

New Medium-term Management Plan

COLOWIDE Vision 2030

COLOWIDE CO.,LTD

(Tokyo Stock Exchange, Prime Market
Securities Code: 7616)

May 2023

COLOWIDE

I. Review of the Previous Plan

Progress and Development during FY2021 and FY2022

Optimize of Business/ Location portfolios

- 1 As a result of the conversion of Izakaya brands, the restaurant business represented 89.5% of all stores (directly managed and franchise) as of the end of March 2023
* 88% for domestic stores
- 2 The percentage of rural and suburban locations in domestic stores slightly increased and the percentage is expected to increase further through FY2023
(As of the end of March 2023, rural locations: 59%, suburban locations: 70%)
- 3 Although the special demand due to the COVID-19 has declined from the time of planning, the ratio of delivery and takeout orders remain around 10%

Reconstruct Organizational Structure

- 1 Under the new management board renewed before FY2020, the management of each major subsidiary has been reinforced by nurturing and promoting executive-level employees
- 2 In addition to The Group Marketing Management Department, The Group Sustainability Promotion Department was established
- 3 Various educational and training opportunities (career challenge program, next-generation executive training, e-learning, etc.) have been provided, and working environment has also been improved with changes in employment conditions (six additional holidays, flexible employment program, etc.)

Strengthen Financial Structure

- 1 With improvement in profitability, the break-even sales of FY2022 decreased by 11.9% compared to FY2019. The break-even sales of FY2023 is 225.432 billion yen
- 2 In FY2022, the EBITDA ratio was low due to the continued effects of COVID-19 pandemic. In FY2023, the EBTIDA ratio is expected to recover to 6.6%, and the Net Debt/EBITDA ratio is expected to recover to 4.6 times
- 3 The Consolidated total equity ratio was 23.9% as of the end of FY2022, and is expected to continue recovering in FY2023

Progress during FY2021 and FY2022

Promote Digitalization (DX)

- 1 Development and maintenance of infrastructure to accelerate digitalization through integration of the POS system and the accounting system
- 2 Proactively introduced systems to save labor costs (automatic guidance, order-based delivery lanes, serving robots, self checkout, etc.)
- 3 Opened new stores that only support cashless payment as part of advanced initiatives

Expand Market Share through M&A

- 1 Although M&A has been positively considered as a growth strategy, we have not implemented it in the last two years due to the prolonged pandemic situation. We intend to pursue M&A proactively in the future.

Expansion of Overseas Business

- 1 As for the number of overseas stores (directly managed and FC), North America has been performing as planned. As a result of the zero-COVID policy in China, we experienced temporary delays in opening stores in East Asia. As of March 31, 2023, we have 395 stores overseas and plan to continue expanding our presence. In North America, revenue has recovered to pre-pandemic levels (109 million yen profit for FY2022). The business profits in East Asia, primarily China (including Hong Kong) and ASEAN countries, increased significantly from pre-pandemic levels to 750 million yen and 1,196 billion yen in FY2022.
- 2

Deploy Meal-Providing Services

- 1 Continue to search for various new potential businesses, such as hospitals, business locations, and universities, to gain operational expertise
- 2 Utilization of in-house central kitchen products, promote sales to our existing business partners

II. New Medium-Term Management Plan

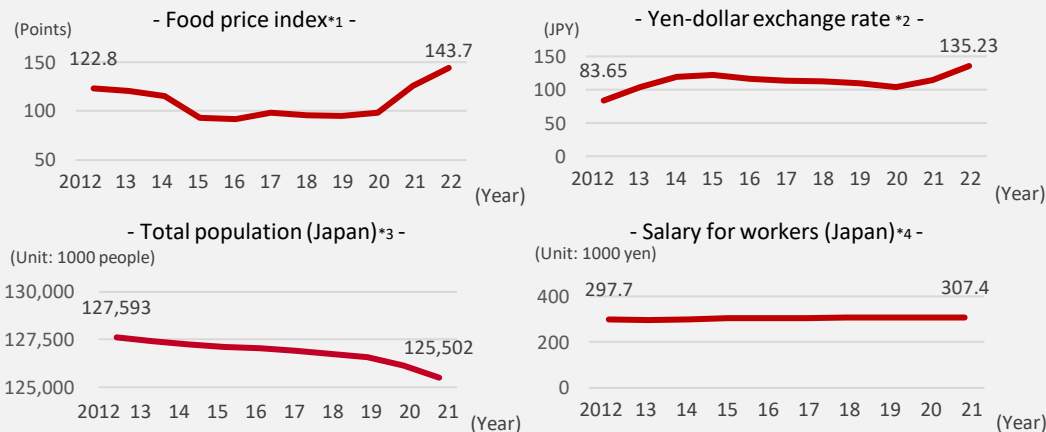
II-1. Overview

Background of the New Medium-Term Management Plan

Confidential

Due to the changing environment surrounding the restaurant industry in Japan, we determined that it was necessary to develop a new growth vision and medium-term management plan.

