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Consolidated Financial Report For the Year Ended February 29, 2024 (IFRS)

April 10, 2024

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
 Contact for enquiries Hiroki Shimizu, Managing Director & CFO (TEL) +81-52-936-8880
 Date of the ordinary general shareholder's meeting : May 29, 2024
 Filing date of security report (as planned) : May 29, 2024
 Dividend payable date (as planned) : May 15, 2024
 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 29, 2024

(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 29, 2024 | 43,236 | 14.3 | 8,717 | 8.6 | 8,685 | 8.5 | 5,974 | 9.7 | 5,972 | 10.1 | 5,975 | 9.6 |
| 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 |

| | 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 29, 2024 | 130.12 | 130.03 | 14.3 | 8.6 | 20.2 |
| February 28, 2023 | 117.60 | 117.38 | 13.9 | 8.1 | 21.2 |

(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 29, 2024 | 102,772 | 43,110 | 43,110 | 41.9 | 940.67 |
| February 28, 2023 | 100,045 | 40,619 | 40,543 | 40.5 | 878.23 |

| | 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 29, 2024 | 11,437 | (1,955) | (8,237) | 7,923 |
| February 28, 2023 | 10,257 | (1,577) | (8,246) | 6,681 |

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, 2023 | — | 26.00 | — | 26.00 | 52.00 | 2,399 | 44.2 | 6.1 |
| February 29, 2024 | — | 26.00 | — | 27.00 | 53.00 | 2,429 | 40.7 | 5.8 |
| Fiscal year ending February 28, 2025 (Forecasted) | — | 27.00 | — | 27.00 | 54.00 | | 39.1 | |

3. Forecasts on the Consolidated Financial Results for the Fiscal Year Ending February 28, 2025 (March 1, 2024 - February 28, 2025)

(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 28, 2025 | 45,465 | 5.2 | 9,350 | 7.3 | 9,285 | 6.9 | 6,330 | 6.0 | 6,330 | 6.0 | 138.14 |

(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 February 29, 2024 | 46,235,400 | As of February 28, 2023 | 46,203,900 |
| (ii) Number of treasury stock | As of February 29, 2024 | 410,859 | As of February 28, 2023 | 46,839 |
| (iii) Average number of issued shares during the period | Fiscal year ended February 29, 2024 | 45,892,171 | Fiscal year ended February 28, 2023 | 46,124,938 |

*** 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 12, 2024.

(Appendix)
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1. Summary of Operating Results and Financial Position

(1) Overview of Operating Results

During fiscal 2023 (ended February 29, 2024), in the food service industry of which KOMEDA Holdings Group is a part, with the downgrading of the legal classification of COVID-19 to Class 5, the normalization of economic activities bolstered recovery in the flow of people and personal consumption. Nevertheless, the business environment continued to be extremely uncertain due to such factors as geopolitical risk stemming from the conflict between Russia and 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 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 that led to an increase in customer visits, including the launch of seasonal items such as “Shiro-noir Black Mont Blanc,” a collaboration item with Takeshita Seika based on its popular Black Mont Blanc ice cream, last year’s popular “Shiro-noir ‘Black’ Black Thunder” and “Shiro-noir ‘White’ Black Thunder,” a collaboration with Yuraku Confectionery Co., Ltd., and “Shiro Noir Chocolat Passion” developed under the supervision of Chef Hironobu Tsujiguchi. From July through September 2023, the Company conducted various promotions for the “1000 Thank You Campaign” to commemorate Komeda Group reaching 1,000 stores. KOMEDA also renewed its coffee ticket scheme from July 2023, allowing customers to select either nine tickets with an extra cup per book, or an affordably priced five tickets, which led to the acquisition of more regular customers.

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 rose 13.6% from the previous fiscal year, with all-store sales increasing 18.4%.

