

FACTBOOK

For the fiscal year ended March 31, 2017

COLOWIDE Co., Ltd.
7616/TSE 1st Section

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Corporate Philosophy

The Meaning of "COLOWIDE"



- CO..... 勇氣 (Courage)
- LO..... 愛 (Love)
- WI..... 知恵 (Wisdom)
- DE..... 決断 (Decision)

4 Factors Bundled into One

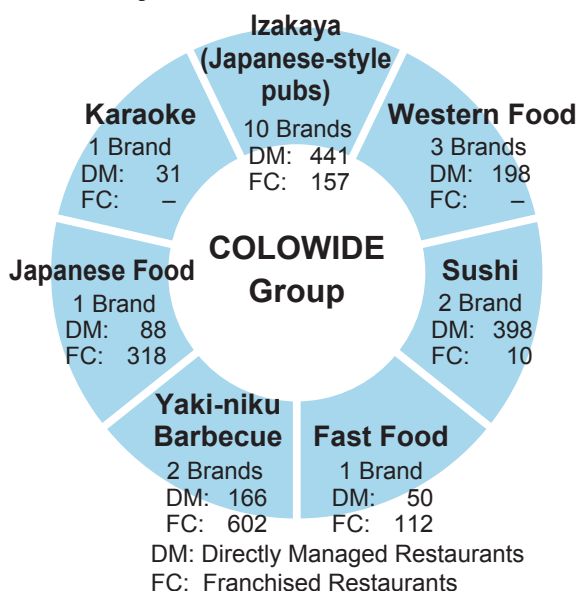
Our Corporate name "COLOWIDE" combines 4 important factors to help people lead fulfilling lives.

The 4 parts are meant to impart the strong will and courage needed to face future challenges and are expected to become an integral part of each employee.

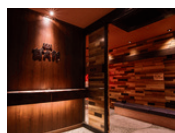
Operations

Izakaya (Japanese-style pub), restaurant and karaoke chain operations, food preparation and sales, seafood processing and wholesaling, sales and development of restaurant menu order systems

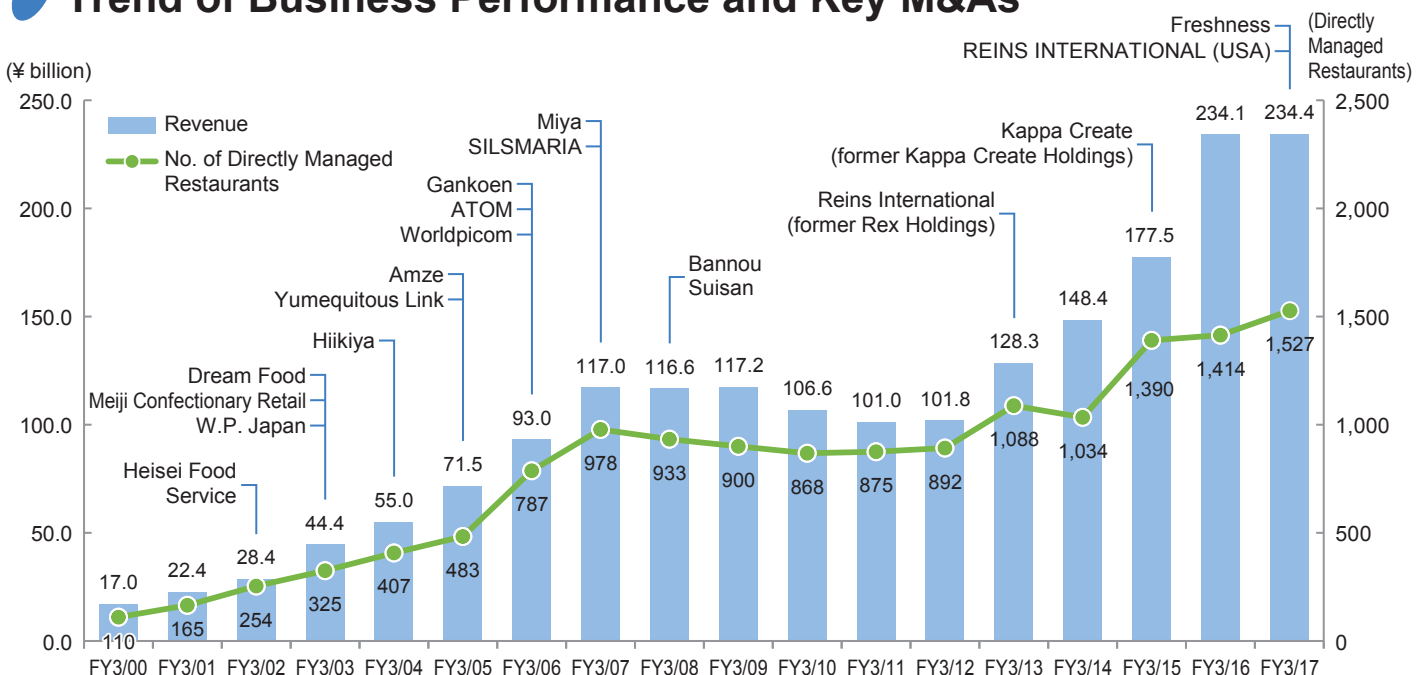
Major Brands (as of March 31, 2017)



