



Plant-based SHIROMARU



Plant-based AKAMARU

Chikaranomoto Holdings Co. Ltd. [Ticker# 3561]

FY2023 Q1 FINANCIAL RESULTS BRIEFING

10th Aug. 2023

IPPUDO's **Plant-based Ramen**

- 1. FY2023-24 Q1 Financial Results** P.2~P.20
- 2. FY2023-24 Financial Plan** P.21~P.25
- 3. FY2027-28 Vision** P.26~P.27
- 4. Appendix** P.28~P.34

1

FY2023-24 Q1 Financial Results

FY2023-24 Q1 Consolidated P&L Highlights



Consolidated revenue increased by 28.5% YoY.

Operating income reached a record high for Q1, continuing growth trend.

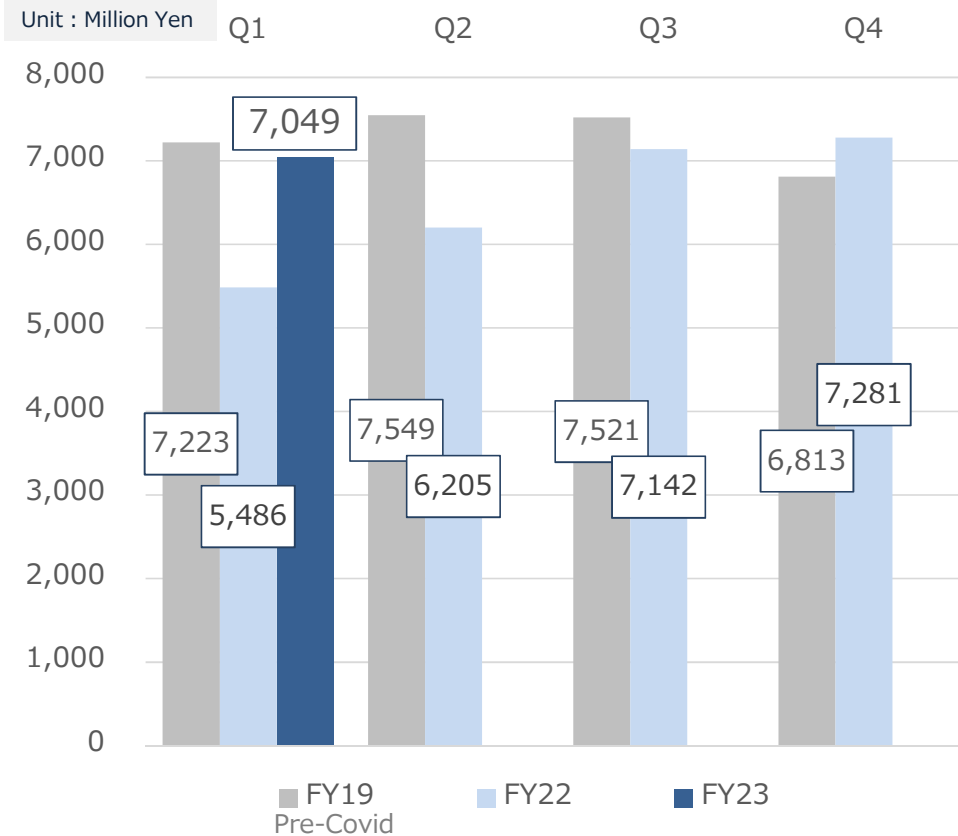
		Vs. Q1 Plan	Vs. FY2022 Q1 Actual	Vs. FY2019 Q1 Actual
Revenue	7,049 Million Yen	+6.5 %	+28.5 %	-2.4 %
Operating Income	573 Million Yen	+153 Million Yen	+286 Million Yen	+472 Million Yen
Operating margin	8.1 %	6.3 %	5.2 %	1.4 %
Net Income	470 Million Yen	+140 Million Yen	+170 Million Yen	+350 Million Yen
Net Income margin	6.7 %	5.0 %	5.5 %	1.7 %

Consolidated Quarterly Results vs Previous Years

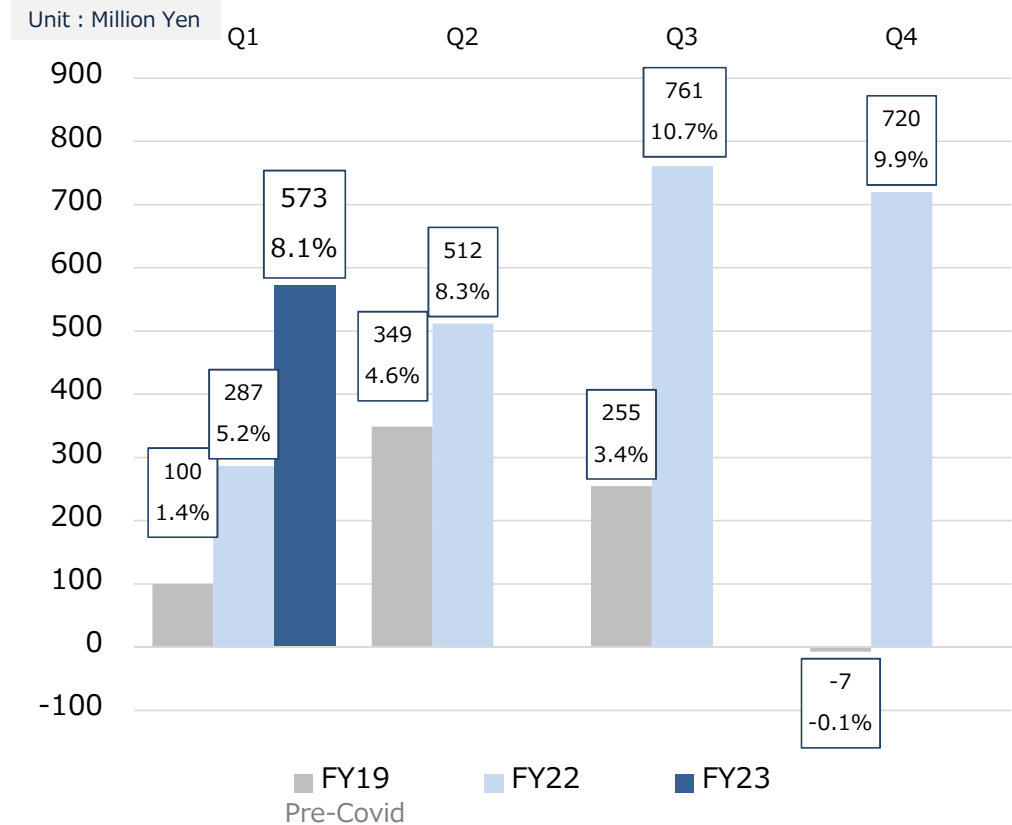


Revenue reached 128.5% YoY, despite a decrease of 13 stores compared to pre-Covid year (domestic-14, international+1). Operating income reached 199.6% YoY, and 568.3% vs. pre-Covid year, which is a record high for Q1.

