

May 13, 2025

Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (Under Japanese GAAP)

Company name: WATAMI CO., LTD.
 Listing: Tokyo Stock Exchange
 Securities code: 7522
 URL: <https://www.watami.co.jp/>
 Representative: MIKI WATANABE, Representative Director, Chairman and President CEO
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 Scheduled date of annual general meeting of shareholders: June 29, 2025
 Scheduled date to commence dividend payments: June 30, 2025
 Scheduled date to file annual securities report: June 30, 2025
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (For Institutional Investors, Securities Analysts, and the Press)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2025	88,713	7.8	4,568	21.7	5,246	(12.2)	3,522	(15.9)
March 31, 2024	82,302	5.6	3,753	154.5	5,974	53.9	4,190	150.3

Note: Comprehensive income For the fiscal year ended March 31, 2025: ¥5,848 million [5.2%]
 For the fiscal year ended March 31, 2024: ¥5,559 million [36.8%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2025	75.90	-	14.5	7.7	5.1
March 31, 2024	92.67	-	21.2	9.9	4.6

Reference: Share of profit (loss) of entities accounted for using equity method
 For the fiscal year ended March 31, 2025: ¥(14) million
 For the fiscal year ended March 31, 2024: ¥(6) million

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2025	71,491	27,134	37.5	357.28
March 31, 2024	64,228	22,166	34.1	234.73

Reference: Equity
 As of March 31, 2025: ¥26,796 million
 As of March 31, 2024: ¥21,885 million

Note: In the current fiscal year, the provisional accounting treatment for the business combination was finalized, and the figures for the fiscal year ending March 31, 2024 reflect the details of the provisional accounting treatment.

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2025	6,889	(6,556)	(13)	13,946
March 31, 2024	4,739	(3,063)	59	13,469

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2024	-	0.00	-	10.00	10.00	400	10.8	5.5
Fiscal year ended March 31, 2025	-	0.00	-	10.00	10.00	400	13.2	3.4
Fiscal year ending March 31, 2026 (Forecast)							-	

Note: 1. The dividend forecast for the fiscal year ending March 31, 2026 has not yet been determined.
2. The above “Cash dividends” refers to dividends on common shares. Please refer to “Cash dividends on class shares” below for the status of dividends on class shares (unlisted) that have different rights from those of common shares issued by the Company.

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2026 (from April 1, 2025 to March 31, 2026)

The earnings forecast for the fiscal year ending March 31, 2026 has not yet been determined because it is difficult to make a rational calculation at this stage due to uncertainties regarding the future of the Middle East, the conflict in Ukraine, the U.S. tariff policy, and other factors, as well as uncertainties on the global economy. We will disclose it as soon as it becomes possible.

* **Notes**

(1) Significant changes in the scope of consolidation during the period: Yes

Newly included: 4 companies (Watami US Corp, Watami US Nevada LLC, WATAMI FAST CASUAL CO., LTD., WATAMI FAST CASUAL MANAGEMENT LLC)

(2) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

Note: For details, please refer to Appendix P.14, "3. Consolidated Financial Statements and Major Notes (5) Notes on Consolidated Financial Statements (Notes on Changes in Accounting Policy)"

(3) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2025	42,684,880 shares
As of March 31, 2024	42,684,880 shares

(ii) Number of treasury shares at the end of the period

As of March 31, 2025	2,618,843 shares
As of March 31, 2024	2,616,129 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2025	40,067,544 shares
Fiscal year ended March 31, 2024	40,043,377 shares

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2025	73,930	3.0	4,529	27.7	4,117	(11.8)	3,089	(23.6)
March 31, 2024	71,751	4.3	3,546	53.1	4,670	17.2	4,043	137.6

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2025	65.10	-
March 31, 2024	89.00	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2025	63,662	22,214	34.9	242.94
March 31, 2024	58,771	19,983	34.0	187.27

Reference: Equity

As of March 31, 2025: ¥22,214 million

As of March 31, 2024: ¥19,983 million

* Financial results reports are exempt from audit conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

Status of Dividends on Class Shares

The breakdown of dividends per share for common shares and different class shares with rights is as follows.

