

Translation

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Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 [Japanese GAAP]

May 15, 2024

Listed company name HURXLEY CORPORATION East listed stock exchange
 Code No. 7561 URL <https://www.hurxley.co.jp/>
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 Scheduled date of ordinary general meeting of shareholders June 19, 2024 Scheduled date of commencement of dividend payment June 20, 2024
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 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing (for analysts): Yes

(Amounts are rounded down to the nearest million yen)

Consolidated Financial Results for the Year Ended March 31, 1.2024 (April 1, 2023-March 31, 2024)

(1) Consolidated operating results (cumulative)

(Percentages represent year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2024	46,761	31.3	2,436	66.8	2,588	63.9	1,601	52.8
As of March 31, 2023	35,613	12.3	1,460	33.4	1,579	14.5	1,047	7.1

(NOTE) Comprehensive income Year ended March 31, 2024 1,882 Millions of yen (51.9%) As of March 31, 2023 1,238 Millions of yen (41.2%)

	Per share Net Income	Diluted earnings Net income per share	Shareholders' equity Net income margin	Total assets Ordinary income ratio	Net sales Operating income margin
	Yen	Yen	%	%	%
Year ended March 31, 2024	86.87	86.76	6.9	4.0	5.2
As of March 31, 2023	56.94	56.91	4.7	2.7	4.1

(Reference) Equity in earnings of affiliates Year ended March 31, 2024 □97 Millions of yen As of March 31, 2023 △24 Millions of yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31, 2024	64,398	24,155	37.5	1,307.32
As of March 31, 2023	58,514	22,562	38.6	1,226.10

Reference: Shareholders' equity Year ended March 31, 2024 24,153 Millions of yen As of March 31, 2023 22,559 Millions of yen

(3) Consolidated Cash Flows

	Operating activities Cash Flows	Investing activities Cash Flows	Financing activities Cash Flows	Cash and cash equivalents period At end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2024	7,008	□6,153	1,981	14,210
As of March 31, 2023	1,675	□7,983	6,241	11,374

2. Cash dividends

	Annual dividends per share					Total dividends amount (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
As of March 31, 2023	-	9.00	-	9.00	18.00	331	31.6	1.5
Year ended March 31, 2024	-	9.00	-	15.00	24.00	443	27.7	1.8
Year ending March 31, 2025 (Forecast)	-	13.00	-	13.00	26.00		26.7	

Consolidated Forecasts for the Fiscal Year Ending March 3, 2025 (April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Attributable to owners of parent "		Per share Net Income
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Second quarter (cumulative)	21,400	0.5	700	□21.5	950	□10.5	750	□10.8	40.59
Full year	49,000	4.8	2,450	0.6	2,850	10.1	1,800	12.4	97.43

※ Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in the scope of consolidation): None

New:-(Company name:-), Excluded:-(Company name:-)

(2) Changes in accounting policies and changes or restatement of accounting estimates

Changes in accounting policies due to revision of accounting standards: None

Changes in accounting policies other than the above: None

Changes in accounting estimates: None

Restatement of revisions: None

(3) Number of shares outstanding (common shares)

Number of shares outstanding at the end of the period (including treasury stock)

Number of treasury shares at the end of the period

Average number of shares during the period

Year ended March 31, 2024	19,050,064	Shares	As of March 31, 2023	22,050,064	Shares
Year ended March 31, 2024	574,850	Shares	As of March 31, 2023	3,650,850	Shares
Year ended March 31, 2024	18,431,922	Shares	As of March 31, 2023	18,399,211	Shares

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated results for the year ended March 31, 1.2024 (April 1, 2023 to March 31, 2024)

(1) Non-Consolidated Results of Operation

(Percentages represent year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2024	1,236	43.8	499	120.1	1,002	236.7	829	140.0
As of March 31, 2023	859	□90.8	227	□31.2	297	□38.4	345	□49.1

	Per share	Diluted earnings
	Net Income	Net income per share
Year ended March 31, 2024	Yen 44.99	Yen 44.93
As of March 31, 2023	18.78	18.77

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31, 2024	18,942	11,892	62.8	643.06
As of March 31, 2023	17,538	11,071	63.1	601.09

Reference: Shareholders' equity Year ended March 31, 2024 11,890 Millions of yen As of March 31, 2023 11,068 Millions of yen

※ The financial results are outside the scope of audits by a certified public accountant or an auditing firm.

※ Explanations and other special notes concerning the appropriate use of business performance forecasts

(Notes on forward-looking statements)

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and on certain assumptions deemed to be reasonable, and do not constitute guarantees by the Company of future performance. Actual results may differ materially from the forecast depending on a range of factors.

(Notice of Formulation of Medium-Term Management Targets)

It is scheduled to be announced on June 3, 2024.

(Response to Realize Management with an Awareness of Capital Costs and Stock Prices)

It is scheduled to be announced on June 3, 2024.

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1.General conditions including operating Results

(1)Overview of Operating Results for the Fiscal Year under Review

During the fiscal year under review, the Japanese economy showed a gradual recovery as personal consumption and inbound demand picked up due to the normalization of socioeconomic activities accompanying the change in classification of the new coronavirus. On the other hand, the outlook remained uncertain due to a risk that a downturn in the overseas economy could also affect the domestic economy, such as the impact of the global monetary tightening and concerns about the outlook for the Chinese economy, in addition to a rise in prices associated with the rising prices of raw materials and energy on the back of the prolonged situation in Ukraine. In this environment, our Group continued to work to secure sales and profits by promoting the independence of each business and by continuing to emphasize the policy of a "self-transformational corporate group" that combines diversity, environmental adaptability, and growth.

