

IPPUDO SYDNEY
Circular Quay



Chikaranomoto Holdings Co.,Ltd. (Ticker# 3561)

FY2022 Q2 Financial Results Briefing

14th Nov 2022



IPPUDO MELBOURNE
Westfield Doncaster

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1 FY2022-23 Q2 Financial Results

FY2022-23 Q2 Consolidated P&L Highlights

Consolidated revenue increased by 33.5% YoY and operating income and operating margin surpassed both the previous year and Pre-Covid year. Domestic revenue increased by 11.6% YoY despite the 7th infection wave and severe labor shortage. International revenue also grew by 65.9% although there remain effects from increase in Covid infections in some areas.

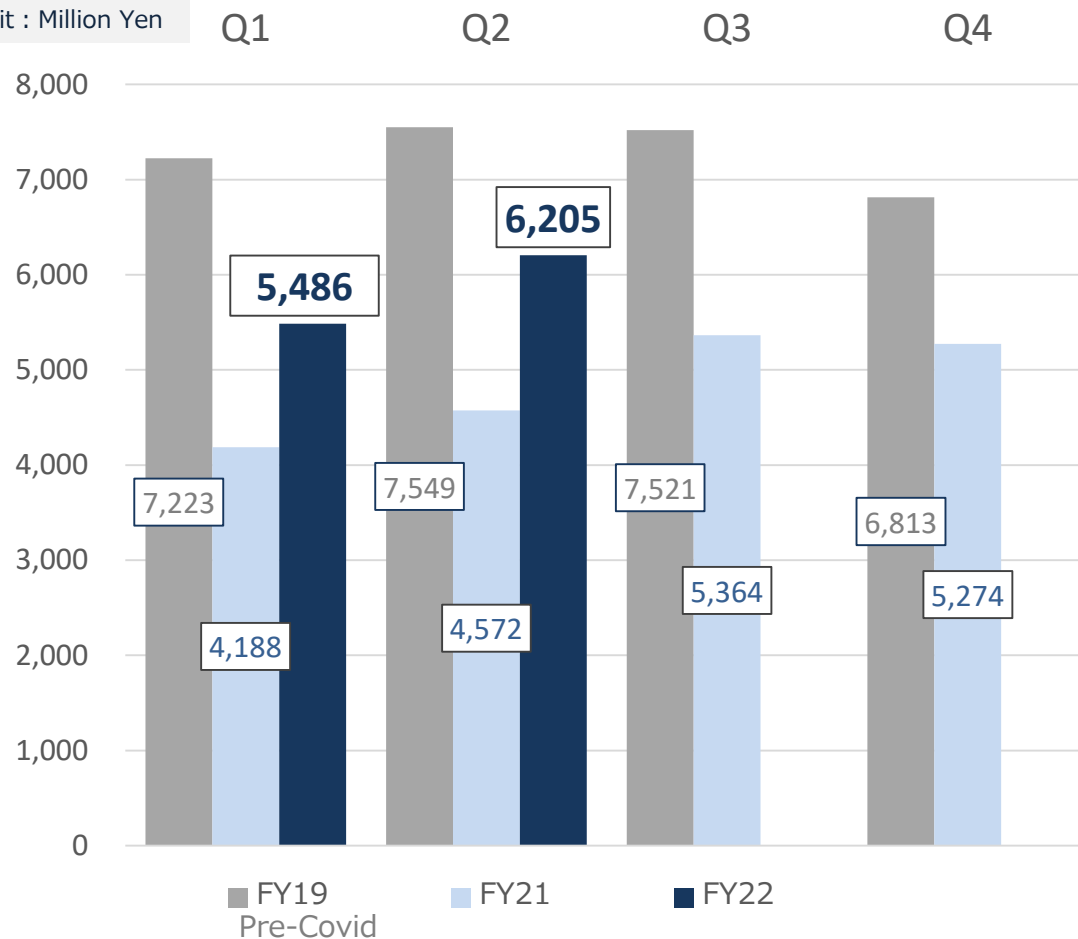
	Vs. FY2022 Q2 Plan	Vs. FY2021 Q2 Actual	Vs. FY2019 Q2 Pre-Covid year
Revenue 11,691 Million Yen	+3.6%	+33.5%	-20.8%
Operating Income 799 Million Yen	+320 Million Yen	+537 Million Yen	+350 Million Yen
Operating margin 6.8%			3.0%
Net Income 694 Million Yen	+397 Million Yen	+592 Million Yen	+308 Million Yen
Net Income margin 5.9%			2.6%

Consolidated Quarterly Results vs Previous Years

Quarterly revenue has grown by more than 30% vs previous year since Q1. Operating income also surpassed the previous year and the Pre-Covid year.