Environment surrounding the restaurant business in Japan



Japan's Population decline

Japan's weakened purchasing power

- Global inflation of prices
- Continued decline in the exchange rate
- Delays in wage level adjustment

With stagnant dining out consumption, opportunities for a strategy based solely on the domestic restaurant business are limited.

New direction

Domestic restaurant business

Increase market share through M&A and achieve stable growth through profitability improvement

Overseas restaurant business

Review business positioning and obtain growth opportunities by devoting resources

Meal-providing service

Business expansion into hospitals and nursing homes

*1 Source: "World Food Situation" by FAO. 2014 to 2016 = 100

*2 Source: "Historical Data of Foreign Exchange Quotations" by Mizuho Bank. Monthly average data is used. Values of December are used.

*3 Source: "Population Estimates" by Statistics Bureau of Japan. Values of October 1 are used.

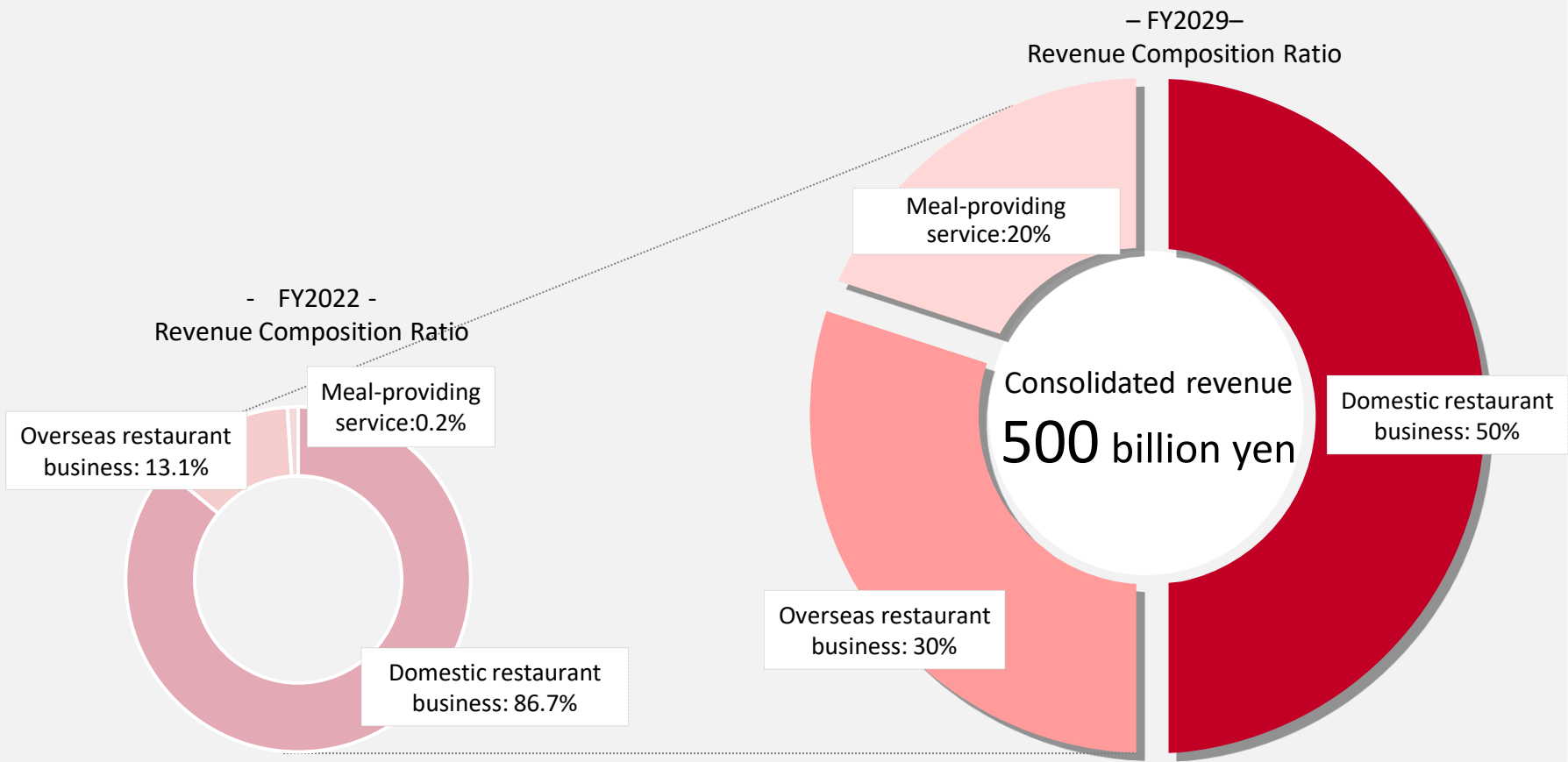
*4 Source: "2021 Basic Survey on Wage Structure" by MHLW. Average official wages of June are used.

