

Translation

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Summary of Consolidated Financial Results
For the Three Months ended June 30, 2022 (Q1 FY2023)
(IFRS)

August 12, 2022

Company name: TORIDOLL Holdings Corporation

Stock exchange listing: Tokyo Stock Exchange

Stock code: 3397

URL: <https://www.toridoll.com>

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Date of release of quarterly securities report: August 12, 2022

Starting date of dividend payments: -

Preparation of explanatory materials on quarterly financial results: Yes

Information meetings arranged related to quarterly financial results: No

(Amounts are rounded to the nearest million)

1. Consolidated Financial Results for the Three Months Ended June 30, 2022

(1) Consolidated Operating Results

(% figures denote year-on-year change)

	Revenue		Business profit		Operating profit		Profit before tax		Profit for the period	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2022	43,816	17.1	2,846	44.9	4,691	(1.6)	5,352	19.2	3,788	27.9
Three months ended June 30, 2021	37,420	37.1	1,964	—	4,769	—	4,491	—	2,961	—

	Profit for the period attributable to owners of the parent		Comprehensive income for the period		Earnings per share attributable to owners of the parent (basic)	Earnings per share attributable to owners of the parent (diluted)
	Millions of yen	%	Millions of yen	%	Yen	Yen
Three months ended June 30, 2022	3,622	21.5	10,242	203.2	40.62	40.34
Three months ended June 30, 2021	2,980	—	3,377	—	33.39	33.16

(Reference) EBITDA (*)

Three months ended June 30, 2022: ¥ 8,672 million (increased 27.0% year-on-year basis)

Three months ended June 30, 2021: ¥ 6,828 million

Adjusted EBITDA

Three months ended June 30, 2022: ¥ 8,845 million (increased 23.5% year-on-year basis)

Three months ended June 30, 2021: ¥ 7,163 million

(*) The Company discloses EBITDA as comparative information.

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

Adjusted EBITDA = EBITDA + Impairment Loss + Extraordinary Expenses

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Equity attributable to owners of parent ratio	Equity per share attributable to owners of parent
	Millions of yen	Millions of yen	Millions of yen	%	Yen
As of June 30, 2022	246,703	79,680	70,690	28.7	813.45
As of March 31, 2022	240,840	69,978	62,024	25.8	714.46

2. Dividends

	Annual dividend per share				
	Q1	Q2	Q3	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal Year ended March 31, 2022	—	0.00	—	7.50	7.50
Fiscal Year ended March 31, 2023	—				
Fiscal Year ending March 31, 2023 (Forecast)		0.00	—	7.50	7.50

3. Consolidated Financial Result Forecasts for the Fiscal Year Ending March 31, 2023

Percentages indicate year-on-year changes

	Revenue		Business profit		Operating profit		Profit before tax		Profit for the period	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
1 st half	86,500	12.9	3,200	(19.8)	2,700	(67.1)	1,800	(76.7)	1,100	(79.5)
Fiscal year	177,000	15.4	6,200	14.2	4,000	(71.9)	2,700	(80.6)	1,800	(80.5)

	Profit for the period attributable to owners of the parent		Earnings per share attributable to owners of the parent (basic)	
	Millions of yen	%	Yen	
1 st half	900	(83.3)	8.14	
Fiscal year	1,300	(85.5)	10.52	

* Notes

- (1) Changes in significant subsidiaries during the period
(changes in specified subsidiaries resulting in the change in scope consolidation): Yes
New: 1 company (Company name: Toridoll and Heyi Holding Limited)
Excluded: —
- (2) Changes in accounting policies and accounting estimates
 - 1) Changes in accounting policies as required by IFRS: No
 - 2) Changes in accounting policies other than 1) above: No
 - 3) Changes in accounting estimates: No

(3) Number of shares outstanding (ordinary shares)

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

As of June 30, 2022	87,752,352 shares
As of March 31, 2022	87,663,352 shares

2) Number of treasury shares at the end of the period

As of June 30, 2022	851,372 shares
As of March 31, 2022	851,372 shares

3) Average number of shares during the period

Three months ended June 30, 2022	86,794,579 shares
Three months ended June 30, 2021	86,356,651 shares

*Summary quarterly financial statements are not subject to quarterly review by a public certified accountant or an auditing firm.

