

一風堂 名古屋大須店



Chikaranomoto Holdings Co.,Ltd. [Ticker# 3561]

# FY2022 Financial Results Briefing

12<sup>th</sup> May 2023



- 1. FY2022-23 Financial Results** P.2~P.21
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# 1

## FY2022-23 Financial Results

# FY2022-23 Consolidated P&L Highlights



Consolidated revenue increased by 34.6% YoY and operating income and operating margin surpassed the revised plan, the previous year and Pre-Covid year. Domestic revenue increased by 10.6% YoY despite the 7<sup>th</sup> /8<sup>th</sup> infection waves and severe labor shortage. International revenue also grew by 72.9% although there were negative effects of increase in Covid infections in some areas.

	Vs. FY2022 Revised Plan	Vs. FY2021 Actual	Vs. FY2019 Actual
<b>Revenue</b> <b>26,116</b> Million Yen	+6.6 %	+34.6 %	-10.3 %
<b>Operating Income</b> <b>2,281</b> Million Yen	+571 Million Yen	+1,231 Million Yen	+1,584 Million Yen
<b>Operating margin</b> 8.7%			2.4%
<b>Net Income</b> <b>1,628</b> Million Yen	+278 Million Yen	+705 Million Yen	+1,842 Million Yen
<b>Net Income margin</b> 6.2%			-0.7%

Revised plan was disclosed on Nov 14 2022.

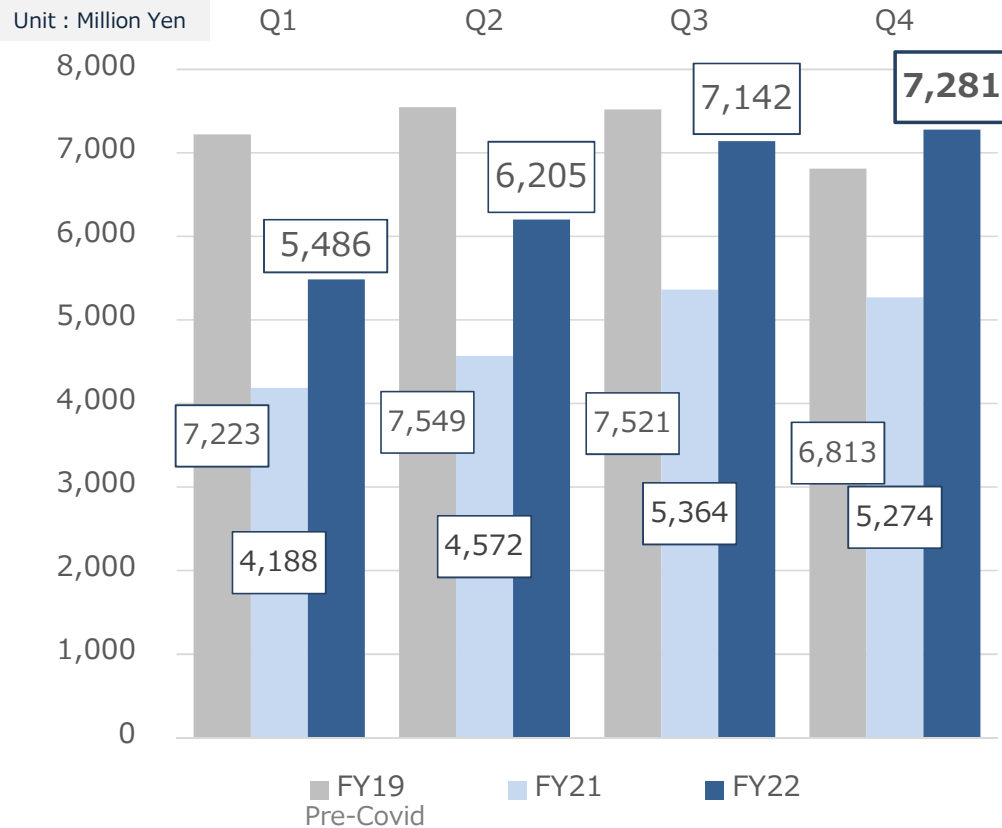
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# Consolidated Quarterly Results vs Previous Years

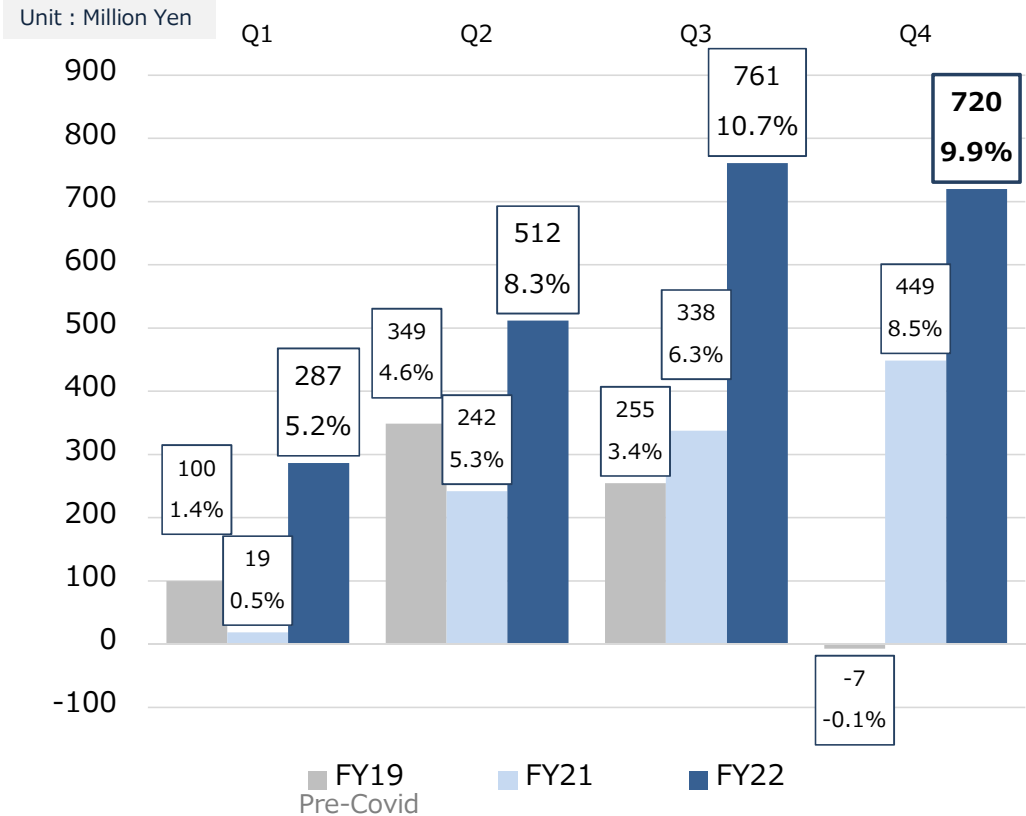


Quarterly revenue has grown by more than 30% vs previous year since 1Q. Operating income also surpassed the previous year and the Pre-Covid year.