Major Subsidiaries

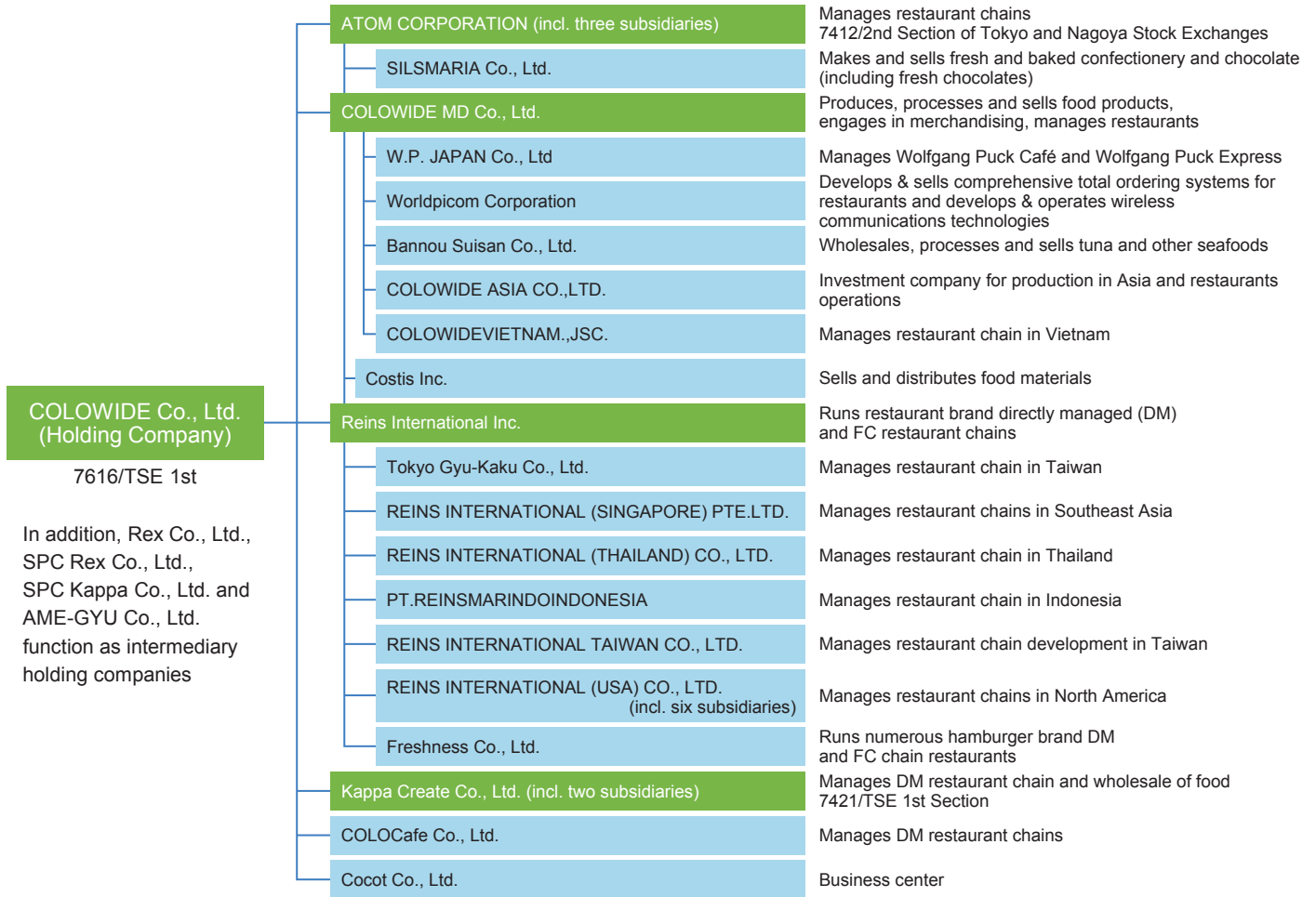


Trend of Business Performance and Key M&As



From the fiscal year ended March 31, 2017, accounting standards have been changed to IFRS.