* Appropriate use of financial results forecasts and other notes

The forward-looking statements in this report are based upon various assumptions, including, without limitation, business forecasts, management's estimates, assumptions, and projections at the time of publication. These statements do not represent a promise or commitment by the Company to achieve these forecasts. Actual results may differ significantly from these forecasts due to a wide range of factors.

1. Qualitative Information Concerning Financial Results for the First Quarter of FY2023

1) Explanation of Operating Results

a. Consolidated Business Performance

During the first quarter of the consolidated fiscal year under review (April 1 to June 30, 2022,) the business environment surrounding the Group continued to be affected by the pandemic, though the situations vary by country and region. In Japan, we saw a significant increase in travel and tourism compared to the same quarter last year when the government declared a state of emergency followed by a quasi-state of emergency. At the same time, many countries have started relaxing rules, including lockdown measures. On the other hand, global uncertainty is reaching unprecedented levels as the prices of raw materials and energy costs continue to climb.

Given this environment, the Group has been taking measures to reach and engage with our target market while beefing up our takeaway offerings and product mix. Simultaneously, we started a rebranding process to expand our international reach to new markets as we move forward with our aggressive expansion into international markets, especially in Asia.

As a result, the revenue increased across all segments (Marugame Seimen, Overseas, and Other segments) by 17.1% year-on-year to ¥43,816 million.

The jump in revenue offset the increase in SG&A expenses. Business profit* soared by 44.9% year-on-year to ¥2,846 million, as Marugame Seimen and Other segments enjoyed a significant increase in profit.

Although operating profit** decreased slightly by 1.6% year-on-year to ¥4,691 million, quarterly profit attributable to owners of the parent increased by 21.5% year-on-year to ¥3,622 million. As a result, we achieved yet another strong quarter, with the highest Q1 operating profit and quarterly profit on record.

(Millions of yen)

	Q1 FY2022	Q1 FY2023	Year-on-year change	
			Amount	Percentage
Revenue	23,478	25,289	+1,811	+7.7%
Business profit*	9,407	12,695	+3,288	+35.0%
Operating profit**	4,536	5,832	+1,297	+28.6%
Profit for the period attributable to owners of the parent	37,420	43,816	+6,396	+17.1%

(Notes)

* Business profit is calculated by deducting the cost of goods sold and selling, general and administrative expenses from revenue.

** Operating profit is calculated by adding other operating income to and deducting impairment losses and other operating expenses from business profit

b. Business Performance by Segment

(Millions of yen)

Revenue	Q1 FY2022	Q1 FY2023	Year-on-year change	
			Amount	Percentage
Marugame Seimen	23,478	25,289	+1,811	+7.7%
Overseas	9,407	12,695	+3,288	+35.0%
Other	4,536	5,832	+1,297	+28.6%
Total	37,420	43,816	+6,396	+17.1%

(Millions of yen)

Business profit	Q1 FY2022	Q1 FY2023	Year-on-year change	
			Amount	Percentage
Marugame Seimen	3,013	3,852	+840	+27.9%
Overseas	517	405	(112)	(21.6%)
Other	8	747	+740	—
Adjustments*	(1,574)	(2,159)	(586)	—
Total	1,964	2,846	+882	+44.9%

*Adjustments are corporate expenses that are not allocated to each segment in financial reporting.

(Shop)

Number of locations	Marugame Seimen		Overseas		Other		Total
	Company-owned	Company -owned	Franchise and etc.*	Company -owned	Franchise and etc.		
At the end of March	858	222	404	256	8	1,746	
Openings in FY2023	9	42	47	13	0	111	
Closures in FY 2023	35	10	61	31	0	137	
At the end of June 2022	832	254	390	238	8	1,720	

(Notes)

* This includes stores other than company-owned stores, including stores operated by franchisees or joint ventures.

**From this quarter, 17 Toridoll and Heyi Holding Limited locations have been switched from “Franchise, etc.” to “Company-owned” locations. This means 17 franchise locations were closed and opened as company-owned locations.

Marugame Seimen Segment

Marugame Seimen got off to a strong start in Q1 2023, buoyed by a significant increase in travel and tourism compared to the same quarter last year when strict measures were in place. In addition, our marketing strategy, integrating product development, branding, promotion, and marketing, worked incredibly well.