Revenue



Operating Income and Margin

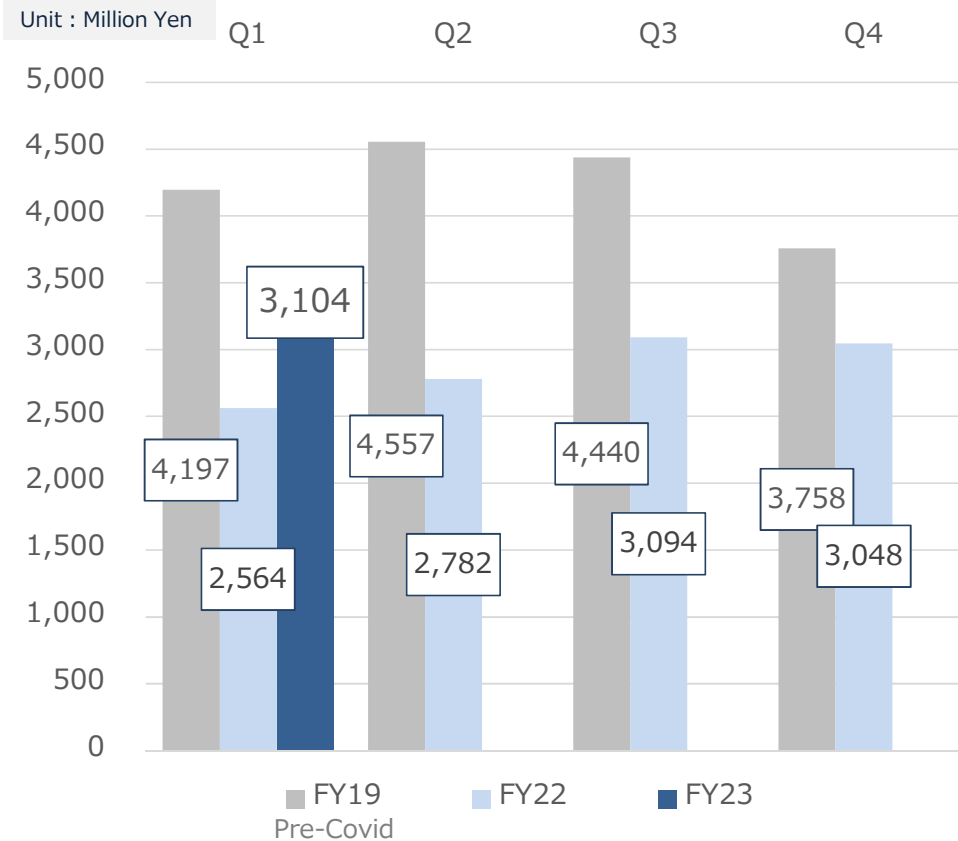


Domestic Store Operations Quarterly Results (Apr.2023-Jun.2023)

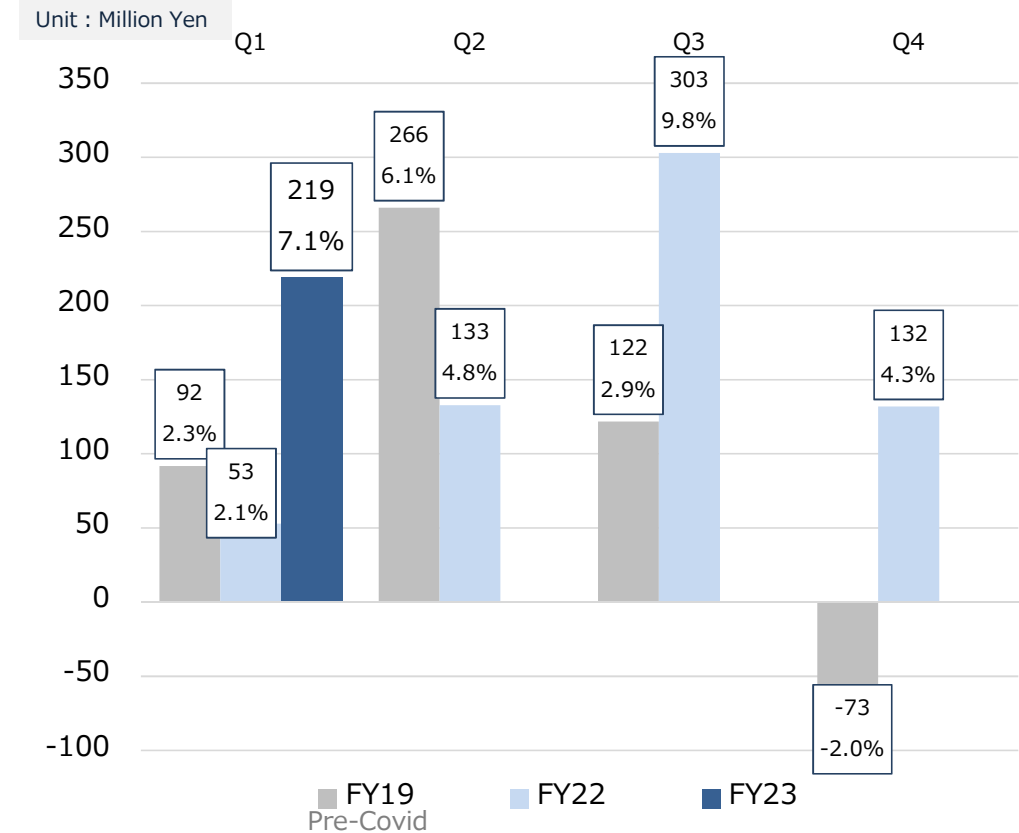


Although domestic revenue did not reach pre-Covid year due to factors such as non-resumption of late-night business and a decrease of 14 stores (divesture and closure of unprofitable stores), it reached 121.1% YoY with the gradual recover of inbound tourism. Operating income reached 408.9% YOY, and 210.2% compared to pre-Covid year, with various cost reduction measures such as Digital Transformation initiatives in place.

Revenue



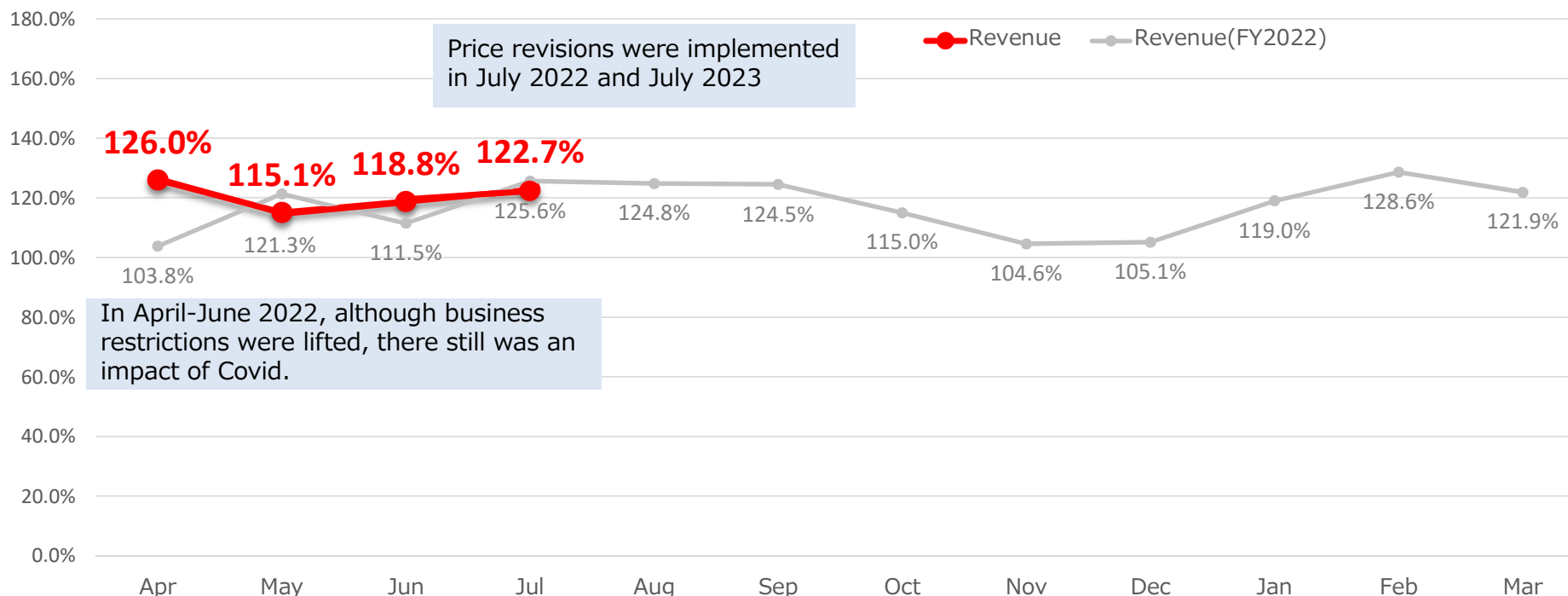
Operating Income and Margin



Domestic Existing Stores 119.8% YoY (Q1Total)



FY2023 Year-over-Year Sales/Number of Customers/Average Check



	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Q1Total
Revenue	126.0%	115.1%	118.8%	120.7%									119.8%
Number of Customers	117.4%	107.5%	110.5%	112.7%									111.6%
Average Check	107.3%	107.1%	107.5%	107.1%									107.3%

Highlights: Domestic Store Operations

■ Revenue

- ✓ Increased number of customers with collaboration events and media exposure.
- ✓ Sales increased in central Tokyo, tourist spots, and the airport with the recovery of inbound tourism.
- ✓ 4 new stores (Ju-Mall Kawaguchi, The Outlets Shonan Hiratsuka, Sano Takahagi, Kanazawa Forus) successfully opened in Q1.