### Revenue



### Operating Income and Margin

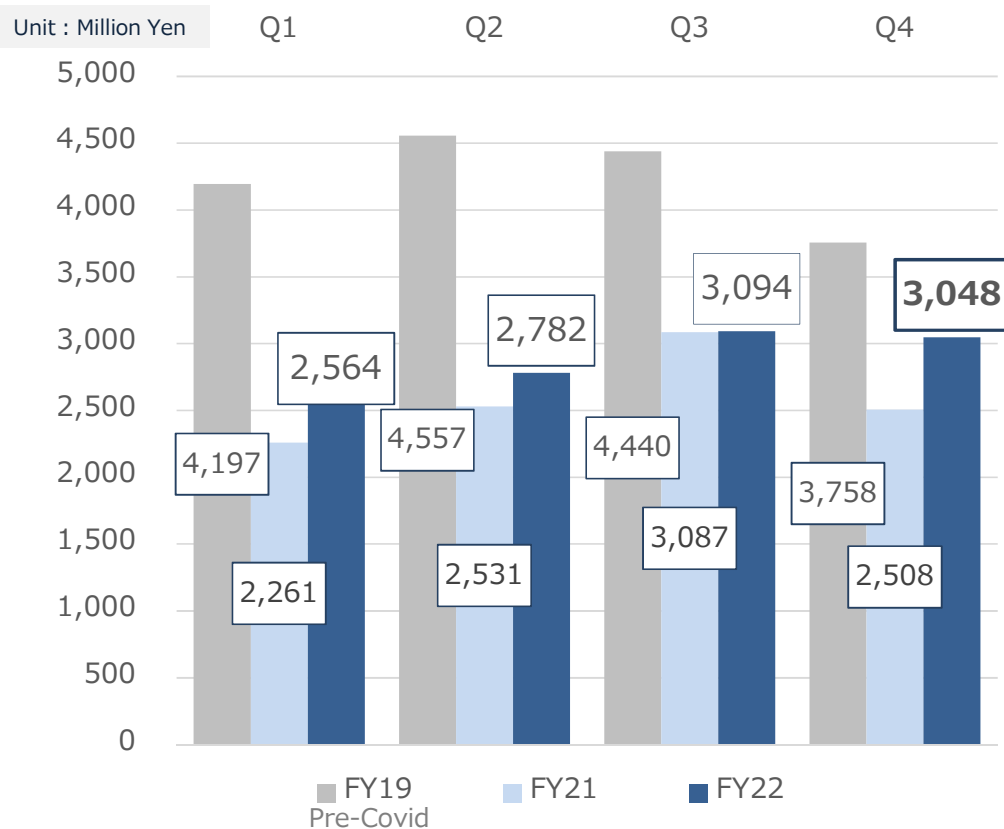


# Domestic Store Operations Quarterly Results (Apr.2022-Mar.2023)

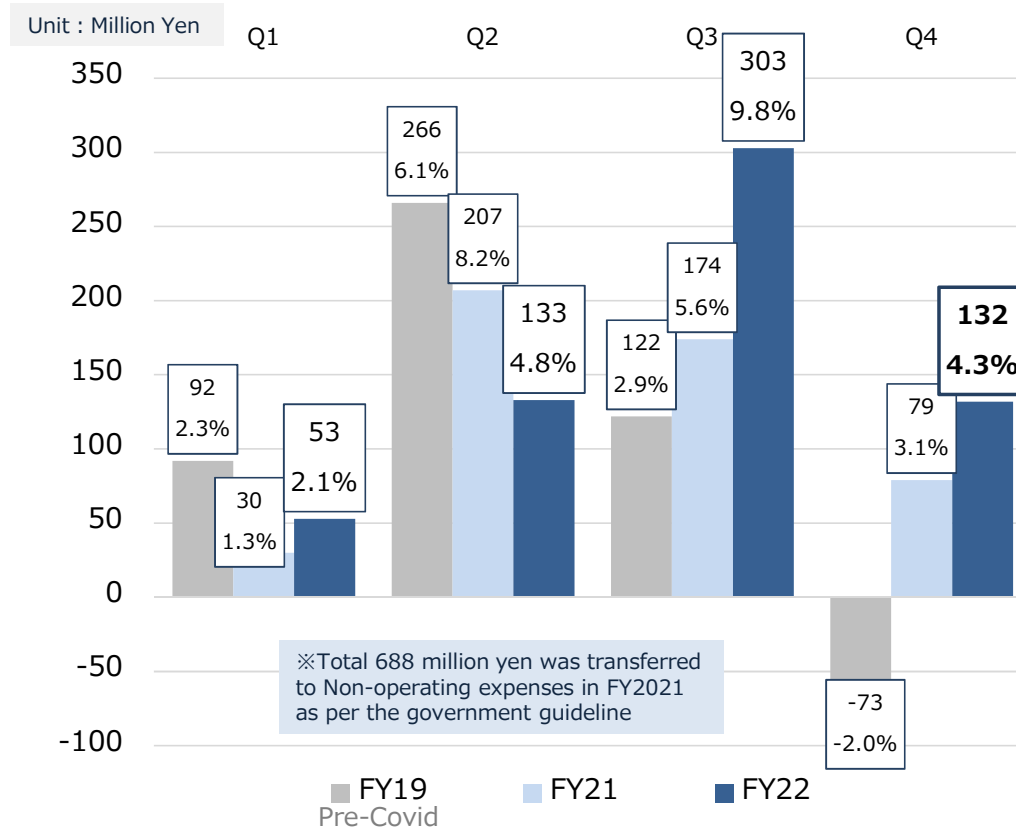


Quarterly domestic revenue grew by 10.6% YoY (Q4: grew by 21.6%) despite the closure or divestiture of 12 stores including 8 stores of PANDA EXPRESS. Inbound tourism was beginning to recover, and existing stores maintained strong performance with +16.4% YoY. Operating income increased 26.6% YoY (Q4: grew by 68.1%) with various cost reduction measures such as Digital Transformation Initiatives.

## Revenue



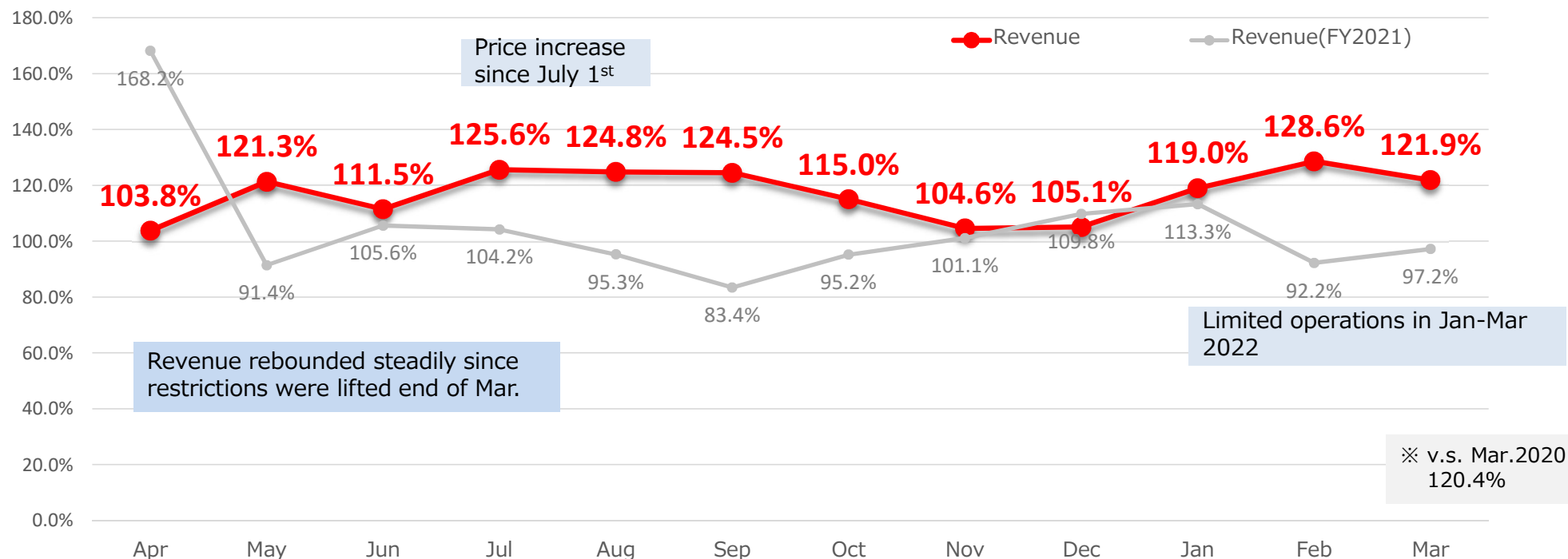
## Operating Income and Margin



Domestic Existing Stores 116.4% YoY ※ v.s. FY19 total 74.9%



## FY2022 Year-Over-Year Sales/Number of Customers/Average Check



	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
<b>Sales</b>	103.8%	121.3%	111.5%	125.6%	124.8%	124.5%	115.0%	104.6%	105.1%	119.0%	128.6%	121.9%	116.4%
<b>Number of Customers</b>	102.8%	119.9%	108.6%	117.6%	118.0%	116.4%	107.9%	97.2%	98.3%	111.1%	119.7%	114.1%	110.2%
<b>Average Check</b>	101.0%	101.2%	102.6%	106.8%	105.8%	106.9%	106.6%	107.6%	106.9%	107.2%	107.4%	106.9%	105.7%

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# Highlights: Domestic Store Operations

## ■ Revenue

- ✓ Increased by 10.6% YoY despite the closure or divesture of 12 stores including 8 stores of PANDA EXPRESS.
- ✓ Inbound tourism beginning to recover, and existing stores maintained strong performance +16.4% YoY.
- ✓ A new store (Ippudo Nagoyaosu) successfully opened in Q4

## ■ Operating Income

- ✓ Wages raised for permanent employees by 4% on average in April and part-timers throughout the full year 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.
- ✓ Reserve for bonuses was booked in Mar (7.3% of employee annual salary)



Event products  
Kakunoshin Ramen



Limited edition products  
Soupless Sesame Noodle



Limited edition products  
Ippudo Kasane



Tablet order system  
(IPPUDO Nagoyaosu)