As a result, our consolidated results for the fiscal year under review were as follows.

Net sales were 46,761 million yen (up 31.3% year on year), operating income was 2,436 million yen (up 66.8% year on year), ordinary income was 2,588 million yen (up 63.9% year on year), and profit attributable to owners of parent was 1.601 billion yen (up 52.8% year on year).

Consolidated Financial Results (Millions of yen, %)

	As of March 31, 2023	Year ended March 31, 2024		
			Change	Year on year
Net sales	35,613	46,761	11,147	Up 31.3%
Operating profit	1,460	2,436	975	Up 66.8%
Ordinary profit	1,579	2,588	1,009	Up 63.9%
Net Income that profit attributable to owners of parent	1,047	1,601	553	Up 52.8%

Results by business segment are as follows.

(Net Sales by Segment) (Millions of yen, %)

	As of March 31, 2023	Year ended March 31, 2024		
			Change	Year on year
Takeout food business	16,799	16,887	88	Up 0.5%
Store Assets & Solutions business	11,842	15,764	3,922	Up 33.1%
Logistics and food processing business	9,277	16,499	7,221	Up 77.8%
Other	481	852	370	Up 77.0%
Total	38,401	50,004	11,603	Up 30.2%
Adjustments (Eliminations and Corporate)	□2,787	□3,243	□456	—
Total	35,613	46,761	11,147	Up 31.3%

(Operating Income by Segment) (Millions of yen, %)

	As of March 31, 2023	Year ended March 31, 2024		
			Change	Year on year
Takeout food business	257	259	1	Up 0.5%
Store Assets & Solutions business	1,691	1,956	264	Up 15.6%
Logistics and food processing business	212	673	460	Up 216.8%
Other	481	852	370	Up 77.0%
Total	2,643	3,741	1,097	Up 41.5%
Adjustments (Eliminations and Corporate)	□1,183	□1,304	□121	—
Total	1,460	2,436	975	Up 66.8%

□ Takeout food business

In the takeout boxed lunch business, the Group operates the Hokka Hokka Tei, which advocates "making products even faster." It also operates a business that responds to a wide range of food situations, including the development of dishes to meet demand for various parties, events, and ceremonies.

During the fiscal year under review, while energy and raw material prices continued to soar, the pass-through of cost increases also proceeded steadily, and external sales such as sports and music events also drove sales. Demand for catering also showed a significant recovery.

Hokka Hokka Tei launched seasonal menus that are popular every year, such as the Gyu Sukiyaki Bento and the Chuka Ankake series. We also launched new products targeting young consumers, such as the Yangnyom Chicken Bibimbap Bento, Shiokaraage Bento, and the Nanbam Takana Bento, and new products targeting new customers. These products have been very popular.

In terms of digital sales promotion, we aggressively implemented measures to acquire followers at the official SNS (X, Instagram・LINE) and reached the point of acquiring 250,000 followers per year. In July 2023, the Company renewed its own "Hokka App" app. With the feature of "Mobile Order," which enables the distribution of discount coupons, advance orders, and online payments, membership is steadily growing. In Uber Eats and Demae-can delivery services, we expanded the service coverage and introduced it, and sales continued to grow. In conjunction with digital sales promotions, we also implemented a receipt coupon, which is the first attempt at a store, and a scratch lottery campaign, which led to attracting customers to shops.

In the catering business, sales have increased significantly in the catering division and have recovered to the same level as before Corona's excesses. We plan to increase sales further by continuing to strengthen sales for acquiring new projects.

In the catering division, the recovery in demand for large-scale party projects was conspicuous. Sales of EC websites, which have been growing since last year, remained steady, reflecting the continued acquisition of repeat customers as well as new customers. We will continue to strengthen e-commerce and strive to generate residual incomes in this market.

The Ceremony Division is also showing signs of recovery, albeit with a slight increase.

As a result, net sales in the take-out boxed lunches business were ¥16,887 million (an increase of 0.5% year on year) and operating income was ¥259 million (an increase of 0.5% year on year).

□ Store Assets & Solutions business

Below are the businesses that are being developed in the Store Asset & Solution Business. a~E. The information will be divided into the following four categories.

a. Solutions for restaurant operators, such as store leasing, store construction, and staffing services (store business)

1. Increase commercial real estate value through store leasing, etc., and provide investment opportunities (store real estate business)

U. IT management solutions to improve the operation and management of confectionery stores and bakeries

E. Party and event equipment rental

During the fiscal year under review, the normalization of economic activity progressed and the recovery of inbound tourists against the backdrop of the yen's depreciation. This was a year of recovery in demand for restaurants and other services. On the other hand, raw material, utility and labor costs soared, and the management of the service industry was difficult in terms of profitability. While existing stores, which lacked competitiveness and ability to pass through costs, were closed, many new stores were opened with attractiveness and growth potential in the store properties.