■ Operating income

- ✓ Profitability improved due to digital transformation initiatives such as QR ordering and tablet ordering systems, resulting in an increase in operating margin from 2.1% to 7.1% YoY.



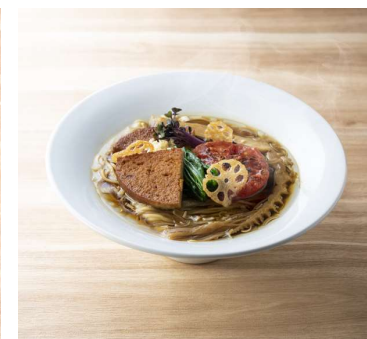
“INE TO AGAVE”
Oga Shio Ramen



“Jinrui-mina Menrui”
Jinrui-mina Ippudo



“G7 Hiroshima Summit”
Plant-based SHIROMARU



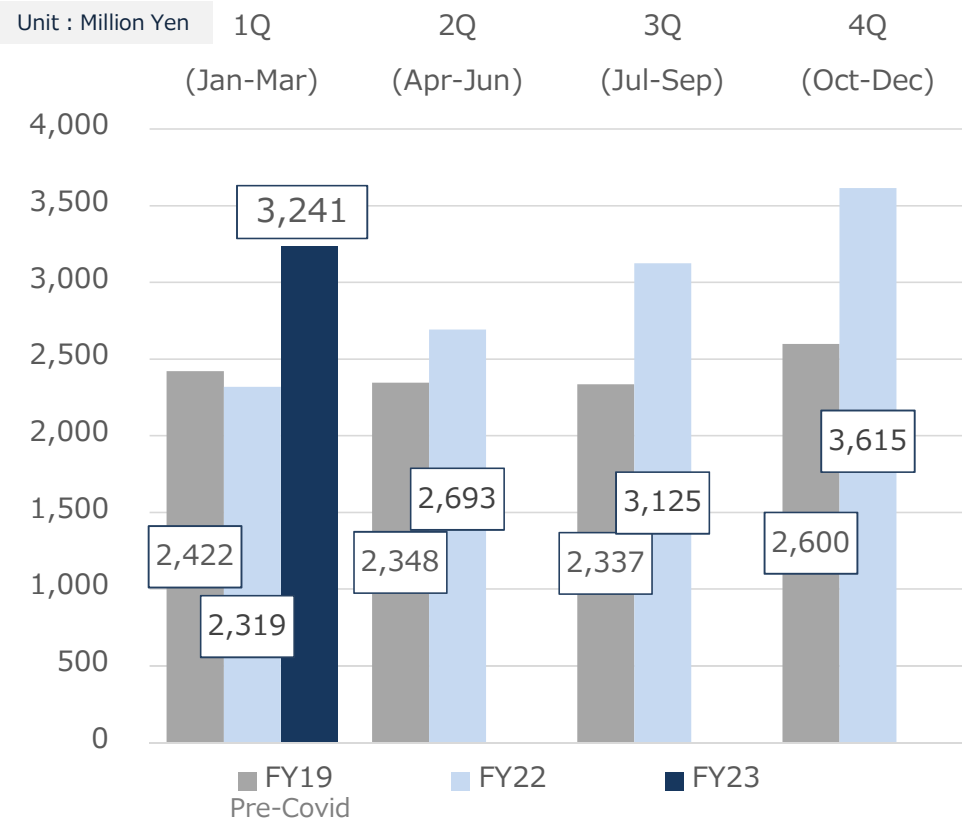
“IPPUDO Shinjuku Lumine”
Daichikaoru Shoyu Ramen

International Store Operations Quarterly Results (Jan – Mar 2023)

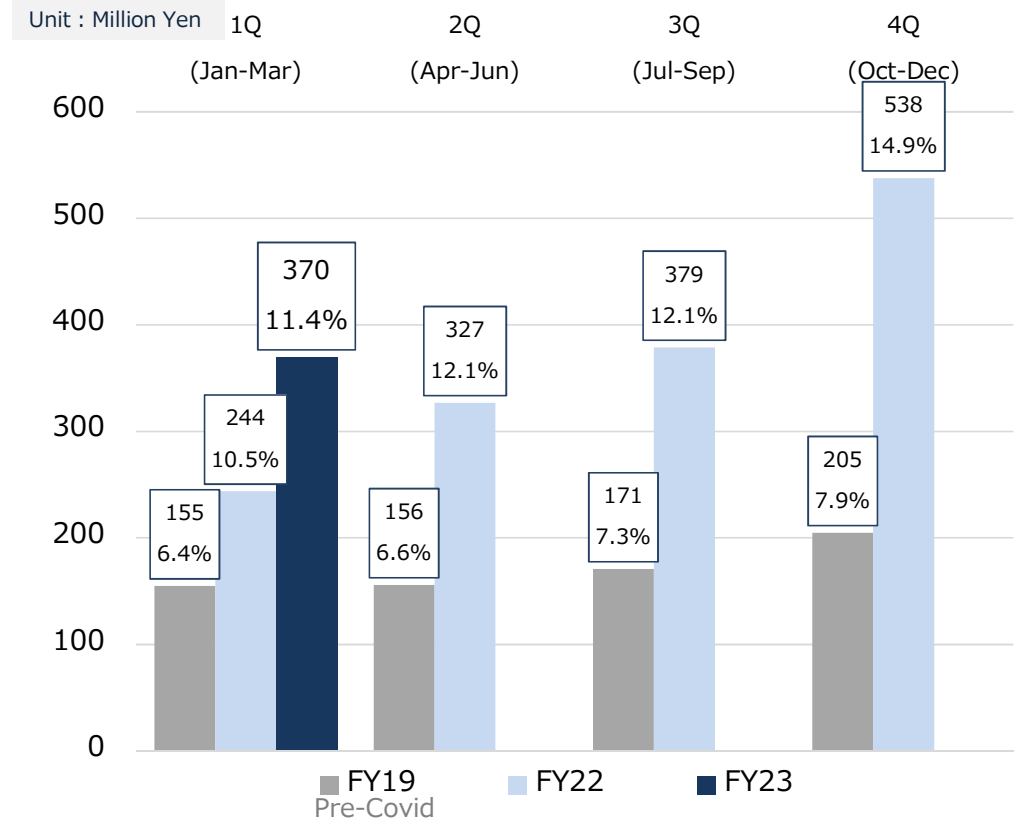


International revenue reached 139.7% and operating income 152.0% YoY with a thorough control of labor and COGS. Both revenue and operating income exceeded those of pre-Covid year partially because of the continued yen's depreciation from the previous year.