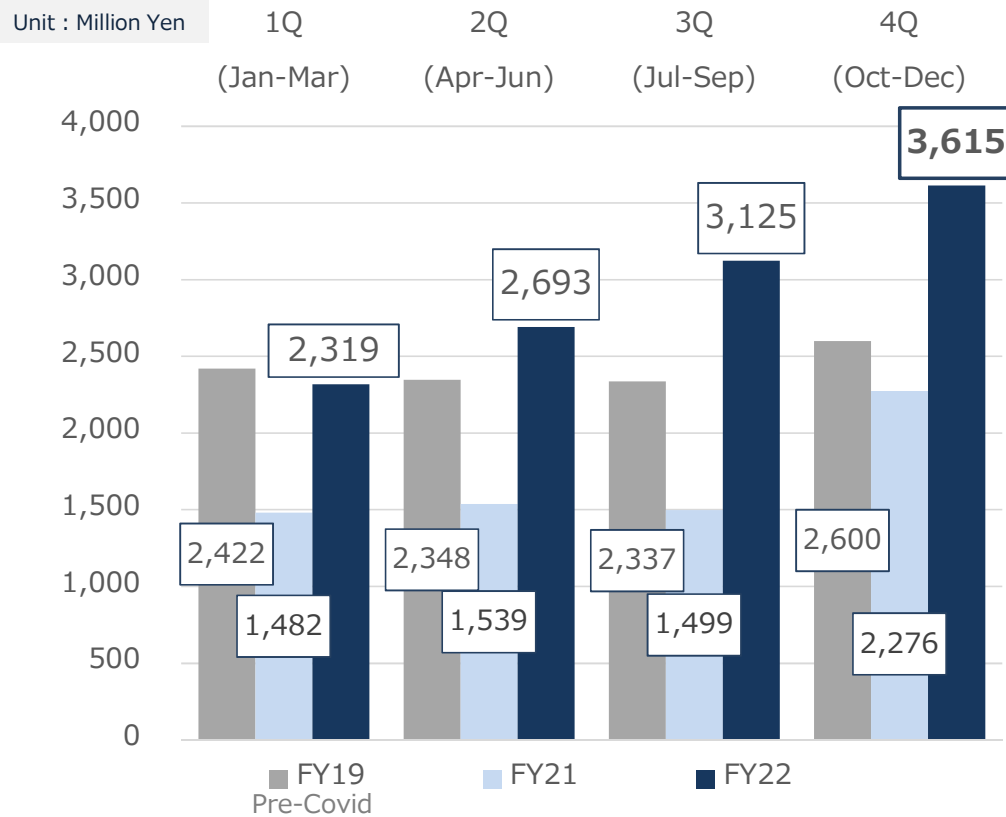


# International Store Operations Quarterly Results (Jan.-Dec.2022)

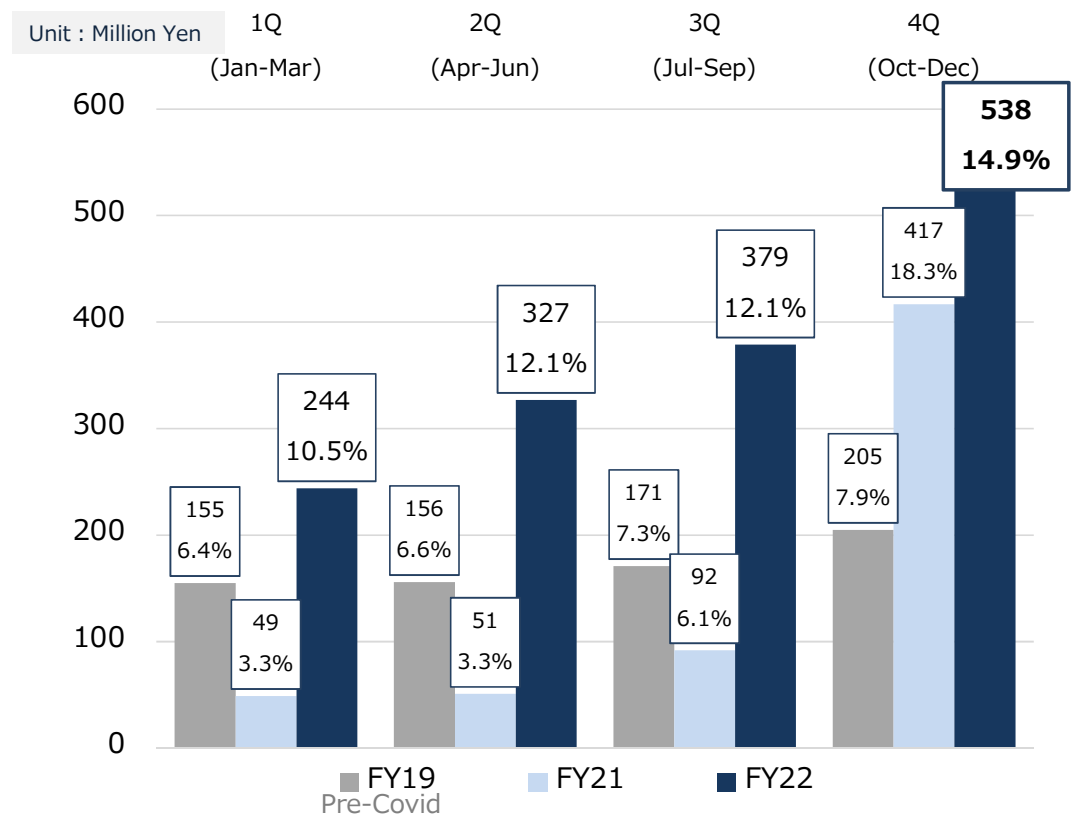


**International revenue +72.9% YoY including foreign exchange impact +20.6%. Although in the beginning of the year the spread of the infection was seen in some areas, the overall revenue recovered quickly. Operating income +143.8% YoY including foreign exchange impact +26.0% with a thorough control of labor and COGS.**

## Revenue



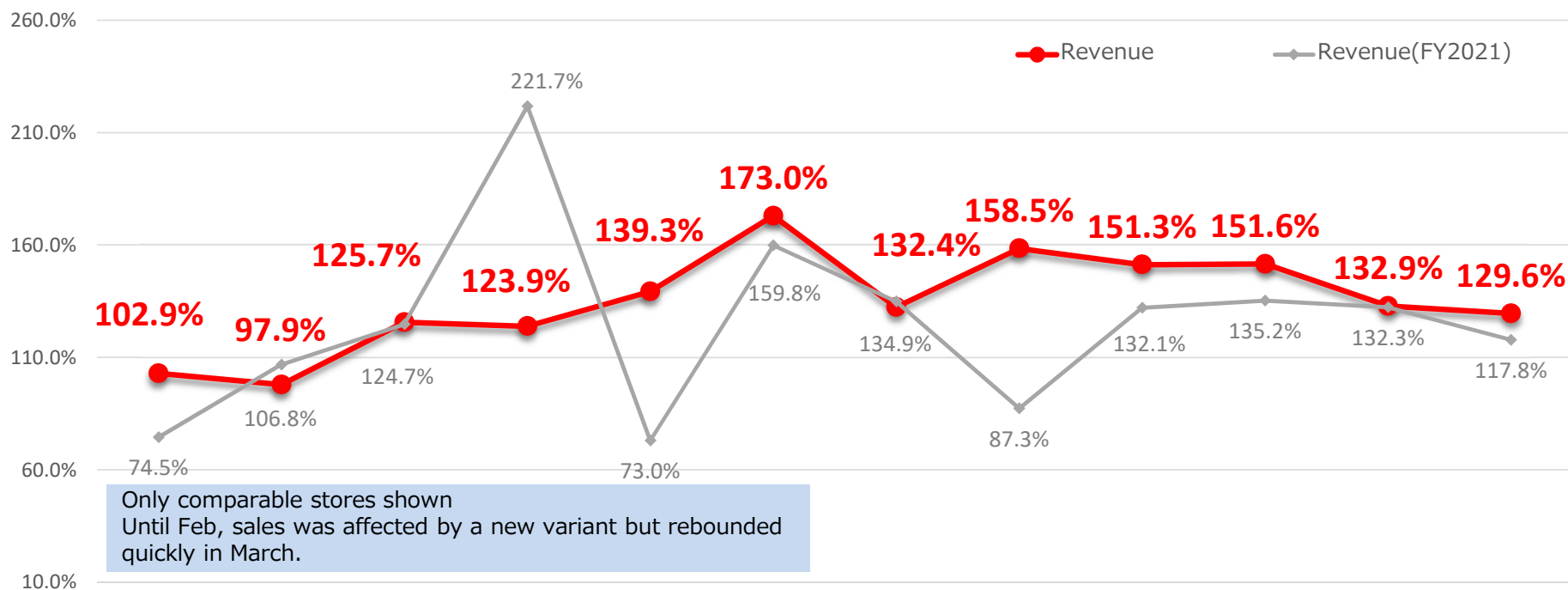
## Operating Income and Margin



# Int'l Existing Stores 136.1% YoY (until December)



## FY2022 Year-Over-Year Sales/Number of Customers/Average Check



Only comparable stores shown  
 Until Feb, sales was affected by a new variant but rebounded quickly in March.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
<b>Sales</b>	102.9%	97.9%	125.7%	123.9%	139.3%	173.0%	132.4%	158.5%	151.3%	151.6%	132.9%	129.6%	136.1%
<b>Number of Customers</b>	92.1%	87.3%	100.4%	100.7%	110.3%	139.4%	106.9%	129.9%	119.7%	112.4%	103.2%	107.5%	108.2%
<b>Average Check</b>	111.7%	112.1%	125.2%	123.0%	126.3%	124.1%	123.9%	122.0%	126.4%	134.8%	128.9%	120.6%	125.7%