Class A Preferred Shares	Annual Dividends				
	End of the first quarter	End of the second quarter	End of the third quarter	end of term	sum
	Yen	Yen	Yen	Yen	Yen
The fiscal year ending March 31, 2024	0.00	0.00	0.00	4,000,000.00	4,000,000.00
The fiscal year ending March 31, 2025	0.00	0.00	0.00	4,011,397.26	4,011,397.26
The fiscal year ending March 31, 2026 (Forecast)	0.00	0.00	0.00	4,000,000.00	4,000,000.00

Consolidated balance sheet

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	35,425	45,753
Trade receivables and contract asset	3,786	4,395
Securities	5,213	375
Merchandise and finished goods	1,209	1,424
Work in process	597	607
Raw materials and supplies	365	326
Other	2,132	3,570
Allowance for doubtful accounts	(44)	(47)
Total current assets	48,686	56,408
Non-current assets		
Property, plant and equipment		
Buildings and structures	19,025	18,553
Accumulated depreciation	(15,333)	(15,498)
Buildings and structures, net	3,692	3,055
Machinery, equipment and vehicles	2,211	2,372
Accumulated depreciation	(1,284)	(1,483)
Machinery, equipment and vehicles, net	927	889
Land	296	323
Leased assets	4,133	2,735
Accumulated depreciation	(2,818)	(1,690)
Leased assets, net	1,314	1,044
Construction in progress	67	254
Other	2,722	2,923
Accumulated depreciation	(2,018)	(2,330)
Other, net	703	593
Total property, plant and equipment	7,001	6,161
Intangible assets		
Goodwill	346	681
Other	1,462	1,425
Total intangible assets	1,809	2,107
Investments and other assets		
Investment securities	1,040	686
Guarantee deposits	4,410	4,683
Deferred tax assets	685	801
Invested fixed asset, invested other asset	12	13
Accumulated depreciation	(12)	(11)
Invested fixed asset	0	1
Other	813	816
Allowance for doubtful accounts	(218)	(176)
Total investments and other assets	6,731	6,814
Total non-current assets	15,542	15,083
Total assets	64,228	71,491

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,411	3,554
Current portion of bonds payable	50	-
Short-term borrowings	5,598	6,560
Lease liabilities	1,047	964
Accounts payable - other	3,090	2,793
Income taxes payable	723	602
Accrued expenses	2,035	2,365
Provision for bonuses	637	640
Provision for bonuses for directors (and other officers)	17	20
Provision for sales promotion cost reserve	9	9
Other	1,087	1,451
Total current liabilities	17,709	18,964
Non-current liabilities		
Long-term borrowings	19,511	21,000
Lease liabilities	1,160	552
Asset retirement obligations	1,691	1,653
Other	1,988	2,186
Total non-current liabilities	24,352	25,392
Total liabilities	42,061	44,357
Net assets		
Shareholders' equity		
Share capital	4,910	4,910
Capital surplus	15,633	15,633
Retained earnings	601	3,242
Treasury shares	(3,600)	(3,600)
Total shareholders' equity	17,544	20,186
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	27	49
Foreign currency translation adjustment	4,313	6,560
Total accumulated other comprehensive income	4,341	6,609
Non-controlling interests	281	338
Total net assets	22,166	27,134
Total liabilities and net assets	64,228	71,491

Consolidated statement of income

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net sales	82,302	88,713
Cost of sales	34,373	38,475
Gross profit	47,929	50,237
Selling, general and administrative expenses	44,175	45,668
Operating profit	3,753	4,568
Non-operating income		
Interest income	644	741
Interest on securities	264	195
Rent revenue on facilities	105	148
Subsidy income	251	58
Foreign exchange gains	1,262	-
Miscellaneous income	490	461
Total non-operating income	3,020	1,605
Non-operating expenses		
Interest expenses	284	467
Rental expenses on facilities	107	116
Share of loss of entities accounted for using equity method	6	14
Loss on tax purpose reduction entry of non-current assets	177	-
Foreign exchange losses	-	44
Miscellaneous losses	224	285
Total non-operating expenses	799	928
Ordinary profit	5,974	5,246
Extraordinary losses		
Loss on retirement of non-current assets	30	51
Impairment losses	1,470	713
Total extraordinary losses	1,501	764
Profit before income taxes	4,473	4,481
Income taxes - current	933	983
Income taxes - deferred	(732)	(75)
Total income taxes	200	907
Profit	4,272	3,574
Profit attributable to non-controlling interests	82	51
Profit attributable to owners of parent	4,190	3,522