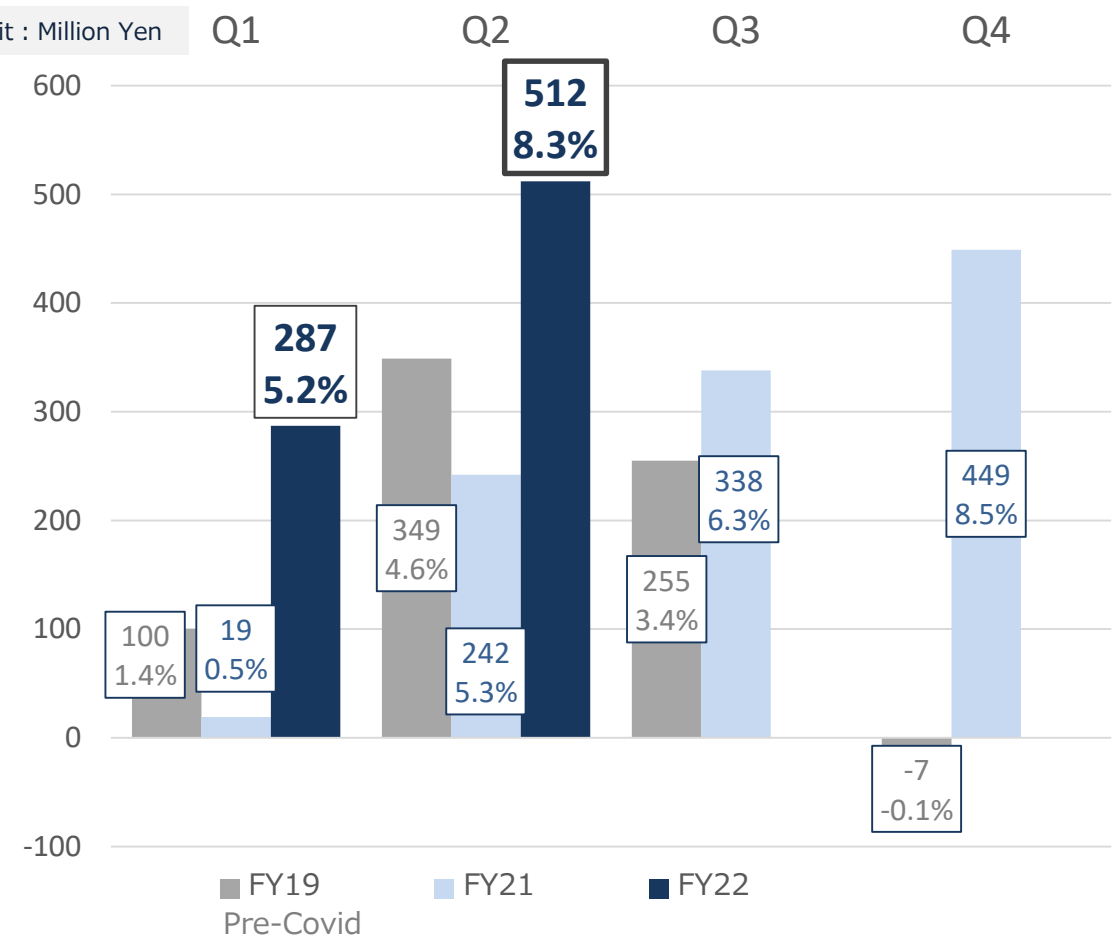
Revenue

Unit : Million Yen



Operating Income and Margin

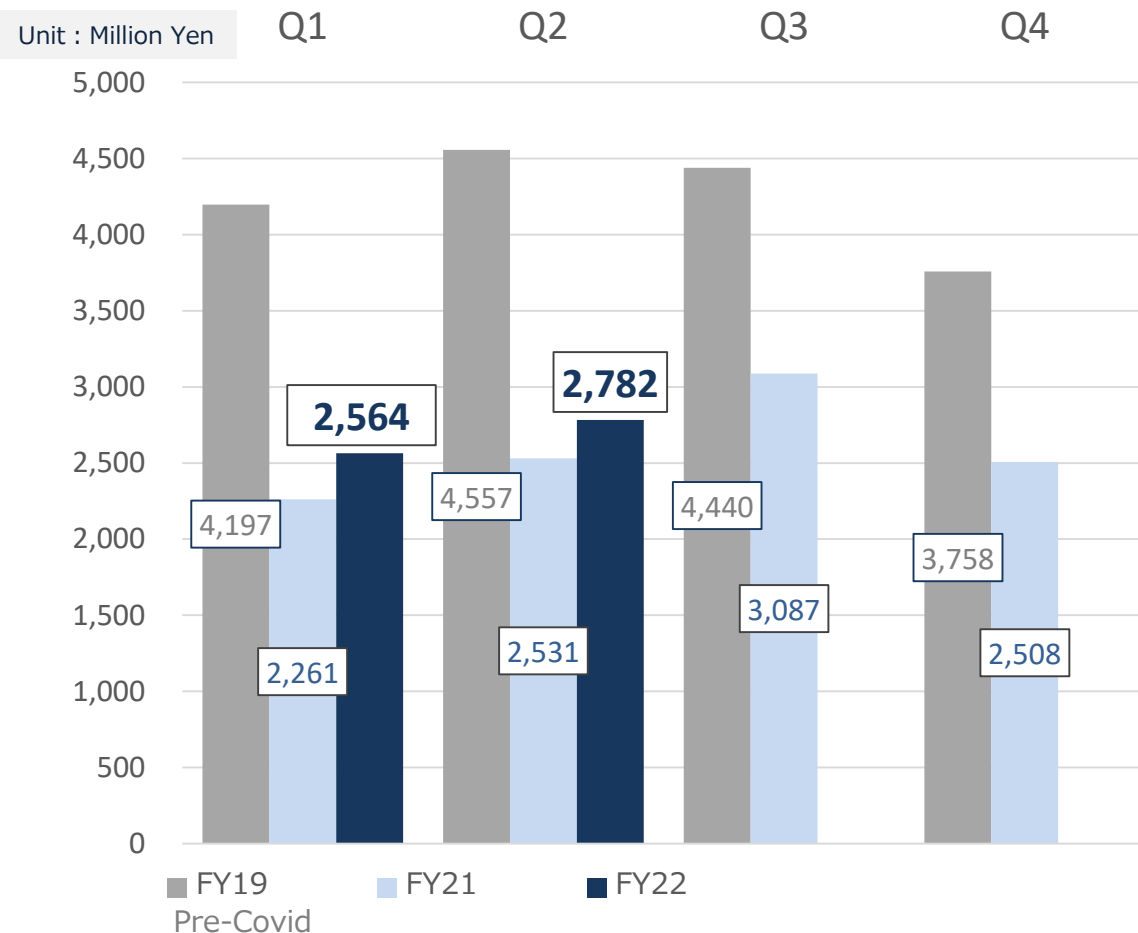
Unit : Million Yen



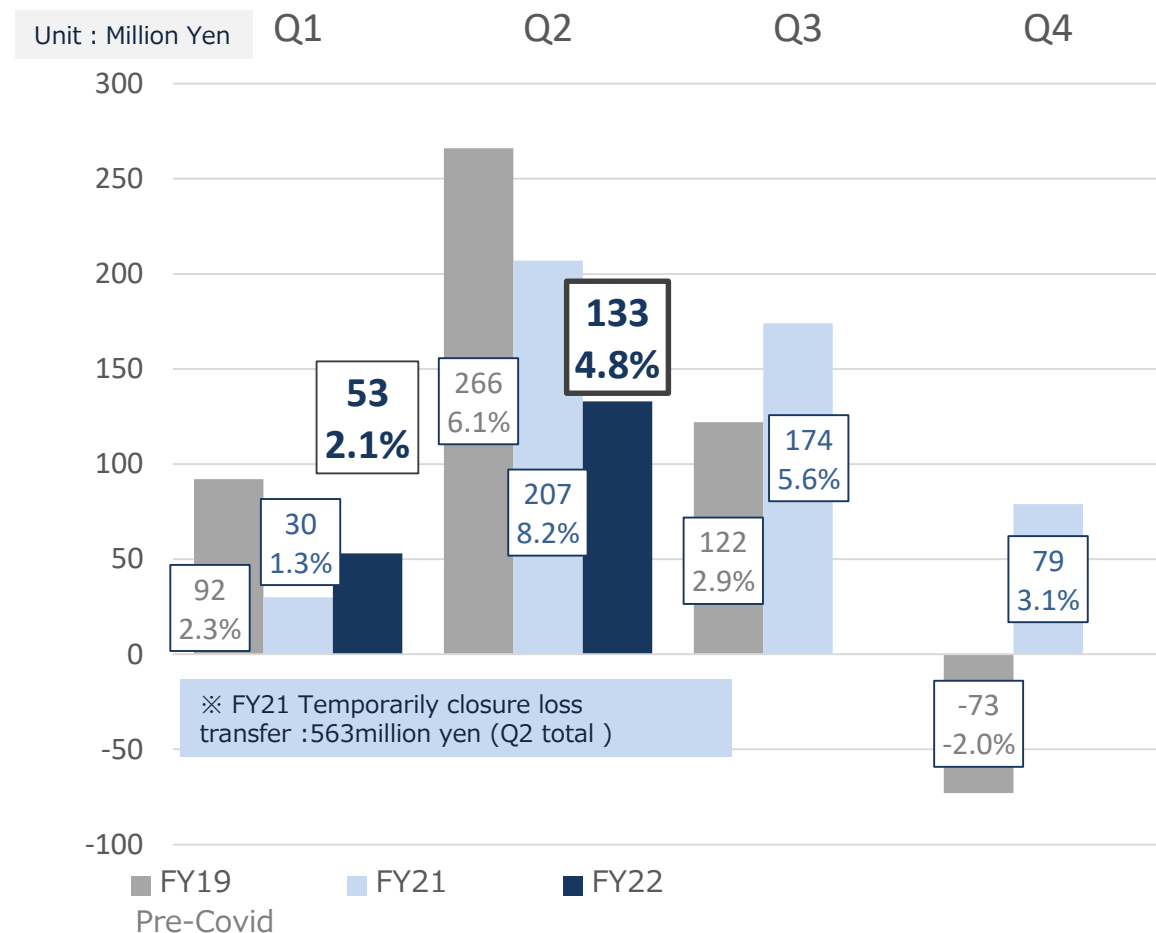
Domestic Store Operations Quarterly Results

Quarterly domestic revenue +9.9% YoY despite the 7th infection wave, labor shortage and limited operating hours in some stores. Q2 average check +4.0 % vs Q1 as a result of the price increase in July in response to soaring raw materials and utility costs. While the salaries were increased for the employees, Q2 operating income would have significantly surpassed the previous year if excluding 563 million yen of temporarily closure loss transfer into Non-operating expenses.

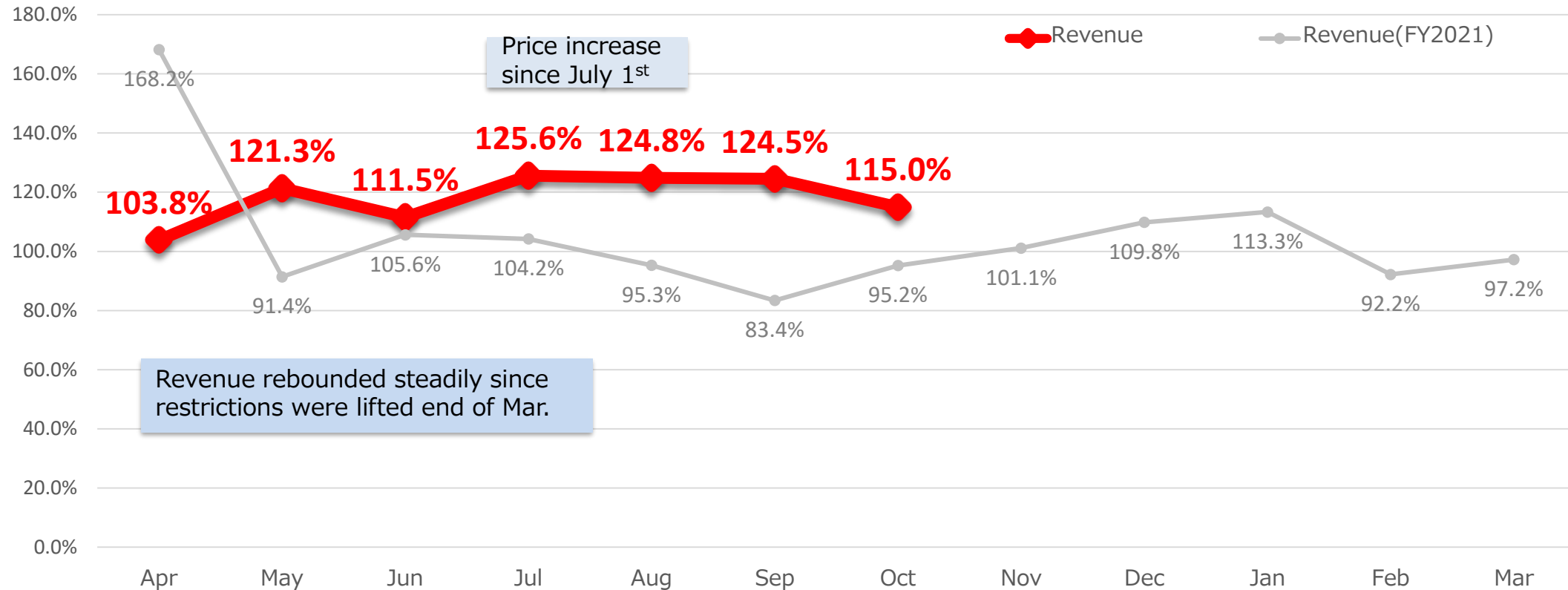
Revenue



Operating Income and Margin



FY2022 Year-Over-Year Revenue/Number of Customers/Average Check



	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
Sales	103.8%	121.3%	111.5%	125.6%	124.8%	124.5%	115.0%						117.9%
Number of Customers	102.8%	119.9%	108.6%	117.6%	118.0%	116.4%	107.9%						112.8%
Average Check	101.0%	101.2%	102.6%	106.8%	105.8%	106.9%	106.6%						104.5%

Highlights: Domestic Store Operations (2Q)

■ Revenue

- ✓ Increased by 9.9% despite the 7th wave of infections and labor shortage, which prevented late-night operations.
- ✓ The number of customers increased by 8.1% despite the price increase. Average check increased by 4.0%.
- ✓ IPPUDO Shinjuku Lumine Est was refurbished adding “Plant-Based” offerings on the regular menu.
- ✓ 10 new stores successfully opened.