# Highlights : International Store Operations (Jan.-Dec.2022)

## ■ Revenue

- ✓ Launch of limited time products, full scale menu price revisions, grand menu revisions and introduction of dessert menu, etc.
- ✓ Although in the beginning of the year the spread of the infection was seen in some areas, the overall revenue rebounded quickly.
- ✓ 3 stores in the Company-operated markets (Taiwan/Australia/Indonesia) and 1 store in a licensed area (Malaysia) opened.



IPPUDO Paris  
Veggie Ramen



IPPUDO USA  
"Sukiyaki" Ramen

## ■ Operating income

- ✓ In each area, 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 Australia  
Appetizer



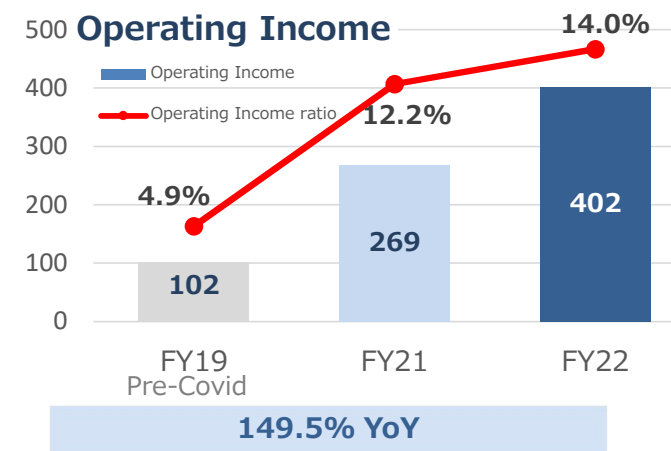
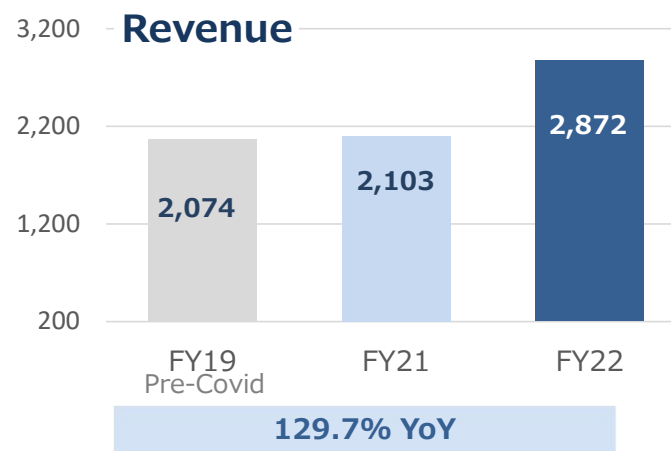
IPPUDO Singapore  
Anniversary Event

# Production & Merchandise and Corporate Overhead (YoY)



## Production and Merchandise

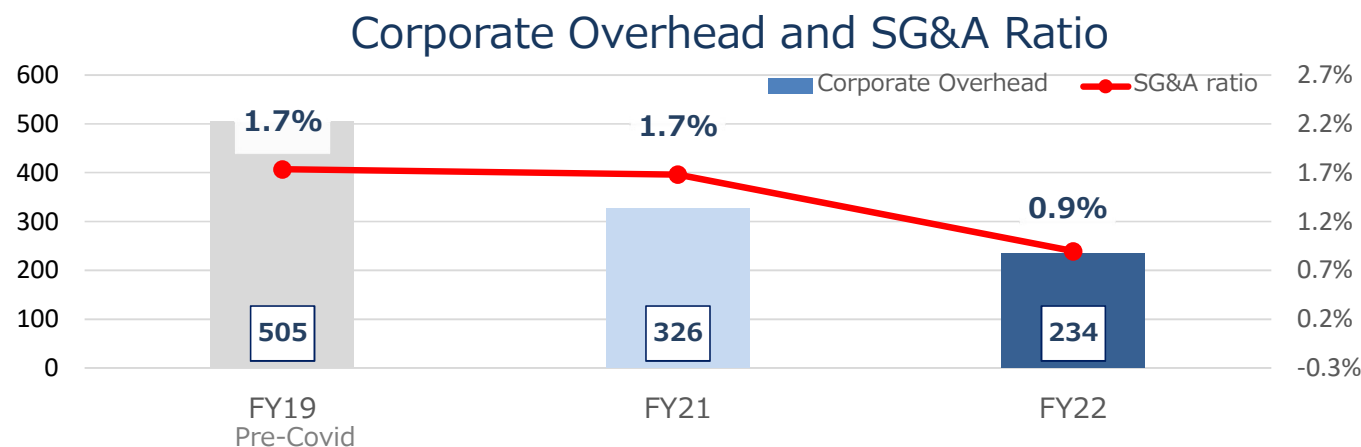
Revenue +29.7% vs previous year. e-Commerce site, IPPUDO branded products and exports contributed. Operating income increased by 133 million yen.



## Corporate Overhead

SG&A ratio maintained low level :0.9%.

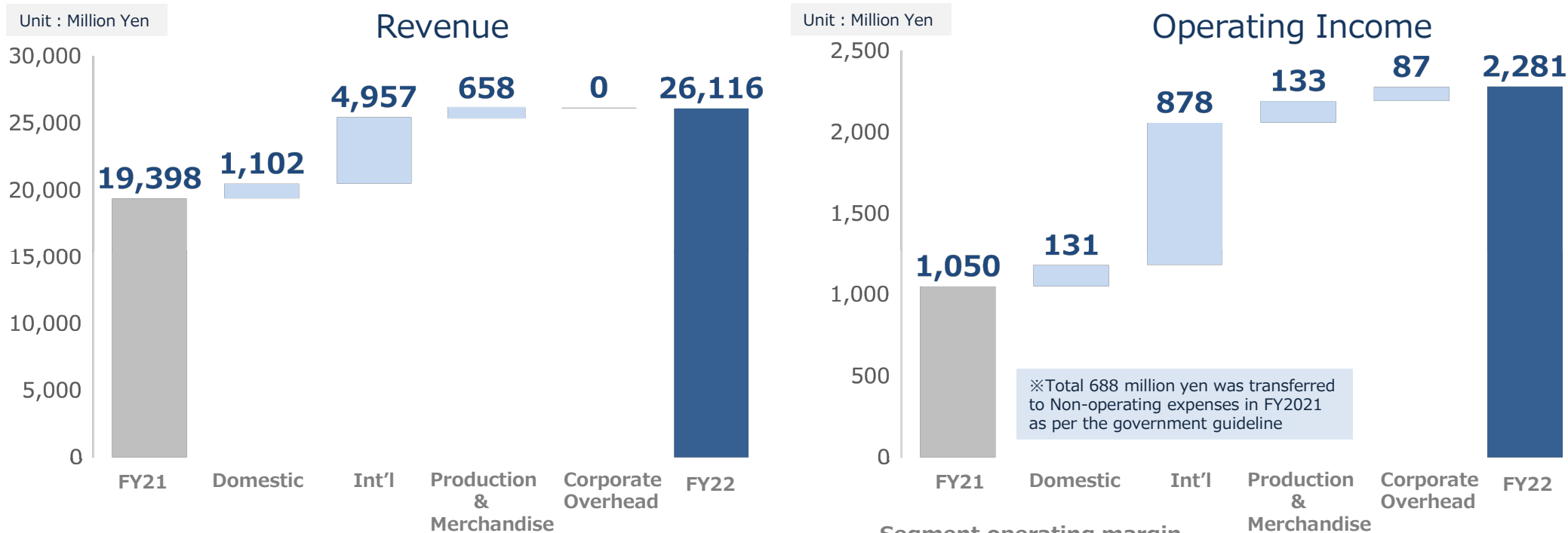
※SG&A ratio=Corporate Overhead/Consolidated Revenue



# Segment Revenue, Operating Income and Operating Margin (YoY)



The recovery of International revenue and operating income is strong, while Domestic recovery remains mild. Production & Merchandise revenue has grown mainly from promoting B2B and international sales of IPPUDO branded products.