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Profit	4,272	3,574
Other comprehensive income		
Valuation difference on available-for-sale securities	18	22
Foreign currency translation adjustment	1,268	2,252
Total other comprehensive income	1,286	2,274
Comprehensive income	5,559	5,848
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,479	5,791
Comprehensive income attributable to non-controlling interests	80	57

Consolidated statement of changes in equity

Fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income		
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income
Balance at beginning of period	4,910	17,019	(3,589)	(3,738)	14,601	9	3,043	3,052
Dividends of surplus		(779)			(779)			
Profit (loss) attributable to owners of parent			4,190		4,190			
Purchase of treasury shares				(0)	(0)			
Disposal of treasury shares		(48)		138	89			
Changes in liabilities for written put options over non-controlling interests		(557)			(557)			
Net changes in items other than shareholders' equity						18	1,270	1,288
Total changes during period	-	(1,385)	4,190	138	2,942	18	1,270	1,288
Balance at end of period	4,910	15,633	601	(3,600)	17,544	27	4,313	4,341

	Share acquisition rights	Non-controlling interests	Total net assets
Balance at beginning of period	21	131	17,807
Dividends of surplus			(779)
Profit (loss) attributable to owners of parent			4,190
Purchase of treasury shares			(0)
Disposal of treasury shares			89
Changes in liabilities for written put options over non-controlling interests			(557)
Net changes in items other than shareholders' equity	(21)	149	1,416
Total changes during period	(21)	149	4,359
Balance at end of period	-	281	22,166

Consolidated statement of changes in equity

Fiscal year ended March 31, 2025

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income		
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income
Balance at beginning of period	4,910	15,633	601	(3,600)	17,544	27	4,313	4,341
Dividends of surplus			(880)		(880)			
Profit (loss) attributable to owners of parent			3,522		3,522			
Purchase of treasury shares				(0)	(0)			
Disposal of treasury shares								
Changes in liabilities for written put options over non-controlling interests								
Net changes in items other than shareholders' equity						22	2,246	2,268
Total changes during period	-	-	2,641	(0)	2,641	22	2,246	2,268
Balance at end of period	4,910	15,633	3,242	(3,600)	20,186	49	6,560	6,609

	Share acquisition rights	Non-controlling interests	Total net assets
Balance at beginning of period	-	281	22,166
Dividends of surplus			(880)
Profit (loss) attributable to owners of parent			3,522
Purchase of treasury shares			(0)
Disposal of treasury shares			-
Changes in liabilities for written put options over non-controlling interests			-
Net changes in items other than shareholders' equity		57	2,326
Total changes during period	-	57	4,968
Balance at end of period	-	338	27,134

Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	4,473	4,481
Depreciation	1,792	2,223
Impairment losses	1,470	713
Amortization of goodwill	-	233
Increase (decrease) in provision for bonuses	23	(44)
Increase in sales promotion cost reserve	(3)	(0)
Interest and dividend income	(909)	(937)
Interest expenses	284	467
Foreign exchange losses (gains)	(1,023)	(1)
Loss on retirement of non-current assets	30	51
Amortization of guarantee deposits	27	22
Decrease (increase) in trade receivables	(401)	(436)
Decrease (increase) in inventories	(322)	(139)
Decrease (increase) in advances paid	(71)	69
Decrease (increase) in accounts receivable - other	(67)	20
Decrease (increase) in consumption taxes refund receivable	(6)	14
Increase (decrease) in trade payables	(96)	96
Increase (decrease) in accounts payable - other	400	(295)
Increase (decrease) in accrued expenses	278	147
Increase (decrease) in accrued consumption tax	(103)	56
Increase (decrease) in deposits received	77	(5)
Other, net	(570)	619
Subtotal	5,283	7,356
Interest and dividends received	827	1,056
Interest paid	(283)	(462)
Income taxes paid	(1,090)	(1,061)
Income taxes refund	1	1
Net cash provided by (used in) operating activities	4,739	6,889