COLOWIDE Vision 2030

Confidential

Based on the domestic restaurant business serving as our operational foundation, our goal is to achieve 500 billion yen in consolidated revenue by FY2029 through the growth of the overseas restaurant business and meal-providing service, which are expected to experience further market growth.

Consolidated revenue target



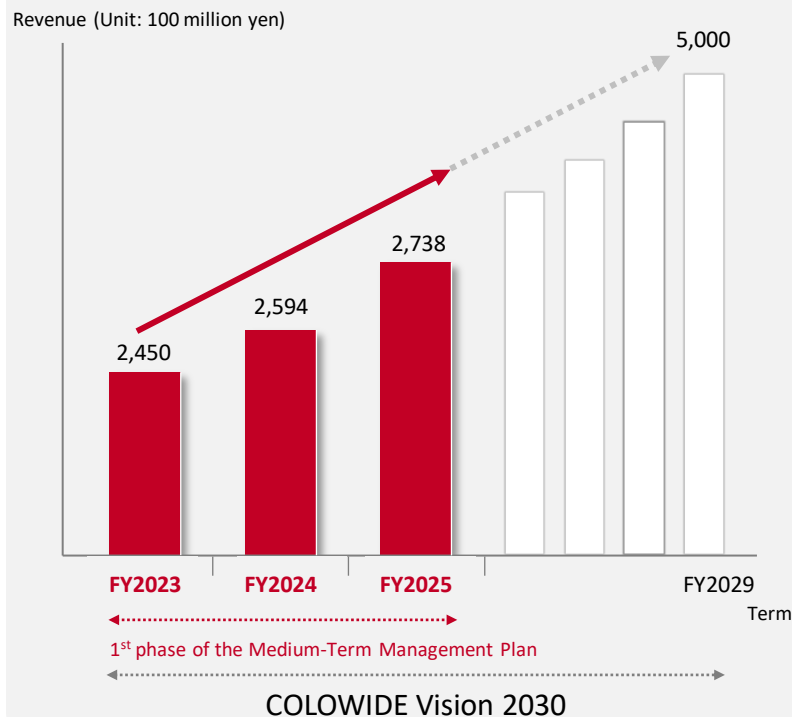
During the 1st phase of the medium-term management plan, we will make proactive investments in three business segments to accelerate growth.

FY2025 Target

Consolidated revenue: 273.8 billion yen

EBITDA: 24.0 billion yen

(Either case does not consider new M&A)



Our 3 investment priorities

Domestic restaurant business

Review the composition balance of locations and brands, and leverage existing restaurants

- Actively opening restaurants in suburban areas including roadside locations (recovering from the closure of 258 directly managed stores during the pandemic)
- Leverage existing and older restaurants through various measures, such as investing in store renovations
- Obtain new growth pillars through M&A

Overseas restaurant business

Opening new stores in existing regions and entering new markets (Middle East)

- Actively open new restaurants in existing regions (North America, East Asia, and ASEAN)
- Enter new markets with high growth potential
- Encourage new restaurant openings through JVs and FCs with new partners

Meal-providing service

Significant business expansion through M&A

- Advance to the hospital and nursing care field
- Expand the utilization of central kitchens, including meal kits