In terms of the number of stores, the Company opened 45 new KOMEDA's Coffee locations, mainly in eastern and western Japan. As a result, the total number of stores amounted to 1,023 stores at the end of the subject fiscal year.

| Brand | Area | At Feb. 28, 2023 | Newly Opened | Closed | At Feb. 29, 2024 |
|---|----------|------------------|--------------|--------|------------------|
| KOMEDA's Coffee | East | 308 (21) | 23 (–) | – (–) | 331 (14) |
| | Central | 304 (3) | 3 (–) | 3 (–) | 304 (3) |
| | West | 319 (10) | 15 (–) | 4 (–) | 330 (9) |
| | Overseas | 37 (13) | 4 (1) | 2 (1) | 39 (13) |
| Okagean | All | 13 (7) | – (–) | – (–) | 13 (6) |
| BAKERY ADEMOK KOMEDA is □ Dai-An-Kichi-Jitsu La Vinotheque | All | 6 (6) | – (–) | – (–) | 6 (6) |
| Total | | 987 (60) | 45 (1) | 9 (1) | 1,023 (51) |

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

2. A total of ten company-owned KOMEDA's Coffee stores were changed to franchise stores, seven in East Japan, two in Central Japan, and one in West Japan. One franchise store in Central Japan was changed to a company-owned store.

As a result, revenue during the subject fiscal year amounted to ¥43,236 million (an increase of 14.3% from the previous fiscal year), with operating profit of ¥8,717 million (up 8.6%), income before income taxes of ¥8,685 million (up 8.5%), and net income attributable to owners of the parent of ¥5,972 million (up 10.1%).

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 fiscal year to enhance the corporate group’s economic value and address societal issues, are as follows. (Text in bold indicates measures newly implemented between December 2023 and February 2024.)

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. |
| | Built the Kyushu Coffee Plant in Munakata-shi (Fukuoka Prefecture) and began supplying products to select stores in Kyushu and Yamaguchi Prefecture. |
| | Acquired food safety management standard “JFS-B” certification at the Nagoya bean paste factory. |
| Responding to diverse customer needs | Conducted the “1,000 Thank You Campaign” (Phases 1-5) to commemorate the Komeda Group reaching 1,000 stores. |
| | Renewed the coffee ticket scheme, selling two types: Nine tickets with an extra cup per book, and an affordably priced five tickets. |
| | Updated the official mobile app, improving customer convenience by adding functionality developed in cooperation with the prepaid card KOMECA to allow customers to pay with just the app, without having a plastic card, and mobile order functionality to allow customers to use their own smartphones to place orders. |
| | 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. |
| | Sold limited-time items “Shiro-noir ‘Black’ Black Thunder,” a collaboration with Yuraku Confectionery Co., Ltd. that was popular last year, along with “Shiro-noir ‘White’ Black Thunder,” a collaboration for “White Black Thunder,” a special souvenir version of the confectionary sold exclusively in Hokkaido. |
| | Launched five types of products using purple fleshed sweet potato, including “Shiro-noir Purple Sweet Potato,” the first product jointly developed with the cooking information magazine <i>Lettuce Club</i> . |
| | Nationwide sales of “Gracro” (“Gratin Croquette”), a seasonal burger using a luxurious white sauce with five kinds of cheese and fresh cream. |
| | Conducted a collaboration project with the popular “Sumikko Gurashi” characters. |
| | Launched “Shiro Noir Chocolat Passion” supervised by Chef Hironobu Tsujiguchi. |
| | Sold “KOMEDA Coffee’s Ogura Toast Sable” with Grapestone Co., Ltd. at 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 “KOMEDA’s Coffee Supervised Coffee Jelly” chilled cup beverage with Azumino Foods Kobo Co., Ltd. |
| | Sold “KOMEDA’s Coffee Shiro-noir Baton” with Aux Delice De Shibata Co., Ltd., operator of Chez Shibata patisserie, at Nagoya Station and other locations. |
| | Sold “KOMEDA Japanese Cafe Okagean - Kuromitsu Kinako Ole” chilled cup beverage with Toyo Beverage Co., Ltd. |
| Sold “Japan-made Strawberry Butter” and “Japan-made Apple Butter” as “KOMEDA at Home” items with Sudo Jam Co., Ltd. | |
| Collaborated with Fujikyu Corporation to develop a KOMEDA’s Coffee Shop “miniature kit,” and holding handicraft workshops at 270 “Craft Heart Tokai” stores nationwide. | |
| Contributions to mental and physical health | To familiarize and promote in the medical community KOMEDA’s “Toromi Coffee” (thickened coffee) for people who have difficulty swallowing, gave a presentation at the 31st Annual Meeting of the Japan Coma Society, and the 29th Annual Meeting of the Japanese Society of Dysphagia Rehabilitation. |
| | Included information on the website with the caffeine content (estimated value) of coffee, tea, cocoa, and other beverages. |

