

August 14, 2025

Consolidated Financial Results for the Three Months Ended June 30, 2025 (Under Japanese GAAP)

Company name: WATAMI CO., LTD.
 Listing: Tokyo Stock Exchange
 Securities code: 7522
 URL: <https://www.watami.co.jp/>
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 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on financial results: None
 Holding of financial results briefing: None

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

1. Consolidated financial results for the three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2025	22,112	3.3	1,139	8.4	673	(69.0)	503	(70.5)
June 30, 2024	21,414	8.8	1,051	3.0	2,176	6.4	1,707	(4.2)

Note: Comprehensive income For the three months ended June 30, 2025: ¥(744) million [-%]
 For the three months ended June 30, 2024: ¥2,917 million [57.1%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2025	9.59	-
June 30, 2024	39.62	-

Note: In the third quarter of the previous fiscal year, the provisional accounting treatment for the business combination was finalized, and the figures for the first quarter of the fiscal year ending March 31, 2025 reflect the details of the provisional accounting treatment.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2025	66,779	25,508	37.7	325.74
March 31, 2025	71,491	27,134	37.5	357.28

Reference: Equity
 As of June 30, 2025: ¥25,169 million
 As of March 31, 2025: ¥26,796 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2025	-	0.00	-	10.00	10.00
Fiscal year ending March 31, 2026	-				
Fiscal year ending March 31, 2026 (Forecast)					

Note: The dividend forecast for the fiscal year ending March 31, 2026 has not yet been determined.
 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: 2 companies (Watami US Franchise LLC and H&W Hospitality Partners, LLC)

Note: For details, please refer to Appendix P.13, "2. Quarterly Consolidated Financial Statements and Key Notes (4) Notes on Quarterly Consolidated Financial Statements (Notes on Changes to the Scope of Consolidation or Scope of Application by the Equity Method)"

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

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

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

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

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued shares (common shares)

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

As of June 30, 2025	42,684,880 shares
As of March 31, 2025	42,684,880 shares

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

As of June 30, 2025	2,623,536 shares
As of March 31, 2025	2,618,843 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2025	40,062,999 shares
Three months ended June 30, 2024	40,068,676 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm:None

* 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, 2025	0.00	0.00	0.00	4,011,397.26	4,011,397.26
The fiscal year ending March 31, 2026	0.00				
The fiscal year ending March 31, 2026 (Forecast)		0.00	0.00	4,000,000.00	4,000,000.00

Quarterly consolidated balance sheet

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
Assets		
Current assets		
Cash and deposits	45,753	41,692
Trade receivables and contract asset	4,395	4,187
Securities	375	729
Merchandise and finished goods	1,424	1,528
Work in process	607	441
Raw materials and supplies	326	281
Other	3,570	1,846
Allowance for doubtful accounts	(47)	(45)
Total current assets	56,408	50,661
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,055	3,301
Machinery, equipment and vehicles	889	1,062
Land	323	327
Leased assets	1,044	938
Construction in progress	254	32
Other	593	637
Total property, plant and equipment	6,161	6,300
Intangible assets		
Goodwill	681	616
Other	1,425	1,320
Total intangible assets	2,107	1,937
Investments and other assets		
Investment securities	686	1,833
Guarantee deposits	4,683	4,588
Deferred tax assets	801	822
Invested fixed asset, invested other asset	1	1
Other	816	809
Allowance for doubtful accounts	(176)	(176)
Total investments and other assets	6,814	7,879
Total non-current assets	15,083	16,117
Total assets	71,491	66,779

	As of March 31, 2025	As of June 30, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,554	3,112
Short-term borrowings	6,560	6,559
Lease liabilities	964	747
Accounts payable - other	2,793	2,556
Income taxes payable	602	220
Accrued expenses	2,365	2,286
Provision for bonuses	640	326
Provision for bonuses for directors (and other officers)	20	-
Provision for sales promotion cost reserve	9	15
Other	1,451	1,818
Total current liabilities	18,964	17,644
Non-current liabilities		
Long-term borrowings	21,000	19,368
Lease liabilities	552	497
Asset retirement obligations	1,653	1,645
Other	2,186	2,114
Total non-current liabilities	25,392	23,626
Total liabilities	44,357	41,270
Net assets		
Shareholders' equity		
Share capital	4,910	4,910
Capital surplus	15,633	15,633
Retained earnings	3,242	2,864
Treasury shares	(3,600)	(3,600)
Total shareholders' equity	20,186	19,807
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	49	38
Foreign currency translation adjustment	6,560	5,322
Total accumulated other comprehensive income	6,609	5,361
Non-controlling interests	338	339
Total net assets	27,134	25,508
Total liabilities and net assets	71,491	66,779