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,936)	(1,366)
Proceeds from sale of property, plant and equipment	3	635
Purchase of intangible assets	(254)	(119)
Payments for asset retirement obligations	(50)	(110)
Payments into time deposits	(41,641)	(61,889)
Proceeds from withdrawal of time deposits	41,294	53,832
Purchase of investment securities	(4,644)	(1,506)
Proceeds from redemption of investment securities	4,874	5,159
Payments of guarantee deposits	(600)	(453)
Proceeds from refund of guarantee deposits	613	460
Loan advances	(14)	(9)
Proceeds from collection of loans receivable	44	46
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(713)	(265)
Payments for acquisition of businesses	-	(883)
Other, net	(37)	(86)
Net cash provided by (used in) investing activities	(3,063)	(6,556)
Cash flows from financing activities		
Repayments of short-term borrowings	(45)	(113)
Proceeds from long-term borrowings	7,200	8,715
Repayments of long-term borrowings	(5,685)	(6,209)
Redemption of bonds	(100)	(50)
Repayments of finance lease liabilities	(619)	(1,476)
Purchase of treasury shares	-	(0)
Proceeds from disposal of treasury shares	89	-
Dividends paid	(778)	(878)
Net cash provided by (used in) financing activities	59	(13)
Effect of exchange rate change on cash and cash equivalents	107	156
Net increase (decrease) in cash and cash equivalents	1,842	476
Cash and cash equivalents at beginning of period	11,627	13,469
Cash and cash equivalents at end of period	13,469	13,946

(Notes on segment information, etc.)

Segment Information

1. Overview of Reporting Segments

The Company's reporting segments are those of the Company's constituent units for which segregated financial information is available and is subject to periodic review by the Board of Directors in order to determine the allocation of management resources and evaluate performance.

Our business consists of five business segments: Domestic Restaurant Business, Food Catering Business for Elderly People, Overseas Business, Environment Business, and Agriculture Business. Each business is managed separately as it requires a strategy focused on services specific to the economic, competitive and regulatory environment in which it operates.

The Domestic Restaurant Business is engaged in the management of restaurants, the manufacture and wholesale of food products, the purchase of alcoholic beverages and beverages from wholesalers in Japan and GUAM in the United States, and the delivery of alcoholic beverages to directly managed stores and franchisees of the Group.

The Food Catering Business for Elderly People sells and delivers grocery ingredient sets and prepared foods.

The Overseas Business is engaged in the development of franchise business, management of overseas subsidiaries, strategic planning and execution of expansion into overseas areas, management of restaurants in overseas regions, and food processing and wholesale business.

The Environment Business is engaged in the electricity retail business, wind power generation business, etc.

The Agriculture Business is engaged in the production and sale of agricultural products and the production and sale of processed agricultural products.

2. Method of calculating the amount of sales, profits or losses, assets, liabilities and other items for each reporting segment

Profit in the reporting segment is a figure based on operating income.

Internal revenues and transfers between segments are based on prevailing market prices.

3. Information on the amount of sales, profits or losses, assets, liabilities and other items for each reported segment, and information on the breakdown of earnings

The previous fiscal year (April 1, 2023 to March 31, 2024)

(in millions of yen)

	Reportable segments						Other (Note)	Total	Reconciling items	Per consolidated financial statements
	Domestic Restaurant Business	Food Catering Business for Elderly People	Overseas Business	Environment Business	Agriculture Business	Reportable segments				
Sales										
Japan	31,712	40,053	-	2,485	570	74,821	254	75,076	-	75,076
Southeast Asia	-	-	6,891	-	-	6,891	-	6,891	-	6,891
United States	334	-	-	-	-	334	-	334	-	334
Revenue generated from customer contracts	32,046	40,053	6,891	2,485	570	82,047	254	82,302	-	82,302
Other Earnings	-	-	-	-	-	-	-	-	-	-
Revenues from external customers	32,046	40,053	6,891	2,485	570	82,047	254	82,302	-	82,302
Transactions with other segments	1	-	-	351	149	503	571	1,074	(1,074)	-
Reportable segments	32,048	40,053	6,891	2,837	720	82,550	826	83,377	(1,074)	82,302
Segment profit (loss)	1,306	4,063	(168)	550	(143)	5,609	(23)	5,585	(1,832)	3,753

Note: The "Other" category is a business segment that is not included in the reporting segments, and includes agricultural theme park business and worker dispatch business.