| | |
|---|---|
| Involvement and investment in communities | 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. |
| Involvement and investment in communities | 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. |
| | Provided Komeda meal items for the summer training camp of the Meijo University Women’s Ekiden Team, of which Komeda is a regular supporter. |
| | Held a decoration contest in the eastern Japan area, decorating stores together with local elementary school students. |
| | At the BAKERY ADEMOK Uruma store, developed and sold collaborative products with local high school students. |
| 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. |
| | To raise awareness of “Relaxation Day” (September 26), sent food trucks to high schools in Aichi Prefecture, and conducted a social media campaign encouraging users to post about their relaxation time. |
| | Expanded the “KOMEDA no Mori” forest conservation program in cooperation with franchisees. |

People and Job Satisfaction

| | |
|--|--|
| Establishing an environment to secure human resources and support growth | To maintain and enhance the sense of workplace atmosphere for head office employees, expanded the scope of store initiation training provided for directors to and general managers to include section manager-level positions and above. |
| | Introduced level-specific training for next-generation human resources development. |
| | Held the “Magokoro Cup” event to recognize employees who have made the greatest contributions to the prevention of workplace accidents and hygiene management at manufacturing sites. |
| | Held store manager meetings in the Kyushu and Chugoku regions in December and January for managers of franchise stores, and conducted study sessions on information exchange and store management to improve QSC. |
| 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. |
| | With the aim of improving job satisfaction at stores, expanded the scope of employee satisfaction surveys to include franchise stores. |
| Activation of Diverse Human Resources | To facilitate smooth communication in the workplace for employees from Myanmar and establish an environment for job satisfaction, provided opportunities for learning Japanese and support for taking the Japanese-Language Proficiency Test (JLPT). |
| 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. |
| | Reused beams from the Hirakata Ekimae store for the interior renovation as part of an effort to utilize old wood, waste wood, and scrap wood. |
| | Opened the retro-style Atré Akihabara store reusing some of the materials from a store in the Nagoya metropolitan area that was closed. |
| | Opened the Nobeoka Shiroyama Park store, designed to be in harmony with the look of the park, using materials from the former Goto Residence and wood from Miyazaki Prefecture. |
| | Sold “KOMEDA’s Coffee Crayons” made from used coffee grounds from Komeda blend coffee, through the online shop. |

| | |
|----------------------------|---|
| Response to climate change | Transitioned gradually from using dry ice when shipping frozen items to stores, to reusable cold storage materials. |
| Response to climate change | Based on the framework of the TCFD recommendations on climate-related financial disclosures, provided information on the corporate website regarding CO ₂ emissions for the fiscal year ending February 2023, and the impact of future climate change on the Company's business. |
| | Installed solar panels at the newly opened Takatsuki Gunge Shinmachi store and Fukuoka Kasuga store, and at the Chiba Plant and Kanto Coffee Plant. |

(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 ¥2,929 million from the end of the previous fiscal year (February 28, 2023) to ¥19,413 million, due mainly to an increase in cash and cash equivalents. Non-current assets decreased ¥202 million to ¥83,359 million, due mainly to a decrease in property, plant, and equipment. As a result, total assets at the end of the subject fiscal year (February 29, 2024) increased ¥2,727 million from the end of the previous fiscal year (February 28, 2023), to ¥102,772 million.