With the launch of our new theme, “うどんで、あなたを驚かせたい” (We are gonna Surprise you with our udon,) on June 15, we delivered a marketing campaign across all locations to promote the value of our udon, freshly made and cooked on the premises. With this campaign, we featured popular dishes as the stars of the lineup and emphasized our superb handmade quality by cooking meat after each order was placed.

We brought back “Tomato Egg Curry Udon” co-developed with drummer Masahiro Matsuoka from TOKIO last year for 50 days from April 26. We also launched a new dish, “Four kinds of Cheese Tomato Egg Curry Udon,” which became a smash hit, selling over 2.42 million bowls.

The next new dish, “Grated Daikon Radish & Meat Bukkake Udon,” was launched concurrently with other new dishes, “Fried Chicken Bukkake Udon” and “Boiled Pork Bukkake Udon.”

In this way, we succeeded in engaging both new and existing customers. Due to TV commercials, digital marketing and public relations, it also became a hit, selling over 1.35 million bowls in two weeks after launch.

This quarter, we have been working to drive both dine-in and takeaway turnovers. To achieve this goal, we have been installing a takeaway counter at roadside locations across the country to separate the flow of dine-in and takeaway customers. This enabled us to speed up our services, yielding significantly greater benefits than the cost of the investment .

These marketing strategies proved highly successful, resulting in a 7.7% year-on-year increase in sales revenue to ¥25,289 million. In terms of profit, the cost to sales ratio rose slightly. Personnel, utilities, and advertising expenses also increased in line with strong sales. Still, revenue growth offset these, resulting in a significant increase in business profit, up 27.9% y-o-y to ¥3,852 million.

Overseas Segment

Segment revenue increased significantly, driven by the strong performance of Tam Jai, based in Hong Kong, which opened 20 stores across Asia during the first quarter of this fiscal year. Revenue and profit increased in the U.S. as Marugame Udon Hawaii shop maintained strong sales momentum, helped by the growth of inbound tourism.

Taiwan Marugame Udon has been hard hit by the pandemic. However, the business environment has gradually improved as the restrictions were eased in June. As a result, segment revenue increased significantly by 35.0% year-on-year to ¥12,695 million.

On the other hand, business profit dropped by 21.6% year-on-year to ¥405 million. This is due to an increase in investment, such as marketing and labor costs for opening new Tam Jai restaurants outside Hong Kong, as well as multiple locations of some brands operating with low efficiency due to the strict COVID-19 measures in certain areas.

Other Segment

Other segment includes Kona’s Coffee, Nikuno Yamaki Shoten, Butaya Tonichi, Toridoll, Nagata Honjyouken, Tempura Makino, Ramen Zundoya, Banpaiya among others.

Ramen Zundoya, pub chain Banpaiya, and Toridoll saw a huge increase in footfall compared to the same period last year when they suffered compulsory and voluntary closures under a state of emergency and a quasi-state of emergency.

Kona’s Coffee, a coffee chain with the concept of “the closest Hawaii,” achieved significant increases in revenue and profit. This was the result of measures to encourage customers to visit the store, such as branding strategies, the release of seasonal menus, and the holding of Hawaiian hula shows at stores.

Butaya Tonichi had strategically closed its underperforming sites in FY2022. As a result, the revenue increased, while cost to sales ratio remained unchanged and the SG&A expenses to sales ratio declined due to efforts to optimize staffing and labor allocation.

As a result, segment revenue increased significantly by 28.6% year-on-year to ¥5,832 million, with segment profit rising sharply from ¥8 million in the same period of the previous year to ¥747 million.

2) Explanations of Consolidated Financial Forecast

There is no change to our current full-year consolidated forecast of this fiscal year ending March 2023.

For the first quarter of the fiscal year under review, the revenue increased across all segments, exceeding the same period last year, with an impressive year-on-year recovery of dine-in revenue and steady takeaway sales growth as the impact of the coronavirus eased. Business profit increased significantly, especially in Marugame Seimen and Other segments in Japan. Due partly to government subsidies recognized in current earnings, operating profit and quarterly profit have far exceeded the first half and full-year forecasts.