Houjun Vege Saimen Plant-based Akamaru

IPPUDO Shinjuku Lumine Est
“plant-based ramen” regular menu

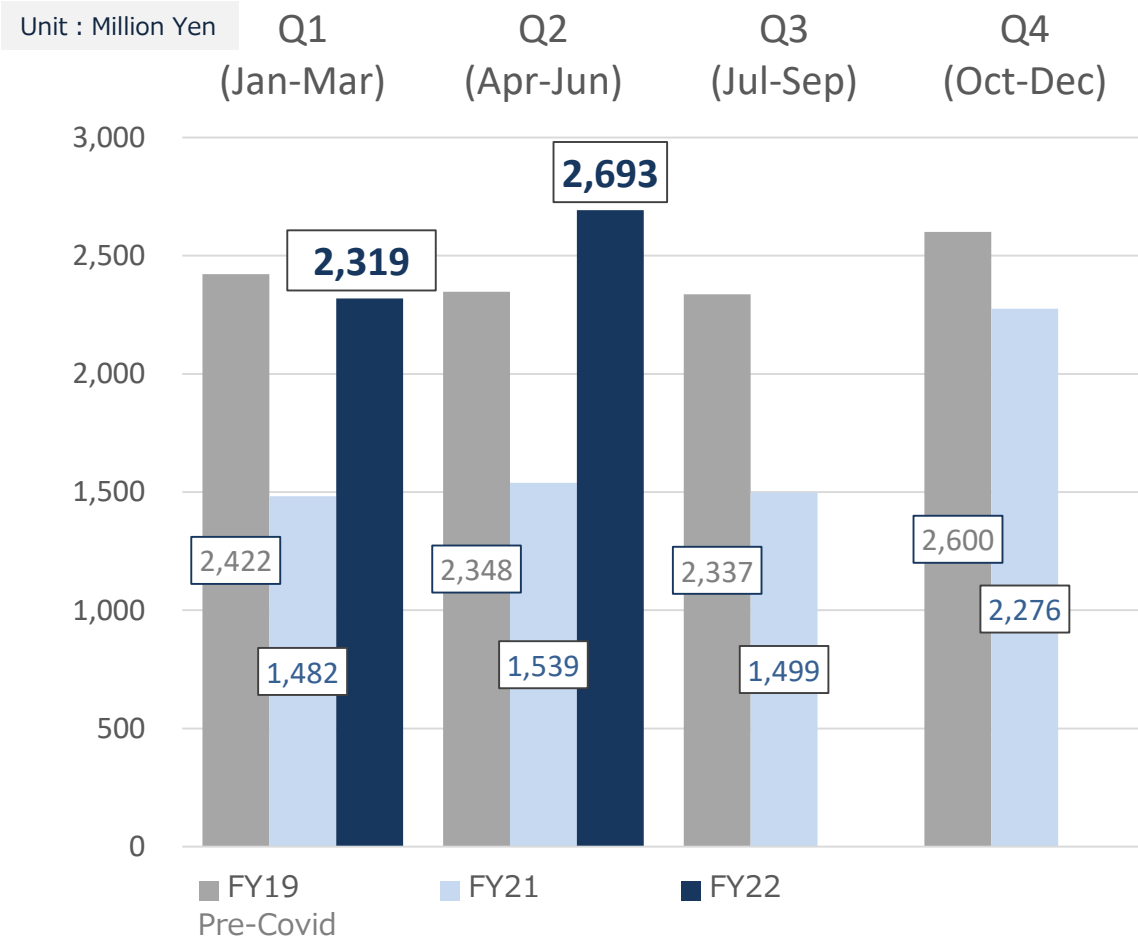
■ Operating Income

- ✓ Wages raise for permanent employees and part-timers to promote recruitment and retention.
- ✓ Price increase in response to soaring material and utility costs.
- ✓ Profitability improved by Digital Transformation initiatives such as QR order and tablet order systems.
- ✓ Closure of 4 under-performing stores.

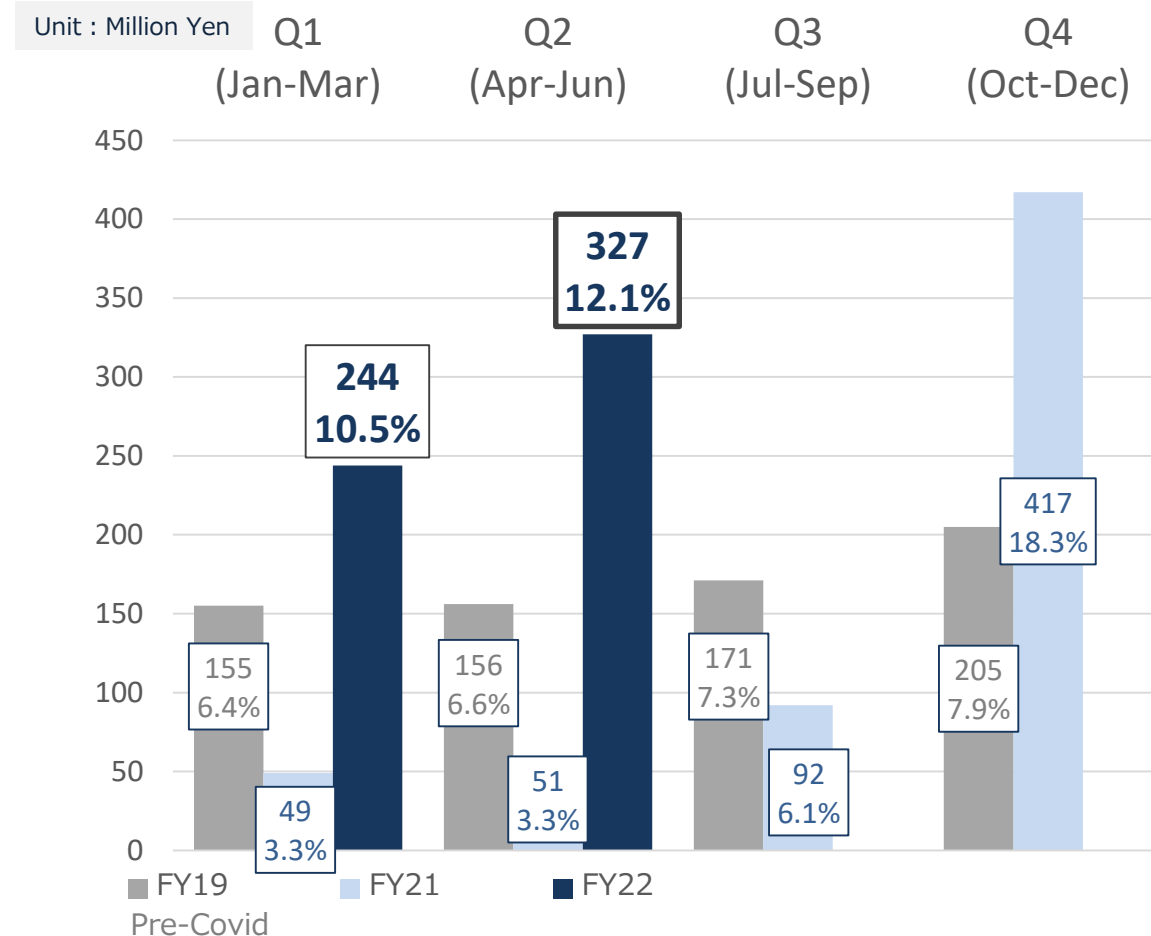


International revenue +75.0%(forex effect +21.1%) although infection effects remained in Taiwan. Operating income exceeded Pre-Covid Q2 substantially with thorough control of labor and COGS.

Revenue

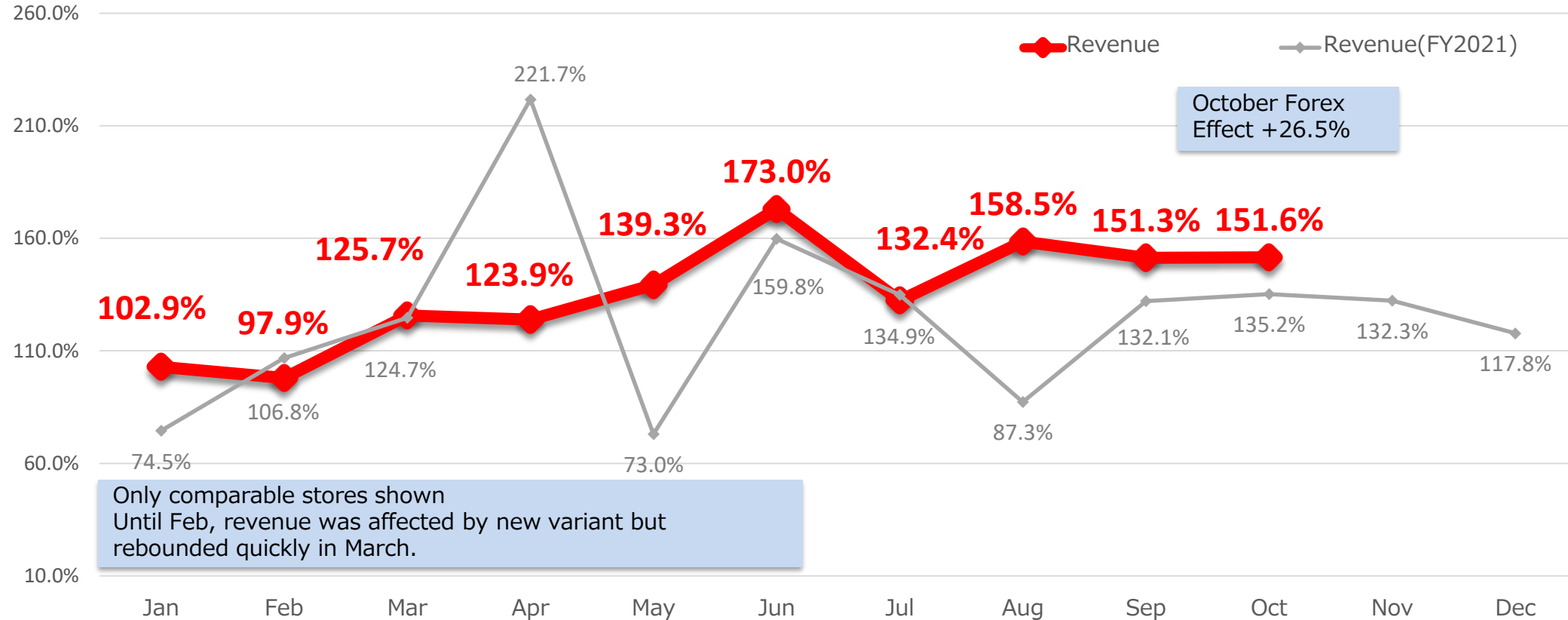


Operating Income and margin



Int'l Existing Stores 137.9% YoY (until October)

FY2022 Year-Over-Year Revenue/Number of Customers/Average Check



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Sales	102.9%	97.9%	125.7%	123.9%	139.3%	173.0%	132.4%	158.5%	151.3%	151.6%			137.9%
Number of Customers	92.1%	87.3%	100.4%	100.7%	110.3%	139.4%	106.9%	129.9%	119.7%	112.4%			109.2%
Average Check	111.7%	112.1%	125.2%	123.0%	126.3%	124.1%	123.9%	122.0%	126.4%	134.8%			126.3%

■ Revenue

- ✓ 2 stores in the Company-operated markets (Taiwan/Indonesia) and 1 store in licensed area (Thailand) opened.
- ✓ Launch of limited time merchandise, full scale menu price revisions, grand menu revisions and introduction of dessert menu, etc.