<A. Store Business Activities>

With regard to store leasing, which boasts high capitalization and profitability, information on our aggressive investment policy, we proactively obtained store closure data by ascertaining the trends of store closures by existing business partners and utilizing SNS media in order to purchase prime properties that are in high demand for store openings, mainly for restaurants and other customers. By taking advantage of vacated facilities without removing store interior facilities after store closures, we can socially reduce equipment disposal losses and economically reduce the cost of restoring stores to their original condition and the period of renovation work. As a professional in store properties, we conducted legal compliance checks, and as a consultant in store management, we proposed multifaceted solutions to store operators in the areas of "people (recruiting), goods (store properties), money (financial support related to interior facilities and guarantee deposits), and information." As a result, the number of stores under lease rose by a net 19 from the end of the previous fiscal year to 829. This foundation is the source of recurring revenue from store leasing transactions, as well as the source of multiple transaction opportunities, such as store construction and recruitment consulting. In the recruitment consulting business, which provides solutions to the shortage of human resources in the service industry, we managed the "V-Town" (VUITOWN, an enjoyable district), a special foreign skilled human resources employment support service that "encounters foreign human resources who cannot be found elsewhere." We also focused on recruitment planning with an eye to the growth of companies that accept specialized foreign skilled human resources and consulting activities related to retention and training. In order to further strengthen our employment support and recruitment consultancy pipeline in the future, we have begun efforts to develop a Japanese language education system in the host country (Southeast Asia).

(a) Activities of the store real estate business>

We focused on activities to increase the number of operating stores by combining the strengths of our store business with knowledge and skills in finance, real estate, and construction, and by leasing buildings owned or managed under contract. We also focused on activities to increase the value of purchased real estate by improving occupancy rates and constructing legal compliance. As a result, the number of real estate management tenants increased by 25 from the end of the previous fiscal year to 141.

In the retail real estate business, the number of buildings in operation for real estate owned was 15, and the number of buildings in operation for real estate asset management was 7. This base is a source of recurring revenue that generates revenues from rental businesses, asset management fees, and property management fees. In addition, real estate owned is a source of flow revenues when it is sold through value-up. In the fiscal year under review, the Company delivered three real estate properties (two properties in Minato-ku, Tokyo and one property in Musashino-shi, Tokyo). As this includes large-scale properties, net sales and gross profit on sales of real estate

exceeded those of the previous fiscal year, contributing to an increase in both sales and profits. In addition to working to increase the value of real estate owned in preparation for earnings next fiscal year, in December 2023 we acquired a 10-story above-ground commercial building in the central commercial area of Sakae 3-chome in Nagoya City, and in February 2024 we acquired a 12-story above-ground commercial building in Atsugi Station in Atsugi City, Kanagawa Prefecture, which was completed in the development fund, for leasing business.

<Activities of.IT Management Solutions Business>

The Company develops and offers ninapos, a niche-top POS checkout system that responds to the need for improved store management operations through reservation management and sales promotion and management improvement through sales and customer data analysis, as well as software for its exclusive cart, Ninakart, mainly in the Western-style confectionery industry. In addition to a virtuous cycle, which is often introduced at well-known stores and used by the next-generation pacifiers who learned there at the time of independence, more than 1000 stores have introduced ninapos, which is about one-third of Western-style confectionery stores, exceeding a certain size.

We have a well-established reputation for building relationships of trust through post-sales follow up, and the business continuity rate of the companies that have introduced the system has been high, reaching 99.7% per year in recent years. As part of our growth strategy, we introduced this system, which contributes to improving store management and management, not only in the confectionery industry but also in the bakery industry. We also promoted initiatives to develop markets and expand our consulting services to collect and effectively utilize POS data as big data.

<Activities for party and event equipment rentals>

In the fiscal year under review, the restaurant rental market was recovering in line with the revival of various parties and events, and sales were steady. We are also focusing on improving operational efficiency and realizing an increase in earnings. We anticipate that demand for large-scale hotel and catering-related events will continue to increase. Accordingly, we are further strengthening our focus on product mix and market analysis, investing in appropriate products and improving operational efficiency, and preparing to meet further demand.

As a result, net sales in the Store Asset & Solution Business were 15,764 million yen (year-on-year increase of 33.1%), and operating income was 1,956 million yen (year-on-year increase of 15.6%).

	End of March 2021	End of March 2022	End of March 2023 ①	End of March 2024 ②	②-①
(a) Number of stores with lease transactions (stores)	754	757	810	829	19
(1)Property management tenants (stores)	56	80	116	141	25
(a) +(A) Stores in operation (stores)	810	837	926	970	44

□ Logistics and food processing business

In the Logistics and Food Processing Business, the Group is engaged in food processing and supermarkets that will be introduced into the Hokka Hokka Tei Store, the Campaign Business, which includes the contract manufacturing of OEM from convenience stores, and the Logistics Business, which is responsible for the delivery of merchandise, foodstuffs, etc., as well as the confectionery manufacturing business and wholesale business, including peanuts and dry fruits.

During the fiscal year under review, we have been working to expand our logistics operations, launch the Cammissory at full capacity, and take on the challenge of new businesses. The Logistics Division is working to improve efficiency and optimize its operations, including the operation of centers for order management and inventory control, transportation between bases and store delivery, and loading/unloading, warehousing, purchasing, and storage of goods. We are steadily building up our trust and track record in this area. We were also among the first to introduce measures for the "2024 Problem" in the transportation industry, and have already established a system for resolving this problem. In the Cam Summary Division, the Group systematically manufactures OEM products for approximately 20 companies, including supermarkets and convenience stores, and poultry products for more than 40 business partners as a spot, through strong cooperation with the Sales Division, and maintains a high utilization rate.