Current liabilities increased ¥1,430 million from the end of the previous fiscal year to ¥13,558 million, due mainly to an increase in other financial liabilities. Non-current liabilities decreased ¥1,194 million to ¥46,104 million, due mainly to a decrease in borrowings. As a result, total liabilities increased ¥236 million to ¥59,662 million.

Total equity increased ¥2,491 million from the end of the previous fiscal year to ¥43,110 million. This was due mainly to ¥2,391 million in dividends of surplus to owners of parent, and ¥1,000 million in acquisition of treasury stock, against ¥5,974 million in net income for the period.

(3) Overview of Cash Flows

Cash and cash equivalents at the end of the subject fiscal year amounted to ¥7,923 million, an increase of ¥1,242 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 ¥11,437 million (an increase of ¥1,180 million from the previous fiscal year). This mainly reflected income before income tax of ¥8,685 million (increase of ¥684 million), an increase in other financial liabilities of ¥4,633 million (increase of ¥907 million), and income taxes paid of ¥2,855 million (decrease of ¥273 million).

(Cash flow from investing activities)

Cash used in investing activities amounted to ¥1,955 million (an increase of ¥378 million from the previous fiscal year). This mainly reflected purchase of property, plant and equipment of ¥1,035 million (decrease of ¥45 million).

(Cash flow from financing activities)

Cash used in financing activities amounted to ¥8,237 million (decrease of ¥9 million from the previous fiscal year). This mainly reflected proceeds of borrowings of ¥1,000 million, repayment of borrowings of ¥1,941 million (decrease of ¥196 million), repayments of lease liabilities of ¥3,762 million (increase of ¥135 million), purchase of treasury stock of ¥1,000 million (increase of ¥900 million), and cash dividends paid to owners of the parent of ¥2,389 million (decrease of ¥7 million).

(4) Outlook for Fiscal 2024

The outlook for the food service industry of which KOMEDA Holdings Group is a part, despite the normalization of economic and social activities, continues to be extremely uncertain due to such factors as rising food material prices and energy costs stemming from prolonged geopolitical risk, labor shortage and higher human resources costs from difficulties in recruiting personnel, and changes in consumer lifestyles and values.

Amid 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,” will implement various measures aimed at expanding and enhancing its existing business model, pursuing the co-creation of new value, and maintaining and enhancing financial value.

As a result of the above, for the fiscal year ending February 29, 2024, the Company is forecasting revenue of ¥45,420 million, with operating profit of ¥9,350 million, income before income taxes of ¥9,289 million, and net income attributable to owners of the parent of ¥6,330 million.

(5) Basic Policy on Shareholder Returns and Dividends for the Subject and Next Fiscal Years

KOMEDA recognizes that returning profits to shareholders is a critical issue for management. The Company’s policy is to return profit to shareholders at a targeted total return ratio of 50% or more during the cumulative period of the 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, 2024, the Company paid an interim dividend of 26 yen per share. The year-end dividend will be 27 yen per share, for a full year dividend of 53 yen per share.

For the year ending February 28, 2025, based on the above policy, the Company is forecasting a full year dividend of 27 yen per share, comprising an interim dividend of 27 yen per share, and a year-end dividend of 54 yen per share.

2. Basic Approach to Selection of Accounting Standards

The Company, to enhance the international comparability of financial information in the capital markets as well as for overall convenience, has applied International Financial Reporting Standards (IFRS) since the fiscal year ended February 2016, with March 1, 2014, as the transition date.