**Segment operating margin**

	Domestic	Int'l	Production & Merchandise	Others	Total
FY22 4Q	5.4%	12.7%	14.0%	-	8.7%
FY21 4Q	4.7%	9.0%	12.2%	-	5.4%

# Consolidated Balance Sheet



Equity ratio improved to 43.7% with good results, exercise of warrants and decrease of interest-bearing loans.

Unit : Million Yen

	Mar. 2022	Mar. 2023	GAP
<b>Current Assets</b> (Cash and Deposits)	<b>6,650</b> 4,773	<b>8,891</b> 6,744	<b>+2,240</b> <b>+1,971</b>
Property, Plant and Equipment	5,703	5,488	-214
Intangible Assets	177	157	-20
Investments & Others	2,739	2,940	+200
<b>Non-Current Assets</b>	<b>8,620</b>	<b>8,586</b>	<b>-34</b>
<b>Total Assets</b>	<b>15,271</b>	<b>17,477</b>	<b>+2,206</b>
■ Assets			
· Cash and deposits			+ 1,971
· Tangible assets from new stores			- 213
Investment securities			+ 105

	Mar. 2022	Mar. 2023	GAP
<b>Total Liabilities</b> (short-term loans) (long-term loans )	<b>11,470</b> 2,500 4,838	<b>9,837</b> 2,500 2,918	<b>-1,633</b> <b>±0</b> <b>-1,920</b>
Shareholders' Equity	3,647	7,231	+3,583
Accumulated Other Comprehensive Income	144	408	+264
Non-Controlling Interest	8	0	-8
<b>Total Net Assets</b>	<b>3,800</b>	<b>7,640</b>	<b>+3,839</b>
<b>Total Liabilities and Net Assets</b>	<b>15,271</b>	<b>17,477</b>	<b>+2,206</b>
■ Liabilities			
· Interest bearing-loans			- 1,941
· Accounts payable-other			- 205
· Account payable-trade			+ 229
■ Shareholders' Equity			
· Capital			+ 1,952
· Retained earnings			+ 1,628

※Equity Ratio 43.7% (24.8% as of end of March 2022)

# Consolidated P&L (1<sup>st</sup> Apr.2022~31<sup>th</sup> Mar.2023)

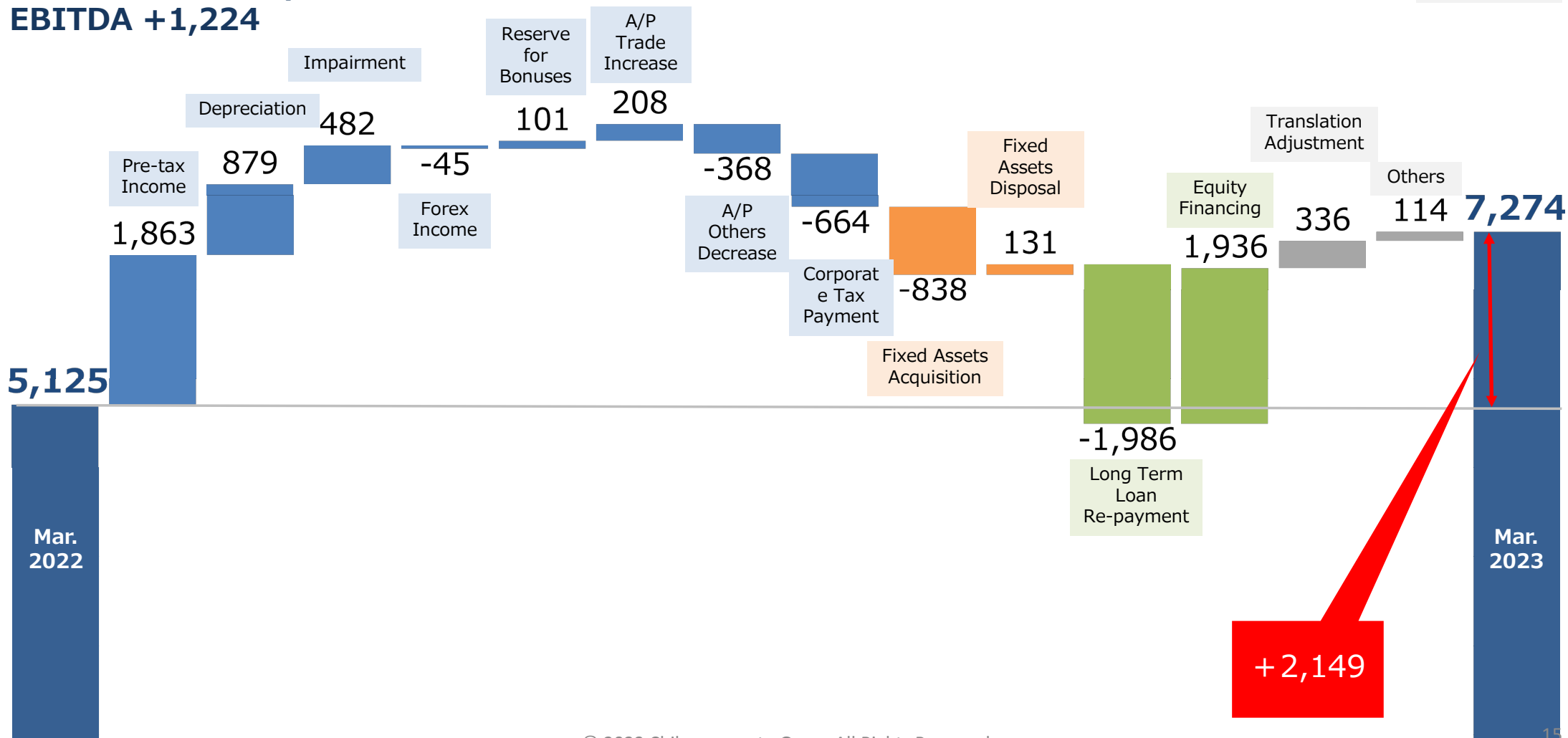


Unit : Million Yen	FY2022-23 Results	FY2022-23 Revised Plan	FY2021-22 Results	FY2019-20 Results (Pre-Covid)
<b>Revenue</b>	<b>26,116</b>	<b>24,500</b>	<b>19,398</b>	<b>29,106</b>
Growth rate YoY	+34.6%	-	-	-
<b>Gross Profit</b>	<b>18,367</b>	-	<b>13,743</b>	<b>20,640</b>
<b>SG&amp;A Expenses</b>	<b>16,086</b>	-	<b>12,692</b>	<b>19,943</b>
<b>Operating Income</b>	<b>2,281</b>	<b>1,710</b>	<b>1,050</b>	<b>697</b>
Operating Margin	8.7%	7.0%	5.4%	2.4%
<b>Ordinary Income</b>	<b>2,321</b>	<b>1,830</b>	<b>1,083</b>	<b>623</b>
Ordinary Margin	8.9%	7.5%	5.6%	2.1%
<b>Pre-Tax Income</b>	<b>1,863</b>	-	<b>930</b>	<b>-344</b>
<b>Net Income</b>	<b>1,628</b>	<b>1,350</b>	<b>923</b>	<b>-214</b>
Net Income Margin	6.2%	5.5%	4.7%	-0.7%