II-2. Restructuring the Domestic Restaurant Business

Accelerate Store Openings in Japan

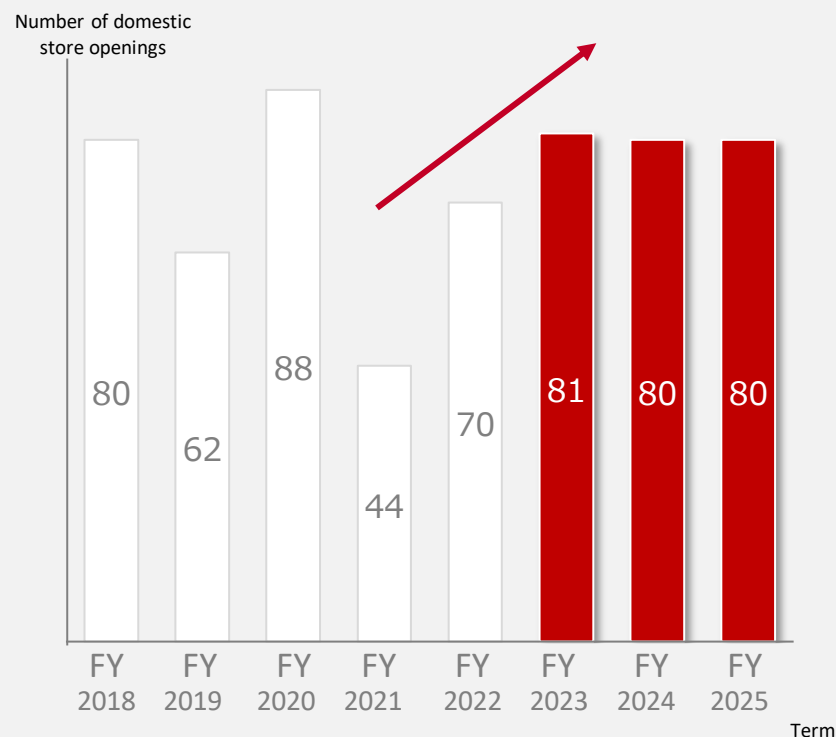
Confidential

To adapt to lifestyle changes post-pandemic, we will actively launch restaurant-format brands in suburban areas, while restoring the number of directly managed stores and optimizing the store composition ratio.

Priority brands for store openings



Number of domestic store openings (directly-managed and franchise)



Percentage of restaurant-format stores (Japan)

| | | | | | | | |
|-----|-----|-----|-----|-----|-----|-----|-----|
| 75% | 77% | 83% | 84% | 88% | 89% | 90% | 91% |
|-----|-----|-----|-----|-----|-----|-----|-----|

Reinvesting in Existing Stores in Japan

Confidential

Increasing base sales by renovating older stores, while recovering profitability through relocation and brand conversions

Brands targeted for renovation investments



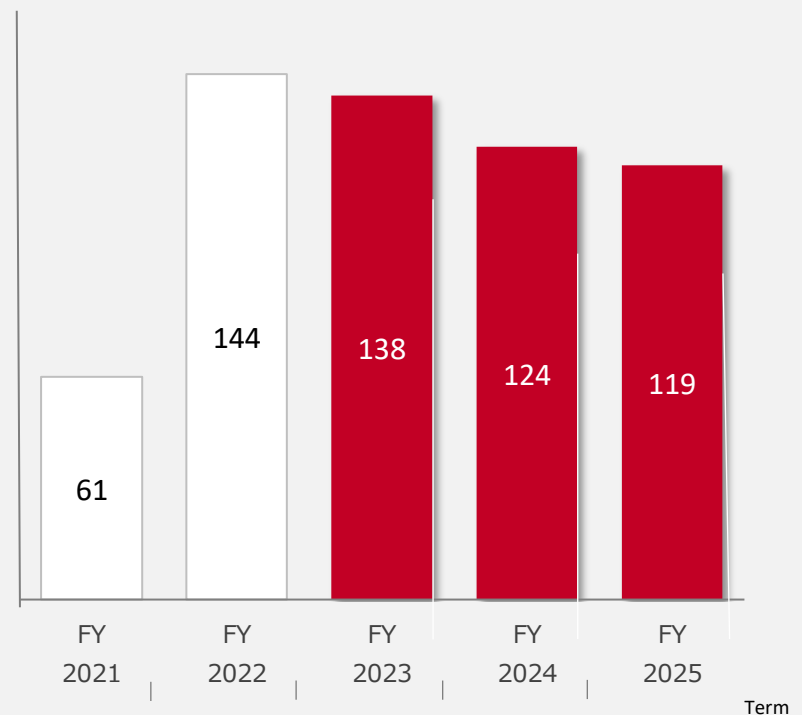
Brand conversions

(Example of Neneya converted to Steak Miya)