In addition, as a new business, we developed new flavors for our own products, such as fresh foodstuffs, using local foodstuffs, specialty foodstuffs, seasonal foodstuffs, and popular foodstuffs throughout the country, and promoted a wide variety of ideas and perspectives. These promotions contributed to sales growth.

In the confectionery manufacturing division, sales were driven by sales of standard products, which remained robust, and the number of stores introducing other products was decided at the same time. As a result, the number of stores introducing products and the number of orders increased steadily, and sales, mainly at supermarkets and drugstores, remained strong. In addition, an increase in the number of foreign tourists has led to demand for inbound tourist products, which is returning to the scale of sales before the corona crisis. The number of requests to develop PB products has also increased, and this is a good news for further sales improvement in the future.

Sales of the popular product "dried potatoes (produced in Ibaraki Prefecture)" grew throughout the year, mainly at high-end supermarkets, which are our main customers. In addition, amid continuing rises in the prices of imported raw materials due to the yen's depreciation, transportation charges, energy and other factors, the price of raw materials for Chiba Prefecture's flagship "peanut" products also declined slightly, and the full-year plan for the cost of sales ratio has been maintained at that level.

As a result, the Logistics and Food Processing Business recorded net sales of ¥16,499 million (up 77.8% year on year) and operating income of ¥673 million (up 216.8% year on year).

(2) Overview of Financial Position for the Fiscal Year under Review

Total assets at the end of the fiscal year under review were 64,398 million yen, up 5,883 million yen from the end of the previous fiscal year. This was mainly due to an increase in cash and deposits and property, plant and equipment associated with borrowings.

Total liabilities were 40,243 million yen, an increase of 4,290 million yen from the end of the previous fiscal year. This was mainly due to an increase in borrowings.

Net assets increased by ¥1,592 million from the end of the previous fiscal year to ¥24,155 million. This was mainly due to the recording of income attributable to owners of parent.

(3) Overview of cash flows for the fiscal year under review

Cash and cash equivalents (hereinafter referred to as "cash") at the end of the fiscal year under review increased by 2,836 million yen from the end of the previous fiscal year to 14,210 million yen.

The status of each cash flow for the current consolidated fiscal year and its factors are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was ¥7.008 billion. This was mainly due to income before income taxes and minority interests of 2,391 million yen, depreciation and amortization of 1,157 million yen, and a decrease in inventories, which are real estate for sale, of 2,655 million yen.

(Net cash provided by (used in) investing activities)

Net cash used in investing activities was ¥6,153 million. This was mainly due to purchase of fixed assets of 6,800 million yen and proceeds from sales of investment securities of 9.103 billion yen.

(Cash flows from financing activities)

Net cash provided by financing activities was ¥1,981 million. This was mainly due to proceeds from long-term loans payable of 7,110 million yen, repayments of loans payable of 4.607 billion yen, and cash dividends paid of 331 million yen.

(4) Future Outlook

The domestic economy is expected to normalize and demand for food is expected to expand. However, uncertainty over the future is expected to continue for the time being due to soaring energy and raw material prices caused by unstable global conditions, rising labor costs, and exchange rate fluctuations. Consequently, there are concerns about downside risks to consumer spending, particularly for individuals.

In light of this environment, the consolidated results forecast for the year ended March 31, 2025 was as follows.

Consolidated Financial Results (Millions of yen, %)

		Year ended March 31, 2025	
		Change	Year on year
Net sales	49,000	2,239	Up 4.8%
Operating profit	2,450	14	Up 0.6%
Ordinary profit	2,850	262	Up 10.1%
Net Income that profit attributable to owners of parent	1,800	199	Up 12.4%

□ Takeout food business

We anticipate that the take-out boxed lunches business will evolve into an increasingly essential service for consumers against the backdrop of a decrease in the number of household members, a declining birthrate and aging population, the advancement of women into society and an increase in the employment rate, and the contemporary social situation, such as an increase in single-person households.

With the slogan of "Building the Hokkaido Hokkaitei is even faster," the Hokkaido Hokkaitei will seek to differentiate itself from competitors by delivering its flavor and taste more quickly to customers, and to pursue the provision of food that can only be made from the Hokkaido Hokkaitei. In store operations, we will continue to respond to consumer needs by improving efficiency through the promotion of mobile orders and each delivery service. In addition, we will steadily win large-scale orders for various events in anticipation of the 2025 Osaka-Kansai Expo. In our efforts to protect the global environment, we will continue to reduce water and CO2 by using thinner plastic boxed lunch containers and unwashed rice, introduce wooden spoons, and make paper chopstick bags. Through these efforts, we aim to create value for our customers and contribute to a sustainable society.

In the restaurant business, we plan to acquire contractors for rental meeting rooms and funeral halls, which will lead to increased sales, and to a UP in the order rate from EC websites through the renewal of our website. We will further expand our market share in the industry by acquiring survivor incomes in line with the decline in the number of small-scale catering service providers and collaborating with other catering service providers.

□ Store Assets & Solutions business

In March 2025, the gross incomes on the sales of property are expected to decrease as compared to March 2024, when large-scale properties were handed over. However, in the fiscal year ending March 2025, revenues from the replacement of large-lot tenants in the first quarter will be the underlying factor, and we expect steady growth in the number of operating stores and other business base stocks. With regard to the increase in the number of stores in operation, under the slogan "Tomorrow's Street, More Fun," the Group will not only increase the number of store lease transactions in which the properties leased from property owners are utilized by restaurant operators and other store operators, but also work to revitalize the district by leasing properties owned in the store real estate business or by increasing the number of real estate management tenants in the store properties that are operated by entrusted real estate management from third parties.

