, and launched seasonal items such as Shiro-noir Black Mont Blanc, a collaboration with Takeshita Seika, based on its popular Black Mont Blanc ice cream, leading to an increase in customer visits. As a result of these measures, along with the boost from an increase in wholesale prices to franchise stores implemented in September 2022, same-store wholesale sales to franchise stores increased 14.2% from the same period of the previous fiscal year, with all-store sales increasing 18.1%, for a marked recovery from the COVID-19 crisis.

In terms of the number of stores, the Company opened 9 new Komeda's Coffee locations, mainly in eastern Japan. As a result, the total number of stores amounted to 995 stores at the end of the subject period.

Brand	Area	At February 28, 2023	Newly Opened	Closed	At May 31, 2023
KOMEDA's Coffee	East	308 (21)	6 (–)	– (–)	314 (17)
	Central	304 (3)	1 (–)	– (–)	304 (3)
	West	319 (10)	1 (–)	– (–)	320 (9)
	Overseas	37 (13)	1 (1)	– (–)	38 (14)
Okagean	All	13 (7)	– (–)	– (–)	13 (6)
BAKERY ADEMOK KOMEDA is □ Dai-An-Kichi-Jitsu La Vinotheque	All	6 (6)	– (–)	– (–)	6 (6)
Total		987 (60)	9 (1)	1 (–)	995 (55)

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

2. A total of six company-owned stores were changed to franchise stores, four in East Japan, one in West Japan, and one in Central Japan.

As a result, revenue during the subject period amounted to ¥10,454 million (an increase of 16.7% from the same period of the previous fiscal year), with operating profit of ¥2,256 million (up 21.2%), income before income taxes of ¥2,246 million (up 17.5%), and net income attributable to owners of the parent of ¥1,528 million (up 17.9%).

KOMEDA Holdings Group, to contribute to the realization of a sustainable society through its business activities, has classified material issues that it considers a priority (materiality) into the three themes of “Quality and Customers,” “People and Job Satisfaction,” and “Environment.” The main initiatives implemented for each of these themes during the subject period to enhance the corporate group’s economic value and address societal issues, are as follows.

Quality and Customers

Providing safe and reliable products and services	Conducted regular hazard prediction training (KYT) activities to improve safety and quality at manufacturing plants.
	Enhanced the functionality of the search function for specific ingredients on the Company’s website to prevent health hazards caused by food allergies.
Responding to diverse customer needs	Launched seasonal flavors for the mainstay Jericho dessert drink series, “Jericho Kagabo Hojicha” and “Jericho Creme Brûlée.”
	Launched “Ogura Noir Yuzunagomi” and “Ogura Neige Yuzunagomi” with in-house made <i>ogura-an</i> sweet bean paste and yuzu sauce from Kochi Prefecture.
	Launched collaboration products “Shiro-noir Black Mont Blanc” and “Kuro-neige Black Mont Blanc” with Takeshita Seika, based on its popular <i>Black Mont Blanc</i> ice cream.
	Launched “Yayoi Burger,” KOMEDA Coffee’s first teriyaki-flavored burger.
	Launched a second original bean confectionery based on the popular “Chiikawa” manga character.
	Sold “KOMEDA Coffee’s Ogura Toast Sable” with Grapestone Co., Ltd. at JR Nagoya Station and other locations.
	Sold products with Morinaga & Co., Ltd., including “Strawberry Ole Float,” “Shiro-noir Cream Sandwich Cookie,” “Chocoball Shiro-noir,” “Koeda Kuro-neige,” and “Coffee Caramel.”
	Sold “Ichiban Kuji Coffee Shop KOMEDA’s Coffee” with Bandai Spirits Co., Ltd.
Involvement and investment in communities	Sold “Petit Sample Coffee Shop KOMEDA’s Coffee” to enjoy the world of store of KOMEDA’s Coffee at home, with RE-MENT Co., Ltd.
	Held work experience programs at production plants for local students and other groups.
	Held after-school program “Tera-Koya Komeda” on a weekly basis at the Yokohama Eda store, Ukima Park store, and Komazawa Park store.
	Dispatched KOMEDA food trucks to various areas, delivering Komeda-style relaxation to places where there are no stores.
Promoted community contribution activities that allow customers to come together and connect through stores of KOMEDA’s Coffee, such as holding workshops at stores and markets in parking lots, and participating in community events.	
Education and awareness regarding sustainable consumption	Conducted experience programs at elementary schools in Aichi Prefecture to deepen understanding of sustainability initiatives at KOMEDA’s Coffee related to coffee.

People and Job Satisfaction

Establishing an environment to secure human resources and support growth	Expanded scope of store initiation training provided for directors to include manager-level positions and above, in order to maintain and enhance the sense of workplace atmosphere.
Positive employment relationships and proper working conditions	Conducted engagement surveys to encourage independent effort, and to enhance well-being, a sense of belonging, and willingness to contribute.
Eradicating discrimination and harassment	Conducted harassment prevention training to maintain a rewarding work environment.