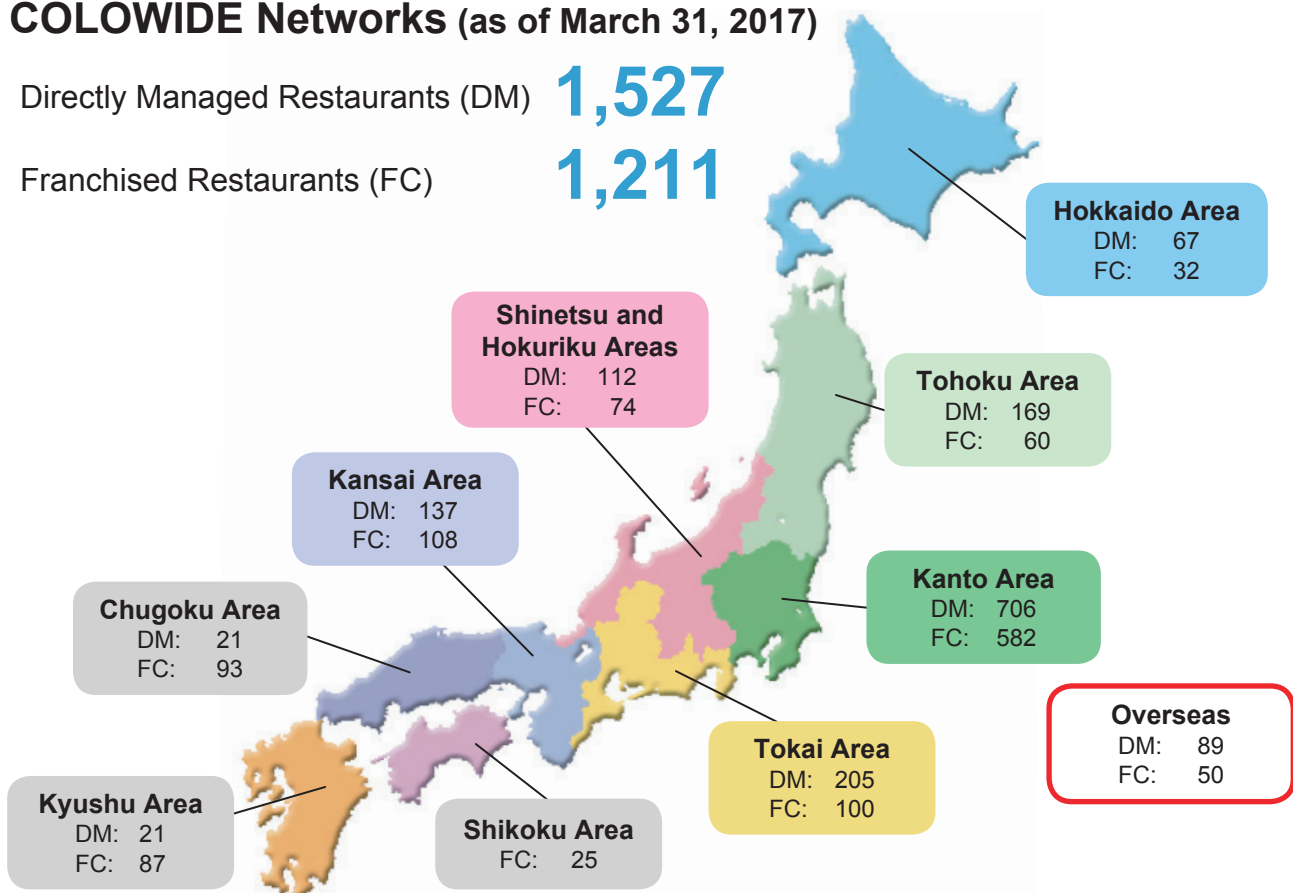
Group Structure and Regional Presence



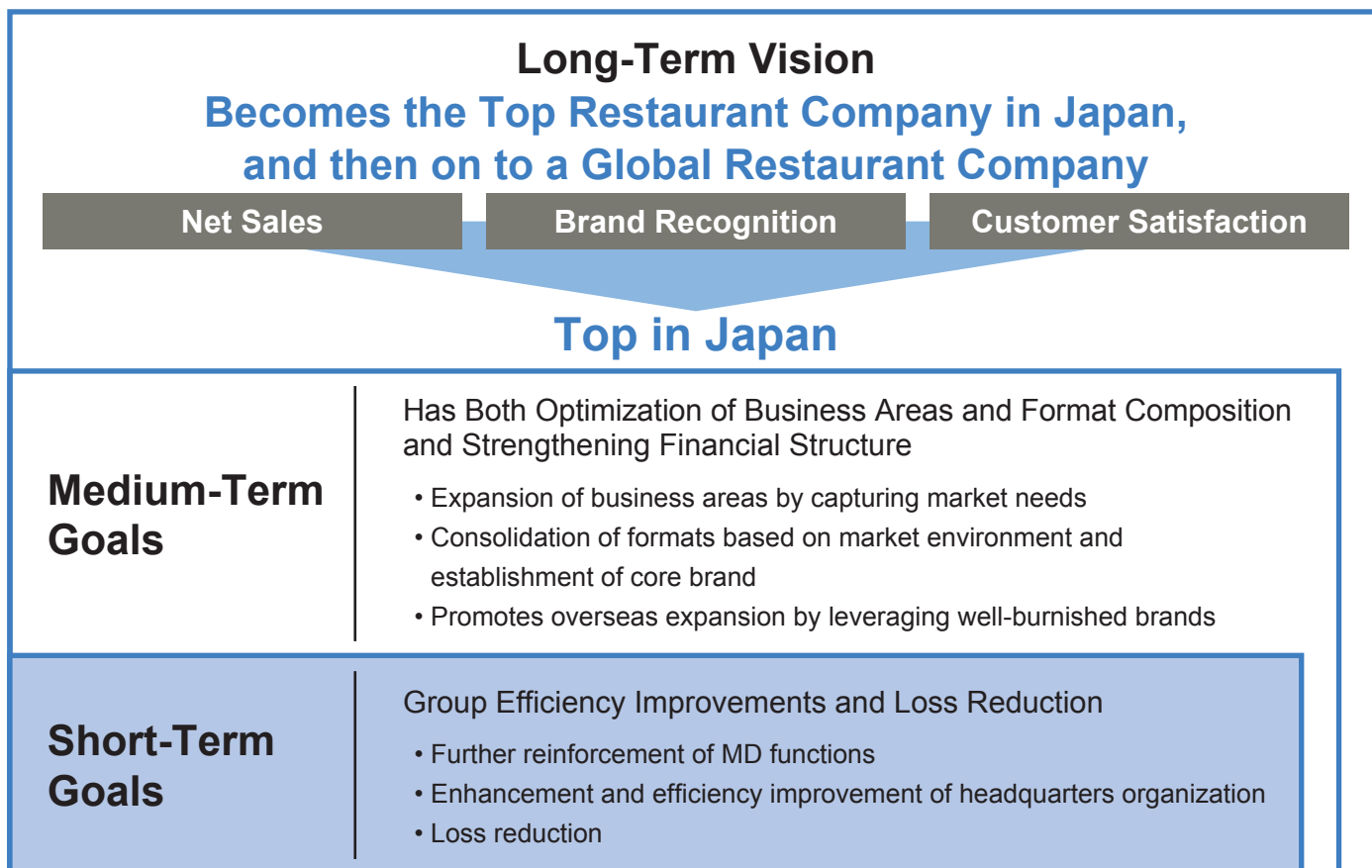
COLOWIDE Networks (as of March 31, 2017)

Directly Managed Restaurants (DM) **1,527**

Franchised Restaurants (FC) **1,211**



"Revolution 2016," New Medium-Term Management Plan



Six Strategies

- <Strategy 1> Expansion of business areas by capturing market needs
- <Strategy 2> Consolidation of formats based on market environment and establishment of core brand
- <Strategy 3> Promotes overseas expansion by leveraging well-burnished brands
- <Strategy 4> Further reinforcement of MD functions
- <Strategy 5> Improvement of Group management efficiency by enhancement and consolidation of headquarters functionality
- <Strategy 6> Loss reduction

Keeps a Good Balance of Business Growth and Strengthening Financial Structure

- | | | |
|---|--|---|
| <ul style="list-style-type: none"> ■ Continuous growth of business ■ Enhancement of profitability ■ Improvement of management efficiency | | <ul style="list-style-type: none"> ■ Enhancement of financial structure <ul style="list-style-type: none"> • Net debt to EBITDA ratio compression • Improvement of equity ratio |
|---|--|---|

Strategy (1) Expansion of Business Areas by Capturing Market Needs

Expansion of Business Areas in Japan and Overseas by Effectively Executing M&A

- In Japan, acquired all of the shares of Freshness Co., Ltd., which operates the Freshness Burger business
 - Expanding business areas of the Group into fast food area
 - Bringing restaurant network of current 162 stores to 400 stores, making use of platform of Reins International, which operates 1,300 restaurants centering on FCs
 - Enjoying synergies through cost reductions of food materials, etc. making use of merchandising function of COLOWIDE MD



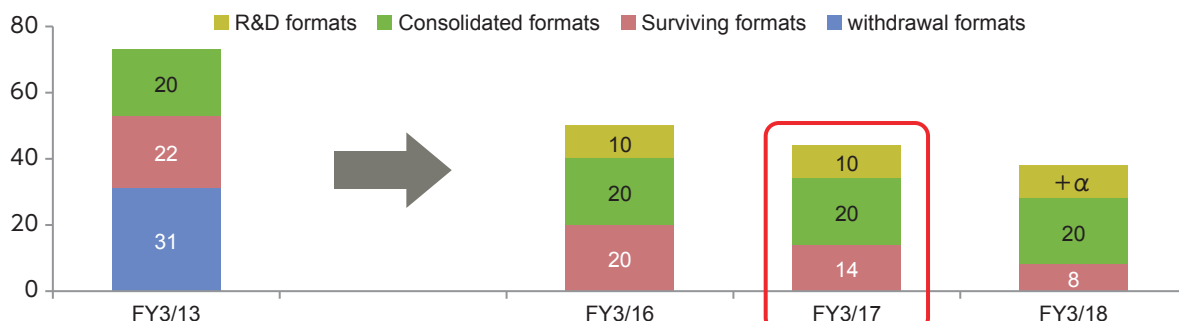
- Overseas, acquired all of the shares of Reins International (USA) Co., Ltd., a licensee in North America of the Gyu-Kaku business
 - Expanding area for overseas expansion from current areas centering on ASEAN to North America (America and Canada) as well
 - At present, restaurant network in North America consists of 41 Gyu-Kaku restaurants, and will build this into a system of 150 restaurants centering on Gyu-Kaku over the next five years.



Strategy (2) Consolidation of Formats Based on Market Environment and Establishment of Core Brand

Consolidation of Formats

- Number of formats was reduced from 73 to 40 plus R&D format in three years during the previous Medium-Term Management Plan period.
- In the fiscal year ended March 31, 2017, the number of formats was reduced to 34 plus R&D format including Freshness Co., Ltd., acquired through M&A.
- As of March 2018, the number of formats is planned to be reduced to 28 plus R&D format. By so doing, from the start of consolidation of formats, it will be reduced almost to half.
- Going forward, the policy is that the number of formats will be kept at a level that does not impede business efficiency, although formats may increase due to M&A or development of new formats.



Establishment of Core Brands

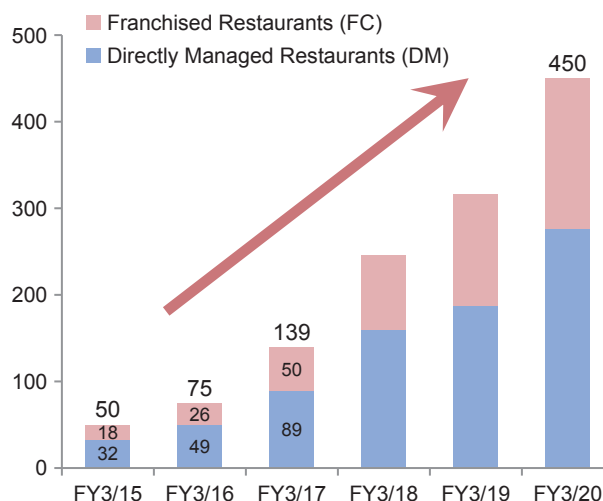
- In the restaurant format, establishes a strong brand as the core brand in each of the yaki-niku barbecue, sushi, Japanese food, and Western food areas
- In the Izakaya format, as tastes of customers are diversified, promotes development of core brand through changes to more highly specialized brands or switchover to menu that brings a specialization to the fore
 - Aggressively opens YAKITORI CENTER restaurant stores
 - Improves yaki-niku barbecue menu at AMATARO

Strategy (3) Promotes Overseas Expansion by Leveraging Well-Burnished Brands

Orientation of Overseas Expansion and Soil Compaction

- In North America (America and Canada), acquired Reins International (USA) Co., Ltd., through M&A, which has 20 DMs and 21 FCs of our core brand "Gyu-Kaku," and plans to go ahead with opening of DMs and FCs, projecting a restaurant network of 150 stores in the North America after five years
- In China, master franchise rights for Gyu-Kaku and ONYASAI restaurants have been offered to Rongda Restaurant Management Co., Ltd., projecting a FC restaurant network of 150 stores in Mainland China after five years.
- In the Middle East, master franchise rights for Gyu-Kaku restaurants have been offered to Cipher Nippon Investment L.L.C. and a FC restaurant network of five stores in the United Arab Emirates and Saudi Arabia will be built in three years.