Quarterly consolidated statement of income

(Millions of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Net sales	21,414	22,112
Cost of sales	9,132	9,656
Gross profit	12,282	12,456
Selling, general and administrative expenses	11,231	11,316
Operating profit	1,051	1,139
Non-operating income		
Interest income	198	179
Interest on securities	58	32
Income from facility leasing	30	41
Share of profit of entities accounted for using equity method	-	0
Subsidy income	22	14
Foreign exchange gains	862	-
Miscellaneous income	127	27
Total non-operating income	1,300	294
Non-operating expenses		
Interest expenses	113	137
Rental expenses on facilities	26	38
Share of loss of entities accounted for using equity method	1	-
Foreign exchange losses	-	502
Miscellaneous losses	32	81
Total non-operating expenses	174	760
Ordinary profit	2,176	673
Extraordinary losses		
Loss on retirement of non-current assets	5	-
Impairment losses	-	19
Total extraordinary losses	5	19
Profit before income taxes	2,171	654
Income taxes - current	286	132
Income taxes - deferred	186	13
Total income taxes	472	145
Profit	1,698	508
Profit (loss) attributable to non-controlling interests	(9)	4
Profit attributable to owners of parent	1,707	503

Quarterly consolidated statement of comprehensive income

(Millions of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Profit	1,698	508
Other comprehensive income		
Valuation difference on available-for-sale securities	34	(11)
Foreign currency translation adjustment	1,183	(1,241)
Total other comprehensive income	1,218	(1,253)
Comprehensive income	2,917	(744)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,923	(744)
Comprehensive income attributable to non-controlling interests	(6)	0

Quarterly consolidated statement of cash flows

(Millions of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Cash flows from operating activities		
Profit before income taxes	2,171	654
Depreciation	556	526
Impairment losses	-	19
Amortization of goodwill	15	31
Increase (decrease) in provision for bonuses	(377)	(332)
Increase in sales promotion cost reserve	14	6
Interest and dividend income	(256)	(212)
Interest expenses	113	137
Foreign exchange losses (gains)	(929)	474
Loss on retirement of non-current assets	5	-
Amortization of guarantee deposits	5	4
Decrease (increase) in trade receivables	100	191
Decrease (increase) in inventories	107	65
Decrease (increase) in advances paid	113	(9)
Decrease (increase) in accounts receivable - other	50	(458)
Decrease (increase) in consumption taxes refund receivable	(6)	(21)
Increase (decrease) in trade payables	(441)	(414)
Increase (decrease) in accounts payable - other	63	20
Increase (decrease) in accrued expenses	(137)	(52)
Increase (decrease) in accrued consumption taxes	(162)	(157)
Increase (decrease) in deposits received	28	162
Other, net	258	876
Subtotal	1,292	1,512
Interest and dividends received	350	201
Interest paid	(112)	(138)
Income taxes paid	(744)	(621)
Income taxes refund	0	-
Net cash provided by (used in) operating activities	786	954

	Three months ended June 30, 2024	Three months ended June 30, 2025
Cash flows from investing activities		
Purchase of property, plant and equipment	(356)	(695)
Proceeds from sale of property, plant and equipment	3	-
Purchase of intangible assets	(58)	(5)
Payments for asset retirement obligations	(14)	(9)
Payments into time deposits	(20,305)	(17,968)
Proceeds from withdrawal of time deposits	19,020	17,332
Purchase of investment securities	-	(1,758)
Proceeds from redemption of investment securities	-	1,735
Payments of guarantee deposits	(72)	(73)
Proceeds from refund of guarantee deposits	37	89
Loan advances	(1)	(3)
Proceeds from collection of loans receivable	5	4
Payments for acquisition of businesses	(883)	-
Other, net	6	(40)
Net cash provided by (used in) investing activities	(2,618)	(1,394)
Cash flows from financing activities		
Proceeds from short-term borrowings	15	-
Repayments of short-term borrowings	(109)	-
Proceeds from long-term borrowings	900	-
Repayments of long-term borrowings	(1,513)	(1,631)
Repayments of finance lease liabilities	(375)	(339)
Purchase of treasury shares	(0)	(0)
Dividends paid	(850)	(783)
Net cash provided by (used in) financing activities	(1,933)	(2,755)
Effect of exchange rate change on cash and cash equivalents	83	(79)
Net increase (decrease) in cash and cash equivalents	(3,681)	(3,276)
Cash and cash equivalents at beginning of period	13,469	13,946
Cash and cash equivalents at end of period	9,788	10,670

(Notes on segment information, etc.)