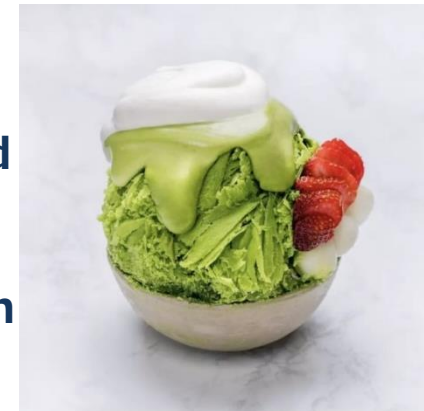
IPPUDO Paris
Vege Ramen



Hiyashi Chuka

■ Operating income

- ✓ Full-scale menu price revisions and various cost reduction initiatives were implemented after the rise in raw materials and energy costs.
- ✓ Profitability improved by Digital Transformation initiatives such as introduction of QR order system, etc.



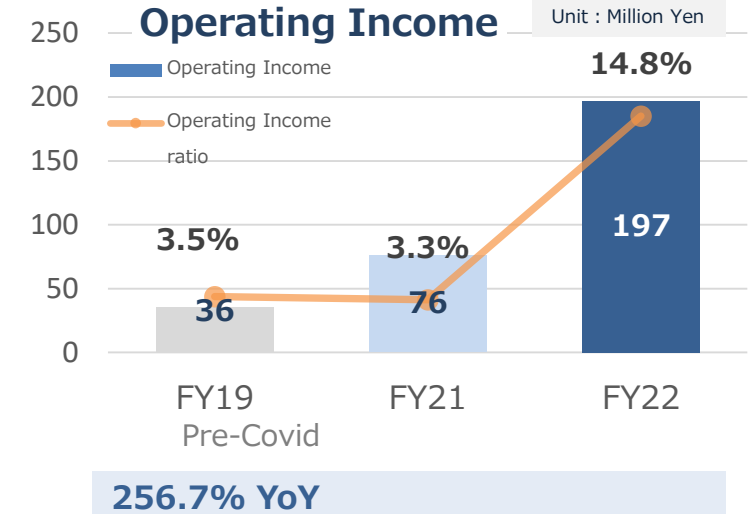
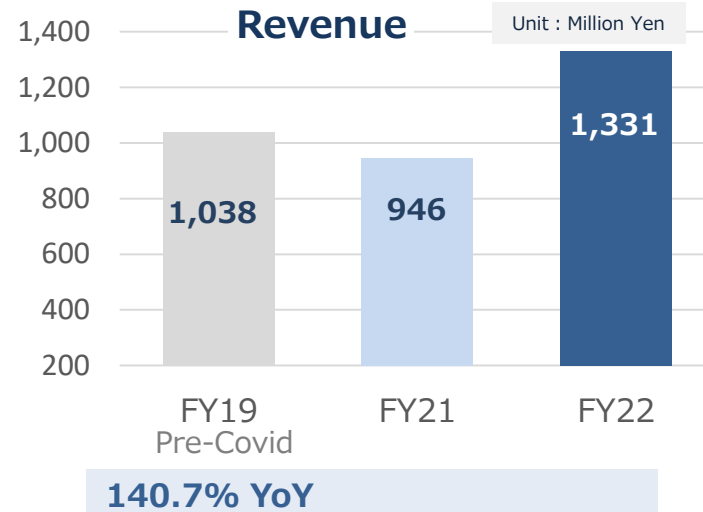
IPPUDO NY
Matcha Shaved Ice



IPPUDO LONDON
Hirata Bun and a pint
of Asahi

Production and Merchandise

Revenue +40.7% vs previous year. e-Commerce site, IPPUDO branded products and exports contributed. Operating income increased by 120 million yen.

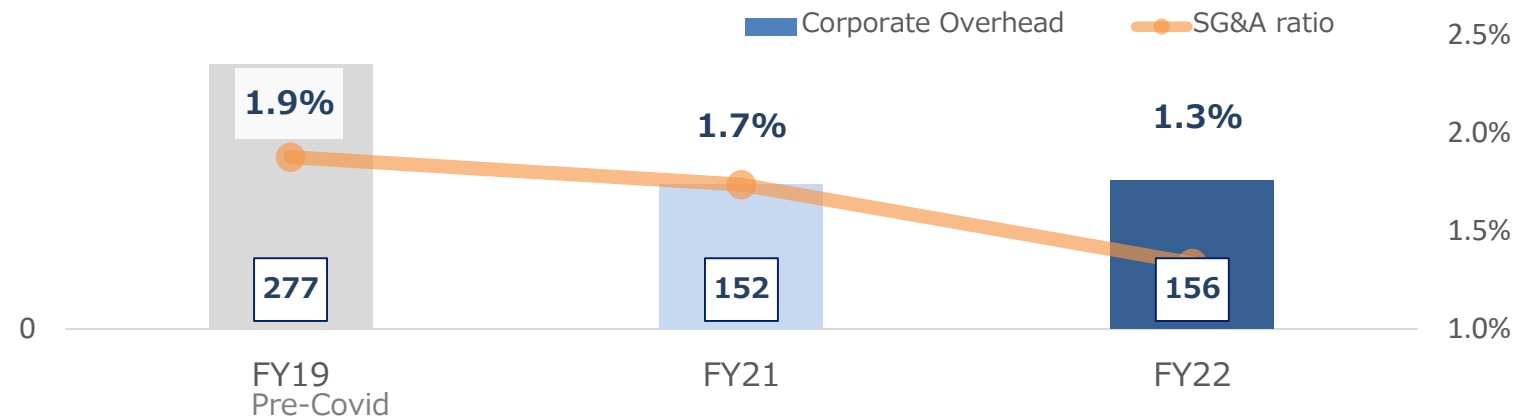


Corporate Overhead

SG&A ratio was maintained low level :1.3%.