■ Expected changes in numbers of overseas restaurants



Strategy (4) Further Reinforcement of MD Functions

Further Enjoys Economies of Scale by Expansion of Business Scale and Increasing Amount of Food Materials Handled

- After M&A, promotes cost reductions for Freshness, meanwhile carries out price decreases for regular products as rewards to customers
- Cost reduction by narrowing down number of purchase items for overall Group: number of items is reduced by 9% year on year.

Uptake of Added Value and Profits into the Group by Improvement of In-house Production Ratios

- Enhances factories in response to increase in numbers of restaurants by M&A and restaurant opening
 - Shizuoka factory of Bannou Suisan: Completed in March, full-scale operation in June
Processing capabilities are reinforced and meanwhile consistent production of tuna raw fish to sushi material becomes feasible, and added value from all of the processing processes is incorporated into the Group.
 - Shiga-Nagahama factory of COLOWIDE MD: Completed in July and operation started
 - ✓ With its advanced processing capabilities for meats, provides meat related products to individual Group companies including hamburger patties for Freshness
 - ✓ Equipment for making sauces is upgraded, and provision capabilities to Group companies reinforced.
 - Factory production efficiency is improved. (production efficiency of the core Kanagawa factory increased.)
 - ✓ Production amount per man-hour is increased by 10% year on year.
 - ✓ Inventory ratio to production amount is reduced by 18% year on year.

Strategy (5) Improvement of Group Management Efficiency by Enhancement and Consolidation of Headquarters Functionality

Consolidation and Reinforcement of Headquarters Functions Overall Inside the Group

- Consolidates Headquarters functions of personnel affairs, legal affairs, general affairs and store development, etc., and promotes know-how consolidation and sharing, improvement of personnel efficiency, precision improvement and speeding of business

Consolidation of Personnel and Recruiting Functions and Continuation of Efficiency Improvement

- On recruiting, which is the starting point for human resources development, carries out joint group recruiting activities and training after hiring (new employees in April 2017)
- By horizontal implementation of outstanding systems in individual Group companies including the mentor system or intensive interviewing, etc., retention rate is improved.
- Builds common Group system concerning merit rating system

Improves Productivity Through Reforms of Working Style

- In reform of working style, "correction of long working hours," "education of irregular employees," "flexible working style," "compatibility of childrearing, family care and working," "development of environment to facilitate work by women and young persons," "promotion of employment of aged", etc. are targeted.
- Among these items, "improvement of productivity" will be foundational, and thereby "reforms of working style" can be achieved and institutionalized together with continuous growth of the business.
- Consolidation of Headquarters functions and improvement of efficiency of Group management, which are being promoted at present, will be the foundation for "improvement of productivity" as an overall Group.
- Promotes "improvement of productivity" and "reforms of working style" in all workplaces including restaurants, factories and Headquarters

Redevelopment of System Infrastructure Making Use of System Development Capabilities of Worldpicom

- Reduces equipment device costs by bulk purchase of POS by Worldpicom and reduces development costs through integration of specifications according to purpose
- Operates integrated logistics system sequentially concerning restaurant logistics network increased through M&A and promotes integration and cost reductions at logistics bases

Strategy (6) Loss Reduction

Reduction of Loss in Any Business Operation

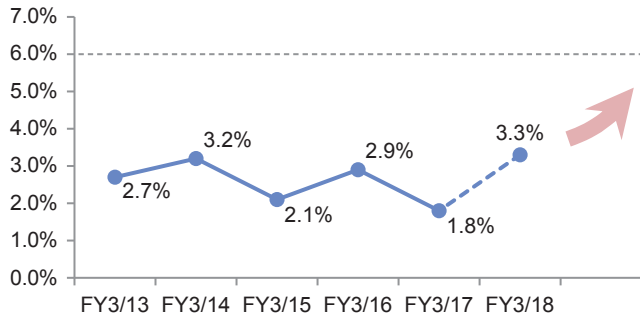
- Reduction of "opportunity loss"
 - Reduction of opportunity loss relating to recruitment
Reduction of opportunity loss occurring in recruiting activities at individual stores by concentration of hiring of part-timers at headquarters.
- Reduction of "food material loss" relating to food cost
 - Preparation of menu and store operation with awareness of food material yield rate
Especially at KAPPA CREATE, from February thoroughly carries out improvement of food material yield rate, reduction of food material loss, prepares menus with awareness of lowering cost ratio, and creates store operation systems
- Reduction of "time loss"
 - Reduction of time loss relating to personnel acquisition and fostering
Reduces time loss through integration as a Group of recruiting and training for new graduates after hiring
 - Elimination of inefficiencies in store operations
At KAPPA CREATE, eliminates inefficiencies in operations by improving precision of shift-assignment on busy days, normal days, peak time zones and other time zones, and building co-working schemes for kitchen and hall, etc.

At KAPPA CREATE, as a result of implementation of measures that place excessive burden on stores due to communication loss inside Headquarters and between Headquarters and stores, steep rise in costs, increase in personnel costs and increase in sales promotion costs arose. Because of reflection on this, KAPPA CREATE revival project has been promoted since the beginning of the year, and both sales and profits are on the road to recovery. Tightly maintains communications going forward as well between Headquarters and stores, regardless of whether official or unofficial

Financial Targets (IFRS)

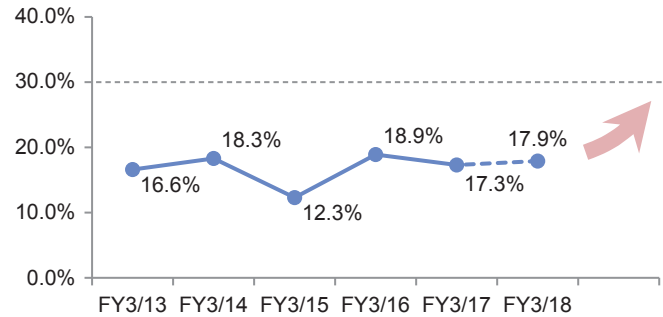
Note: Numbers in FY3/15 and earlier are numbers under Japanese GAAP.