# Consolidated Statement of Cash Flow

**Cash and Cash Equivalents +2,149**  
**EBITDA +1,224**

Unit: Million Yen



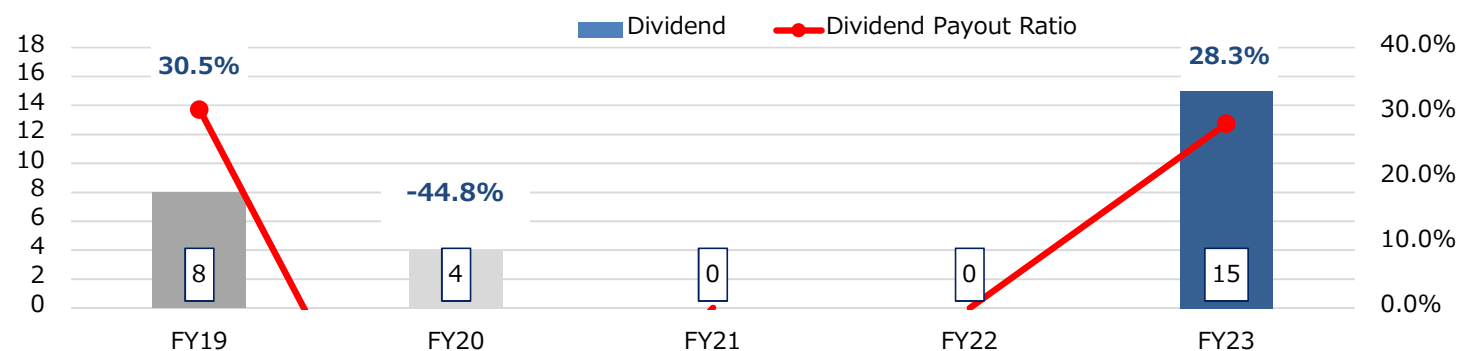


# Dividends Forecast

Considering record profits and two years of no dividends, the company is forecasting an ordinary dividend of 10 yen / share, plus a special dividend of 5 yen / share, for a total of 15 yen / share. The dividend forecast for FY2023 is 14 yen/share ( Interim:7 yen and Year-end:7 yen)

	Q2	Q4	Total
Record Date	30th September 2022	31st March 2023	
Dividend per Share	—	15.00 yen (Ordinary:10.00 yen) (Special : 5.00 yen)	15.00 yen (Ordinary:10.00 yen) (Special : 5.00 yen)

## Dividend Trends



# New Stores (Jan-Mar)

**Domestic: IPPUDO 1, International: IPPUDO 2, GOGYO 1**



**IPPUDO  
Nagoyaosu**



**GOGYO HK  
Alexandra House**



**IPPUDO SG  
Sengkang Grand Mall**



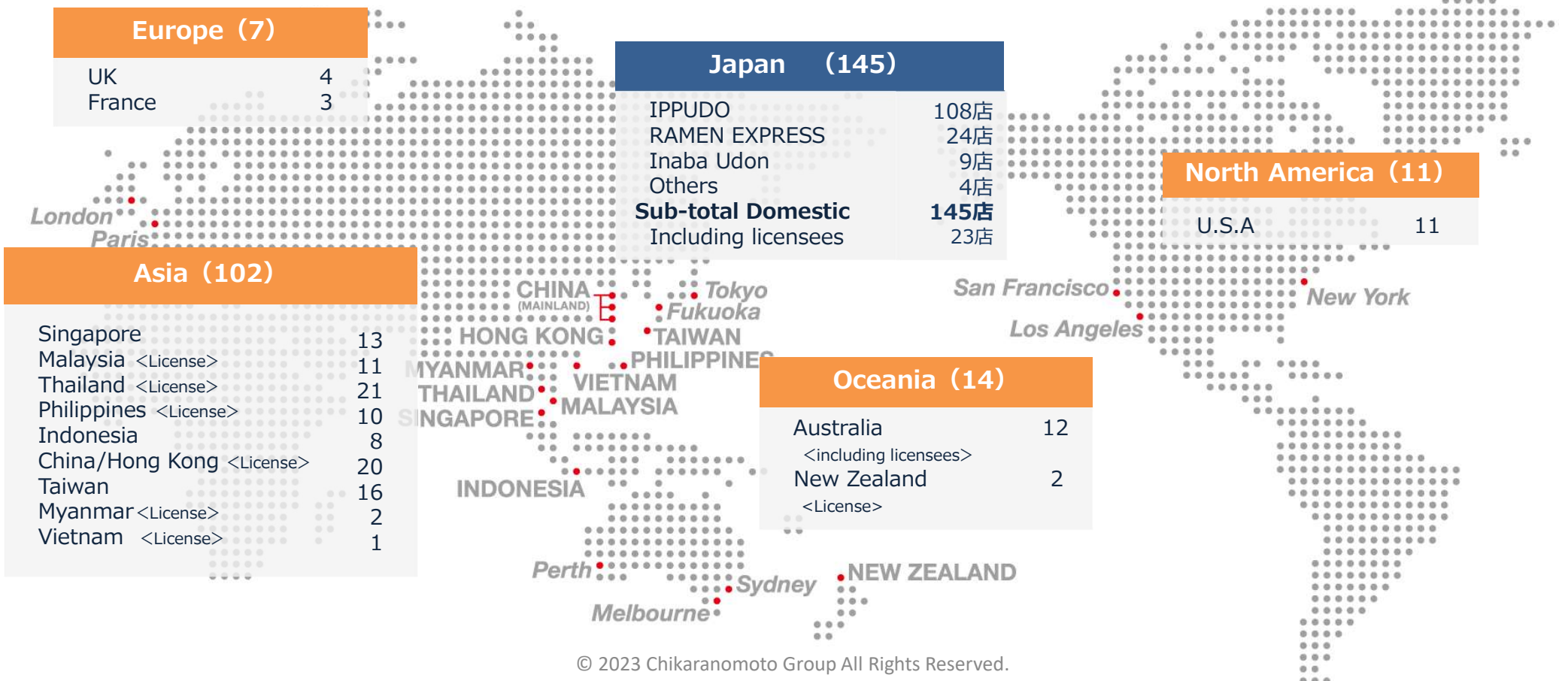
**IPPUDO CHINA  
Shanghai Hongqiao International Airport**

# Geography of Stores [FY19 : 288 stores FY20 : 280 stores FY21 : 277 stores]



**273** Stores in **15** countries and regions  
 (-4 since the end of previous FY)

	Owned	Licensed	Total
Domestic	117	22	<b>139</b>
International	64	70	<b>134</b>
<b>Total</b>	<b>181</b>	<b>92</b>	<b>273</b>



## Seasonal products



Launch of “Miso Akamaru”, which is a popular seasonal product as a classic winter item

## Store-only products



Launch of “Plant-base ramen”, which is a limited product at Ippudo Lumine Est Shinjyuku.

## Events



From Mar 14, NAJIMA-TEI open for a limited period at Shin-Yokohama Ramen Museum joining an event to celebrate the museum’s 30<sup>th</sup> anniversary

# Retail Products

## e-Commerce site (Domestic)

Sales of Soba, Ramen, and Udon  
Also popular as a gift

■ e-Commerce site  
<https://mensmarket.jp/index.html>



## Convenience stores/Mass retailers (Domestic)

Sales of products to meet broad  
customers' needs



## Mass retailers (International)

Dry-noodle type plant-based ramen  
successfully launched



## KODOMO SHOKUDO



IPPUDO KITCHEN CAR held regularly "KODOMO SHOKUDO" or children's cafeteria providing free ramen for the local families. It also provided communication occasions for children and parents in the area.

## Philosophy

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なってきました。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

以下のリンクからご覧ください  
[力の源グループのSDGsへの取り組みに関するお知らせ](#)

## Work Shop



Workshops to convey the joy of making your own, the importance of food, and the importance of having dreams have resumed in overseas

# FY2023-24 Financial Plan

# FY2023-24 Financial Plan



Although both domestically and internationally, cost-increase risks are foreseen such as raw materials and energy costs affected by foreign exchange fluctuations and geopolitical risks, solid growth will be expected by virtue of our continuous various measures. In order to accelerate the growth after FY2024, the strategic investments on human capital will be continued at home and abroad to secure and develop global human resources.