I. the three months of the previous fiscal year (April 1, 2024 to June 30, 2024)

1. Information on sales and the amount of profit or loss for each reported segment, as well as information on the breakdown of revenues

(in millions of yen)

	Reportable segments						Other (Note)	Total	Reconciling items	Quarterly Consolidated Statements of Income
	Domestic Restaurant business	Food Catering Business for Elderly People	Overseas business	Environment business	Agriculture business	Total				
Sales										
Japan	8,181	10,021	-	523	113	18,839	61	18,901	-	18,901
Southeast Asia	-	-	2,434	-	-	2,434	-	2,434	-	2,434
United States	79	-	-	-	-	79	-	79	-	79
Revenue generated from customer contracts	8,260	10,021	2,434	523	113	21,353	61	21,414	-	21,414
Other Earnings	-	-	-	-	-	-	-	-	-	-
Revenues from external customers	8,260	10,021	2,434	523	113	21,353	61	21,414	-	21,414
Transactions with other segments	0	-	-	144	32	177	139	316	(316)	-
Total	8,261	10,021	2,434	668	145	21,530	201	21,731	(316)	21,414
Segment profit (loss)	383	1,172	(19)	109	(88)	1,557	(0)	1,557	(506)	1,051

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.

2. The difference between the total amount of profit or loss of the reported segment and the amount recorded in the quarterly consolidated statements of income and the main details of the difference (matters related to adjustment of differences)

(in millions of yen)

Benefit	Amount
Total Reporting Segments	1,557
Other	(0)
Company-wide expenses (Note)	(506)
Operating Income in Quarterly Consolidated Statements of Income	1,051

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

3. Information on impairment losses or goodwill on fixed assets by reporting segment

(Significant impairment loss on fixed assets)

None.

(Significant fluctuations in the amount of goodwill)

In the "Overseas business" segment, two consolidated subsidiaries, Watami US Corp and Watami US Nevada LLC, recorded goodwill following the acquisition of assets of SONNY SUSHI COMPANY. In the three months of the current fiscal year, the increase in goodwill due to this event was 403 million yen.

The amount of goodwill is the amount after the revision due to the finalization of the provisional accounting treatment related to the business combination.

(Significant Negative Goodwill Accrual)

None.

II. the three months of the current fiscal year (April 1, 2025 to June 30, 2025)

1. Information on sales and the amount of profit or loss for each reported segment, as well as information on the breakdown of revenues

(in millions of yen)

	Reportable segments						Other (Note)	Total	Reconciling items	Quarterly Consolidated Statements of Income
	Domestic Restaurant business	Food Catering Business for Elderly People	Overseas business	Environment business	Agriculture business	Total				
Sales										
Japan	8,945	9,875	-	409	142	19,372	40	19,412	-	19,412
Southeast Asia	-	-	2,451	-	-	2,451	20	2,472	-	2,472
United States	78	-	149	-	-	227	-	227	-	227
Revenue generated from customer contracts	9,023	9,875	2,601	409	142	22,051	60	22,112	-	22,112
Other Earnings	-	-	-	-	-	-	-	-	-	-
Revenues from external customers	9,023	9,875	2,601	409	142	22,051	60	22,112	-	22,112
Transactions with other segments	11	2	-	212	54	280	31	312	(312)	-
Total	9,035	9,877	2,601	621	196	22,332	92	22,424	(312)	22,112
Segment profit (loss)	514	1,116	8	113	(83)	1,670	(0)	1,669	(529)	1,139

Note: 1. The "Other" category is a business segment that is not included in the reporting segments, and includes the agricultural theme park business and the worker dispatch business.

2. Segment information for the three months of the previous fiscal year is described in "2. The amount is disclosed after reflecting the significant revision of the initial allocation of acquisition costs due to the finalization of the provisional accounting treatment described in Quarterly Consolidated Financial Statements and Major Notes (4) Notes on Quarterly Consolidated Financial Statements (Notes on Business Combinations, etc.).

2. The difference between the total amount of profit or loss of the reported segment and the amount recorded in the quarterly consolidated statements of income and the main details of the difference (matters related to adjustment of differences)

(in millions of yen)

Benefit	Amount
Total Reporting Segments	1,670
Other	(0)
Company-wide expenses (Note)	(529)
Operating Income in Quarterly Consolidated Statements of Income	1,139

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

3. Information on impairment losses or goodwill on fixed assets by reporting segment

(Significant impairment loss on fixed assets)

Impairment losses on store assets such as planned withdrawals were recorded in the "Domestic Restaurant business" segment of 13 million yen and in the "Overseas business" segment of 5 million yen.

The amount of the impairment loss recorded was 19 million yen in the three months of the current fiscal year.

(Significant fluctuations in the amount of goodwill)

None.

(Significant Negative Goodwill Accrual)

None.