Consolidated Operating Profit Margin of **6%+**



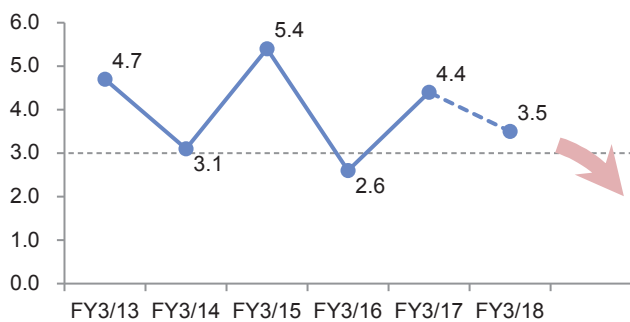
* Ordinary income margin in FY3/15 and earlier

Ratio of Equity Attributable to Owners of Parent to Total Assets* of **30%+**

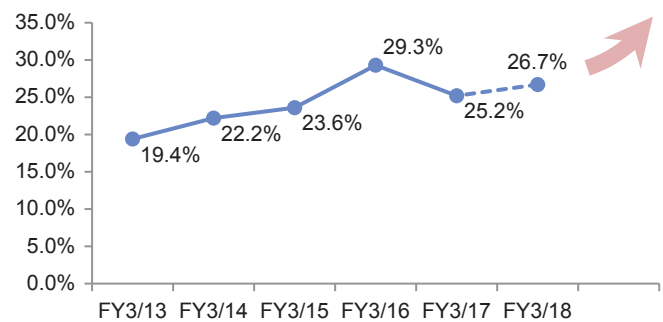


* Calculated based on interest-bearing debt net of cash and deposits
* Equity ratio in FY3/15 and earlier

Net Debt to EBITDA Ratio of **< 3 times**



Consolidated Total Equity Ratio* (reference)



* Calculated based on interest-bearing debt net of cash and deposits
* Consolidated net asset ratio in FY3/15 and earlier

Consolidated Statement of Financial Position

(¥million)	FY3/16 End	FY3/17 End
Assets		
Total assets	224,215	233,048
Current assets	53,712	54,405
Cash and cash equivalents	30,993	34,631
Trade and other receivables	8,106	8,805
Other financial assets	7,974	632
Inventories	3,340	4,417
Income tax receivables	0	2,157
Other current assets	3,299	3,763
Non-current assets	170,503	178,643
Property, plant and equipment	63,873	67,381
Goodwill	60,190	67,124
Intangible assets	8,082	8,897
Investment property	1,515	999
Other financial assets	28,839	29,521
Deferred tax assets	6,607	3,486
Other non-current assets	1,396	1,235

(¥million)	FY3/16 End	FY3/17 End
Liabilities and equity		
Total liabilities and equity	224,215	233,048
Liabilities	169,685	183,138
Current liabilities	68,356	80,553
Trade and other payables	20,966	22,403
Bonds and borrowings	21,600	40,931
Other financial liabilities	4,072	3,434
Income tax payables	10,132	1,813
Provisions	3,073	3,425
Other current liabilities	8,513	8,547
Non-current liabilities	101,329	102,585
Trade and other payables	3,265	3,768
Bonds and borrowings	70,083	72,099
Other financial liabilities	18,867	16,987
Net defined benefit liability	1,063	—
Provisions	5,914	6,567
Deferred tax liabilities	77	664
Other non-current liabilities	2,060	2,500
Equity	54,530	49,910
Issued capital	14,030	14,030
Share premium	18,134	18,853
Treasury shares	(150)	(151)
Other components of equity	(88)	(373)
Retained earnings	3,268	1,873
Total equity attributable to owners of parent	35,194	34,231
Non-controlling interests	19,336	15,678

Consolidated Statement of Income / Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

(¥million)	FY3/16	FY3/17
Revenue	233,895	234,444
Cost of sales	99,030	101,587
Gross profit	134,865	132,857
Other operating income	2,131	3,201
Selling, general and administrative expenses	124,860	126,051
Other operating expenses	5,241	5,895
Operating profit	6,895	4,112
Finance income	6,039	453
Finance costs	2,965	2,352
Profit before tax	9,969	2,212
Income tax expenses	(505)	6,492
Profit (loss)	10,474	(4,280)
Profit (loss) attributable to		
Owners of parent	7,560	(1,398)
Non-controlling interests	2,914	(2,882)
Profit (loss)	10,474	(4,280)
Earnings (loss) per share		
Basic earnings (loss) per share (Yen)	100.74	(19.56)
Diluted earnings (loss) per share (Yen)	100.61	(19.56)

Consolidated Statement of Comprehensive Income

(¥million)	FY3/16	FY3/17
Profit (loss)	10,474	(4,280)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(205)	97
Remeasurements of defined benefit plans	101	—
Total items that will not be reclassified to profit or loss	(104)	97
Items that may be reclassified to profit or loss		
Cash flow hedges	(35)	(117)
Exchange differences of foreign operations	13	(132)
Total items that may be reclassified to profit or loss	(22)	(248)
Other comprehensive income, net of tax	(126)	(151)
Comprehensive income	10,348	(4,432)
Comprehensive income attributable to		
Owners of parent	7,422	(1,591)
Non-controlling interests	2,926	(2,840)
Comprehensive income	10,348	(4,432)

Consolidated Statement of Cash Flows

(¥million)	FY3/16	FY3/17
Cash flows from operating activities	20,964	4,990
Profit before tax	9,969	2,212
Depreciation and amortization expenses	10,707	10,812
Impairment loss	3,672	3,650
Finance income	(6,039)	(453)
Finance costs	2,965	2,352
Loss (gain) on sales and retirement of non-current assets	493	1,010
Decrease (increase) in inventories	675	(990)
Decrease (increase) in trade and other receivables	(602)	(482)
Increase (decrease) in trade and other payables	(541)	(1,907)
Other	1,923	3,883
Subtotal	23,223	20,088
Interest and dividend income received	63	68
Interest expenses paid	(2,553)	(2,100)
Income taxes (paid) refund	231	(13,066)
Cash flows from investing activities	(16,835)	(13,982)
Payments into time deposits	(14,604)	(12)
Proceeds from withdrawal of time deposits	7,594	7,003
Purchase of property, plant and equipment	(9,642)	(9,956)
Proceeds from sales of property, plant and equipment	524	545
Payments for lease and guarantee deposits	(1,868)	(1,510)
Proceeds from collection of lease and guarantee deposits	2,214	1,870
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(10,957)
Other	(1,053)	(964)
Cash flows from financing activities	589	12,545
Net increase (decrease) in short-term borrowings	(140)	11,109
Proceeds from long-term borrowings	4,801	16,580
Repayments of long-term borrowings	(16,509)	(16,615)
Proceeds from issue of bonds	—	13,759
Redemption of bonds	(5,131)	(5,287)
Repayments of finance lease obligations	(4,945)	(4,925)
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	22,945	—
Cash dividends paid	(375)	(445)
Dividends paid to non-controlling interests	(277)	(805)
Proceeds from share issuance to non-controlling shareholders	223	92
Other	(2)	(918)
Effect of exchange rate change on cash and cash equivalents	6	84
Net increase (decrease) in cash and cash equivalents	4,724	3,638
Cash and cash equivalents at beginning of period	26,269	30,993
Cash and cash equivalents at end of period	30,993	34,631

Profitability Indicators

(¥million)	FY3/16	FY3/17
Revenue	233,895	234,444
Gross Profit	134,865	132,857
Operating Profit	6,895	4,112
Profit Attributable to Owners of Parent	7,560	(1,398)
EBITDA	20,712	17,620

(%)	FY3/16	FY3/17
Gross Profit Margin	57.7	56.7
Operating Profit Margin	2.9	1.8
Net Profit Margin	3.2	-0.6
EBITDA Margin	8.9	7.5

Gross Profit Margin = Gross Profit / Revenue

Operating Profit Margin = Operating Profit / Revenue

Net Profit Margin = Profit Attributable to Owners of Parent / Revenue

EBITDA Margin = EBITDA / Revenue

EBITDA = Operating Profit - Other Operating Income + Other Operating Expenses + Depreciation and Amortization