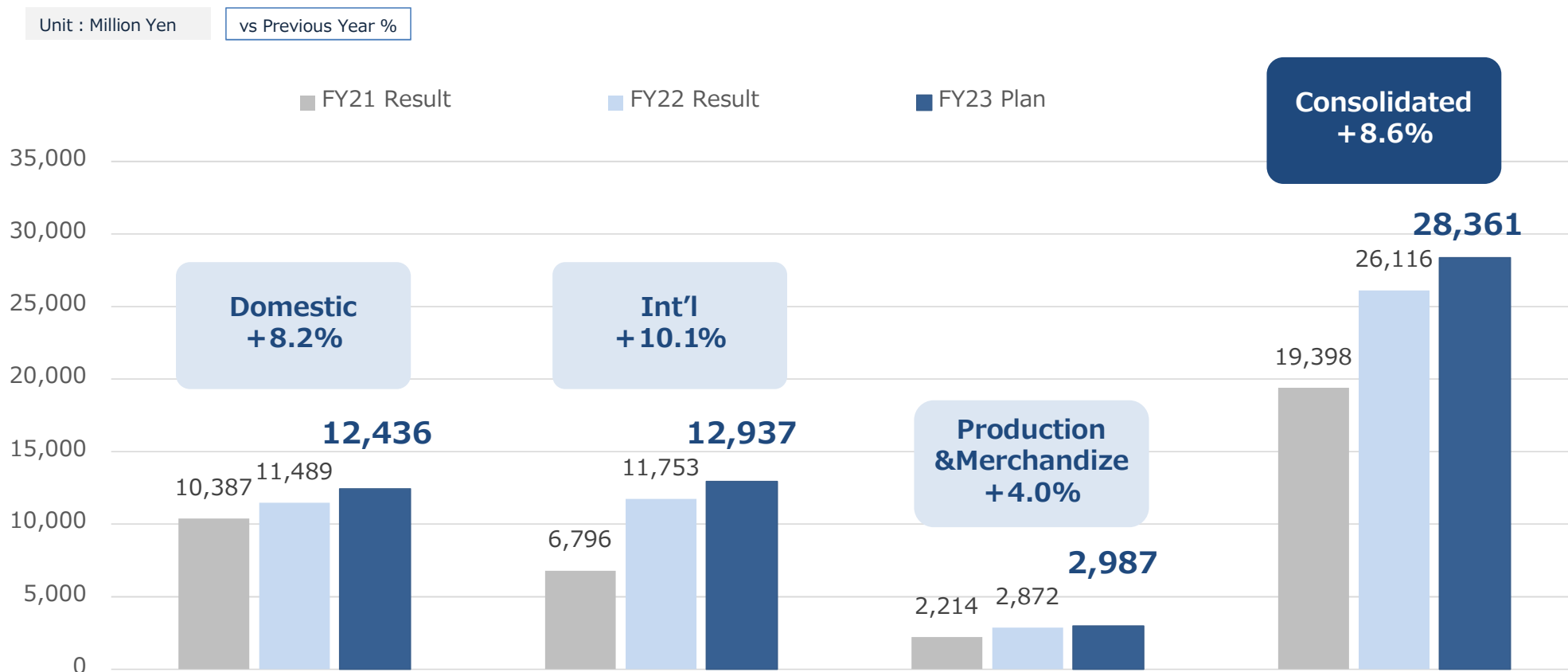
Unit : Million Yen	FY2022-23 Result	FY2023-24 Plan	vs Previous Year	
			Gap	%
Revenue	26,116	28,361	+2,245	+8.6%
Operating Income	2,281	2,540	+259	+11.4%
Ordinary Income	2,321	2,564	+243	+10.5%
Net Income Attributable to Shareholders	1,628	1,821	+193	+11.8%

Currency	Budgeted Rate
USD	115.88
EUR	122.92
GBP	139.77
SGD	86.02
AUD	78.12



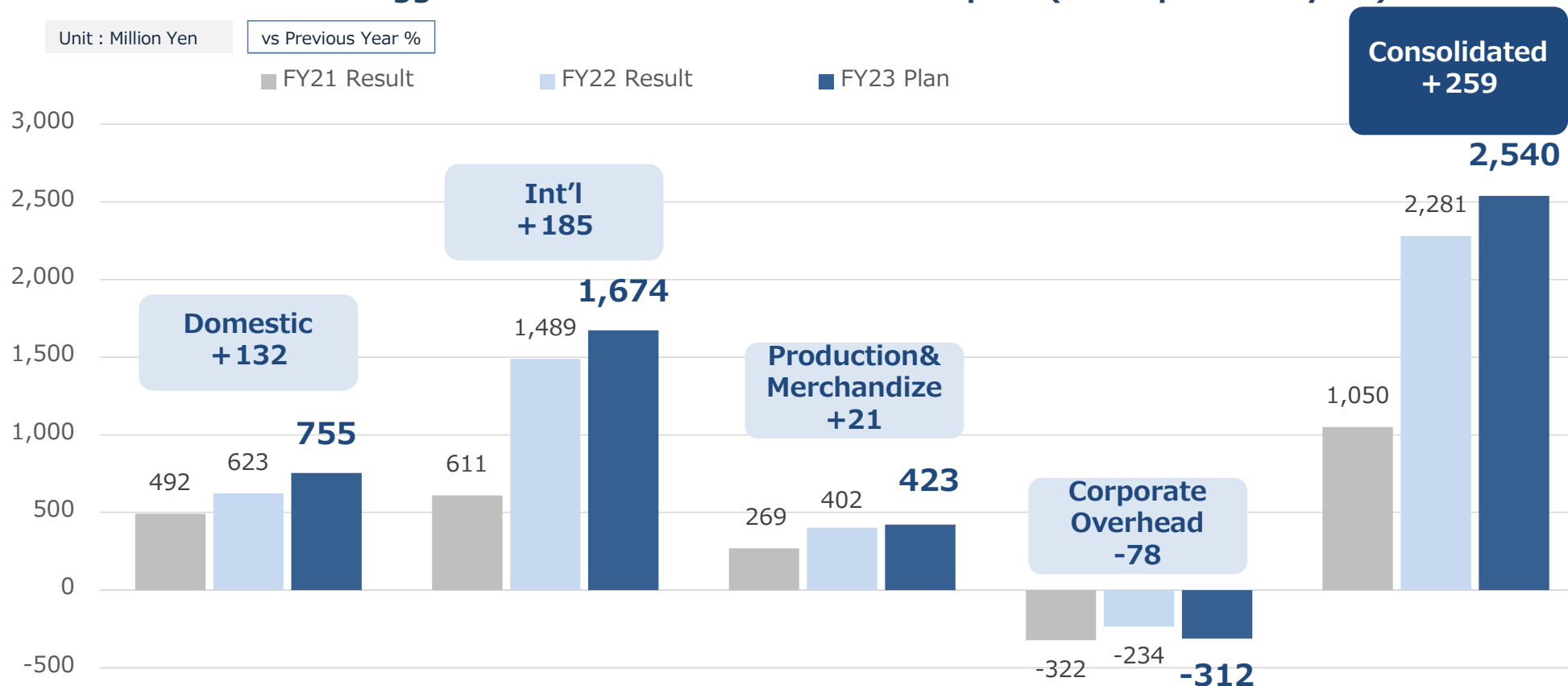
# FY2023-24 Financial Plan: Revenue

Both domestically and internationally, mild growth of existing stores and sales increase of new stores will be expected. Especially, opening new international stores will be accelerated. Production and Merchandise will see 8.6% revenue increase expanding IPPUDO related products.



# FY2023-24 Financial Plan: Operating Income

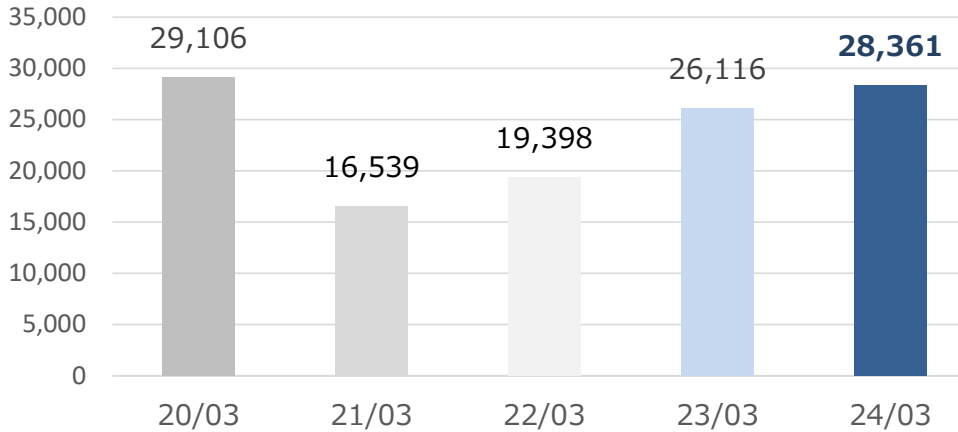
Although both at home and abroad, cost-increase risks such as raw materials and energy costs affected by foreign exchange fluctuations and geopolitical risks are foreseen, profits will be increased by continuous cost control and various digital transformation measures. Corporate overhead and SG&A Ratio will be 1.1% due to aggressive investments on human capital (0.9% previous year)