In store leasing, demand is expected to recover in domestic service consumption, including inbound demand, and demand for service-related stores, which attract people, is expected to remain firm. Amid growing interest in beauty, health, and reuse due to the diversification and individuality of food, the Group will focus on activities that accurately grasp the trends in store openings in formats that grow in niche fields, as well as restaurants in its core customer base, faster than other companies. At the same time, the Group will focus on identifying trends in store closures and acquiring introducing customers based on relationships of trust and identifying trends in store closures through providing solutions to the management issues of existing business partners. In order to improve the quality and efficiency of these activities, the front department will adopt appropriate methods for activities in which inexperienced persons and managerial levels work together like Buddy, while the front support department will promote activities that link promising information discovered using digital marketing to the front department.

In the store real estate business, while focusing on maintaining high occupancy rates for commercial real estate commissioned by real estate funds and other sources, the Group will promote property management commissioned sales, including master leases, toward building owners and customers of real estate owned that it expects to operate. The business model that aims for profit from sales after raising value by leveraging strengths such as legal compliance construction and store leasing is sustainable, and we will secure sales flow revenue while increasing stable earnings by accumulating outsourced stock. In the business environment related to the increase in the value of real estate owned, while the leasing-related business is generally the same as in the previous fiscal year, in the construction-related business, there are concerns that construction costs will continue to rise and that the construction period will be prolonged. The nine-story above-ground construction project in Akihabara, which began demolishing the old building in November 2023, has already concluded a construction contract. Construction is scheduled to begin in April 2024, completed in March 2025, and operations are scheduled to begin in the first half of fiscal 2025. If we change our view on the rise in construction costs, we can say that the existing buildings that have recently been completed have a value equivalent to the rise in construction costs rather than book value, and we will utilize them in our sales activities. When purchasing real estate, the Group will focus on purchasing locations and sizes that are easy to envision for value-up scenarios through store leasing and other means, in light of trends in opening stores in the service industry, where people gather as well as restaurants, and pay attention to shortening the inventory turnover period until such sales. We will also keep in mind the shortening of the period from the vacation of existing tenants to the securing of successor tenant rents. In the Recruitment Consulting Services Business, stable earnings are expected to increase due to stock growth in designated skilled foreign recruitment consulting for store operators. In addition, flow success fees will be accumulated through job change support activities that respond to the recent robust demand for non-food and beverage recruitment, particularly in the consulting industry.

In IT Management Solution Business, we plan to introduce POS cash register system ninapos to the bakery industry in the first half of the fiscal year ending March 2025. In addition to the Western confectionery industry, which is the foundation of our customers, we expect earnings to grow in the future as we cultivate the bakery industry. In consulting, which is accompanied by activities to improve the performance of the companies that have installed the system, we will promote actual activities for existing contractors and increase the number of contractors. For the exclusive cart "NINAKART," we will use external EC consulting to improve the system itself and strengthen proposals to business partners, and aim to be a business-growth partner that co-creates e-commerce that connects customers' confectionery stores and bakery stores with consumers.

□ Logistics and food processing business

In the Cambodian Summary Division, we will focus even more on expanding existing transactions and acquiring new business partners. We will reform the production system at Campaign Summit, which is increasingly operating rates, and work to build a management system that looks ahead to the next generation.

In the confectionery manufacturing division, we expect sales of dried potatoes, which grew rapidly, to fall to one stage. However, we are promoting sales proposals for retail store-specific products (retaining-type products). In light of the successive closures of regional department stores and the decline in the number of underground grocery sales floors at department stores, which are our main sales floors, we are developing new sales channels that are not constrained by conventional sales channels, such as overseas exports, food for outdoor stores, and pet food.

2. Basic Approach to Selection of Accounting Standards

In order to ensure comparability with other companies in the same industry in Japan, our Group has adopted Japanese accounting standards.

3.Consolidated Financial Statements and Major Notes

(1)Consolidated balance sheets

(Millions of yen)

	End of previous fiscal year (As of March 31, 2023)	Current consolidated fiscal year (As of March 31, 2024)
Assets		
Current assets		
Cash and deposits	11,680	14,611
Notes and accounts receivable-trade, and contract assets	2,683	3,068
Merchandise and supplies	7,087	7,574
Raw materials and supplies	543	729
Other	1,543	1,704
Allowance for doubtful accounts	□25	□19
Total current assets	23,512	27,668
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,939	9,241
Machinery, equipment and vehicles, net	932	1,108
Tools, furniture and fixtures, net	181	191
Land	13,260	12,258
Leased assets, net	45	115
Construction in progress	72	132
Total property, plant and equipment	21,432	23,047
Intangible assets		
Leasehold interests in land	3,480	3,480
Goodwill	662	490
Other	218	201
Total intangible assets	4,360	4,172
Investments and other assets		
Investment securities	3,721	4,190
Long-term loans receivable	5	3
Leasehold and guarantee deposits	4,827	4,785
Deferred tax assets	241	134
Long-term accounts receivable - other	537	420
Retirement benefit asset	89	106
Other	298	277
Allowance for doubtful accounts	□513	□408
Total investments and other assets	9,209	9,509
Total non-current assets	35,002	36,729
Total assets	58,514	64,398

(Millions of yen)

