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## <Consolidated Financial Report for the Third Quarter of The Fiscal Year Ending March 31, 2022 Japanese GAAP>

February 14, 2022

Tokyo Stock Exchange

Company: Chikaranomoto Holdings Co., Ltd.  
 Stock Code: 3561 URL <http://www.chikaranomoto.com/>  
 Representative: (Title) President and Representative Director (Name) Shigemi Kawahara  
 Contact: (Title) Chief Strategy Officer (Name) Tomoyuki Yamane Tel: +81-(0)3-6264-3899  
 Scheduled Date of Q3 report submission February 14, 2022 Scheduled Date of Dividend Payments: -  
 Preparation of Supplementary Explanation Material for Financial Results: Yes  
 Presentation Meeting for Financial Results: No

1. Q3 Financial Year Ending March 31, 2022 (April 1, 2021 – December 31, 2021) (Rounded down to the nearest million yen)

### (1) Results of Consolidated Operations

(% indicates variance from the previous fiscal year)

	Revenue		Operating Income		Ordinary Income		Income Attributable to the Company	
	Million JPY	%	Million JPY	%	Million JPY	%	Million JPY	%
Q3 FY2021-22	14,124	17.6	600	-	599	-	134	-
Q3 FY2020-21	12,010	-46.1	-931	-	-980	-	-2,025	-

Note: Comprehensive Income Q3 FY2021-22 227 million JPY (-%) Q3 FY2020-21 -2,102 million JPY (-%)

	Quarterly earnings per share	Quarterly earnings per share after adjusting for dilution
	Yen	Yen
Q3 FY2021-22	5.10	5.06
Q3 FY2020-21	-84.75	-

## (2) Consolidated Financial Position

	Total Assets	Net Equity	Equity Ratio
	million JPY	million JPY	%
Q3 FY2021-22	16,527	3,037	18.3
FY2020-21	15,673	1,312	8.4

Reference: Shareholders' Equity Q3 of FY 2021-22 3,029 million yen FY2020-21 1,312 million yen

## 2. Dividends

	Dividends per share (annual)				
	Q1	Q2	Q3	Q4	Total
	Yen	Yen	Yen	Yen	Yen
FY2020-21	-	0.00	-	0.00	0.00
FY2021-22	-	0.00	-		
FY2021-22 (Forecast)			-	0.00	0.00

Note: Changes from previously announced dividends projection: None

## 3. Forecast of Consolidated Operating Performance for the FY 2021-22 (April 1, 2021 to March 31, 2022)

(% indicates variance from the previous period or quarter)

	Revenue		Operating Income		Ordinary Income		Income Attributable to the Company		Earnings per share
	Million JPY	%	Million JPY	%	Million JPY	%	Million JPY	%	Yen
FY2021-22	20,130	21.7	548	-	509	-	248	-	10.39

Note: Changes from previously announced projection: None

### Notes

- (1) Changes in key subsidiaries during the period (Changes regarding specific companies accompanying changes in the scope of consolidation): None
- (2) Any specific methods used to account for the quarterly financial results: None
- (3) Changes in accounting policies, accounting estimates, and restatement of error corrections:
  - 1) Changes in accounting policies arising from revision of accounting standards: None
  - 2) Changes in accounting policies due to reasons other than 1): None
  - 3) Changes in accounting estimates: None
  - 4) Restatement of prior period financial statements after error correction: None

### (4) Total Number of Issued Shares (Common stock)

① Total number of issued shares at the end of period (including treasury shares)	Q3 FY2021-22	27,041,000 Shares	As of March 31, 2021	24,040,800 Shares
② Total number of treasury shares at the end of period	Q3 FY2021-22	89,601 Shares	As of March 31, 2021	89,601 Shares
③ Average number of shares during the period (accumulative during the quarter)	Q3 FY2021-22	26,298,306 Shares	As of December 31, 2021	23,900,503 shares

Note:

1 The total number of treasury shares at the end of period includes those treasury shares held under the Employee Stock-ownership Program (ESOP) (at the end of Q3 of FY2021-22 89,600 shares and at the end of the previous fiscal year 89,600 shares). Also, these treasury shares are excluded from the calculation of the average number of shares during the period (at the end of Q3 of FY2021-22 89,600 shares and at the end of the Q3 of FY2021-22 89,600 shares).

These quarterly consolidated financial reports (Tanshin) are exempt from the audit procedures by certified public accountants or audit firms.