※SG&A ratio=Corporate Overhead/Consolidated Revenue

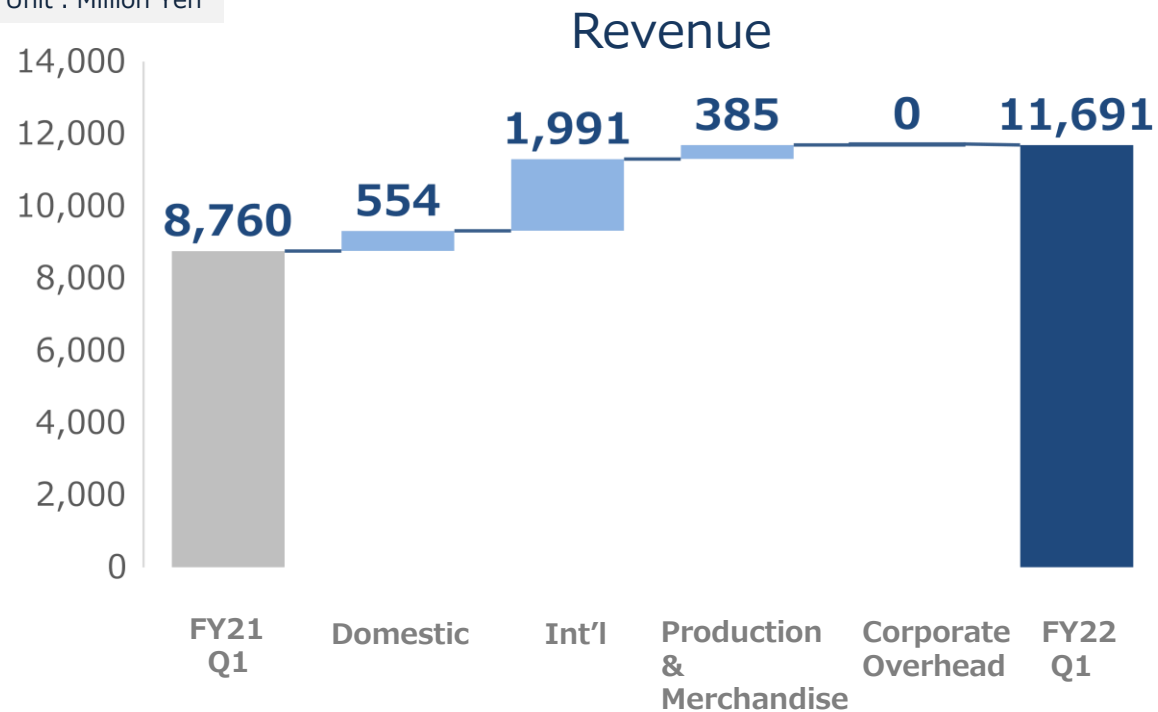
Corporate Overhead and SG&A Ratio



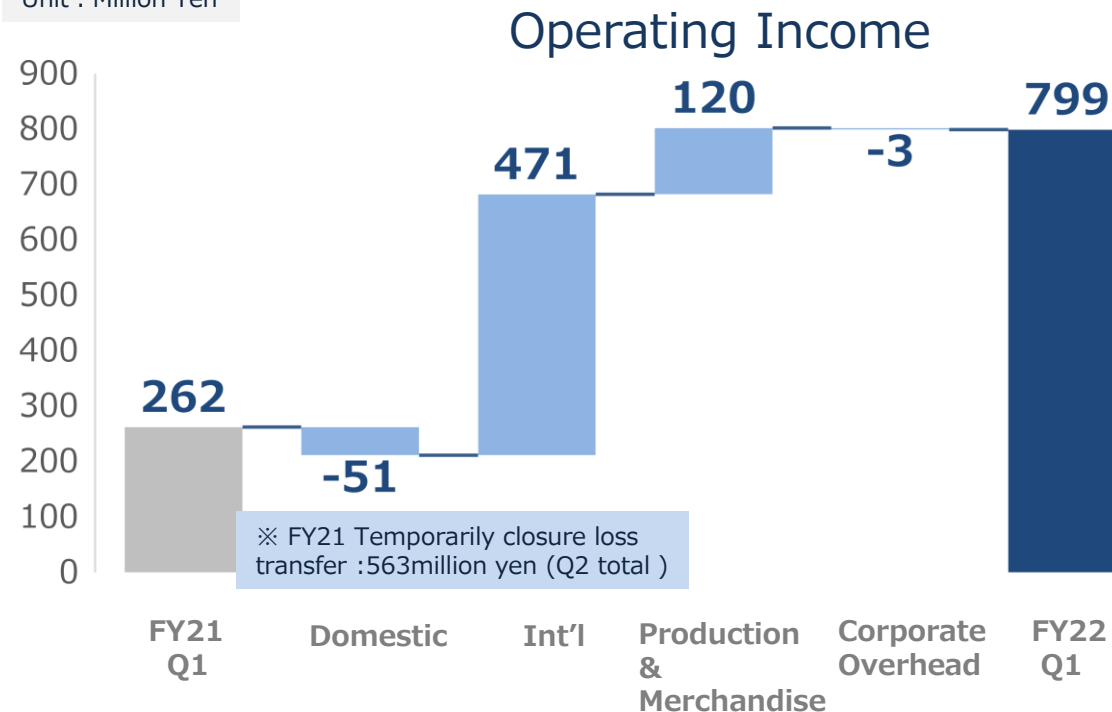
Segment Revenue, Operating Income and Operating Margin (YoY)

The recovery of International revenue and operating income is strong, while Domestic one remains mild. In the previous year, in the Domestic segment, there was 563-million-yen loss transfer into Non-operating expenses. No such transfer this year. Production & Merchandise revenue has grown mainly from promoting B2B and international sales of IPPUDO branded products.

Unit : Million Yen



Unit : Million Yen



Segment operating margin

	Domestic	Int'l	Production & Merchandise	Others	Total
FY22 Q2	3.5%	11.4%	14.8%	-	6.8%
FY21 Q2	5.0%	3.3%	8.1%	-	3.0%

Consolidated Balance Sheet

Equity ratio improved with good results, exercise of warrants and decrease of interest bearing loans. Fixed assets increased from new Domestic & International stores.

Unit : Million Yen

	Mar 2022	Sep 2022	GAP
Current Assets (Cash and Deposits)	6,650 (4,773)	7,040 (5,153)	+389 (+380)
Property, Plant and Equipment	5,703	5,973	+270
Intangible Assets	177	172	-5
Investments & Others	2,739	2,902	+162
Non-Current Assets	8,620	9,049	+428
Total Assets	15,271	16,089	+817

■ Assets	
• Cash and deposits	+380
• Tangible assets from new stores	+207
• Investment securities	+136

	Mar 2022	Sep 2022	GAP
Total Liabilities	11,470	10,332	-1,138
(short-term loans)	(2,500)	(2,500)	-
(long-term loans)	(4,838)	(3,925)	(-912)
Shareholders' Equity	3,647	5,365	+1,718
Accumulated Other Comprehensive Income	144	389	+245
Non-Controlling Interest	8	1	-7
Total Net Assets	3,800	5,756	+1,956
Total Liabilities and Net Assets	15,271	16,089	+817

■ Liabilities	
• Interest bearing loans	- 923
• Accounts payable-other	-307
• Account payable -trade	+108

■ Shareholders' Equity	
• Capital	+1,022
• Retained earnings	+694

※Equity Ratio 35.8%
(24.8% at of end of March 2022)

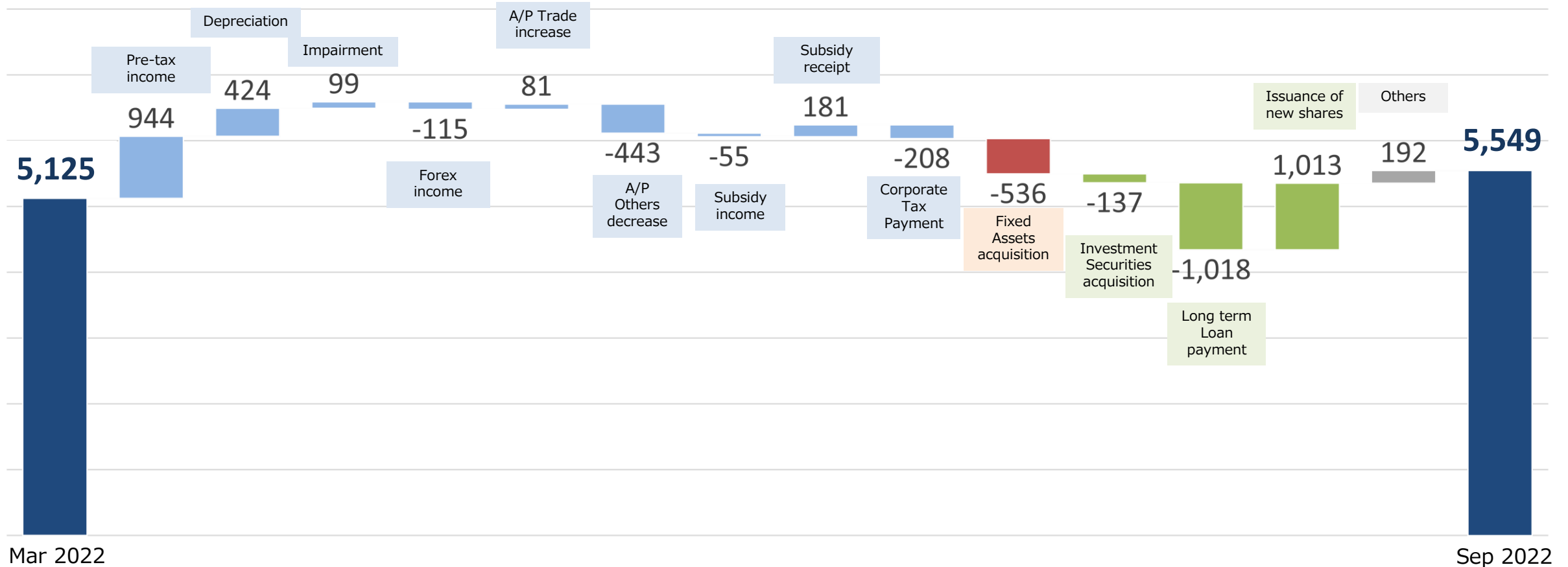
Consolidated P&L Q2 total (1st Apr~30th Sep 2022)

Unit : Million Yen	FY2022-23 Q2 Results	FY2022-23 Q2 Plan	FY2021-22 Q2 Results	FY2019-20 Q2 Results (Pre-Covid)
Revenue	11,691	11,289	8,760	14,772
Growth rate YoY	+33.5%	-	-	-
Gross Profit	8,257	-	6,202	10,523
SG&A Expenses	7,457	-	5,939	10,073
Operating Income	799	479	262	449
Operating Margin	6.8%	4.2%	3.0%	3.0%
Ordinary Income	929	469	249	399
Ordinary Margin	8.0%	4.2%	2.8%	2.7%
Pre-Tax Income	944	-	202	469
Net Income	694	296	102	386
Net Income Margin	5.9%	2.6%	1.2%	2.6%

Consolidated Statement of Cash Flow

Cash and Cash equivalents +424 million yen
 EBITDA +546 million yen

Unit: Million Yen



New Stores (July-September)