3. Consolidated Financial Statements

(1) Consolidated Statements of Financial Position (Unaudited)

| | (Millions of yen) | |
|--|-------------------|------------------|
| | February 28,2023 | February 29,2024 |
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 6,681 | 7,923 |
| Trade and other receivables | 5,285 | 6,054 |
| Other financial assets | 3,336 | 4,133 |
| Inventories | 294 | 373 |
| Other current assets | 888 | 930 |
| Total current assets | 16,484 | 19,413 |
| Non-current assets | | |
| Property, plant and equipment | 14,316 | 12,880 |
| Goodwill | 38,354 | 38,354 |
| Other intangible assets | 374 | 357 |
| Trade and other receivables | 26,523 | 27,636 |
| Other financial assets | 3,315 | 3,417 |
| Deferred tax assets | 299 | 265 |
| Other non-current assets | 380 | 450 |
| Total non-current assets | 83,561 | 83,359 |
| Total assets | 100,045 | 102,772 |
| Liabilities and equity | | |
| Liabilities | | |
| Current liabilities | | |
| Trade payables | 2,075 | 2,218 |
| Borrowings | 1,941 | 2,032 |
| Lease liabilities | 3,602 | 3,895 |
| Income tax payable | 1,322 | 1,621 |
| Other financial liabilities | 1,949 | 2,618 |
| Other current liabilities | 1,239 | 1,174 |
| Total current liabilities | 12,128 | 13,558 |
| Non-current liabilities | | |
| Borrowings | 10,143 | 9,112 |
| Lease liabilities | 29,874 | 29,438 |
| Other financial liabilities | 6,486 | 6,709 |
| Provisions | 389 | 359 |
| Other non-current liabilities | 406 | 486 |
| Total non-current liabilities | 47,298 | 46,104 |
| Total liabilities | 59,426 | 59,662 |
| Equity | | |
| Share capital | 651 | 659 |
| Capital surplus | 13,100 | 13,042 |
| Retained earnings | 26,895 | 30,476 |
| Treasury stock | (109) | (1,071) |
| Other components of equity | 6 | 4 |
| Equity attributable to owners of the parent | 40,543 | 43,110 |
| Non-controlling interests | 76 | |
| Total equity | 40,619 | 43,110 |
| Total liabilities and equity | 100,045 | 102,772 |

3. Consolidated Financial Statements (continued)

(2) Consolidated Statements of Income (Unaudited)

(Millions of yen)

| | Year ended | |
|--|-------------------|-------------------|
| | February 28, 2023 | February 29, 2024 |
| Revenue | 37,836 | 43,236 |
| Cost of sales | (24,844) | (28,631) |
| Gross profit | 12,992 | 14,605 |
| Other operating income | 400 | 266 |
| Selling, general and administrative expenses | (5,329) | (6,012) |
| Other operating expenses | (39) | (142) |
| Operating profit | 8,024 | 8,717 |
| Financial income | 52 | 48 |
| Financial expense | (75) | (80) |
| Income before income taxes | 8,001 | 8,685 |
| Income taxes | (2,553) | (2,711) |
| Net income | 5,448 | 5,974 |
| Net income attributable to: | | |
| Owners of the parent | 5,424 | 5,972 |
| Non-controlling interests | 24 | 2 |
| Net income | 5,448 | 5,974 |
| Interim earnings per share | | |
| Basic (Yen) | 117.60 | 130.12 |
| Diluted (Yen) | 117.38 | 130.03 |

(3) Consolidated Statements of Comprehensive Income (Unaudited)

(Millions of yen)

| | Year ended | |
|---|-------------------|-------------------|
| | February 28, 2023 | February 29, 2024 |
| Net income | 5,448 | 5,974 |
| Other comprehensive income | | |
| Items that may be reclassified to profit or loss | | |
| Exchange differences on translation of foreign operations | 6 | 1 |
| Other comprehensive income after taxes | 6 | 1 |
| Total comprehensive income | 5,454 | 5,975 |
| Total comprehensive income attributable to: | | |
| Owners of the parent | 5,426 | 5,970 |
| Non-controlling interests | 28 | 5 |
| Total comprehensive income | 5,454 | 5,975 |