Stability Indicators

(¥million)	FY3/16	FY3/17
Equity Attributable to Owners of Parent	35,194	34,231
Total Assets	224,215	233,048
Non-current Assets	170,503	178,643
Current Assets	53,712	54,405
Current Liabilities	68,356	80,553
Net Interest-Bearing Debt	53,528	78,224
EBITDA	20,712	17,620

(%)	FY3/16	FY3/17
Equity Ratio	15.7	14.7
Non-current Ratio	484.5	521.9
Current Ratio	78.6	67.5
Return on Assets (ROA)	3.5	-0.6
Return on Equity (ROE)	33.8	-4.0
Net Debt to EBITDA Ratio (times)	2.6	4.4

Equity Ratio = Equity Attributable to Owners of Parent / Total Assets

Non-current Ratio = Non-current Assets / Equity Attributable to Owners of Parent

Current Ratio = Current Assets / Current Liabilities

ROA = Profit Attributable to Owners of Parent / Average Total Assets

ROE = Profit Attributable to Owners of Parent / Average Equity Attributable to Owners of Parent

Net Debt to EBITDA Ratio = Net Interest-bearing Debt / EBITDA

Per Share Indicators

(¥)	FY3/13 J-GAAP	FY3/14 J-GAAP	FY3/15 J-GAAP	FY3/16 J-GAAP	FY3/16 IFRS	FY3/17 IFRS
Stock Price at Term End	973	1,051	1,641	1,702	1,702	1,866
Closing Stock Price Range for the Last 12 Months	567-1,075	803-1,137	1,005-1,992	1,545-1,984	1,545-1,984	1,640-2,080
Basic Earnings per Share (EPS)	18.48	16.05	15.70	1.59	100.74	(19.56)
Book-Value per Share (BPS) *	184.73	196.69	208.28	389.29	389.06	375.30
Dividend per Share (DPS)	5.00	5.00	5.00	5.00	5.00	5.00

* Calculated based on "Net assets" under Japanese GAAP, and "Equity attributable to owners of parent" under IFRS

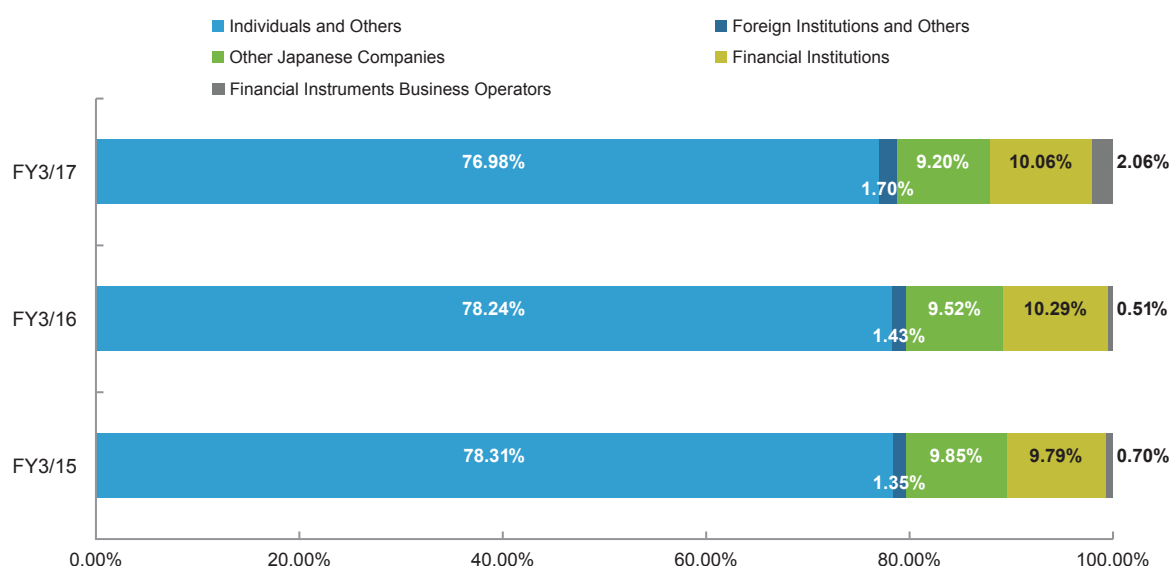
Status of Major Shareholders

as of March 31, 2017

Top 10	Number of Shares	Shareholding Ratio (%)
Sankurodo Co	5,966,930	8.0
Kaneo Kuroudo	4,287,605	5.7
Ryoko Kuroudo	4,192,750	5.6
Masaki Kuroudo	3,264,617	4.4
Merrill Lynch Japan Securities Co., Ltd. (MLJS)	1,284,200	1.7
Japan Trustee Services Bank, Ltd. (Trust account 5)	1,202,900	1.6
Rie Suzuki	1,094,625	1.5
Japan Trustee Services Bank, Ltd. (Trust account 1)	895,300	1.2
Japan Trustee Services Bank, Ltd. (Trust account 2)	883,000	1.2
Japan Trustee Services Bank, Ltd. (Trust account)	817,300	1.1

Note: Shareholding ratios are calculated by excluding treasury shares (246,757 shares.)

Breakdown of Types of Shareholders (Ordinary Shares)



(Note) Shares held are shown on a share unit only basis; treasury shares are included in Other Japanese Companies; whole odd lot shares are not included.

Consolidated Balance Sheet

(¥million)	FY3/12 End	FY3/13 End	FY3/14 End	FY3/15 End	FY3/16 End
Assets					
Total assets	83,815	135,477	136,777	204,290	212,338
Current assets	13,445	28,437	37,694	44,570	54,795
Cash and deposits	5,696	14,797	22,006	26,382	38,129
Accounts receivable - trade	1,692	5,461	5,368	7,046	7,590
Inventories	2,677	2,386	2,454	4,021	3,338
Prepaid expenses	1,582	2,113	1,929	2,493	2,529
Deferred tax assets	1,176	2,136	2,684	1,405	1,578
Other	620	1,630	3,278	3,252	1,638
Allowance for doubtful accounts	—	(87)	(28)	(32)	(10)
Non-current assets	70,084	106,709	98,755	159,382	157,301
Property, plant and equipment	40,102	40,917	40,531	53,494	54,596
Buildings	62,588	67,833	65,631	91,400	92,286
Accumulated depreciation	(35,969)	(41,198)	(39,752)	(58,038)	(59,448)
Buildings, net	26,619	26,635	25,879	33,361	32,837
Structures	4,319	4,380	4,560	8,674	8,736
Accumulated depreciation	(3,255)	(3,298)	(3,256)	(6,547)	(6,632)
Structures, net	1,063	1,082	1,303	2,127	2,103
Machinery and equipment	3,665	3,830	3,630	7,887	8,081
Accumulated depreciation	(2,017)	(2,442)	(2,389)	(5,896)	(6,100)
Machinery and equipment, net	1,647	1,388	1,240	1,991	1,980
Vehicles	67	77	79	98	108
Accumulated depreciation	(54)	(61)	(68)	(76)	(87)
Vehicles, net	13	15	11	22	20
Tools, furniture and fixtures	5,662	6,290	6,578	10,822	11,078
Accumulated depreciation	(4,474)	(5,137)	(5,228)	(9,036)	(9,072)
Tools, furniture and fixtures, net	1,187	1,153	1,350	1,785	2,006
Land	7,620	7,557	7,130	9,611	11,510
Leased assets	2,873	4,654	5,555	11,322	9,516
Accumulated depreciation	(940)	(1,628)	(2,249)	(6,812)	(5,472)
Leased assets, net	1,932	3,025	3,306	4,509	4,043
Construction in progress	17	59	308	84	94
Intangible assets	8,070	40,595	37,715	74,877	69,678
Goodwill	6,600	30,655	28,662	65,944	61,675
Other	1,470	9,940	9,053	8,932	8,002
Investments and other assets	21,910	25,196	20,508	31,010	33,025
Investment securities	1,484	1,826	980	2,851	1,705
Long-term loans receivable	24	197	135	128	123
Long-term prepaid expenses	503	588	453	1,136	1,405
Lease and guarantee deposits	16,462	19,074	17,780	25,143	24,695
Deferred tax assets	3,077	3,409	1,040	1,666	4,880
Other	606	576	570	525	621
Allowance for doubtful accounts	(247)	(475)	(451)	(441)	(406)
Deferred assets	285	329	327	337	242
Bond issuance cost	285	329	327	337	242