Number of store renovations (directly managed stores)

Number of store renovations



Amount of renovation investments (Japan)

| | | | | |
|--------------------|--------------------|--------------------|--------------------|--------------------|
| 2.2 billion yen | 5.3 billion yen | 2.9 billion yen | 2.4 billion yen | 1.6 billion yen |
|--------------------|--------------------|--------------------|--------------------|--------------------|

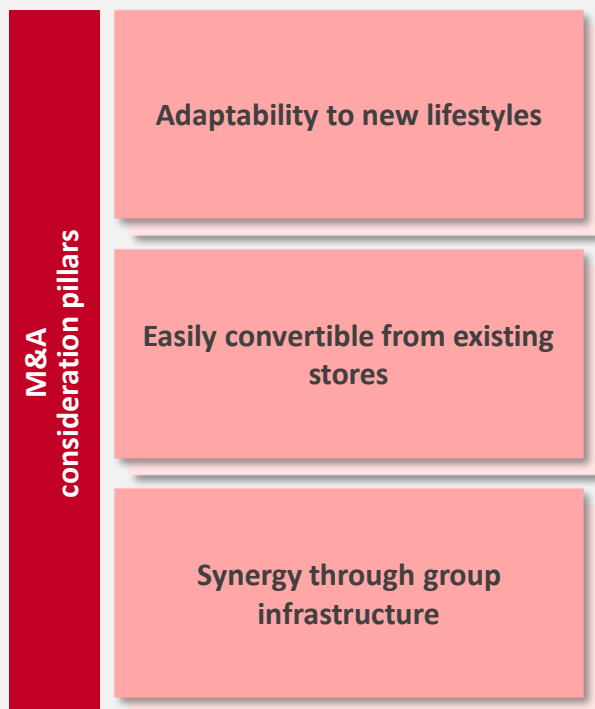
* Number of stores subjected to large-scale renovation or brand conversion

Business Expansion Strategy

Confidential

Under current circumstances, it is reasonable to partially acquire shares through M&A as there is no further growth expected in the domestic restaurant market. By leveraging our food procurement and central kitchens, we will be able to generate synergies across the group.

M&A candidate concepts



Utilization of the group infrastructure

Increase the profitability of companies participating in M&A

Central kitchen



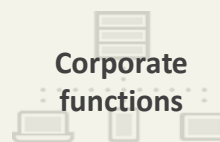
- High-mix low-volume production
- Effective use of food (Enhance the yield rate)
- Promotion of meal kits

Logistics



- Dense delivery networks covering 2,245 domestic stores
- Activities to improve the logistics efficiency in anticipation of the 2024 issue
- Integration of delivery centers and optimization of delivery frequency

Corporate functions



- Smooth PMI through system integration
- Nurturing of employees and use of the ESG promotion system

II-3. Growth of the Overseas Restaurant Business

Status of Overseas Business

Confidential

In addition to Gyu-Kaku and OOTOYA already widely deployed in North America, East Asia, and ASEAN countries, Shabu-Shabu On-Yasai is steadily increasing its stores in East Asia, including China.