3. 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 | | | 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 |
| Net income | | | 5,972 | | | 5,972 | 2 | 5,974 |
| Other comprehensive income | | | | | (2) | (2) | 3 | 1 |
| Total comprehensive income | — | — | 5,972 | — | (2) | 5,970 | 5 | 5,975 |
| Exercise of subscription rights to shares | 8 | 6 | | | | 14 | | 14 |
| Share-based payment transactions | | 53 | | | | 53 | | 53 |
| Dividends | | | (2,391) | | | (2,391) | | (2,391) |
| Acquisition of treasury stock | | 9 | | (1,009) | | (1,000) | | (1,000) |
| Disposal of treasury stock | | (47) | | 47 | | — | | — |
| Acquisition of Non-controlling interests | | (79) | | | | (79) | (81) | (160) |
| Total transactions with owners | 8 | (58) | (2,391) | (962) | — | (3,403) | (81) | (3,484) |
| Balance as of February 29, 2024 | 659 | 13,042 | 30,476 | (1,071) | 4 | 43,110 | — | 43,110 |

3. Consolidated Financial Statements (continued)

(5) Consolidated Statements of Cash Flows (Unaudited)

(Millions of yen)

| | Year ended | |
|--|-------------------|-------------------|
| | February 28, 2023 | February 29, 2024 |
| Cash flows from operating activities | | |
| Income before income taxes | 8,001 | 8,685 |
| Depreciation and amortization | 1,609 | 1,583 |
| Financial income | (52) | (48) |
| Financial expense | 75 | 80 |
| Decrease (increase) in trade and other receivables | (673) | (1,438) |
| Decrease (increase) in guarantee deposits and construction assistance fund receivables | (60) | (67) |
| Increase (decrease) in trade payables | 544 | 136 |
| Increase (decrease) in guarantee deposits received and construction assistance fund received | 166 | 170 |
| Increase (decrease) in other financial liabilities | 3,726 | 4,633 |
| Others | (112) | 91 |
| Subtotal | 13,224 | 13,825 |
| Interest received | 1 | 22 |
| Interest paid | (72) | (42) |
| Income taxes paid | (3,128) | (2,855) |
| Income taxes refunded | 232 | 487 |
| Net cash provided by operating activities | 10,257 | 11,437 |
| Cash flows from investing activities | | |
| Decrease (increase) in time deposits | (200) | (800) |
| Purchase of property, plant and equipment | (1,080) | (1,035) |
| Purchase of intangible assets | (189) | (68) |
| Purchase of investment securities | — | (38) |
| Others | (108) | (14) |
| Net cash provided by (used in) investing activities | (1,577) | (1,955) |
| Cash flows from financing activities | | |
| Proceeds from borrowings | — | 1,000 |
| Repayment of borrowings | (2,137) | (1,941) |
| Repayments of lease liabilities | (3,627) | (3,762) |
| Proceeds from issuance of shares | 22 | 15 |
| Purchase of treasury stock | (100) | (1,000) |
| Cash dividends paid to owners of the parent | (2,396) | (2,389) |
| Cash dividends paid to non-controlling interests | (8) | — |
| Purchase of shares of subsidiaries not resulting in change in the scope of consolidation | — | (160) |
| Net cash used in financing activities | (8,246) | (8,237) |
| Effect of exchange rate changes on cash and cash equivalents | 42 | (3) |
| Net increase (decrease) in cash and cash equivalents | 476 | 1,242 |
| Cash and cash equivalents at beginning of period | 6,205 | 6,681 |
| Cash and cash equivalents at end of period | 6,681 | 7,923 |

3. 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.

(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 ended 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

| | Year ended February 28, 2023 | Year ended February 29, 2024 |
|---|---------------------------------|---------------------------------|
| Net income attributable to owners of the parent (millions of yen) | 5,424 | 5,972 |
| Weighted average number of ordinary shares (shares) | 46,124,938 | 45,892,171 |
| Number of ordinary shares with dilutive effects Increase due to stock options (shares) | 85,703 | 33,094 |
| Weighted average number of ordinary shares after dilution (shares) | 46,210,641 | 45,925,265 |
| Basic earnings per share (yen) | 117.60 | 130.12 |
| Diluted earnings per share (yen) | 117.38 | 130.03 |

Significant Subsequent Events

None