Cautionary Statement on the forecast of consolidated financial performance and other notes

(Cautions concerning forward-looking statements)

Performance forecasts presented herein are based on the information available to Chikaranomoto Holdings Co., Ltd. and its subsidiaries (the "Company") as of the date of this document. Accordingly, there remains the possibility that the actual performance results may differ from projections. For the premises underlying the forecasts as well as cautionary statements regarding the usage of such forecasts, please refer to the "Explanation related to the forecast of current quarterly financial results" section in this document (page 4).

(Supplementary Explanation Material)

Supplementary Explanation Material for Quarterly Financial Results are available via TDnet on the same day.

1. Qualitative information regarding the current quarterly financial results:

The following forward-looking statements are based on the information available to the Company at the end of the third quarter of the current consolidated financial period. "Accounting Standard for Revenue Recognition" (ASBJ Statement No29) has been adopted since the first quarter.

(1) Explanation on Operating Results

As for the overall economic environment during the third quarter of the current consolidated financial period, the world economy saw the recovery to the pre-pandemic levels with successful vaccination programs especially in Europe and the USA. However, with the advent of much more infectious Omicron variant, the concern about resurgence of the pandemic has spread over the world again and made the outlook uncertain again.

Within the restaurant industry in which the Company operates, domestically, there are upward pressure on the wages and logistic costs due to shortage of labor force, heightened raw materials costs due to the rising demand for meat world wide. There is a strong need to further enhance our profitability.

Until September of 2021, there were various restrictions imposed such as voluntary 20:00 curfew, limitation on number of customers, ban on alcohol sales, etc. Beginning October, as those restrictions were eased in stages, we saw some gradual economic recovery. However, since late December there has been renewed concerns about a new variant, and the prospects of economic recovery have become uncertain again.

On the other hand, there have been steadfast demand for Take-Away or Delivery which has less person-to-person physical contact, and contactless ordering and payment are also becoming popular. Companies in the restaurant industry will also need to catch up with the overall trends.

Internationally, the market of Japanese food including Ramen has been expanding and continuous long-term growth is expected. However, there are also global upward pressure on the raw material costs, wages and logistic costs due to shortage of manpower, which require constant efforts to reinforce profitability.

Although many countries have experienced repeated lockdowns and their consumer spending also fluctuated, their recoveries after lockdowns tend to be strong. For the present, as the omicron variant is spreading all over the world, the outlook is remain uncertain. Nevertheless, business activities have been gradually resuming as various measures to maintain economy have been introduced, such as easing of inbound and outbound travelers' restrictions and introducing requirement of proofs of vaccination.

With the above in mind, the Company stays true to its principle of "Keep Changing to Remain Unchanged" and opened 7 domestic stores which were based on a new model aimed at higher return on investment, that the Company has worked on since the previous year. In order to capitalize on the potential needs, domestic and overseas existing stores have been promoting Take-Away and Delivery, serving seasonal MISO SHIROMARU and PLANT-BASED AKAMARU domestically, and enhancing the sales of Frozen Ramen SHIROMARU and AKAMARU for take away needs overseas. As for domestic production & merchandising, the Company has established a Direct-to-Consumer business model eliminating intermediaries through its own E-Commerce sites, and enhancing B2C segment as well. Furthermore,

IPPUDO PLANT-BASED RAMEN SHIROMARU&AKAMARU and the dried noodle types have been launched.

At the end of third quarter of the current consolidated financial period, the number of stores including franchisees totaled 288 stores (Japan 156, International 132), increased 7 stores domestically and 1 store overseas.

As a result, the performance of the third quarter of the current consolidated financial period is as follows: the revenue totaled 14,124 million yen (a 17.6% increase from the same quarterly period of the previous financial period). The operating income resulted in 600 million yen (compared to the operating loss of 931 million yen at the same period last year), helped by the addition of new stores and the improved profitability of the existing stores. Ordinary income resulted in 599 million yen (compared to the ordinary loss of 980 million yen at the same period last year). The quarterly net profit attributable to the Company was 134 million yen (compared to the net loss of 2,025 million yen at the same period last year). Please note that the above results include the extraordinary loss of 56 million yen relating to the termination of the joint ventures with Panda Restaurant Group, Inc. Please also note that there will be an extraordinary profit of 520 million yen will be recorded in the fourth quarter, as a profit from debt forgiveness by the departing party.

#### Segment results

The Company has reclassified the segments as per the re-positioning of its brands since the previous consolidated financial year. As a result, the brand of INABA UDON has been shifted from Others to Domestic Store Operations segment. The following comparisons with the previous year have already reflected the reclassification.