Revenue



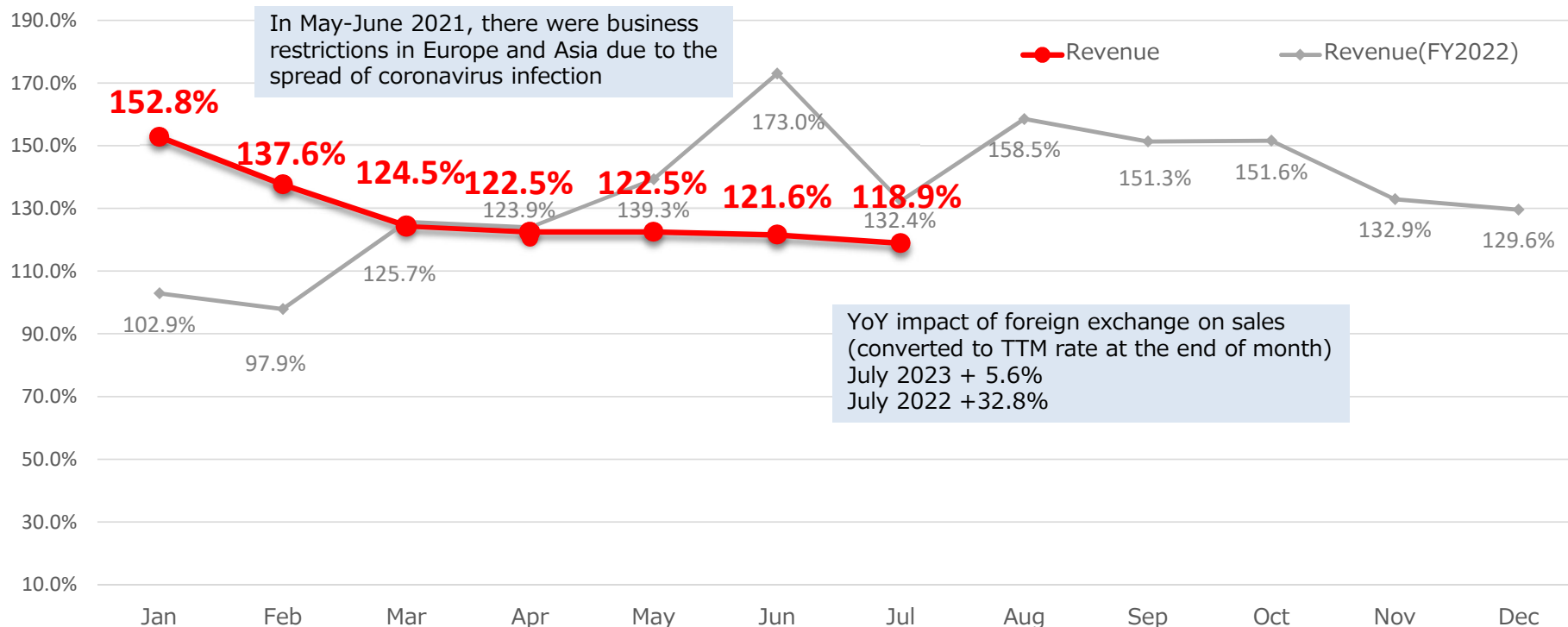
Operating Income and Margin



Int'l Existing Stores 137.2% YoY (Jan – Mar 2023)



FY2023 Year-over-Year Sales/Number of Customers/Average Check



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Q1Total
Revenue	152.8%	137.6%	124.5%	122.5%	122.5%	121.6%	118.9%						137.2%
Number of Customers	131.9%	113.5%	109.0%	115.3%	111.8%	111.4%	109.0%						117.7%
Average Check	115.8%	121.2%	114.2%	106.2%	109.6%	109.1%	109.1%						116.6%

Highlights : International Store Operations (Jan-Mar 2023)

■ Revenue

- ✓ Launch of limited time products, full scale menu price revisions, grand menu revisions and introduction of dessert menu, etc.
- ✓ Both sales and income increased due to the yen's depreciation, which has continued since the last fiscal year.
- ✓ 1 store in the Company-operated market (Singapore) and 2 stores in the licensed areas (China, Hong Kong) opened.

■ Operating income

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

Note: The financial plan disclosed on May 12 already includes international results for January and February, so the difference between the plan and actual as of the end of Q1 is small.



IPPUDO AUSTRALIA
Buns



IPPUDO HK
Tori Paitan Ramen



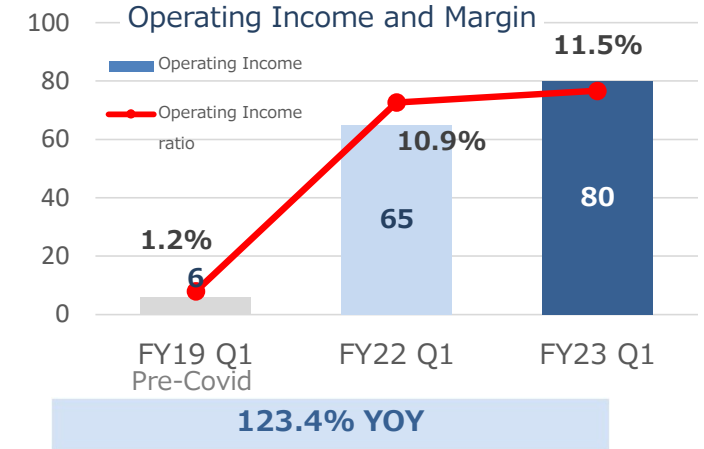
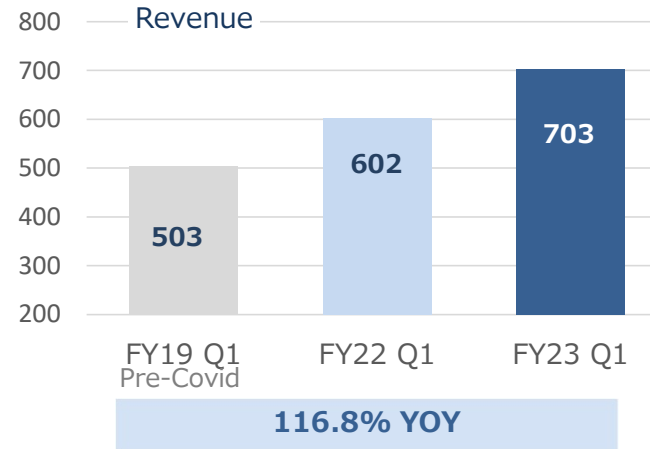
IPPUDO CA
Desserts



IPPUDO THAILAND
Delivery products

Production and Merchandise

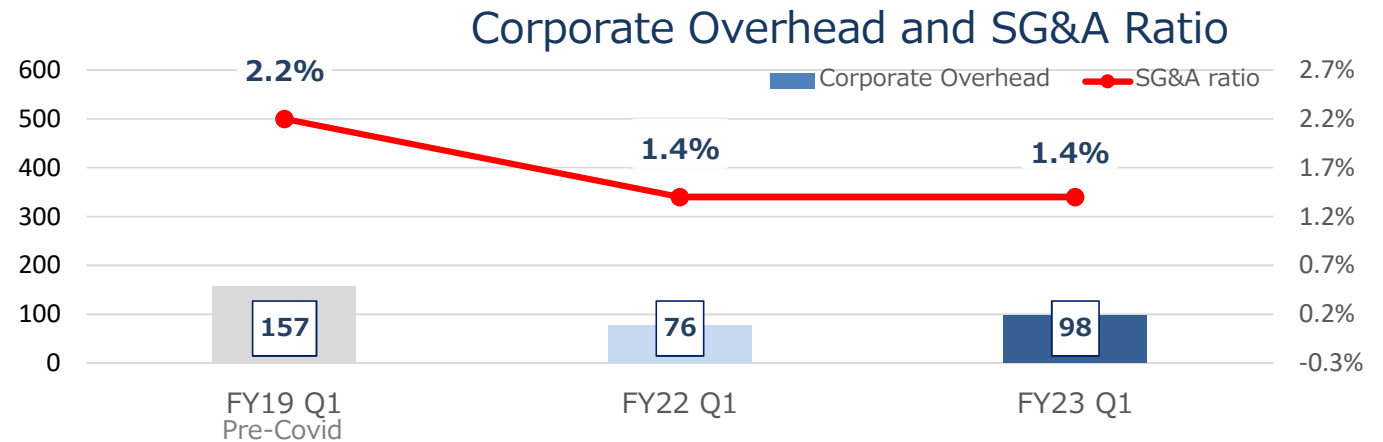
Revenue +16.8% YoY. E-Commerce site, IPPUDO branded products and exports contributing. Operating income increased by 15 million yen from the revenue increase.