Domestic: IPPUDO 5, International: IPPUDO 3



IPPUDO
Sunlivecity KOKURA



IPPUDO
Aeonmall FUKUTSU



IPPUDO
SENDAI NISHIGUCHI



IPPUDO
HAKUSAN



IPPUDO KAY
CHITOSE



IPPUDO SYDNEY
Circular Quay



IPPUDO MELBOURNE
Westfield Doncaster



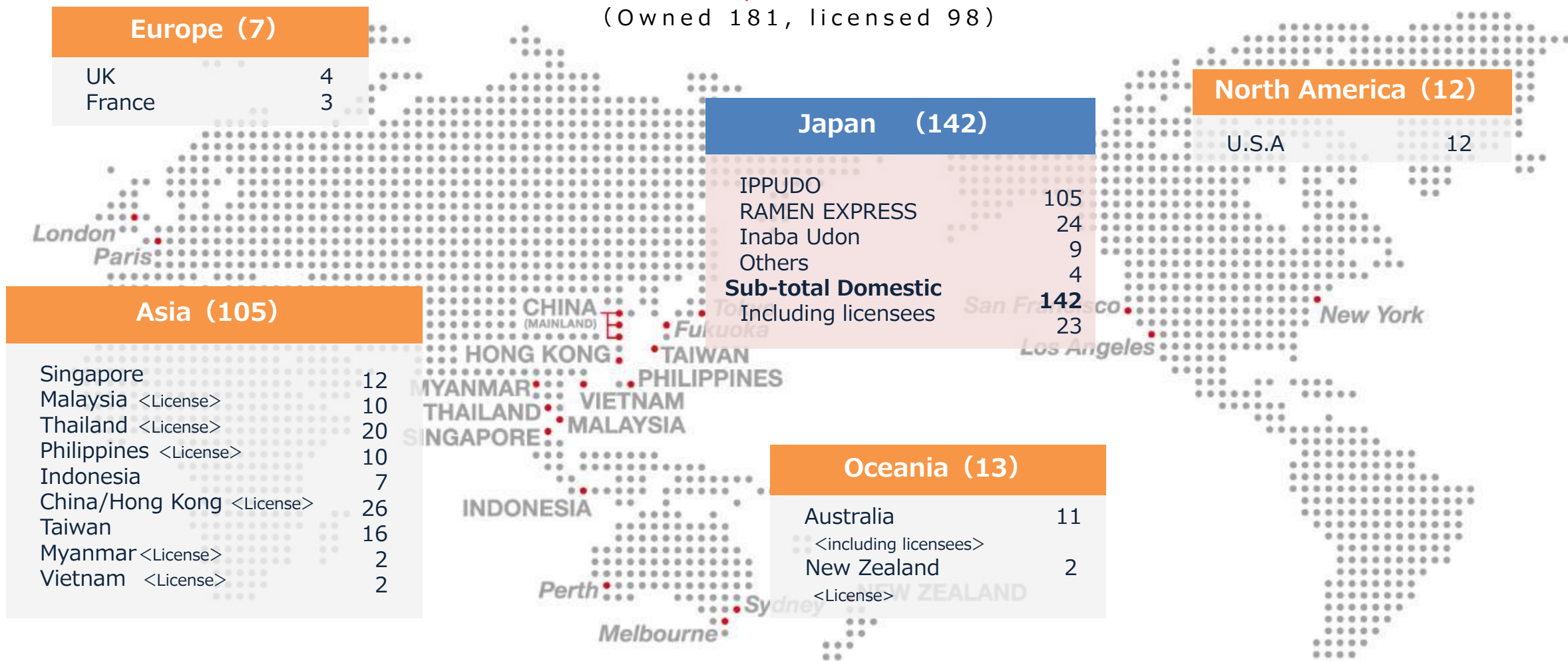
IPPUDO SG
Clarke Quay

279 Stores in 15 countries and regions

(+2 since the end of previous FY)

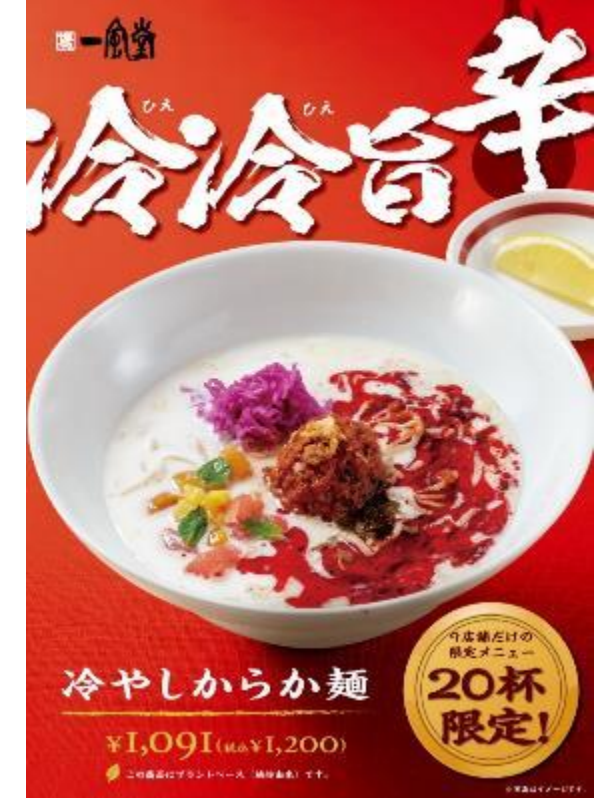
Domestic 142, International 137

(Owned 181, licensed 98)



Products and Promotions

Investment in Yo-Kai Express Inc., a Silicon Valley start-up offering autonomous restaurant solution in July 2022. Co-development of the products and providing authentic flavors unmanned 24 hours a day. Widely treated in various media. In August, for the 37th anniversary, general public was invited to vote for their favorite seasonal ramen. New seasonal items and new plant-based ramen were launched to acquire new customers and encourage repeat visits.



Domestic: Seasonal products on e-Commerce site, newly developed products to meet broad customers' needs at convenience stores, and authentic flavors at home for mass-merchandise stores.

International: dry-noodle type plant-based ramen successfully launched at mass retailers.

e-Commerce site (Domestic)



Convenience stores/Mass retailers (Domestic)



Mass retailers (Int'l)



In September, participated in the “GOOD LIFE FAIR” an event promoting SDG’s, selling Plant-based Shiromaru and Akamaru successfully.

食を通して
世界をもっと笑顔にしたい
ありがとうと言い合える
温かみのある社会をつくりたい

力の源グループは「食を通して新しい価値を創造し
『笑顔』と『ありがとう』とともに世界中に伝えていく。」ことを
創業の精神に掲げる企業として、
これまで社会や環境に貢献できる取り組みを行ってきました。
わたしたちは今後もこの想いを胸に、
社会がより良い姿で在り続けられるよう、積極的に行動していきます

Click the link for details

[力の源グループのSDGsへの取り組みに関するお知らせ](#)



Topics from October onwards

In October, re-launch of “IPPUDO TONKOTSU Soup” a popular product last year.

On October 16th, 37th anniversary, TONKOTSU SHOYU Ramen, the winner of the popular vote, was served and promotional coupons were distributed.

Domestic: 3 stores opened.



IPPUDO
Youmemall SAIJYO
(Grand Open 27th Oct 2022)



IPPUDO
SHIJO KARASUMA
(Grand Open 19th Nov 2022)



IPPUDO
KENGUN HIGASHIMACHI
(Grand Open 25th Nov 2022)

FY2022-23 Financial Plan

Projection for FY22-23 revised upward. Revenue and income are expected to steadily grow domestically and internationally thanks to various measures despite uncertainty factors such as pandemic, foreign exchange fluctuations, material and utility costs.

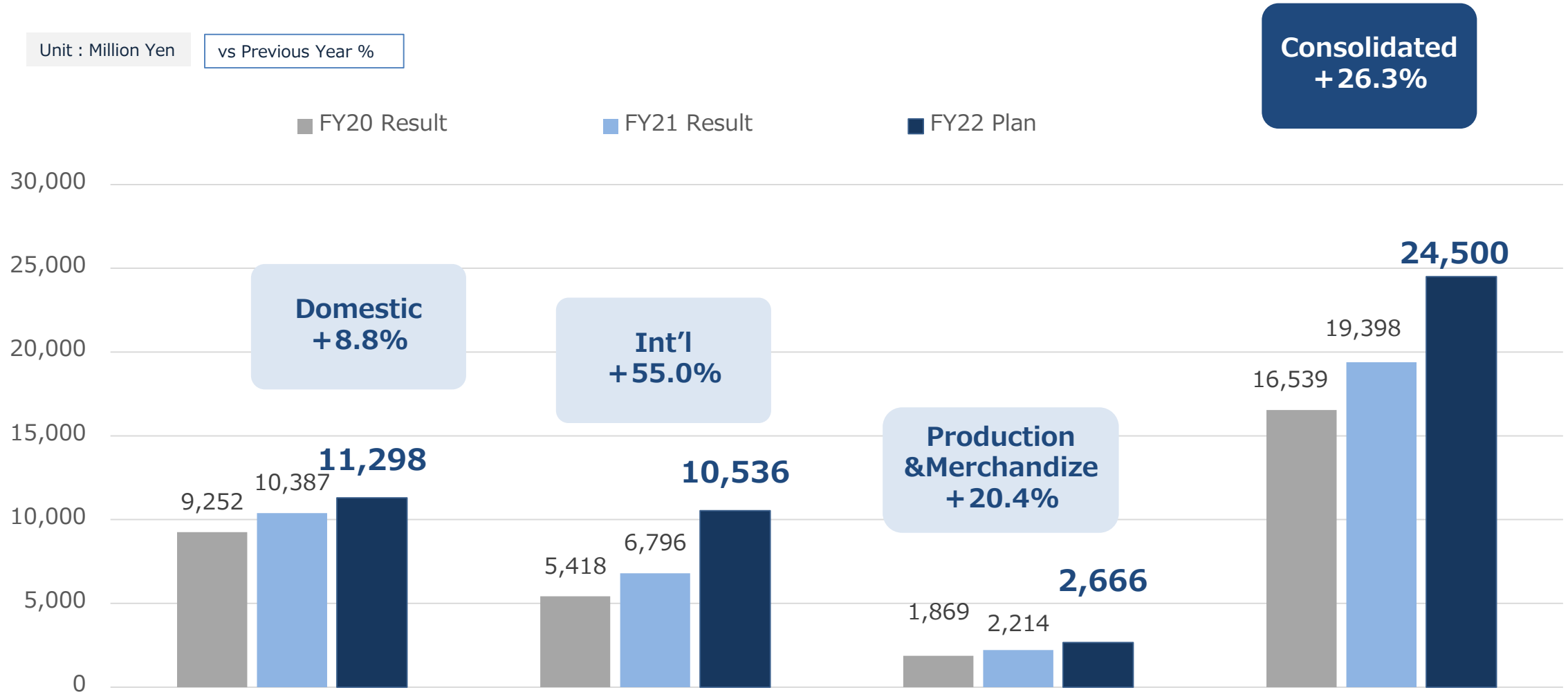
Unit : Million Yen

	FY2021-22 Result	FY2022-23 Initial Plan	FY2022-23 Revised Plan	vs Previous Year		FY2022-23 Q2	
				Gap	%	Results	Progress ratio
Revenue	19,398	23,750	24,500	+5,102	+26.3%	11,691	47.7%
Operating Income	1,050	1,383	1,710	+660	+62.9%	799	46.8%
Ordinary Income	1,083	1,355	1,830	+747	+69.0%	929	50.8%
Net Income Attributable to Shareholders	923	950	1,350	+427	+46.3%	694	51.4%

※Loss from temporarily closure or subsidy relating to lockdowns was not expected.