References : Japanese GAAP
Consolidated Balance Sheet

(¥million)	FY3/12 End	FY3/13 End	FY3/14 End	FY3/15 End	FY3/16 End
Liabilities					
Total liabilities	62,707	112,053	111,321	162,283	151,502
Current liabilities	28,138	38,165	40,813	58,005	63,440
Notes and accounts payable - trade	5,041	9,748	10,312	14,876	15,103
Short-term loans payable	375	450	470	1,172	1,032
Current portion of long-term loans payable	10,607	12,140	11,280	16,346	15,863
Accounts payable - other	3,714	4,203	5,246	4,272	3,787
Current portion of long-term accounts payable - other	1,608	1,955	2,244	2,234	2,076
Current portion of bonds	2,956	3,918	4,544	5,131	4,736
Accrued expenses	1,364	1,429	1,226	4,524	4,670
Lease obligations	680	980	1,072	2,237	2,168
Income taxes payable	574	727	2,546	867	10,094
Deferred tax liabilities	53	94	73	226	—
Provision for bonuses	87	242	414	712	626
Provision for sales promotion expenses	309	328	359	620	1,202
Provision for loss on store closing	51	200	75	281	15
Other	711	1,742	946	4,500	2,062
Non-current liabilities	34,568	73,887	70,508	104,278	88,061
Bonds payable	11,749	13,981	14,137	13,906	9,169
Long-term loans payable	13,904	43,020	39,764	72,528	61,304
Long-term accounts payable - other	5,357	5,675	5,858	4,307	3,423
Lease obligations	1,739	2,594	2,797	3,882	3,370
Deferred tax liabilities	24	2,966	2,783	2,566	2,286
Provision for renovation of outlets	—	1,390	1,154	840	356
Net defined benefit liability	—	—	—	967	986
Asset retirement obligations	954	1,712	1,804	3,041	4,742
Other	838	2,545	2,208	2,238	2,420
Net assets					
Total net assets	21,107	23,424	25,456	42,006	60,836
Shareholders' equity	19,279	20,103	20,917	21,714	35,457
Capital stock	14,030	14,030	14,030	14,030	14,030
Capital surplus	5,738	5,739	5,739	5,739	19,742
Retained earnings	(361)	469	1,293	2,093	1,835
Treasury shares	(128)	(136)	(145)	(148)	(150)
Accumulated other comprehensive income	(225)	(17)	58	127	(35)
Valuation difference on available-for-sale securities	(223)	(38)	84	162	11
Deferred gains or losses on hedges	(2)	—	(10)	(8)	(7)
Foreign currency translation adjustment	—	20	(14)	(28)	(29)
Remeasurements of defined benefit plans	—	—	—	2	(10)
Subscription rights to shares	—	—	—	63	53
Non-controlling interests	2,053	3,338	4,480	20,100	25,361
Total liabilities and net assets	83,815	135,477	136,777	204,290	212,338

Consolidated Statement of Income

(¥million)	FY3/12	FY3/13	FY3/14	FY3/15	FY3/16
Net sales	101,879	128,388	148,443	177,573	234,138
Cost of sales	32,150	47,813	59,748	75,897	99,562
Gross profit	69,729	80,575	88,694	101,675	134,576
Selling, general and administrative expenses	66,525	76,141	82,255	96,330	128,222
Operating income	3,203	4,433	6,438	5,344	6,354
Non-operating income	1,093	1,070	944	1,463	1,815
Interest income	36	27	32	100	100
Dividend income	13	19	18	20	54
Real estate rent	523	457	447	578	781
Co-sponsor fee	141	223	15	—	—
Reversal of provision for renovation of outlets	—	57	16	187	395
Other	378	285	413	576	483
Non-operating expenses	1,763	2,059	2,569	3,016	3,118
Interest expenses	969	1,201	1,593	1,476	1,800
Interest on bonds	198	247	246	247	229
Cost of lease revenue	384	350	335	487	639
Other	211	259	393	804	449
Ordinary income	2,533	3,445	4,813	3,791	5,051
Extraordinary income	310	414	4,746	2,110	736
Gain on sales of non-current assets	15	11	21	38	115
Gain on sales of shares of subsidiaries and associates	—	—	4,186	1,893	—
Reversal of provision for loss on store closing	—	—	—	—	85
Compensation income	—	326	507	176	427
Subsidy income	280	76	—	—	—
Insurance income	15	—	—	—	—
Other	—	—	31	1	108
Extraordinary losses	1,856	2,549	3,355	1,956	2,528
Loss on retirement of non-current assets	467	564	607	532	872
Impairment loss	1,107	1,787	1,949	1,191	1,407
Loss on valuation of investment securities	53	1	—	—	—
Other	227	195	797	231	247
Profit before income taxes	987	1,310	6,204	3,945	3,259
Income taxes - current	706	1,001	2,946	1,255	3,358
Income taxes - deferred	(840)	(1,537)	1,555	330	(3,802)
Total income taxes	(133)	(536)	4,502	1,585	(444)
Profit	1,121	1,846	1,701	2,360	3,703
Profit attributable to non-controlling interests	348	238	281	968	3,373
Profit attributable to owners of parent	773	1,608	1,420	1,391	330