Corporate Overhead

SG&A ratio maintained low level of 1.4%. Continue to invest in human capital, recruitment, education, overseas training, etc. to lay the foundation for the next stage of growth.

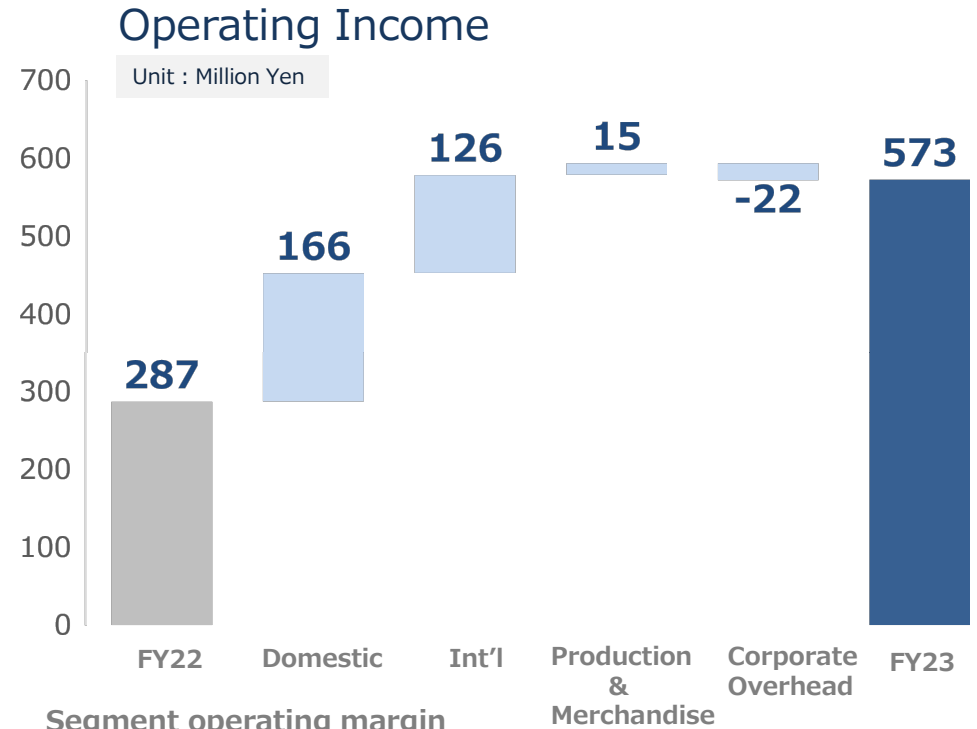
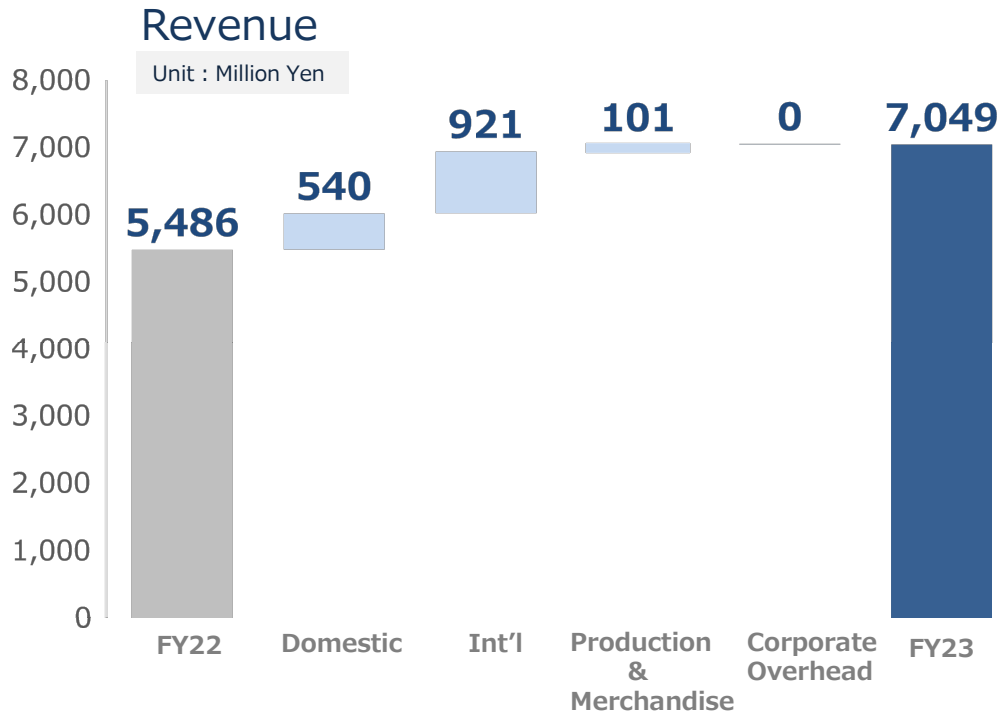
※SG&A ratio=Corporate Overhead/Consolidated Revenue



Segment Revenue, Operating Income and Operating Margin (YoY)



In all of the domestic, international, and merchandise sales segments, both sales and operating income increased YoY.



Segment operating margin

	Domestic	Int'l	Production & Merchandise	Others	Total
FY23	7.1%	11.4%	11.5%	-	8.1%
FY22	2.1%	10.5%	10.9%	-	5.2%

Consolidated Balance Sheet



Although cash and deposits decreased due to repayment of short-term loans and dividend payout, equity ratio improved to 48.8% with good results.

Unit : Million Yen

	Mar. 2023	June 2023	GAP
Current Assets (Cash and Deposits)	8,891 6,744	7,016 4,958	-1,875 -1,784
Property, Plant and Equipment	5,488	5,547	+57
Intangible Assets	157	156	-1
Investments & Others	2,940	2,964	+24
Non-Current Assets	8,586	8,668	+80
Total Assets	17,477	15,684	-1,793

■ Assets

• Cash and deposits	- 1,784
• Tangible assets from new stores	+ 57
• Deferred tax assets	- 36

※Equity Ratio 48.8% (43.7% as of end of March 2023)

	Mar. 2023	June 2023	GAP
Total Liabilities (short-term loans) (long-term loans)	9,837 2,500 2,918	8,035 - 3,677	-1,801 - 2,500 + 759
Shareholders' Equity	7,231	7,258	+27
Accumulated Other Comprehensive Income	408	390	-18
Total Net Assets	7,640	7,648	+8
Total Liabilities and Net Assets	17,477	15,684	-1,793

■ Liabilities

• Interest bearing-loans	- 1,740
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■ Shareholders' Equity