#### (Domestic Store Operations)

The Company opened 8 new stores under IPPUDO brand, 1 under INABA UDON in this segment. In total, while there were 9 new openings, there was 1 closure under IPPUDO. The total number of stores at the end of the third quarter of the current consolidated financial period was 156 (a net increase of 8 stores compared to the end of the previous fiscal year). Please note that 4 stores under RAMEN EXPRESS were converted to IPPUDO.

Until September, the Company operated according to the requirements from the Government or local governments such as voluntary 20:00 closure or ban on alcohol sales. Beginning October, since the state of emergency was lifted, the Company's revenue recovered steadily. However, since late December with the omicron variant spreading rapidly, the domestic economy continues to face uncertainty.

Under the above circumstances, the Company opened 7 stores based on the new investment model, which has been tried since the previous year, and enhanced the Take-Away and Delivery to capitalize on the potential needs at the existing stores. And also the Company launched the seasonal ramen MISO SHIROMARU and resumed selling PLANT-BASED AKAMARU, which was launched as a limited edition last February.

This merchandise is one of our solution to the trend of diversification of diet, heightened health consciousness and products with less carbon footprint. Furthermore, the Company organized ramen-giveaway events by dispatching our own kitchen cars, which was labeled "IPPUDO at Your Town", in an attempt to attract families with small children who dine out less often due to the recent pandemic with the support from partner companies.

As a result, the Revenue totaled 7,830 million yen (an 18.1% increase from the same quarterly period of the previous financial period). The segment profit resulted in 423 million yen (compared to the segment loss 466 million yen at the same period last year), thanks to streamlining both store and support operations, disposing of underperforming stores, and executing various cost-reductions.

#### (International Store Operations)

Under the IPPUDO brand, there were 1 opening in Malaysia, 1 in Thailand, 1 in the Philippines, 1 in Singapore, 1 in Hong Kong, and 1 in Taiwan. These openings resulted in an overall increase of 6 stores, while there were 1 closure in the USA, 1 in Taiwan, 1 in China, and 2 in Hong Kong, and at the end of the third quarter of the current consolidated financial period, the total number of stores under the segment resulted in 132 (a net increase of 1).

Although many countries had repeated lockdowns over the period, there have been some normalization of economic activities, which leads to strong recovery of number of customers. Under these circumstances, the existing stores have been brushing up on the menu, improving the operations, and enhancing the Take Away and Delivery. Furthermore, they have developed and launched frozen ramen for take-away as a new trial.

As a result, the revenue totaled 4,520 million yen (a 19.1% increase from the same quarterly period of the previous financial period), and segment profit recorded 193 million yen (compared to the segment loss 395 million yen at the same quarterly period last year), helped by the above revenue increase, license fee increase from franchisees, and various cutbacks of overhead costs at Company-owned stores.

#### (Domestic Production and Merchandise)

This segment has vigorously worked on to improve the profitability, enhancing the sales of Toshikoshi Soba for the end of the year, enriching the merchandise line-ups including IPPUDO brand goods, promoting B2C business taking advantage of its own E-Commerce sites, and implementing constant cost-reduction.

As a result, the revenue totaled 1,657 million yen (a 12.1% increase from the same quarterly period of the previous financial period), and segment profit recorded 211million yen (an 8.9% increase).

#### (Others)

Since the Company sold off the ICHIKA BACHIKA brand, the number of stores of this segment became 0 at the end of the third quarter of the current consolidated fiscal year. Although this segment has experienced the economic damages from COVID-19 expansion as well, the revenue totaled

115 million yen (a 8.9% increase from the same quarterly period of the previous financial period), and segment profit recorded 9 million yen (compared to the segment loss 5 million yen at the same period last year).

Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet (Yen in thousand)

(Thousands of yen)

	As of March 31, 2021	As of December 31, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	3,974,744	5,141,669
Notes and accounts receivable - trade	503,780	740,479
Inventories	272,847	310,197
Other	1,081,416	1,077,096
Allowance for doubtful accounts	-672	-7,954
Total current assets	5,832,116	7,261,488
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,825,820	5,363,912
Machinery, equipment and vehicles, net	218,746	171,242
Land	633,495	629,975
Leased assets, net	19,819	21,587
Construction in progress	52,045	130,039
Other, net	488,736	357,443
Total property, plant and equipment	7,238,662	6,674,200
Intangible assets		
Goodwill	145,140	138,671
Leased assets	656	-
Other	60,218	41,670
Total intangible assets	206,015	180,341
Investments and other assets		
Investment securities	61,979	35,732
Long-term loans receivable	14,591	11,300
Deferred tax assets	431,634	468,283
Leasehold and guarantee deposits	1,631,492	1,651,898
Other	271,994	258,350
Allowance for doubtful accounts	-14,978	-13,663
Total investments and other assets	2,396,713	2,411,901
Total non-current assets	9,841,391	9,266,443
Total assets	15,673,508	16,527,931