	End of previous fiscal year (As of March 31, 2023)	Current consolidated fiscal year (As of March 31, 2024)
Liabilities		
Current liabilities		
Accounts payable - trade	2,905	3,574
Current portion of bonds payable	24	7
Short-term borrowings	3,507	1,965
Current portion of long-term loans payable	1,924	5,155
Accounts payable - other	389	1,012
Income taxes payable	278	591
Accrued consumption taxes	171	184
Provision for bonuses	250	285
Other	2,487	2,830
Total current liabilities	11,939	15,606
Non-current liabilities		
Bonds payable	65	58
Long-term borrowings	18,693	19,507
Long-term guarantee deposits	4,483	4,203
Deferred tax liabilities	55	55
Retirement benefit liability	21	20
Asset retirement obligations	508	530
Other	187	262
Total non-current liabilities	24,013	24,636
Total liabilities	35,952	40,243
Net assets		
Shareholders' equity		
Share capital	4,036	4,036
Capital surplus	3,971	1,904
Retained earnings	16,960	18,229
Treasury shares	□2,501	□391
Total shareholders' equity	22,467	23,779
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	92	373
Total accumulated other comprehensive income	92	373
Share acquisition rights	2	2
Total net assets	22,562	24,155
Total liabilities and net assets	58,514	64,398

(2)Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
(Consolidated Profit and Loss Statement)

(Millions of yen)

	End of previous fiscal year (April 1, 2022 To March 31, 2023)	Current consolidated fiscal year (April 1, 2023 To March 31, 2024)
Net sales	35,613	46,761
Cost of sales	23,091	31,510
Gross profit	12,522	15,251
Selling, general and administrative expenses	11,061	12,814
Operating profit	1,460	2,436
Non-operating income		
Interest income	1	0
Dividend income	95	108
Gain on sale of investment securities	46	164
Fee and commission received	29	87
Rental income	20	-
Business consignment contract cancelation profit	29	20
Subsidy income	50	1
Other	121	116
Total non-operating income	394	500
Non-operating expenses		
Interest expenses	61	93
Rental expenses	0	-
The business consignment contract cancelation is disadvantageous.	-	3
Commission expenses	107	100
Share of loss of entities accounted for using equity method	24	97
Other	82	53
Total non-operating expenses	276	348
Ordinary profit	1,579	2,588
Extraordinary income		
Profit on sale of non-current assets	0	4
Gain on sale of investment securities	-	47
Settlement income	15	11
Compensation income	16	28
Other	12	0
Total extraordinary income	45	92
Extraordinary losses		
Loss on sale of non-current assets	0	1
Loss on retirement of non-current assets	70	74
Impairment loss	83	206
Other	16	8
Total extraordinary losses	170	289
Income before income taxes	1,453	2,391
Income taxes - current	372	841
Income taxes - deferred	33	□50
Total income taxes	405	790
Net Income	1,047	1,601
Net Income that profit attributable to owners of parent	1,047	1,601

Consolidated Statements of Comprehensive Income

(Millions of yen)

	End of previous fiscal year (April 1, 2022 To March 31, 2023)	Current consolidated fiscal year (April 1, 2023 To March 31, 2024)
Net Income	1,047	1,601
Other comprehensive income		
Valuation difference on available-for-sale securities	187	281
Share of other comprehensive income of entities company for using equity method	3	0
Total other comprehensive income	191	281
Comprehensive income	1,238	1,882
(Comprehensive income attributable to)		
Comprehensive profit attributable to owners of the parent	1,238	1,882

(3) Consolidated Statements of Changes in Net Assets

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

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Opening balance	4,036	3,971	16,207	□2,501	21,714
Change during the year					
Dividend of surplus			□294		□294
Net Income that profit attributable to owners of parent			1,047		1,047
Purchase of treasury stock				□0	□0
Disposal of treasury stock				0	0
Net change in items other than shareholders' equity					
Total changes during the year	-	-	752	□0	752
Closing balance	4,036	3,971	16,960	□2,501	22,467

	Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Opening balance	□99	□99	6	21,621
Change during the year				
Dividend of surplus				□294
Net Income that profit attributable to owners of parent				1,047
Purchase of treasury stock				□0
Disposal of treasury stock				0
Net change in items other than shareholders' equity	191	191	□3	188
Total changes during the year	191	191	□3	941
Closing balance	92	92	2	22,562

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

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Opening balance	4,036	3,971	16,960	□2,501	22,467
Change during the year					
Dividend of surplus			□331		□331
Net Income that profit attributable to owners of parent			1,601		1,601
Purchase of treasury stock					
Disposal of treasury stock		□9		52	42
Retirement of treasury stock		□2,058		2,058	-
Net change in items other than shareholders' equity					
Total changes during the year	-	□2,067	1,269	2,110	1,312
Closing balance	4,036	1,904	18,229	□391	23,779

	Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Opening balance	92	92	2	22,562
Change during the year				
Dividend of surplus				□331
Net Income that profit attributable to owners of parent				1,601
Purchase of treasury stock				
Disposal of treasury stock				42
Retirement of treasury stock				-
Net change in items other than shareholders' equity	281	281	□0	280
Total changes during the year	281	281	□0	1,592
Closing balance	373	373	2	24,155

(4)Consolidated Statements of Cash Flows

(Millions of yen)