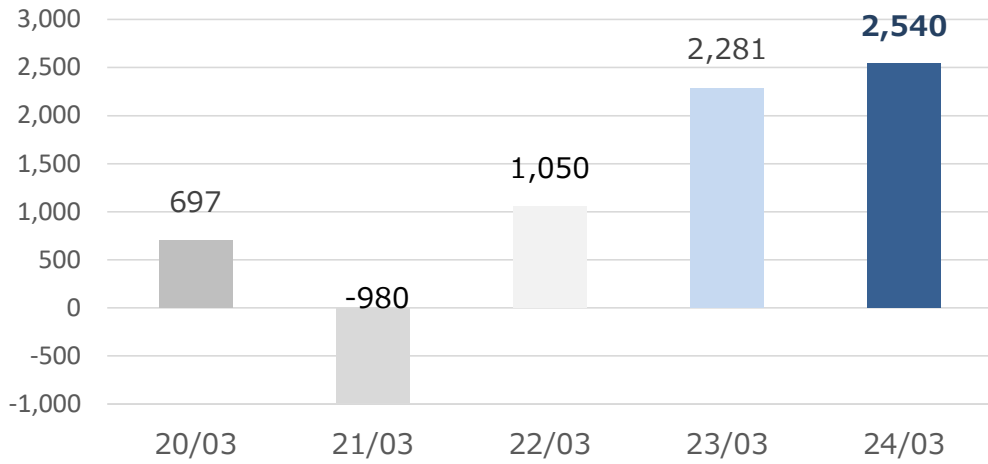
# Major Financial Indicators



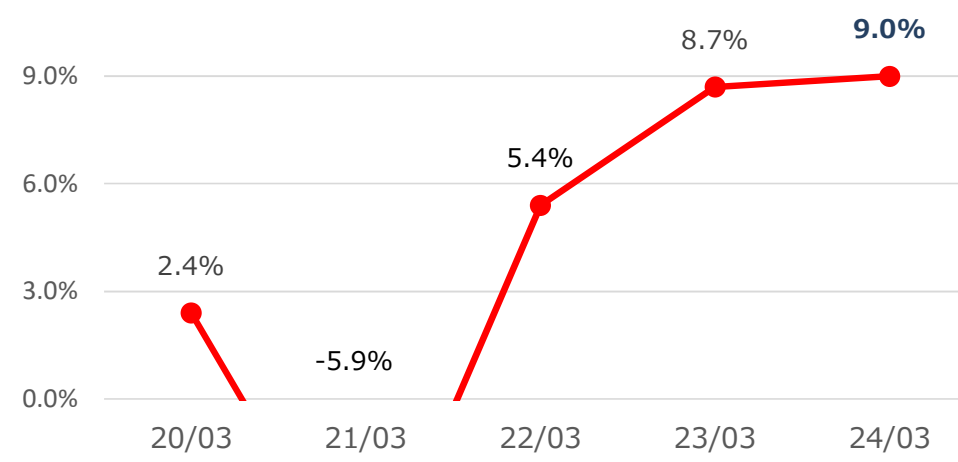
Revenue



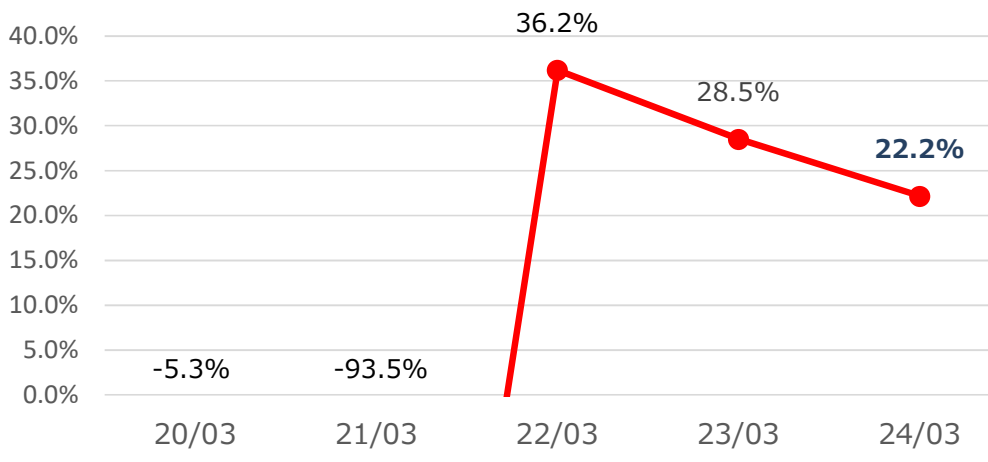
Operating Income



Operating Income Ratio



ROE



# FY2027-28 Vision

# 3

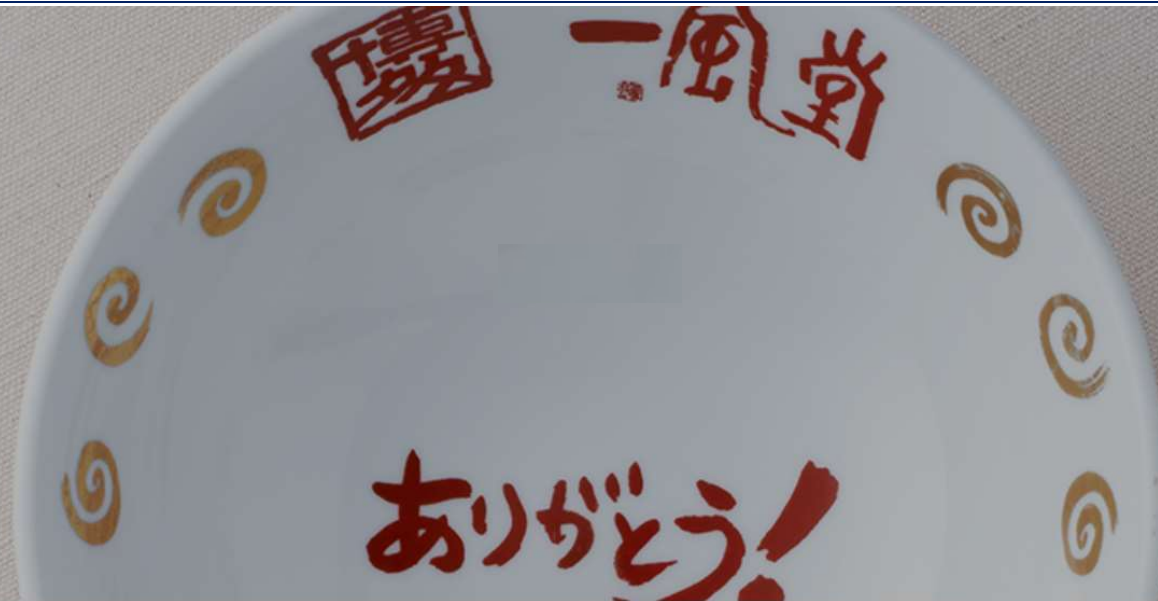
# FY2027-28 Vision Revenue 50 billion / Operating Profit 5 billion or more CHIKARA no MOTO



Recruit and develop global human resources/Promote digital transformation at stores and offices/Build global supply chain managements/ Infiltrate management philosophy/Strengthen the financial basis

# Appendix 4

# Founding Principles



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 30<sup>th</sup> October 1986
- Capital Stock JPY 3,117,570,000 (Number of issued shares: 30,075,400 shares)
- Fiscal Term End of March
- Number of Employees 26 (consolidated: 498) ※Permanent employees only
- List of Directors

President and Representative Director	Mr. Shigemi Kawahara
Director	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 31<sup>st</sup> March 2023



# Signature Products

原点の一杯  
白丸元味



*Shiromaru Classic*

A bowl of “original”

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 bowl of “innovation”

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 bowl of “stimulation”

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.

# Our Milestones

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



- 2022.4** Listed on Tokyo Stock Exchange Prime Market
- 2019.10** Global Leadership Conference
- 2018.11** 100<sup>th</sup> store overseas
- 2018.3** Listed on Tokyo Stock Exchange First Section
- 2017.3** Listed on Tokyo Stock Exchange Mothers Index
- 2016.2** IPPUDO Paris: the first store in France
- 2015.10** 30<sup>th</sup> anniversary event
- 2014.10** IPPUDO London: the first store in Europe
- 2009.5** IPPUDO Singapore: the first store in Asia
- 2008.3** IPPUDO New York: the first store overseas
- 1997.1** Mr. Shigemi Karahara won championship 3 times consecutively in TV show by TV Tokyo "TV Champion Ramen Chef"
- 1995.4** IPPUDO Ebisu: the first store in Tokyo
- 1994.3** IPPUDO in Ramen Museum in Yokohama
- 1985.10.16** **IPPUDO Daimyo: The first Ippudo restaurant in Fukuoka.**
- 1979.11** Mr. Shigemi Kawahara started the bar "After the Rain" in Fukuoka



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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.