(Thousands of yen)

	As of March 31, 2021	As of December 31, 2021
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	481,121	630,981
Short-term borrowings	2,500,000	2,500,000
Current portion of bonds payable	114,000	14,000
Current portion of long-term borrowings	1,994,339	1,997,138
Lease obligations	7,975	7,417
Accounts payable - other	2,518,414	2,153,508
Income taxes payable	94,555	226,314
Provision for bonuses	-	22,131
Asset retirement obligations	36,697	62,349
Other	758,335	1,089,837
Total current liabilities	8,505,438	8,703,678
Non-current liabilities		
Bonds payable	23,000	16,000
Long-term borrowings	4,494,798	3,413,253
Lease obligations	12,455	14,171
Provision for share awards	15,931	13,653
Reserve for interlocking type of monetary benefit	1,261	849
Retirement benefit liability	186,348	178,333
Asset retirement obligations	917,061	949,421
Other	204,633	200,686
Total non-current liabilities	5,855,490	4,786,370
Total liabilities	14,360,929	13,490,048
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,308,316	2,139,648
Capital surplus	1,220,719	2,052,051
Retained earnings	-1,116,644	-1,156,445
Treasury shares	-99,279	-99,279
Total shareholders' equity	1,313,110	2,935,973
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,000	-948
Foreign currency translation adjustment	-3,532	94,109
Total accumulated other comprehensive income	-531	93,160
Share acquisition rights	-	8,749
Total net assets	1,312,579	3,037,883
Total liabilities and net assets	15,673,508	16,527,931

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income

Quarterly Consolidated Statement of Income

(Accumulated period of third quarter of the consolidated financial period)

	(Thousands of yen)	
	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Net sales	12,010,887	14,124,772
Cost of sales	3,742,532	4,150,913
Gross profit	8,268,355	9,973,858
Selling, general and administrative expenses	9,199,981	9,372,889
Operating profit (loss)	-931,626	600,968
Non-operating income		
Interest income	1,219	1,664
Dividend income	1,368	484
Share of profit of entities accounted for using equity method	-	15,703
Foreign exchange gains	-	4,457
Lease income	114,015	106,751
Other	28,775	41,363
Total non-operating income	145,378	170,425
Non-operating expenses		
Interest expenses	51,126	43,946
Share of loss of entities accounted for using equity method	16,411	-
Foreign exchange losses	1,235	-
Rental costs	102,781	100,566
Other	22,253	27,672
Total non-operating expenses	193,809	172,185
Ordinary profit (loss)	-980,057	599,208
Extraordinary income		
Gain on sale of non-current assets	4,777	1,815
Subsidy income	491,495	1,341,261
Compensation for forced relocation	102,314	-
Other	17,275	-
Total extraordinary income	615,862	1,343,076
Extraordinary losses		
Loss on sale of non-current assets	4,576	-
Loss on retirement of non-current assets	16,659	4,964
Impairment losses	324,024	646,035
Loss on cancellation of leases	6,888	-
Extraordinary loss related to store closure	1,475,447	767,433
Other	195,146	152,415
Total extraordinary losses	2,022,742	1,570,849
Profit (loss) before income taxes	-2,386,938	371,435

Income taxes - current	61,485	228,974
Income taxes - deferred	-422,767	8,259
Total income taxes	-361,281	237,233
Profit (loss)	-2,025,656	134,201
Loss attributable to non-controlling interests	△31	-
Profit (loss) attributable to owners of parent	-2,025,625	134,201

Quarterly Consolidated Statement of Comprehensive Income  
(Accumulated period of third quarter of the consolidated financial period)

	(Thousands of yen)	
	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Profit (loss)	-2,025,656	134,201
Other comprehensive income		
Valuation difference on available-for-sale securities	423	-3,948
Foreign currency translation adjustment	-77,217	97,641
Total other comprehensive income	-76,793	93,692
Comprehensive income	-2,102,449	227,894
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	-2,102,418	227,894
Comprehensive income attributable to non-controlling interests	-31	-