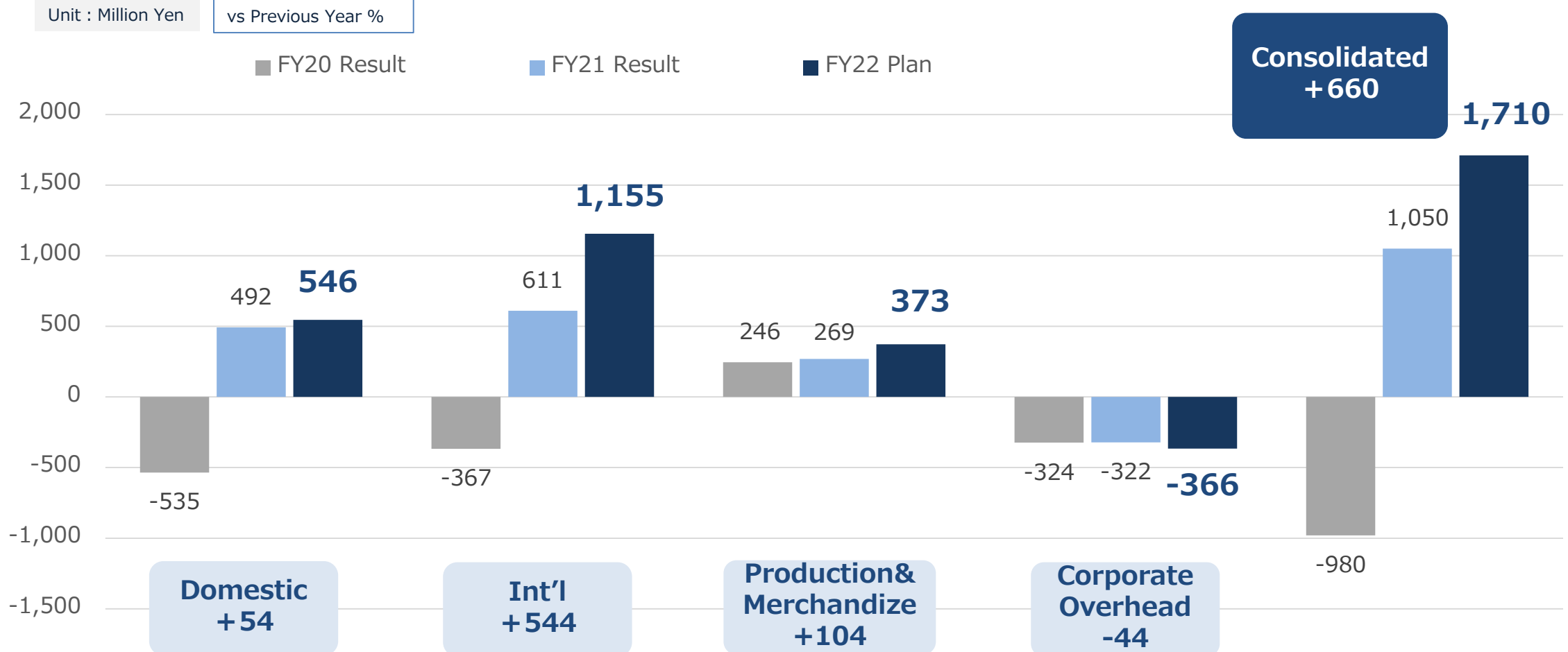
FY2022-2023 Financial Plan: Revenue

Revenue growth will come mainly from the international operations and retail sales of IPPUDO branded products. When opportunities rise, more aggressive store openings planned.

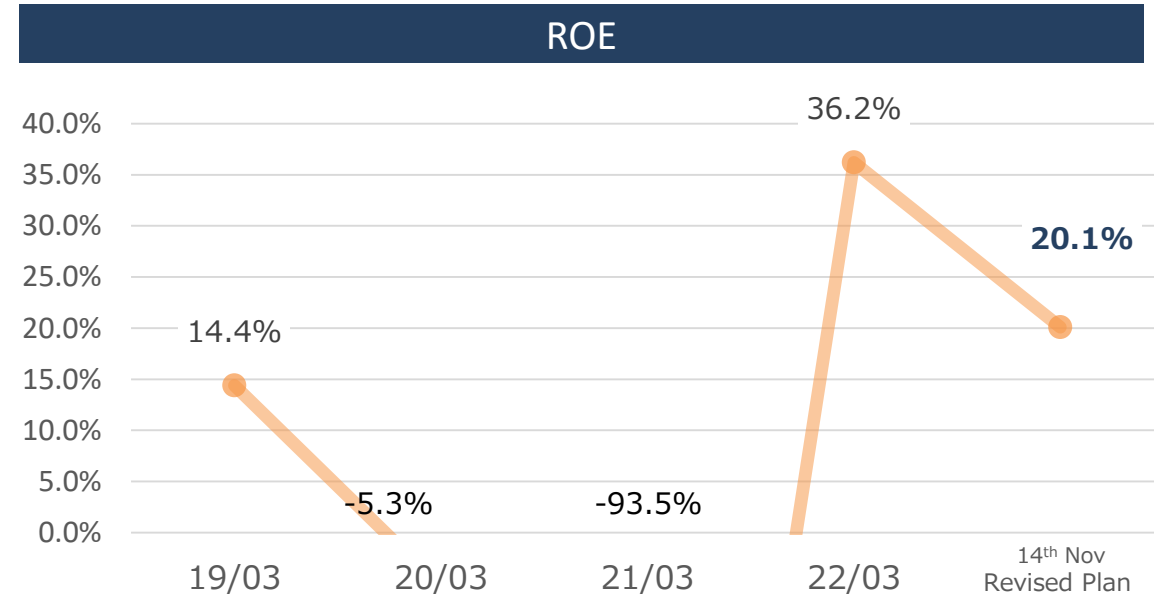
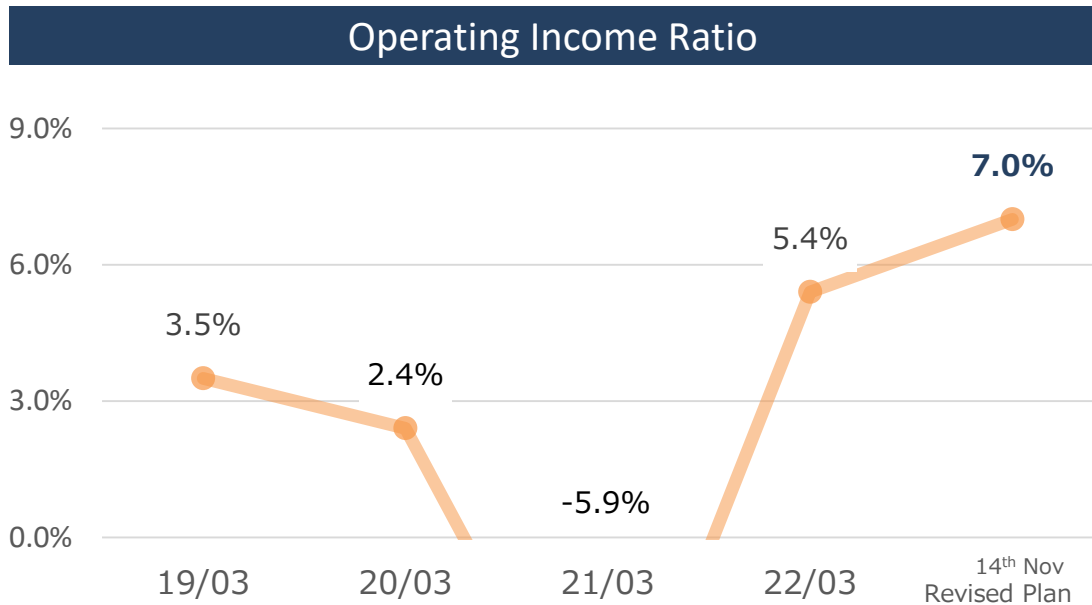
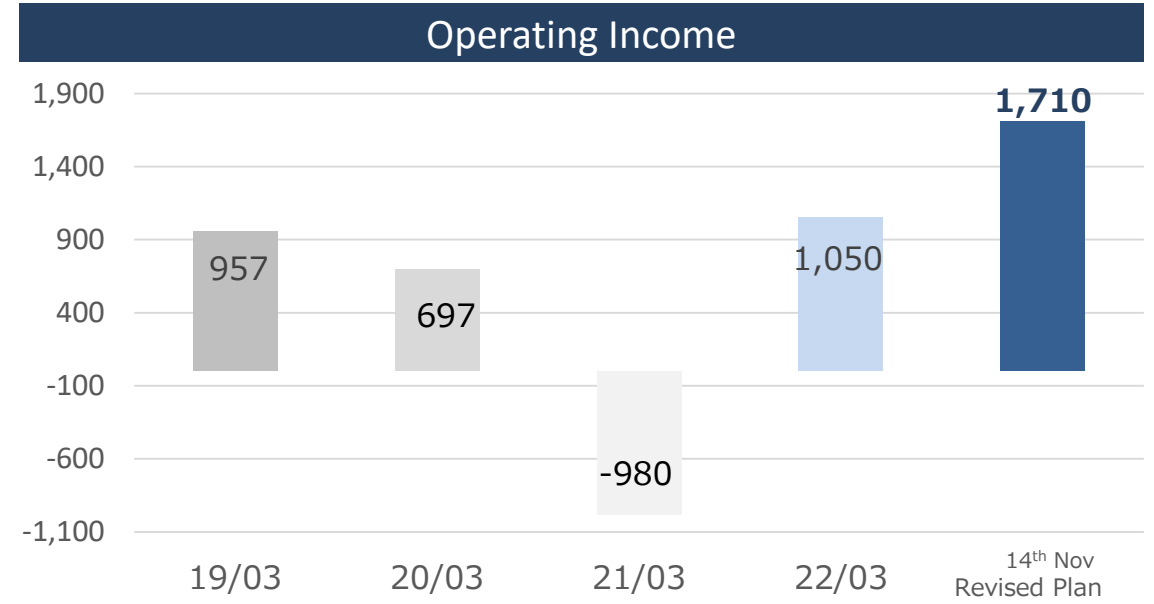
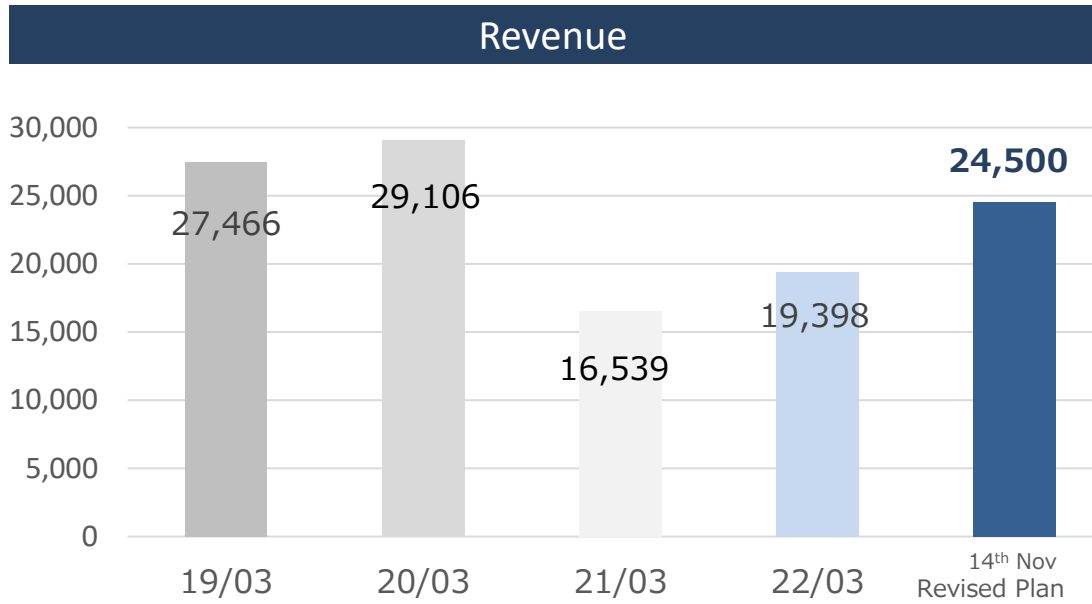