East Asia

179 stores



85 stores



50 stores



38 stores *1



6 stores

North America

80 stores



76 stores



4 stores *2

ASEAN

136 stores



67 stores



58 stores *3



10 stores



1 store



228 stores



112 stores



48 stores



7 stores

Total: 395 overseas stores

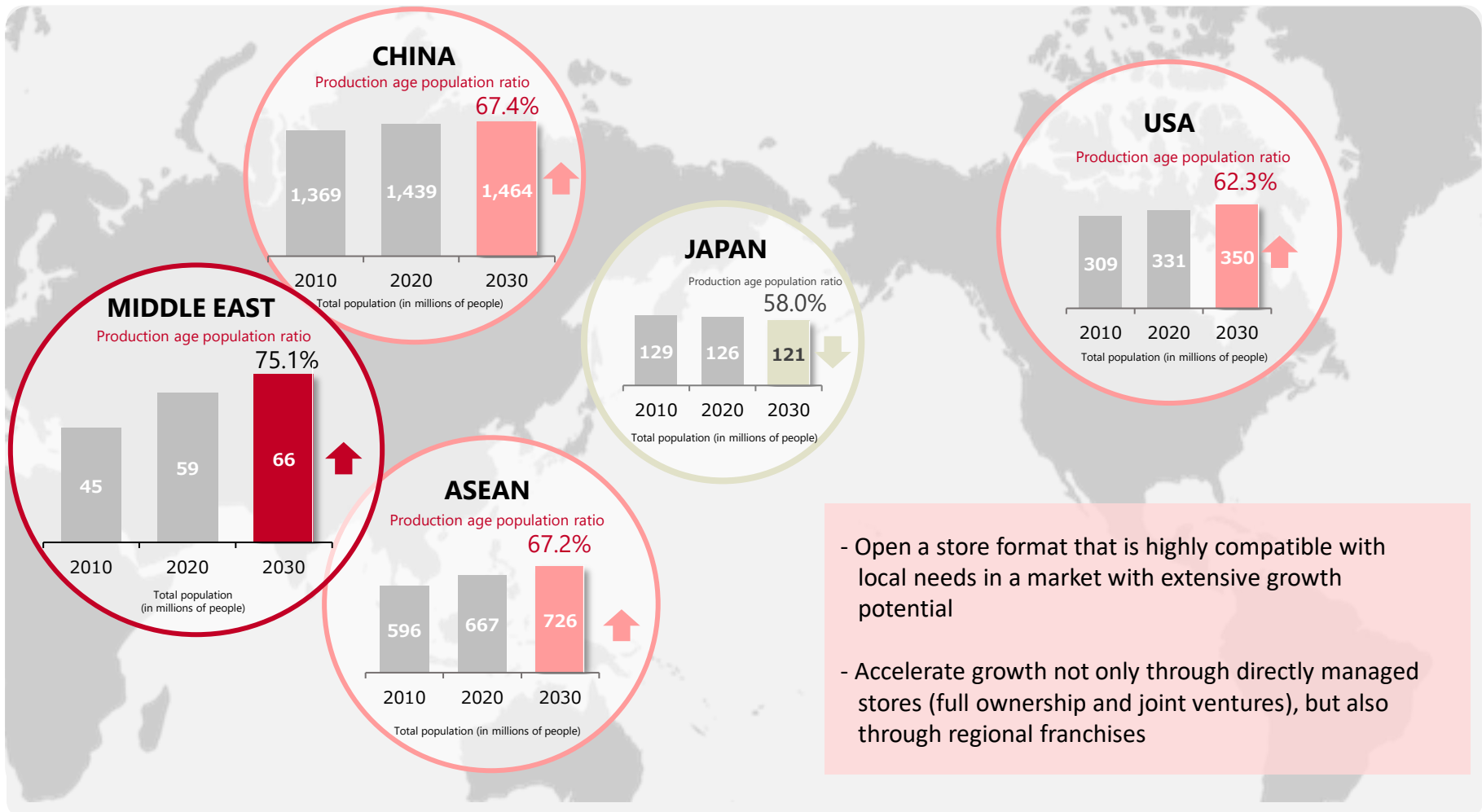
*As the end of March, 2023

*1 Including Kamameshi Teishoku Kamadoka *2 Including Tempura Matsui *3 Including Mitsumori

Future Overseas Business Development Plan

Confidential

Actively open our brands that are highly compatible with local markets in emerging markets



- Open a store format that is highly compatible with local needs in a market with extensive growth potential
- Accelerate growth not only through directly managed stores (full ownership and joint ventures), but also through regional franchises

II-4. Exponential Expansion of the Meal-Providing Service

Highlights of our Achievements

Confidential

Since launching the meal-providing service in FY2019, we have gained operational expertise. Our strengths include the group's infrastructure obtained through the restaurant business, the provision of high-quality products, the use of central kitchens to produce meal kits, and appealing menus in collaboration with existing restaurant brands.