We recognize the strong improvement in profit for the period suggests an upward revision to our consolidated financial forecast. However, Covid-19 case numbers are on the rise again, so it would be naïve to assume that the current economic upswing will continue. At this moment, it is impossible to quantify variables such as increasing costs of raw materials, utilities, and labor. Therefore, we decided not to make any changes to our full-year financial forecast disclosed on May 13, 2022. Instead, we will review it to provide a revised forecast with our second quarter of the fiscal year ending March 2023 results announcement.

2. Condensed Quarterly Consolidated Financial Statements

Condensed Quarterly Consolidated Statements of Financial Position

	(Millions of yen)	
	As of March 31, 2022	As of June 30, 2022
Assets		
Current assets		
Cash and cash equivalents	53,463	55,757
Trade and other receivables	5,518	5,291
Inventories	502	556
Other current assets	1,605	1,999
Total current assets	61,087	63,603
Non-current assets		
Property, plant and equipment	31,783	32,990
Right-of-use assets	80,430	77,842
Intangible assets and goodwill	42,838	47,152
Investments accounted for using the equity method	3,819	3,998
Other financial assets	13,146	13,699
Deferred tax assets	6,276	6,122
Other non-current assets	1,460	1,298
Total non-current assets	179,752	183,101
Total assets	240,840	246,703

	(Millions of yen)	
	As of March 31, 2022	As of June 30, 2022
Liabilities		
Current liabilities		
Trade and other payables	10,773	11,831
Short-term loans payable	4,024	4,026
Current portion of long-term loans payable	12,555	12,516
Lease liabilities	14,936	15,656
Income taxes payable	2,438	1,494
Provisions	1,171	1,254
Other current liabilities	4,816	5,429
Total current liabilities	50,713	52,205
Non-current liabilities		
Long-term loans payable	43,884	40,896
Lease liabilities	68,435	65,128
Provisions	4,761	5,175
Deferred tax liabilities	1,556	2,012
Other non-current liabilities	1,514	1,607
Total non-current liabilities	120,150	114,818
Total liabilities	170,862	167,024
Equity		
Equity attributable to owners of the parent		
Capital stock	4,498	4,549
Capital surplus	11,877	12,086
Other equity instruments	10,847	10,847
Retained earnings	31,338	34,126
Treasury shares	(1,020)	(1,010)
Other components of equity	4,483	10,091
Total equity attributable to owners of the parent	62,024	70,690
Non-controlling interests	7,954	8,990
Total equity	69,978	79,680
Total liabilities and equity	240,840	246,703

Condensed Quarterly Consolidated Statements of Income

	(Millions of yen)	
	Three months ended June 30, 2021	Three months ended June 30, 2022
Revenue	37,420	43,816
Cost of sales	(9,012)	(10,927)
Gross profit	28,409	32,889
Selling, general and administrative expenses	(26,444)	(30,042)
Impairment loss	(335)	(173)
Other operating income	3,418	2,687
Other operating expenses	(278)	(669)
Operating profit	4,769	4,691
Finance income	30	950
Finance costs	(258)	(266)
Finance income (costs), net	(228)	683
Share of profit (loss) of investments accounted for using the equity method	(50)	(22)
Profit before tax	4,491	5,352
Income tax expense	(1,531)	(1,564)
Profit for the period	2,961	3,788
Profit for the period attributable to		
Owners of the parent	2,980	3,622
Non-controlling interests	(19)	166
Profit for the period	2,961	3,788
Earnings per share attributable to owners of the parent (yen)		
Basic earnings per share	33.39	40.62
Diluted earnings per share	33.16	40.34

Condensed Quarterly Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	Three months ended June 30, 2021	Three months ended June 30, 2022
Profit for the period	2,961	3,788
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translating foreign operations	164	6,217
Share of other comprehensive income of investments accounted for using the equity method	253	236
Other comprehensive income	417	6,454
Comprehensive income for the period	3,377	10,242
Comprehensive income for the period attributable to		
Owners of the parent	3,392	9,206
Non-controlling interests	(14)	1,036

Condensed Quarterly Consolidated Statements of Changes in Equity

For the three months ended June 30, 2021

(Millions of yen)