Environment

Waste reduction and material recycling	Reduced the use of plastic packaging materials, including abolishing plastic bread bag fasteners.
	Donated food to neighborhood cafeterias for children and food banks as an initiative to reduce food loss and strengthen ties with local communities.
Response to climate change	Transitioned gradually from using dry ice when shipping frozen items to stores, to reusable cold storage materials.

(2) Overview of Financial Position

The status of assets, liabilities, and equity at the end of the subject first quarter period was as follows.

Current assets decreased ¥1,672 million from the end of the previous fiscal year (February 28, 2023) to ¥14,812 million, due mainly to a decrease in cash and cash equivalents. Non-current assets decreased ¥881 million to ¥82,680 million, due mainly to a decrease in property, plant, and equipment. As a result, total assets at the end of the subject first quarter period (May 31, 2023) decreased ¥2,553 million from the end of the previous fiscal year (February 28, 2023), to ¥97,492 million.

Current liabilities decreased ¥1,081 million from the end of the previous fiscal year to ¥11,047 million, due mainly to a decrease in other financial liabilities. Non-current liabilities decreased ¥1,067 million to ¥46,231 million, due mainly to a decrease in lease liabilities. As a result, total liabilities decreased ¥2,148 million to ¥57,278 million.

Total equity decreased ¥405 million from the end of the previous fiscal year to ¥40,214 million. This was due mainly to ¥1,200 million in dividends of surplus, and ¥601 million in acquisition of treasury stock, against ¥1,530 million in net income for the period.

(3) Overview of Cash Flows

Cash and cash equivalents at the end of the subject first quarter period amounted to ¥5,498 million, a decrease of ¥1,183 million from the end of the previous fiscal year. 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 ¥1,307 million (an increase of ¥69 million from the same period of the previous fiscal year). This mainly reflected income before income tax of ¥2,246 million (increase of ¥335 million), an increase in trade payables of 228 million (increase of ¥70 million), and income taxes paid of ¥1,119 million (decrease of ¥290 million).

(Cash flow from investing activities)

Cash provided by investing activities amounted to ¥844 million (compared to cash used of ¥258 million in the same period of the previous fiscal year). This mainly reflected a decrease in time deposits of ¥1,000 million (none in the previous fiscal year), and purchase of property, plant and equipment of ¥109 million (decrease of ¥87 million).

(Cash flow from financing activities)

Cash used in financing activities amounted to ¥3,338 million (increase of ¥526 million from the same period of the previous fiscal year). This mainly reflected repayment of borrowings of ¥492 million (decrease of ¥179 million), repayments of lease liabilities of ¥918 million (increase of ¥51 million), Purchase of treasury stock of ¥601 million (increase of ¥501 million), and cash dividends paid to owners of the parent of ¥1,177 million (increase of ¥3 million).

(4) Explanation of Consolidated Results Forecasts and Other Future Predictions

Consolidated results forecasts for the fiscal year ending February 29, 2024 are unchanged from those announced on April 12, 2023.

2. Consolidated Financial Statements

(1) Consolidated Statements of Financial Position (Unaudited)

(Millions of yen)

	February 28, 2022	May 31, 2023
Assets		
Current assets		
Cash and cash equivalents	6,681	5,498
Trade and other receivables	5,285	5,351
Other financial assets	3,336	2,328
Inventories	294	294
Other current assets	888	1,341
Total current assets	16,484	14,812
Non-current assets		
Property, plant and equipment	14,316	13,598
Goodwill	38,354	38,354
Other intangible assets	374	385
Trade and other receivables	26,523	26,404
Other financial assets	3,315	3,351
Deferred tax assets	299	185
Other non-current assets	380	403
Total non-current assets	83,561	82,680
Total assets	100,045	97,492
Liabilities and equity		
Liabilities		
Current liabilities		
Trade payables	2,075	2,305
Borrowings	1,941	1,930
Lease liabilities	3,602	3,604
Income tax payable	1,322	754
Other financial liabilities	1,949	1,327
Other current liabilities	1,239	1,127
Total current liabilities	12,128	11,047
Non-current liabilities		
Borrowings	10,143	9,662
Lease liabilities	29,874	29,260
Other financial liabilities	6,486	6,507
Provisions	389	381
Other non-current liabilities	406	421
Total non-current liabilities	47,298	46,231
Total liabilities	59,426	57,278
Equity		
Share capital	651	656
Capital surplus	13,100	13,034
Retained earnings	26,895	27,223
Treasury stock	(109)	(710)
Other components of equity	6	11
Equity attributable to owners of the parent	40,543	40,214
Non-controlling interests	76	—
Total equity	40,619	40,214
Total liabilities and equity	100,045	97,492

2. Consolidated Financial Statements (continued)

(2) Consolidated Statements of Income (Unaudited)

	(Millions of yen)	
	Three Months ended May 31,	
	2022	2023
Revenue	8,959	10,454
Cost of sales	(5,795)	(6,844)
Gross profit	3,164	3,610
Other operating income	101	92
Selling, general and administrative expenses	(1,403)	(1,436)
Other operating expenses	(1)	(10)
Operating profit	1,861	2,256
Financial income	66	17
Financial expense	(16)	(27)
Income before income taxes	1,911	2,246
Income taxes	(610)	(716)
Net income	1,301	1,530
Net income attributable to:		
Owners of the parent	1,296	1,528
Non-controlling interests	5	2
Net income	1,301	1,530
Interim earnings per share		
Basic (Yen)	28.11	33.14
Diluted (Yen)	28.05	33.12