FY2022-2023 Financial Plan: Operating Income

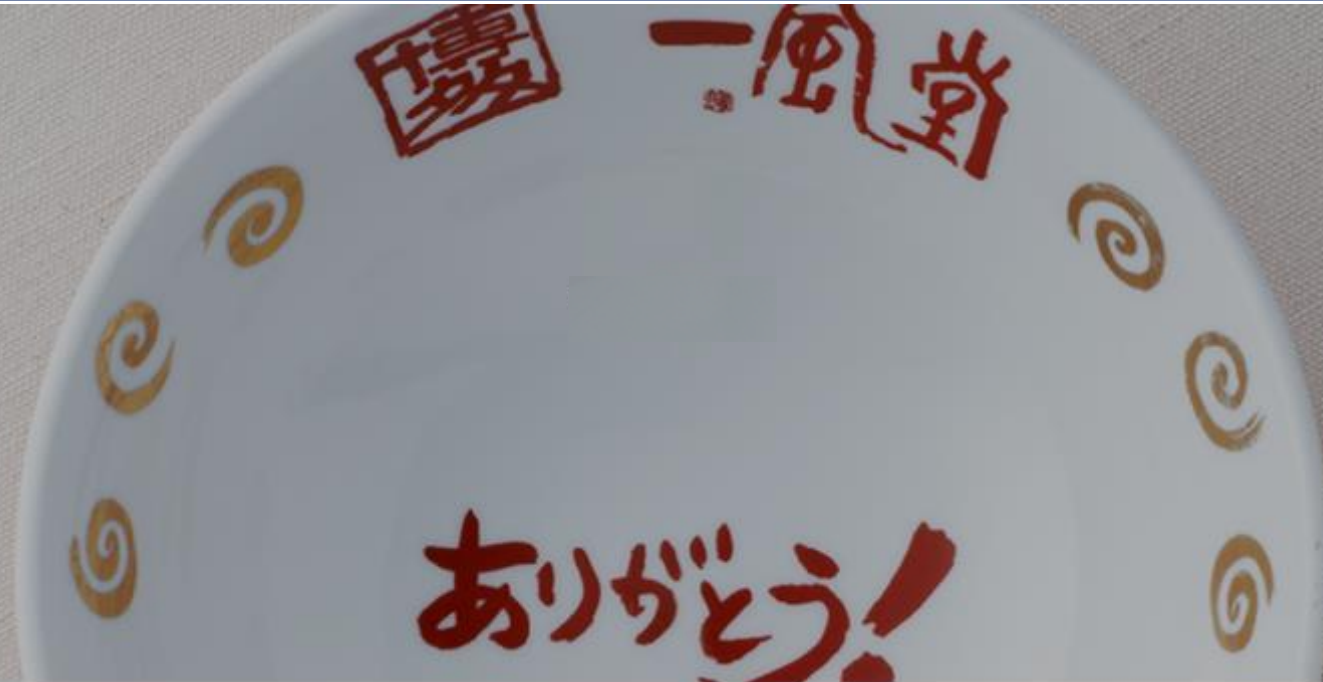
Operating Income will continue to grow, maintaining cost control and executing Digital Transformation initiatives such as introduction of QR order systems, despite uncertainty factors such as foreign exchange fluctuations and material & utility costs. Coporate Overhead will remain at a low level of **1.5% (1.7% previous year)**



Major Financial Indicators



Appendix 3



We will continuously create new values through food,
and communicate those values to the world with
“Smile” and “Arigatou”.

Keep changing to remain unchanged.

Chikaranomoto Holdings Co., Ltd. (Ticker#:3561)

- Address Daimyo 1-13-14, Chuo-ku, Fukuoka City, Fukuoka, Japan
- Date of Establishment **30th October 1986**
- Capital Stock **JPY 2,651,860,000** (Number of issued shares: **28,784,400** shares)
- Fiscal Term **End of March**
- Number of Employees **34** (consolidated: 487) ※Permanent employees only
- List of Directors

President and Representative Director
Director

Mr. Shigemi Kawahara
Mr. Toru Nakao

Director and Chief Strategy Officer

Mr. Tomoyuki Yamane

Director (Audit Committee)

Mr. Akihiro Saito

Director (Audit Committee, Independent)

Mr. Tetsuya Tsuji

Director (Audit Committee, Independent)

Mr. Shinji Tanabe

As of 30st September 2022

原点の一杯
白丸元味



Shiromaru Classic

Keeping in line with the founding recipe, silky yet high in flavors and fragrance, the *Classic* soup is the very original taste of Ippudo Tonkotsu ramen. Ultra-thin noodles, typical of Hakata, accentuates this all time favorite of IPPUDO.

革新の一杯
赤丸新味



Akamaru Modern

A modern take on the *Classic*, *Akamaru* adds a slightly spicy mixed miso paste and fragrant oil, to give the senses a gentle kick. Slightly thicker noodles match perfectly with a bowl full of flavors.

極から麺



Kiwami Karaka

A spicy take on the silky Tonkotsu soup with house-made spicy Rayu oil and a meat miso paste mixed with a myriad of spices. Topping with specially seasoned deep fried Tempura dough, a *Sesame Bomb* gives this bowl a unique Tantanmen-like flavor.

Spreading 'Smile' and 'Arigatou' through Bowls of Ramen.



1979.11

Mr. Shigemi Kawahara started the bar "After the Rain" in Fukuoka

1985.10.16

IPPUDO Daimyo: The first Ippudo restaurant in Fukuoka.

1994.3

IPPUDO in Ramen Museum in Yokohama

1995.4

IPPUDO Ebisu: the first store in Tokyo

1997.1

Mr. Shigemi Karahara won championship 3 times consecutively in TV show by TV Tokyo "TV Champion Ramen Chef"

2008.3

IPPUDO New York: the first store overseas

2009.5

IPPUDO Singapore: the first store in Asia

2014.10

IPPUDO London: the first store in Europe

2015.10

30th anniversary event

2016.2

IPPUDO Paris: the first store in France

2017.3

Listed on Tokyo Stock Exchange Mothers Index

2018.3

Listed on Tokyo Stock Exchange First Section

2018.11

100th store overseas

2019.10

Global Leadership Conference

2022.4

Listed on Tokyo Stock Exchange Prime Market



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Certain statements in this material are forward-looking statements, including but not limited to, statements that are predictions of or indicate future events, trends, plans or objectives of Chikaranomoto Holdings Co., Ltd..

Undue reliance should not be placed on such statements because, by their nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results to differ materially from those expressed in the statements. Consequently, you are cautioned not to place undue reliance on forward-looking statements. The Company disclaims any obligation to revise forward-looking statements in light of new information, future events or other findings.