• Retained earnings	+ 470
• Dividend payments	- 451

Consolidated P&L



Unit : Million Yen	FY2023-24 Q1 Results	FY2023-24 Q1 Plan	FY2022-23 Q1 Actual	FY2019-20 Q1 Actual (Pre-Covid)
Revenue	7,049	6,617	5,486	7,223
Growth rate YoY	+28.5%	-	-	-
Gross Profit	4,983	-	3,886	5,145
SG&A Expenses	4,410	-	3,599	5,044
Operating Income	573	419	287	100
Operating Margin	8.1%	6.3%	5.2%	1.4%
Ordinary Income	683	428	370	70
Ordinary Margin	9.7%	6.5%	6.8%	1.0%
Pre-Tax Income	651	-	393	144
Net Income	470	330	300	120
Net Income Margin	6.7%	5.0%	5.5%	1.7%

New Stores (Apr- Jun)

Domestic: IPPUDO 4, International: IPPUDO 2



IPPUDO
Ju-Mall Kawaguchi



IPPUDO
Sano Takahagi



IPPUDO The Outlets
Shonan Hiratsuka



IPPUDO
Kanazawa Forum



IPPUDO MALAYSIA
Pearl Point Shopping Mall



PARIS
Kitchen Tiquetonne



275 Stores in 15 countries and regions

(+2 since the end of previous FY)

	Owned	Licensed	Total
Domestic	118	22	140
International	65	70	135
Total	183	92	275

Europe (8)

UK	4
France	4

London
Paris

Japan (140)

IPPUDO	108
RAMEN EXPRESS	21
Inaba Udon	7
Others	4
Sub-total Domestic	140
Including licensees	22

Tokyo
Fukuoka

North America (11)

U.S.A	11
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San Francisco
Los Angeles
New York

Asia (102)

Singapore	13
Malaysia <License>	12
Thailand <License>	21
Philippines <License>	10
Indonesia	8
China/Hong Kong <License>	19
Taiwan	16
Myanmar <License>	2
Vietnam <License>	1

CHINA (MAINLAND)
HONG KONG
MYANMAR
THAILAND
SINGAPORE
INDONESIA
MALAYSIA
VIETNAM
PHILIPPINES
TAIWAN
Fukuoka

Oceania (14)

Australia	12
<including licensees>	
New Zealand	2
<License>	

Perth
Sydney
Melbourne
NEW ZEALAND

Products and Promotions



As part of a regional development project, the "Oga Ramen Project" in collaboration with "Ine to Agave Corporation", a craft saké brewery in Oga, Akita Prefecture was launched. In May, held a media event at IPPUDO Hamamatsucho in May, and opened in Oga City on August 4.



For seven days from June 15 to June 21, a collaboration event with a renowned Osaka ramen restaurant "Jinrui-mina Menrui" was held. The event drew a long line of customers and was well-received on SNS and online news.



Store's limited edition "Futo Tsukemen" a summer regular menu item, launched on June 20 for a limited time only.

Retail Products

e-Commerce site (Domestic)

Sales of Soba, Ramen, and Udon.
On Mother's Day, a gift set with seaweed is sold with a message of "Thank you always"

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



創業1949年
渡辺製麺
春のおいしさをお届けします。
桜そば
【春季限定】



博多
博多うどんを
ご家庭で。
手間暇かけた素材をご家庭でもお楽しみください。

Convenience stores/Mass retailers (Domestic)

Selling products that meet a wide range of customer needs at convenience stores, airports, mass retailers, etc.

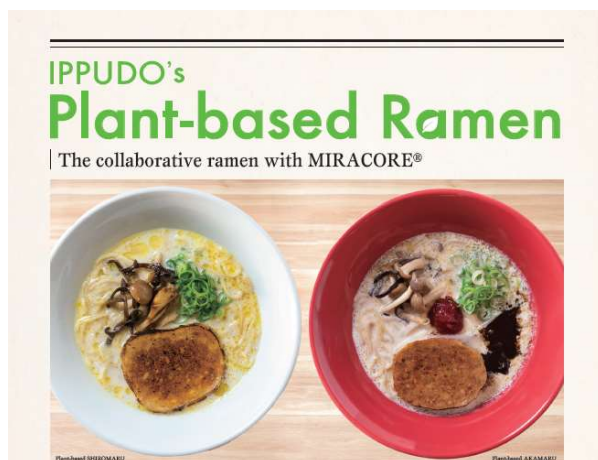


Mass retailers (International)

Dry-noodle type plant-based ramen successfully launched



G7 Hiroshima Summit



At the "G7 Hiroshima Summit" on May 19, 260 servings of plant-based ramen served to overseas media representatives in about 2 hours. Developing products of non-animal ingredients etc., proactive actions for the realization of a sustainable society.

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](#)

Workshop



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

We implemented full-scale menu prices revisions on July 1st amid rising raw materials, logistics and labor costs in order to keep our products and service quality unchanged.



報道関係者各位

「一風堂」および各ブランドにおける価格改定のお知らせ

7月1日（土）より、各種ラーメン及びラーメン定食、トッピング価格等を10～40円変更します

株式会社 力の源ホールディングス（本社：福岡県福岡市、代表取締役社長：山根智之）傘下の株式会社 力の源カンパニーは、2023年7月1日（土）より順次、各ブランドのラーメン等の販売価格を変更いたします。今回の変更の対象は、全国の「一風堂」およびフードコート業態「IPPUDO RAMEN EXPRESS」、「RAMEN EXPRESS 博多一風堂」全店にて販売する各種ラーメン、ラーメン定食とトッピング価格等です。それぞれ10円～40円の価格変更となり、各種ラーメンとラーメン定食（お子さまラーメンセットを除く）はすべて一律30円の価格変更です。ラーメン各種の価格変更は2022年7月ぶりですが、替玉やごはんもの、餃子等サイドメニューの価格は据え置きとなります。

当社では昨今の原材料費や運送費、人件費の上昇等、外食産業を取り巻く大きな環境の変化を受け、各種コスト削減策に取り組んで参りましたが、お客様にご納得いただけるおいしさと安全性を確保すべく、この度の価格変更を決定いたしました。各ブランドでは引き続き、商品・サービスへのこだわりを变えることなく、一杯のラーメンを通して「笑顔とありがとう」を伝え続けること、変わり続ける社会においてもお客様の力の源となり続けることを使命として、全社一丸となって一層の努力に励んでまいります。