(3) Consolidated Statements of Comprehensive Income (Unaudited)

	(Millions of yen)	
	Three Months ended May 31,	
	2022	2023
Net income	1,301	1,530
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	8	8
Other comprehensive income after taxes	8	8
Total comprehensive income	1,309	1,538
Total comprehensive income attributable to:		
Owners of the parent	1,300	1,533
Non-controlling interests	9	5
Total comprehensive income	1,309	1,538

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, 2022	639	13,099	23,870	(53)	4	37,559	56	37,615
Net income			1,296			1,296	5	1,301
Other comprehensive income					4	4	4	8
Total comprehensive income	—	—	1,296	—	4	1,300	9	1,309
Share-based payment transactions		7				7		7
Dividends			(1,200)			(1,200)		(1,200)
Acquisition of treasury stock				(100)		(100)		(100)
Total transactions with owners	—	7	(1,200)	(100)	—	(1,293)	—	(1,293)
Balance as of May 31, 2022	639	13,106	23,966	(153)	8	37,566	65	37,631
Balance as of March 1, 2023	651	13,100	26,895	(109)	6	40,543	76	40,619
Net income			1,528			1,528	2	1,530
Other comprehensive income					5	5	3	8
Total comprehensive income	—	—	1,528	—	5	1,533	5	1,538
Exercise of subscription rights to shares	5	3				8		8
Share-based payment transactions		10				10		10
Dividends			(1,200)			(1,200)		(1,200)
Acquisition of treasury stock				(601)		(601)		(601)
Acquisition of Non-controlling interests		(79)				(79)	(81)	(160)
Total transactions with owners	5	(66)	(1,200)	(601)	—	(1,862)	(81)	(1,943)
Balance as of May 31, 2023	656	13,034	27,223	(710)	11	40,214	—	40,214

2. Consolidated Financial Statements (continued)

(5) Consolidated Statements of Cash Flows (Unaudited)

	(Millions of yen)	
	Three Months ended May 31,	
	2022	2023
Cash flows from operating activities		
Income before income taxes	1,911	2,246
Depreciation and amortization	397	402
Financial income	(66)	(17)
Financial expense	16	27
Decrease (increase) in trade and other receivables	(116)	96
Decrease (increase) in guarantee deposits and construction assistance fund receivables	(23)	(26)
Increase (decrease) in trade payables	158	228
Increase (decrease) in guarantee deposits received and construction assistance fund received	66	(7)
Increase (decrease) in other financial liabilities	528	70
Others	(199)	(583)
Subtotal	2,672	2,436
Interest received	0	0
Interest paid	(25)	(10)
Income taxes paid	(1,409)	(1,119)
Net cash provided by operating activities	1,238	1,307
Cash flows from investing activities		
Decrease (increase) in time deposits	—	1,000
Purchase of property, plant and equipment	(196)	(109)
Purchase of intangible assets	(57)	(31)
Purchase of investment securities	—	(13)
Others	(5)	(3)
Net cash provided by (used in) investing activities	(258)	(844)
Cash flows from financing activities		
Repayment of borrowings	(671)	(492)
Repayments of lease liabilities	(867)	(918)
Proceeds from issuance of shares	—	10
Purchase of treasury stock	(100)	(601)
Cash dividends paid to owners of the parent	(1,174)	(1,177)
Purchase of shares of subsidiaries not resulting in change in the scope of consolidation	—	(160)
Net cash used in financing activities	(2,812)	(3,338)
Effect of exchange rate changes on cash and cash equivalents	36	4
Net increase (decrease) in cash and cash equivalents	(1,796)	(1,183)
Cash and cash equivalents at beginning of period	6,205	6,681
Cash and cash equivalents at end of period	4,409	5,498

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.

Changes in Accounting Policies

The material accounting policies adopted for the consolidated financial statements are the same as those for the consolidated financial statements for the fiscal year ended February 28, 2023, except for the following item.

Income taxes for the three months ended May 31, 2023 are calculated based on the estimated average annual effective tax rate.

(IAS 12 "Income Taxes")

The Company has applied the standard "Deferred Tax related to Assets and Liabilities arising from a Single Transaction" (an amendment of IAS 12 "Income Taxes") effective for the fiscal year ending February 29, 2024. The adoption of this standard does not have a material impact on the consolidated financial statements of the Company.

Earnings per Share

	Three Months ended May 31, 2022	Three Months ended May 31, 2023
Net income attributable to owners of the parent (millions of yen)	1,296	1,528
Weighted average number of ordinary shares (shares)	46,121,590	46,088,611
Number of ordinary shares with dilutive effects Increase due to stock options (shares)	89,961	33,442
Weighted average number of ordinary shares after dilution (shares)	46,211,551	46,122,053
Basic earnings per share (yen)	28.11	33.14
Diluted earnings per share (yen)	28.05	33.12

Significant Subsequent Events

None