	Equity attributable to owners of the parent								Total	Non-controlling interests	Total equity
	Capital stock	Capital surplus	Other equity instruments	Retained earnings	Treasury shares	Other components of equity		Total			
						Exchange differences on translating foreign operations	Subscription rights to shares				
As of April 1, 2021	4,208	2,348	10,847	23,131	(1,026)	(519)	473	(46)	39,461	478	39,940
Profit for the period				2,980				—	2,980	(19)	2,961
Other comprehensive income						411		411	411	5	417
Total comprehensive income for the period	—	—	—	2,980	—	411	—	411	3,392	(14)	3,377
Issuance of new shares (exercise of subscription rights)	59	59					(28)	(28)	90		90
Share-based payment transactions	0	0					12	12	12		12
Purchase and disposal of treasury shares		0		(0)	2			—	2		2
Dividends				(389)				—	(389)		(389)
Distribution to owners of other equity instruments				(192)				—	(192)		(192)
Change in ownership interests in subsidiaries without loss of control		(2)						—	(2)	25	23
Other		54		(53)				—	1		1
Total transaction amount with owners	59	111	—	(634)	2	—	(16)	(16)	(478)	25	(453)
As of June 30, 2021	4,267	2,459	10,847	25,478	(1,024)	(108)	457	349	42,375	489	42,864

For the three months ended June 30, 2022

(Millions of yen)

	Equity attributable to owners of the parent								Total	Non-controlling interests	Total equity
	Capital stock	Capital surplus	Other equity instruments	Retained earnings	Treasury shares	Other components of equity		Total			
						Exchange differences on translating foreign operations	Subscription rights to shares				
As of April 1, 2022	4,498	11,877	10,847	31,338	(1,020)	3,976	507	4,483	62,024	7,954	69,978
Profit for the period				3,622				—	3,622	166	3,788
Other comprehensive income						5,584		5,584	5,584	870	6,454
Total comprehensive income for the period	—	—	—	3,622	—	5,584	—	5,584	9,206	1,036	10,242
Issuance of new shares (exercise of subscription rights)	51	51					(30)	(30)	72		72
Share-based payment transactions							54	54	54		54
Purchase and disposal of treasury shares		0			10			—	10		10
Dividends				(651)				—	(651)		(651)
Distribution to owners of other equity instruments				(189)				—	(189)		(189)
Change in ownership interests in subsidiaries without loss of control		127						—	127		127
Other		32		6				—	38		38
Total transaction amount with owners	51	210	—	(834)	10	—	24	24	(540)	—	(540)
As of June 30, 2022	4,549	12,086	10,847	34,126	(1,010)	9,560	531	10,091	70,690	8,990	79,680

Condensed Quarterly Consolidated Statements of Cash Flows

	(Millions of yen)	
	Three months ended June 30, 2021	Three months ended June 30, 2022
Cash flows from operating activities		
Profit before tax	4,491	5,352
Depreciation and amortization	5,199	5,999
Impairment loss	335	173
Interest income	(30)	(79)
Interest expenses	243	261
Share of loss (profit) of investments accounted for using the equity method	50	22
Decrease (increase) in trade and other receivables	288	488
Decrease (increase) in inventories	(45)	(7)
Increase (decrease) in trade and other payables	(1,356)	656
Other, net	(1,051)	300
Subtotal	8,123	13,165
Interest income received	55	64
Interest expenses paid	(238)	(281)
Income taxes paid	(653)	(1,864)
Net cash provided by (used in) operating activities	7,287	11,084
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,994)	(2,403)
Purchase of intangible assets	(23)	(1)
Payments for lease and guarantee deposits	(98)	(206)
Proceeds from collection of lease and guarantee deposits	188	117
Payments of construction assistance fund receivables	(14)	(7)
Collection of construction assistance fund receivables	129	128
Other, net	816	(420)
Net cash provided by (used in) investing activities	(996)	(2,792)
Cash flows from financing activities		
Proceeds from long-term loans payable	12,025	295
Repayments of long-term loans payable	(5,563)	(3,322)
Repayments of lease liabilities	(3,902)	(4,705)
Cash dividends paid	(389)	(651)
Distribution to owners of other equity instruments	(276)	(273)
Other, net	97	77
Net cash provided by (used in) financing activities	1,992	(8,579)
Net increase (decrease) in cash and cash equivalents	8,283	(286)
Cash and cash equivalents at beginning of period	24,969	53,463
Effect of exchange rate change on cash and cash equivalents	84	2,581
Cash and cash equivalents at end of period	33,336	55,757