	End of previous fiscal year (April 1, 2022 To March 31, 2023)	Current consolidated fiscal year (April 1, 2023 To March 31, 2024)
Cash flows from operating activities		
Income before income taxes	1,453	2,391
Depreciation	932	1,157
Amortization of goodwill	114	171
Loss (gain) on sale of non-current assets	0	□3
Loss on retirement of non-current assets	70	74
Impairment loss	83	206
Loss (gain) on sale of investment securities	□46	□212
Increase (decrease) in allowance for doubtful accounts	□43	□110
Increase (decrease) in provision for bonuses	6	35
Interest and dividend income	□96	□109
Interest expenses	61	93
Share of loss (profit) of entities accounted for using equity method	24	97
Decrease (increase) in trade receivables	□422	□384
Decrease (increase) in inventories	□774	2,655
Increase (decrease) in trade payables	218	668
Increase (decrease) in unearned revenue	64	64
Increase (decrease) in accounts payable - other	229	229
Increase (decrease) in accrued expenses	178	178
Increase (decrease) in allowance deposit	182	383
Increase (decrease) in consumption taxes receivable (□ increased)	□113	□65
Decrease (increase) in consumption taxes refund receivable	□12	12
Other	□30	46
Subtotal	2,079	7,582
Income taxes paid	□431	□610
Income taxes refund	28	36
Cash flows from operating activities	1,675	7,008
Net cash provided by (used in) investing activities		
Interest and dividends received	96	110
Purchase of property, plant and equipment	□5,523	□6,762
Proceeds from sale of property, plant and equipment	248	247
Purchase of intangible assets	□85	□37
Purchase of investment securities	□252	□574
Proceeds from sale of investment securities	103	913
For shares of subsidiaries resulting in change in scope of consolidation	□2,668	-
Purchase		
Amount of security money of pure increase and decrease	53	49
Other	43	□98
Net cash provided by (used in) investing activities	□7,983	□6,153
Net cash provided by (used in) financing activities		
Interest paid	□62	□93
Net increase (decrease) in short-term borrowings	817	□1,542
Proceeds from long-term borrowings	7,340	7,110
Repayments of long-term borrowings	□1,486	□3,065
Redemption of bonds	□17	□24
Purchase of treasury shares	0	-
Dividends paid	□294	□331
Other	□55	□72
Net cash provided by (used in) financing activities	6,241	1,981
Net increase (change) in cash and cash equivalents	□65	2,836
Cash and cash equivalents at beginning of period	11,440	11,374

Cash and cash equivalents at fiscal year-end
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11,374

14,210

(5)Notes fo consolidated financial statements

(Notes on the Going Concern Assumption)

Not applicable.

(Segment Information)

[Segment Information]

1.The outline of any Reporting Segment

The reportable segments of the Group are the constituent units of the Group for which separate financial information is available and which are subject to periodic review by the Board of Directors for the purpose of deciding the allocation of management resources and evaluating business performance.

The businesses of our group consist of segments by products and services that are aggregated based on the economic characteristics of the related businesses of each operating company.

Our Group consists of three reportable segments: the Taking-Back Box Business, the Store Asset & Solution Business, and the Logistics and Food Processing Business.

The business operations of each reportable segment are as follows.

Business Segment	Main products and business
Takeout food business	Production and sales of boxed lunches and prepared foods Provision of foodstuffs, etc. Catering service
Store Assets & Solutions business	Solutions for store operators, such as store leasing Enhancement and sales of store real estate HR recruitment solutions IT management solutions Party and event equipment rental
Logistics and food processing business	Operation of distribution centers, corporate logistics, etc. Food processing Confectionery manufacturing Wholesale

2.Calculation method for net sales, income or loss, assets and other items by reportable segment

The accounting methods for reportable business segments are generally the same as those described in "Basis of Presenting Consolidated Financial Statements."

Intersegment sales and transfers are based on prevailing market prices.

3.Information on net sales, income or loss, assets and other items by reportable segment, and breakdown of revenue

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

(Millions of yen)

	Reportable Segments				Other (NOTE)1	Total
	Take-out Bento-box business	Store Assets & Solutions business	Logistics and food Processed Foods Business	Total		
Net sales						
Goods that are transferred at a point in time	16,656	4,690	7,401	28,748	-	28,748
Goods transferred over a certain period of time	29	-	-	29	-	29
Revenue from contracts with customers	16,685	4,690	7,401	28,777	-	28,777
Other income (Note 4)	1	6,833	-	6,834	-	6,834
Sales to customers	16,686	11,524	7,401	35,612	-	35,612
Intersegment sales	112	318	1,876	2,307	481	2,788
Total	16,799	11,842	9,277	37,919	481	38,401
Segment profit (loss) (□)	257	1,691	212	2,162	481	2,643

	Adjusted amount (NOTE)2	Consolidated Financial statements Amount recorded (NOTE)3
Net sales		
Goods that are transferred at a point in time	1	28,749
Goods transferred over a certain period of time	-	29
Revenue from contracts with customers	1	28,778
Other income (Note 4)	-	6,834
Sales to customers	1	35,613
Intersegment sales	□2,788	-
Total	□2,787	35,613
Segment profit (loss) (□)	□1,183	1,460

(NOTE) 1. "Others" is a business segment that is not attributable to reportable segments and is a group support business.

2. □ of ¥1.183 billion in adjustments to segment income includes an elimination □ of ¥6 million for inter-segment transactions and a □ of ¥1.176 billion for corporate expenses that are not allocated to the respective reportable segments.