FY2023-24 Financial Plan

FY2023-24 Financial Plan

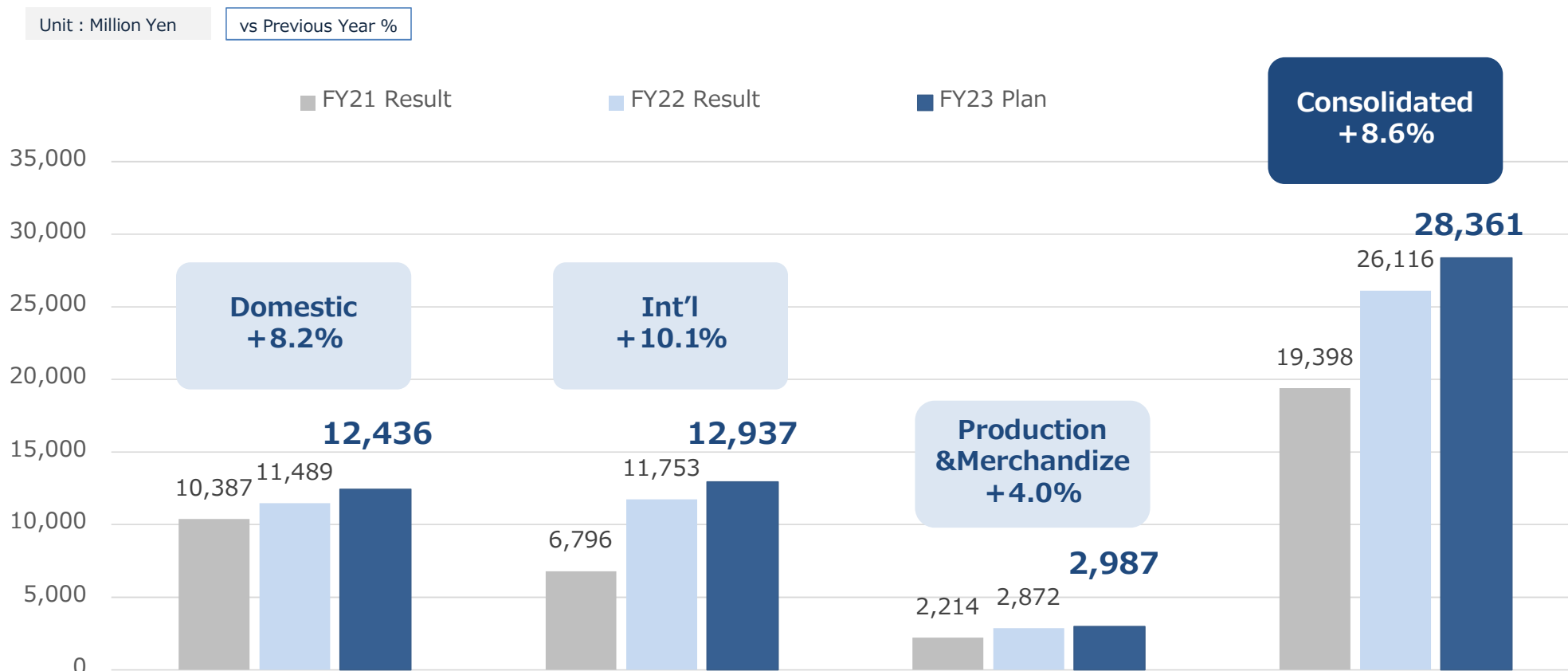


Although both domestically and internationally, cost-increase risks are foreseen such as raw materials and energy costs affected by foreign exchange fluctuations and geopolitical risks, solid growth will be expected by virtue of our continuous various measures. In order to accelerate the growth after FY2024, the strategic investments on human capital will be continued at home and abroad to secure and develop global human resources. Although the yen depreciated significantly in the fiscal year ending March 2023, considering the exchange rate risk due to the effects of fiscal policy and other factors, we assume a +15% appreciation of the yen from the end of February 2023 rates.

単位：百万円	FY2022-23 Result	FY2023-24 Plan	vs Previous Year		FY2023-24 Q1		Progress ratio		Currency	Budgeted Rates
			Gap	%	Result	Progress (vs annual plan)	Pre-Covid 3-year average	FY2022-23		
Revenue	26,116	28,361	+2,245	+8.6%	7,049	24.9%	23.8%	21.0%	USD	115.88
Operating Income	2,281	2,540	+259	+11.4%	573	22.6%	11.7%	12.6%	EUR	122.92
Ordinary Income	2,321	2,564	+243	+10.5%	683	26.6%	11.5%	16.0%	GBP	139.77
Net Income Attributable to Shareholders	1,628	1,821	+192	+11.8%	470	25.8%	13.1%	18.4%	SGD	86.02
									AUD	78.12

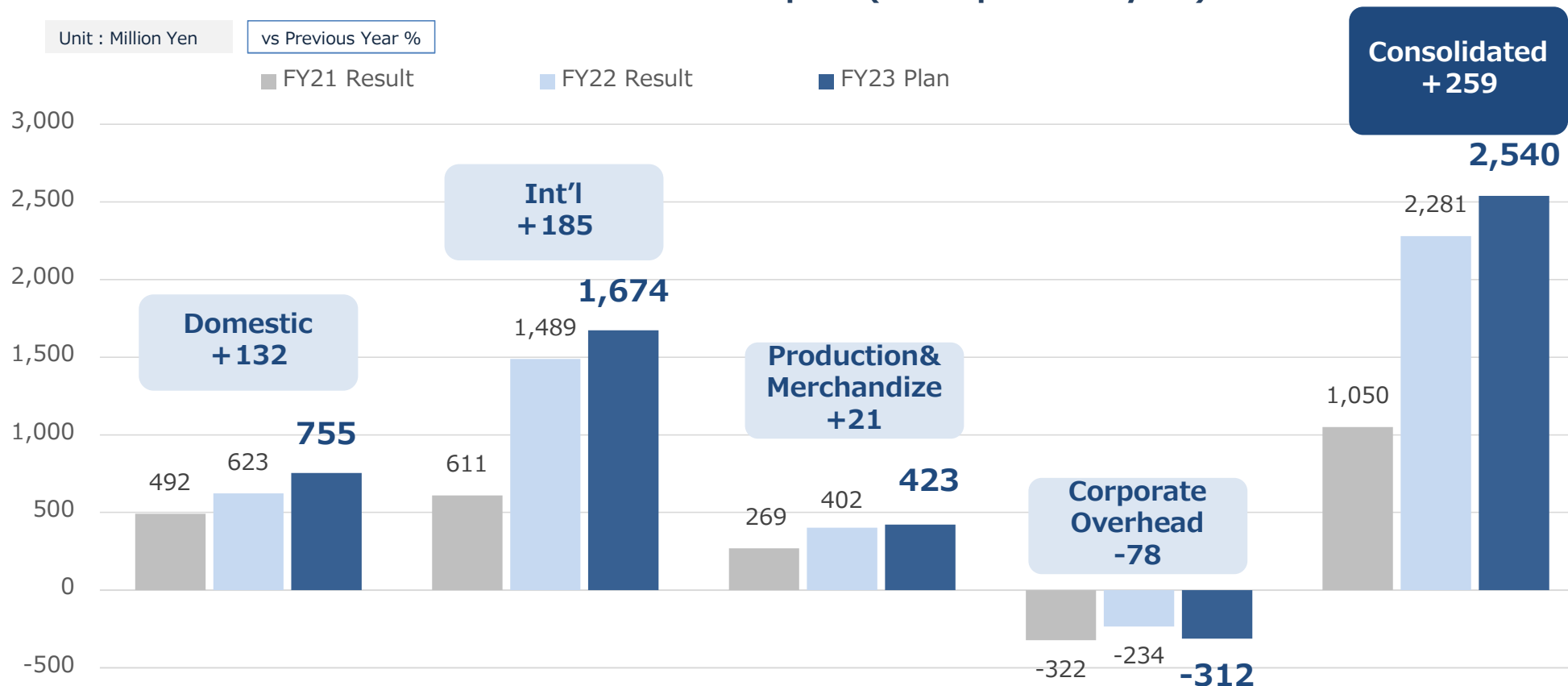
FY2023-24 Financial Plan: Revenue

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.



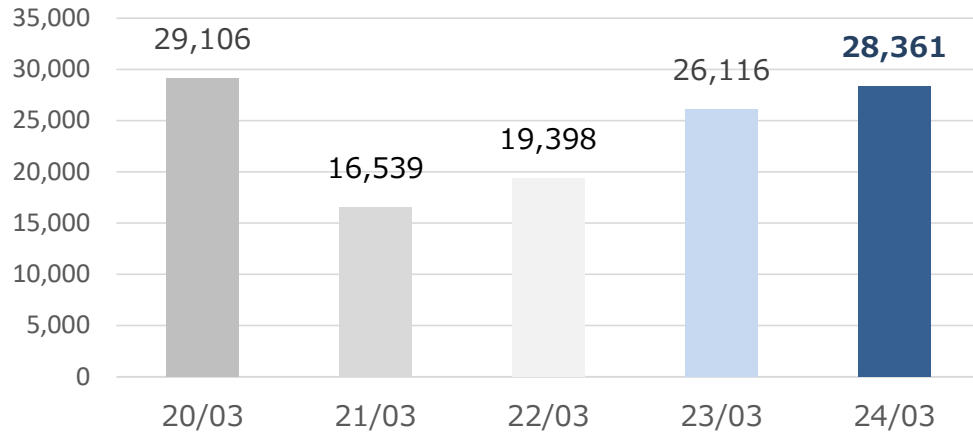
FY2023-24 Financial Plan: Operating Income