Our Achievements

- In December 2019, DINING YELL Co., Ltd. was established
- Developed the meal-providing service commissioned by business locations
- Provided updated services, including mobile phone preordering and payment services



Our group's strengths

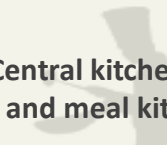
Utilization of the group's infrastructure gained through the restaurant business

Product quality



Apply the high standard of quality (taste) acquired through the restaurant business

Central kitchens and meal kits



Maintain stable menu quality and provide menus at a timely manner

Menu Collaboration with our signature brands



Create menus taking advantage of our signature brands, such as Gyu-Kaku, OOTOYA, and Kappa Sushi

Direction of Business Expansion

Confidential

Exponentially expand the scale of business by participating in the meal-providing service industry for hospitals and nursing homes

Present

Meal-providing for
businesses and universities

Future

Meal-providing for businesses
and universities

Further expand segment

+



Meal-providing for hospitals

Actively search for M&A opportunities

- Prioritize business growth
- Obtain unique know-how, such as foods for nursing homes/ hospitals

Increase added value and improve efficiency by leveraging group infrastructure

- High quality meals that satisfy the preferences of active healthy seniors
- Production in small quantities and portions of foods by utilizing our central kitchen that supports variety of needs
- High operational efficiency accumulated through our restaurant business

Meal-providing for nursing
homes

II-5. Advanced Initiatives in the Restaurant Business

Maintenance and Expansion of the Group's Infrastructure (1/3)

Enhance competitiveness and generate further group synergies by investing in corporate research functions (Colowide MD R&D Center), central kitchens and factories

Strengthen R&D functions

Colowide MD R&D Center

- Started operating from October 2022
- Develop menus for each brand based on food materials procured as a group
- Maintain a balance between cost reduction by boosting yield and quality improvement
- Develop menus for the Meal-providing services that reflect the essence of our restaurant brands



Sustainable food procurement (1)

Soy meat production line

- In February 2023, the soy meat production line was installed in Kanagawa Factory of COLOWIDE MD
- Use Colowide MD R&D Center to develop soy meat menus that are utilized across all brands



Sustainable food procurement (2)

Agricultural sector (under consideration)

- Vegetable plant based on hydroponic farming
- Stable procurement in tie-ups with agricultural corporations



Fisheries sector (under research)

- Land-based aquaculture, such as salmon



Academic-industrial alliance

Sustainable food procurement and related matters

- Efforts in new pillars in the agriculture and fishery fields

Capturing the needs of young people

- Develop collaboration menus with students



Maintenance and Expansion of the Group's Infrastructure (3/3)

Improve the infrastructure of the group by investing in IT and installing next-generation equipment

Use of AI

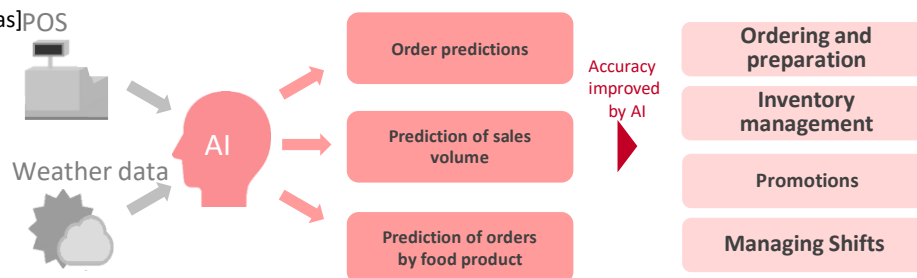
Advanced and automated data utilization

- Enhance the added value of the operations done by staff through an increase in operational efficiency
- Increase the profitability by improving the accuracy

Streamlining of call handling operations

- Automatic AI chat-bot responses to shareholder inquiries

[AI Utilization Ideas] POS



Expansion of equipment infrastructure

Improvement of the customer experience value and productivity

- Increase entirely order-based stores at Kappa Sushi brand
- Promote contactless operations with self checkout and mobile ordering
- Maximize the use of serving robots (through layout modifications)
- In addition to labor saving, improve the customer experience value through store renovation

Introduction of solar power generation facilities

- Reduce CO₂ emissions and electricity cost

Promote an order-based system and contactless operations

Order-based: **253 stores**
Serving robots: **440 installed**

Self-payment: **87 stores**
Mobile ordering: **530 stores**

3 meal-providing facilities
As of March 31, 2023



Mobile ordering for meal-providing facilities

Introduce solar power generation facilities

Five major factories
(Kanagawa, Shizuoka, Miho, Nagahama, and Tochigi)



Maintaining a Pleasant and Encouraging Work Environment

Confidential

Provide diverse working styles and active opportunities to employees, as well as improving their workplace environment, to motivate them to be more productive.