3. Segment income is adjusted with operating income in the consolidated statements of income.

4. Other income includes rental income in accordance with Accounting Standard for Lease Transactions (ASBJ Statement No. 13) and transfers of real estate (including real estate trust beneficiary interests) subject to the Practical Guidance on Accounting for Transferors' Liquidation of Real Estate Utilizing Special Purpose Companies (ASBJ Report No. 15).

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

(Millions of yen)

	Reportable Segments				Other (NOTE)1	Total
	Take-out Bento-box business	Store Assets & Solutions business	Logistics and food Processed Foods Business	Total		
Net sales						
Goods that are transferred at a point in time	16,759	4,770	14,524	36,054	-	36,054
Goods transferred over a certain period of time	28	-	-	28	-	28
Revenue from contracts with customers	16,787	4,770	14,524	36,082	-	36,082
Other income (Note 4)	6	10,657	14	10,678	-	10,678
Sales to customers	16,794	15,428	14,538	46,761	-	46,761
Intersegment sales	93	336	1,960	2,390	852	3,243
Total	16,887	15,764	16,499	49,151	852	50,004
Segment profit (loss) (□)	259	1,956	673	2,888	852	3,741

	Adjusted amount (NOTE)2	Consolidated Financial statements Amount recorded (NOTE)3
Net sales		
Goods that are transferred at a point in time	-	36,054
Goods transferred over a certain period of time	-	28
Revenue from contracts with customers	-	36,082
Other income (Note 4)	-	10,678
Sales to customers	-	46,761
Intersegment sales	□3,243	-
Total	□3,243	46,761
Segment profit (loss) (□)	□1,304	2,436

(NOTE) 1. "Others" is a business segment that is not attributable to reportable segments and is a group support business.

2. □ of ¥1.304 billion in adjustments to segment income includes an elimination □ of ¥2 million for inter-segment transactions and a □ of ¥1.302 billion for corporate expenses that are not allocated to the respective reportable segments.

3. Segment income is adjusted with operating income in the consolidated statements of income.

4. Other income includes rental income in accordance with Accounting Standard for Lease Transactions (ASBJ Statement No. 13) and transfers of real estate (including real estate trust beneficiary interests) subject to the Practical Guidance on Accounting for Transferors' Liquidation of Real Estate Utilizing Special Purpose Companies (ASBJ Report No. 15).

[Related Information]

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

1.Information for each product and service

This information is omitted because the same information is disclosed in Segment Information.

2.Information for each region

(1)Net sales

Not applicable because there are no overseas sales.

(2)Property, plant and equipment

Not applicable because there are no property, plant and equipment located outside Japan.

3.Information for each major customer

This information is omitted because there are no external customers that account for 10% or more of net sales in the consolidated statements of income.

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

1.Information for each product and service

This information is omitted because the same information is disclosed in Segment Information.

2.Information for each region

(1)Net sales

Not applicable because there are no overseas sales.

(2)Property, plant and equipment

Not applicable because there are no property, plant and equipment located outside Japan.

3.Information for each major customer

This information is omitted because there are no external customers that account for 10% or more of net sales in the consolidated statements of income.

[Information on impairment loss on non-current assets by reportable segment]

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

(Millions of yen)

	Take-out Bento-box business	Store Assets & Solutions business	Logistics and food processing business	Other	Corporate and eliminations	Total
Impairment loss	74	9	-	-	-	83

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

(Millions of yen)

	Take-out Bento-box business	Store Assets & Solutions business	Logistics and food processing business	Other	Corporate and eliminations	Total
Impairment loss	139	66	-	-	-	206

[Information on Amortization of Goodwill and Unamortized Balance by Reportable Segment]

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

(Millions of yen)

	Take-out Bento-box business	Store Assets & Solutions business	Logistics and food processing business	Other	Corporate and eliminations	Total
Amortization of current term	-	74	40	-	-	114
Closing balance	-	216	445	-	-	662

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

(Millions of yen)

	Take-out Bento-box business	Store Assets & Solutions business	Logistics and food processing business	Other	Corporate and eliminations	Total
Amortization of current term	-	74	97	-	-	171
Closing balance	-	142	348	-	-	490

(Per Share Information)

	End of previous fiscal year (April 1, 2022 To March 31, 2023)	Current consolidated fiscal year (April 1, 2023 To March 31, 2024)
Net assets per share	1,226.10 yen	1,307.32 yen
Net income per share	56.94 yen	86.87 yen
Diluted EPS	56.91 yen	86.76 yen

(NOTE)The basis for calculating net income per share and diluted net income per share is as follows.

	End of previous fiscal year (April 1, 2022 To March 31, 2023)	Current consolidated fiscal year (April 1, 2023 To March 31, 2024)
Net income per share		
Profit attributable to owners of parent (Millions of yen)	1,047	1,601
Amount not attributable to common shareholders	-	-
Profit attributable to owners of parent related to common stock (millions of yen)	1,047	1,601
Average number of common shares outstanding during the period (thousands of shares)	18,399	18,431
Diluted EPS		
Adjustment to profit attributable to owners of parent (1,000,000 yen)	-	-
Increase in common shares (thousands)	8	22
Subscription rights to shares (thousands of shares)	(8)	(22)
Explanation of residual stock not included in calculation of diluted net income per share due to lack of dilutive potential	-	By resolution of the Board of Directors on January 29, 2024 Share acquisition rights Number of stock acquisition rights: 530 Common shares 53,000 shares

(Significant subsequent events)

Not applicable