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 investments on human capital (0.9% previous year)

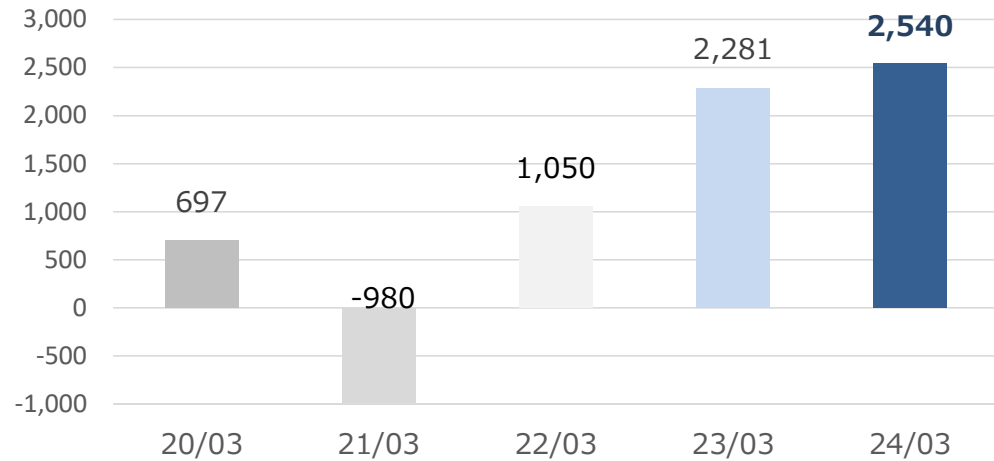


Major Financial Indicators

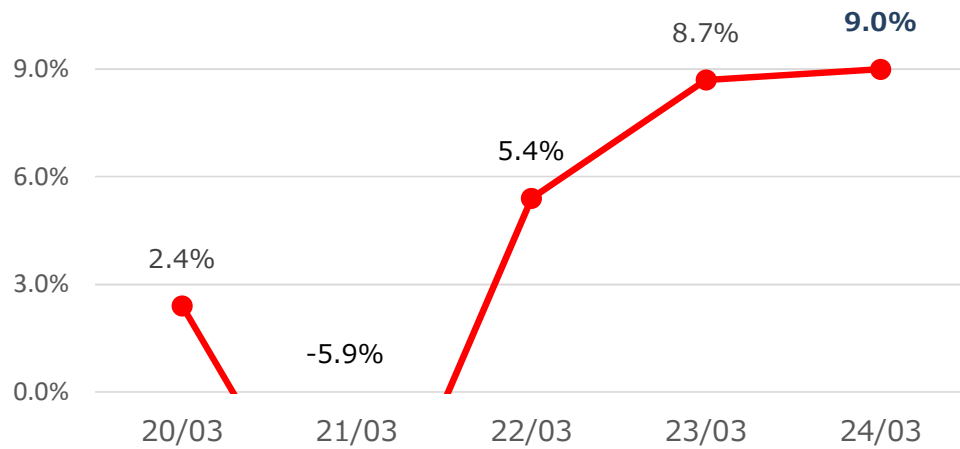
Revenue



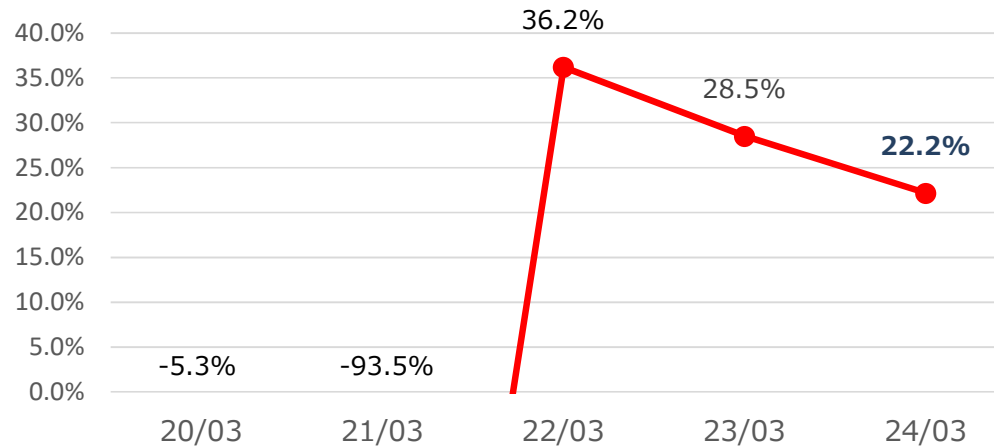
Operating Income



Operating Income Ratio



ROE



FY2027-28 Vision

3

FY2027-28 Vision [disclosed on May 12 2023]



Unit : Million Yen

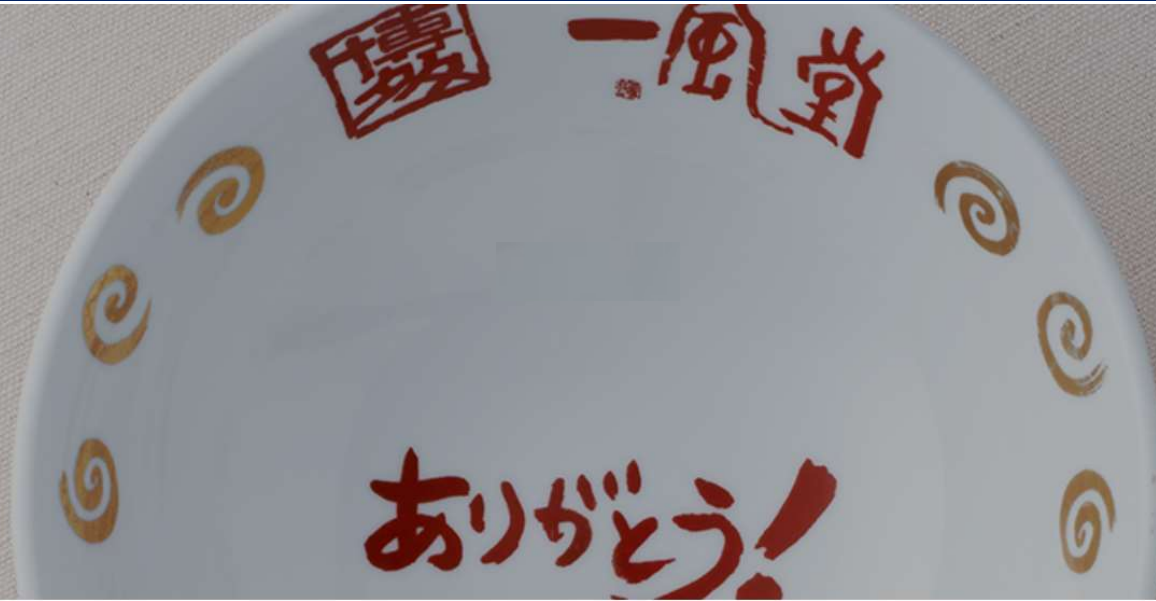
Revenue 50 billion / Operating Profit 5 billion or more



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 30th October 1986
- Capital Stock JPY 3,121,540,000 (Number of issued shares: 30,105,400 shares)
- Fiscal Term End of March
- Number of Employees 24 (consolidated: 510) ※Permanent employees only
- List of Directors

Chairman and Founder
President & CEO
Senior Managing Director
Director (Audit Committee)
Director (Audit Committee, Independent)
Director (Audit Committee, Independent)

Mr. Shigemi Kawahara
Mr. Tomoyuki Yamane
Mr. Toru Nakao
Mr. Akihiro Saito
Mr. Tetsuya Tsuji
Mr. Shinji Tanabe

As of 30st June 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

100th 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

30th 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.