Consolidated Statement of Cash Flows

(¥million)	FY3/12	FY3/13	FY3/14	FY3/15	FY3/16
Cash flows from operating activities	8,782	8,322	13,088	10,910	18,478
Profit before income taxes	987	1,310	6,204	3,945	3,259
Depreciation of property, plant and equipment	4,757	5,360	5,462	5,735	7,227
Depreciation and amortization on other	349	729	1,334	1,424	1,583
Amortization of goodwill	1,218	1,865	2,510	2,894	4,477
Increase (decrease) in provision for sales promotion expenses	13	19	30	59	582
Increase (decrease) in provision for loss on disaster	(214)	—	—	—	—
Increase (decrease) in allowance for doubtful accounts	(108)	(83)	(82)	(25)	(57)
Increase (decrease) in provision for loss on store closing	(143)	66	(89)	48	(235)
Increase (decrease) in provision for renovation of outlets	—	(114)	(236)	(313)	(483)
Increase (decrease) in net defined benefit liability	—	—	—	22	5
Interest and dividend income	(50)	(47)	(51)	(121)	(154)
Interest expenses paid on loans and bonds	1,168	1,448	1,839	1,724	2,030
Loss on retirement of non-current assets	467	564	607	532	872
Impairment loss	1,107	1,787	1,949	1,191	1,407
Loss (gain) on valuation of investment securities	53	1	3	0	40
Loss (gain) on sales of shares of subsidiaries and associates	—	—	(4,186)	(1,893)	—
Loss (gain) on sales of non-current assets	(15)	(11)	101	(20)	(95)
Decrease (increase) in notes and accounts receivable - trade	(427)	(709)	92	(622)	(544)
Decrease (increase) in inventories	(231)	383	(68)	(639)	674
Decrease (increase) in prepaid expenses	(46)	25	328	387	106
Increase (decrease) in notes and accounts payable - trade	613	(268)	563	620	227
Increase (decrease) in accounts payable - other	663	(793)	1,409	(1,092)	(785)
Increase (decrease) in accrued expenses	145	(61)	(221)	(989)	147
Other, net	103	(724)	(1,621)	4,089	(157)
Subtotal	10,410	10,747	15,880	16,959	20,130
Interest and dividend income received	20	54	51	47	63
Proceeds from subsidy income	56	132	56	56	56
Interest expenses paid	(1,190)	(1,470)	(1,818)	(1,567)	(2,002)
Income taxes paid	(514)	(1,140)	(1,080)	(4,584)	230

Consolidated Statement of Cash Flows

(¥million)	FY3/12	FY3/13	FY3/14	FY3/15	FY3/16
Cash flows from investing activities	(5,202)	(14,455)	(504)	(33,401)	(16,655)
Payments into time deposits	—	—	—	—	(14,604)
Proceeds from withdrawal of time deposits	—	—	—	—	7,593
Purchase of property, plant and equipment	(4,015)	(4,558)	(6,282)	(5,781)	(9,407)
Proceeds from sales of property, plant and equipment	128	189	561	398	523
Payments for retirement of property, plant and equipment	—	(361)	(597)	(391)	(313)
Purchase of investment securities	(17)	—	—	—	—
Proceeds from sales of investment securities	—	—	1,039	94	864
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(9,777)	—	(10,436)	—
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	—	—	733	—
Purchase of shares of subsidiaries and associates	(505)	—	(524)	(20,289)	—
Proceeds from sales of shares of subsidiaries and associates	—	—	5,131	2,350	—
Payments for lease and guarantee deposits	(686)	(680)	(624)	(1,158)	(1,864)
Proceeds from collection of lease and guarantee deposits	833	1,339	1,175	1,700	1,348
Payments for increase in long-term prepaid expenses	(231)	(192)	(169)	(340)	(417)
Other, net	(708)	(414)	(213)	(281)	(381)
Cash flows from financing activities	(6,380)	15,095	(5,360)	26,865	2,909
Increase in short-term loans payable	7,473	20,790	5,300	35,090	5,972
Decrease in short-term loans payable	(7,773)	(38,815)	(5,280)	(45,220)	(6,112)
Proceeds from long-term loans payable	4,243	43,245	26,393	41,170	4,801
Repayments of long-term loans payable	(11,654)	(12,596)	(30,509)	(11,758)	(16,509)
Proceeds from issuance of bonds	5,772	6,285	4,624	4,803	—
Redemption of bonds	(3,348)	(3,206)	(3,918)	(4,544)	(5,131)
Proceeds from share issuance to non-controlling shareholders	—	1,000	9	10,005	222
Repayments of finance lease obligations	(525)	(924)	(1,170)	(1,473)	(2,392)
Cash dividends paid	(524)	(596)	(598)	(592)	(589)
Dividends paid to non-controlling interests	(41)	(73)	(113)	(126)	(295)
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	—	—	—	22,945
Other, net	(1)	(13)	(96)	(487)	(1)
Effect of exchange rate change on cash and cash equivalents	—	34	(27)	(13)	5
Net increase (decrease) in cash and cash equivalents	(2,800)	8,996	7,197	4,360	4,737
Cash and cash equivalents at beginning of period	8,381	5,581	14,670	21,868	26,228
Increase in cash and cash equivalents from newly consolidated subsidiary	—	93	—	—	—
Cash and cash equivalents at end of period	5,581	14,670	21,868	26,228	30,966

Profitability Indicators / Stability Indicators

Profitability Indicators

(¥ million)	FY3/12	FY3/13	FY3/14	FY3/15	FY3/16
Net Sales	101,879	128,388	148,443	177,573	234,138
Gross Profit	69,729	80,575	88,694	101,675	134,576
SG&A Expenses	66,525	76,141	82,255	96,330	128,222
Operating Income	3,203	4,433	6,438	5,344	6,354
Ordinary Income	2,533	3,445	4,813	3,791	5,051
Profit attributable to owners of parent	773	1,608	1,420	1,391	330
EBITDA	9,528	12,389	15,746	15,400	19,643

(%)	FY3/12	FY3/13	FY3/14	FY3/15	FY3/16
Gross Profit Margin	68.4	62.8	59.7	57.3	57.5
SG&A Expenses Ratio	65.3	59.3	55.4	54.2	54.8
Operating Income Margin	3.1	3.5	4.3	3.0	2.7
Ordinary Income Margin	2.5	2.7	3.2	2.1	2.2
Net Income Margin	0.8	1.3	1.0	0.8	0.1
EBITDA Margin	9.4	9.7	10.6	8.7	8.4

Gross Profit Margin = Gross Profit / Net Sales

SG&A Expenses Ratio = SG&A Expenses / Net Sales

Operating Income Margin = Operating Income / Net Sales

Ordinary Income Margin = Ordinary Income / Net Sales

Net Income Margin = Profit attributable to owners of parent / Net Sales

EBITDA Margin = EBITDA / Net Sales

EBITDA = Operating Income + Depreciation of Property, Plant and Equipment

+ Depreciation and Amortization on Other + Amortization of Goodwill

Stability Indicators

(¥ million)	FY3/12	FY3/13	FY3/14	FY3/15	FY3/16
Equity	19,053	20,085	20,975	21,842	35,421
Total Assets	83,815	135,477	136,777	204,290	212,338
Non-current Assets	70,084	106,709	98,755	159,382	157,301
Current Assets	13,445	28,437	37,694	44,570	54,795
Current Liabilities	28,138	38,165	40,813	58,005	63,440
Net Interest-bearing Debt	33,897	58,713	48,189	82,702	53,976
EBITDA	9,528	12,389	15,746	15,400	19,643

(%)	FY3/12	FY3/13	FY3/14	FY3/15	FY3/16
Equity Ratio	22.7	14.8	15.3	10.7	16.7
Non-current Ratio	367.8	531.3	470.8	729.7	444.1
Current Ratio	47.8	74.5	92.4	76.8	86.4
Return on Assets (ROA)	0.9	1.5	1.0	0.8	0.2
Return on Equity (ROE)	4.1	8.2	6.9	6.5	1.2
Net Debt to EBITDA Ratio (times)	3.6	4.7	3.1	5.4	2.7

Equity Ratio = Equity / Total Assets

Non-current Ratio = Non-current Assets / Equity

Current Ratio = Current Assets / Current Liabilities

ROA = Profit attributable to owners of parent / Average Total Assets

ROE = Profit attributable to owners of parent / Average Equity

Net Debt to EBITDA Ratio = Net Interest-bearing Debt / EBITDA



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