Representative systems and measures

Overview and effects

Job-type personnel system

- Fair evaluation and treatment for the responsibility and conduct of employees
- Revitalization of the organization through flexible inter-company transfers
- Enhancement of recruitment competitiveness based on the market value

Flexible employment program (for working a reduced schedule or in a fixed region)

- Providing diverse working styles for full-time employees
(for those raising children, caring for parents, or who are seniors)
- Prevent job turnover due to changes in living conditions

Promotion of Women's Advancement Project (increasing the ratio of Female Employees and Female Managers)

- Discovering and demonstrating the abilities of excellent employees
- Promotion of diversity and inclusion

Career Challenge Program

- Motivation improvement by Open Job Posting System
- Productivity enhancement and renewal of the organization culture
by placing the right people in the right jobs

Student loan Repayment Support System

- Securing excellent employees
- Increasing the retention rate

Children's Cafeteria

- Reaffirming the social significance of "dining out" through work experiences
aimed at making social contributions



II-6. Sustainability Initiatives

Corporate Sustainability Management of COLOWIDE

Confidential

Our management cycle of material issues will continue to contribute to a sustainable society while improving corporate value.

Sustainability Policy

The COLOWIDE Group, based on its corporate philosophy of "All for our Customers and Employees," has implemented a "Basic Sustainability Policy," which aims to improve corporate value while contributing to society's sustainable development.

Contribute to a sustainable society

Improve corporate value

Environment

Contribution
to the Environment

Food safety
and security

Food Safety
and Security

People

Workplace Diversity
and Growth

Society

Contribution to Our
Community and Society

Governance

Strengthen Business
Management Foundation

Materiality Management Cycle

Corporate policy "All for our Customers and Employees"

* Each underlined caption indicates a materiality

Activities for Sustainable Growth

Confidential

We have identified 5 material issues (key issues) based on our Basic Sustainability Policy to meet our stakeholders' expectations and demands. The Colowide Group will continue implementing initiatives for sustainable growth based on the below concept.

Materialities

| | Concept | Main Initiatives |
|--|---|--|
| Contribution to the Environment | The responsibility to protect the environment must be fulfilled for the next generation so that we can work toward stabilizing renewable energy use and utilizing resources effectively to combat climate change and form a recycling-oriented society. | <ul style="list-style-type: none"> - Reduction of CO₂ emissions (Reduce CO₂ emissions by 50% from FY2020 by FY2030) - Promote sustainable foods (PBF, cultured meat, etc.) - Reduction of plastic use (all five specific plastics will be changed to environment-friendly products by FY2023) |
| Food Safety and Security | Food Safety and Security serves as the foundation towards achieving sustainable growth as a restaurant company. As a result of our strict hygiene controls throughout the entire supply chain, pursuit of quality, and information release, we are able to earn our customers' trust. | <ul style="list-style-type: none"> - Strengthening of the hygiene control system (HACCP-based hygiene control) - Improved transparency and information disclosure (Labeling origins and providing allergen information) - Food traceability (Manage food origin information) |
| Workplace Diversity and Growth | Workplace Diversity and Growth serves as the essential source of competitiveness in service industries. We provide a better workplace environment that makes it easier for each employee to work and grow individually. | <ul style="list-style-type: none"> - Job-type personnel system - Promote Women's Advancement Project (Increase the ratios of female employees and managers to 30% respectively by FY2026) - Promote employment of foreign nationals |
| Contribution to Our Community and Society | Contribution to Our Community and Society is essential for achieving sustainable and stable business operation. We strive to promote the local economy through job creation and human resource development as well as to promote regional exchange through food education and donations | <ul style="list-style-type: none"> - Operation of children's cafeteria "KODOMO SHOKUDO" - Donating to food banks - Food procurement that fosters local production and consumption |
| Strengthen Business Management Foundation | Ensuring corporate transparency and continuously implementing strategy planning and audits are key initiatives that strengthen our business management foundation. | <ul style="list-style-type: none"> - Strengthening corporate governance (Increase the ratio of outside directors) - Improve compliance awareness - Reinforce the risk management system (Accessing risk through the three lines of defense model) |



(Note 1) All the numerical values used in this document are consolidated values (IFRS).

(Note 2) The forward-looking statements, including financial forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable by the Company. Actual performance and other results may differ substantially from these statements due to various factors.

<Handling of this material>

This material is protected by the Copyright Act and the Unfair Competition Prevention Act. It is prohibited to copy, reproduce, transcribe, reprint, modify, use know-how, disclose trade secrets, etc. of part or all of the materials without obtaining permission from the Colowide Group.

Company names, product names, and logos mentioned herein are trademarks or registered trademarks of Colowide Group's companies.