The current fiscal year (April 1, 2024 to March 31, 2025)

(in millions of yen)

	Reportable segments						Other (Note)	Total	Reconciling items	Per consolidated financial statements
	Domestic Restaurant Business	Food Catering Business for Elderly People	Overseas Business	Environment Business	Agriculture Business	Reportable segments				
Sales										
Japan	34,063	40,229	-	2,379	601	77,274	163	77,438	-	77,438
Southeast Asia	-	-	10,354	-	-	10,354	72	10,426	-	10,426
United States	328	-	519	-	-	848	-	848	-	848
Revenue generated from customer contracts	34,392	40,229	10,873	2,379	601	88,477	236	88,713	-	88,713
Other Earnings	-	-	-	-	-	-	-	-	-	-
Revenues from external customers	34,392	40,229	10,873	2,379	601	88,477	236	88,713	-	88,713
Transactions with other segments	1	16	-	665	253	936	545	1,482	(1,482)	-
Reportable segments	34,394	40,246	10,873	3,044	854	89,413	781	90,195	(1,482)	88,713
Segment profit (loss)	1,610	4,724	137	194	(150)	6,515	7	6,523	(1,955)	4,568

Note: The "Other" category is a business segment that is not included in the reporting segments, and includes agricultural theme park business and worker dispatch business.

4. Difference between the Total Amount of Reporting Segments and the Amount Recorded in Consolidated Financial Statements, and Main Details of the Difference (Matters Related to Adjustment of Differences)

(in millions of yen)

Sales	The previous fiscal year	The current fiscal year
Total Reporting Segments	82,550	89,413
Other	826	781
Inter-segment transaction elimination	(1,074)	(1,482)
Sales in consolidated financial statements	82,302	88,713

(in millions of yen)

benefit	The previous fiscal year	The current fiscal year
Total Reporting Segments	5,609	6,515
Other	(23)	7
Company-wide expenses (Note)	(1,832)	(1,955)
Operating income in consolidated financial statements	3,753	4,568

Note: Company-wide expenses are mainly related to administrative operations for the entire Group.

Information on impairment losses on fixed assets by reporting segment
The previous fiscal year (April 1, 2023 to March 31, 2024)

(in millions of yen)

	Reportable segments						Other	Total
	Domestic Restaurant Business	Food Catering Business for Elderly People	Overseas Business	Environment Business	Agriculture Business	Reportable segments		
Impairment losses	540	6	572	60	-	1,180	289	1,470

Note: The 289 million yen recorded in other categories is an impairment loss on buildings and structures at other business sites.

The current fiscal year (April 1, 2024 to March 31, 2025)

(in millions of yen)

	Reportable segments						Other	Total
	Domestic Restaurant Business	Food Catering Business for Elderly People	Overseas Business	Environment Business	Agriculture Business	Reportable segments		
Impairment losses	218	74	180	-	239	713	-	713

Information on amortization and unamortized balances of goodwill by reporting segment
The previous fiscal year (April 1, 2023 to March 31, 2024)

(in millions of yen)

	Reportable segments						Other	Total
	Domestic Restaurant Business	Food Catering Business for Elderly People	Overseas Business	Environment Business	Agriculture Business	Reportable segments		
Depreciation for the period	-	-	-	-	-	-	-	-
Balance at the end of the current fiscal year	-	-	346	-	-	346	-	346

The current fiscal year (April 1, 2024 to March 31, 2025)

(in millions of yen)

	Reportable segments						Other	Total
	Domestic Restaurant Business	Food Catering Business for Elderly People	Overseas Business	Environment Business	Agriculture Business	Reportable segments		
Depreciation for the period	117	-	115	-	-	233	-	233
Balance at the end of the current fiscal year	-	-	681	-	-	681	-	681

Information on Negative Goodwill Accrual Gains by Reporting Segment

The previous fiscal year (April 1, 2023 to March 31, 2024)

Not applicable.

The current fiscal year (April 1, 2024 to March 31, 2025)

Not applicable.