

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results For the Three Months ended June 30, 2023 (Q1 FY3/24) (IFRS)

August 14, 2023

Company name: TORIDOLL Holdings Corporation

Stock exchange listing: Tokyo Stock Exchange

Stock code: 3397

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

Representative: Takaya Awata, President, Representative Director

Inquiries: Satoshi Yamaguchi, Executive officer CFO, Head of Finance Division and Finance Department

TEL: +81-3-4221-8900

Date of release of quarterly securities report: August 14, 2023

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, 2023

(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, 2023	52,664	20.2	3,905	37.2	3,917	(16.5)	4,460	(16.7)	2,809	(25.9)
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

	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, 2023	2,647	(26.9)	8,229	(19.6)	29.30	29.07
Three months ended June 30, 2022	3,622	21.5	10,242	203.2	40.62	40.34

(Reference) EBITDA (*)

Three months ended June 30, 2023: ¥10,478 million (increased 20.8% year-on-year basis)

Three months ended June 30, 2022: ¥8,672 million

Adjusted EBITDA

Three months ended June 30, 2023: ¥10,774 million (increased 21.8% year-on-year basis)

Three months ended June 30, 2022: ¥8,845 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, 2023	273,898	85,543	76,056	27.8	873.05
As of March 31, 2023	266,235	78,158	69,566	26.1	798.90

2. Dividends

	Annual dividend per share				
	Q1	Q2	Q3	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal Year ended March 31, 2023	—	0.00	—	7.50	7.50
Fiscal Year ended March 31, 2024	—				
Fiscal Year ending March 31, 2024 (Forecast)		0.00	—	7.50	7.50

3. Consolidated Financial Result Forecasts for the Fiscal Year Ending March 31, 2024

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	103,150	12.2	4,630	(2.0)	3,180	(50.9)	2,680	(64.1)	1,660	(65.4)
Fiscal year	212,000	12.6	9,650	38.2	6,650	(10.9)	5,650	(26.9)	3,500	(21.4)

	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	1,210	(72.6)	11.68
Fiscal year	2,600	(32.1)	25.43

* Notes

- (1) Changes in significant subsidiaries during the period
(changes in specified subsidiaries resulting in the change in scope consolidation): No
New: —
Excluded: —
- (2) Changes in accounting policies and accounting estimates
 - 1) Changes in accounting policies as required by IFRS: Yes
 - 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, 2023	87,959,752 shares
As of March 31, 2023	87,920,752 shares

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

As of June 30, 2023	844,025 shares
As of March 31, 2023	844,025 shares

3) Average number of shares during the period

Three months ended June 30, 2023	87,035,068 shares
Three months ended June 30, 2022	86,794,579 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 FY3/24

(1) Consolidated Financial Results

During the first quarter of the consolidated fiscal year under review (April 1 to June 30, 2023) the business environment surrounding the Group was as follows: Compared to the same period last year, many more people were out and about, fueling a recovery in restaurant customer traffic.

Business activities: In Japan, we continued creating appealing products, designing store environments, and organizing campaigns to attract people into stores. Abroad, Marugame Udon and other businesses opened more locations and worked to improve profits.

Results : With all segments—Marugame Seimen, Other Domestic segments, and Overseas segment—posting revenue growth, total revenue reached ¥52,664 million, up 20.2% year on year, the highest revenue result recorded for a quarterly period.

Business profit,¹ while affected by an increase in adjustments, reached ¥3,905 million, a huge year-on-year increase of 37.2%. As with revenue, this was the highest business profit result for any quarterly period. All segments posted profit growth, with their revenue growth absorbing further global increases in raw material costs, labor costs, and utilities costs.

Operating profit,² on the other hand, decreased 16.5% year on year to ¥3,917 million and net profit for the period decreased 26.9% year on year to ¥2,647 million. A major factor was a year-on-year decrease of ¥2,526 million in “other operating income.” In this category, Covid-related subsidy income, which included a government subsidy provided in return for complying with the request to shorten operating hours, totaled to just ¥4 million, compared to ¥2,517 million in the same period last year.

(Millions of yen)

	Q1 FY3/23	Q1 FY3/24	Year-on-year change	
			Amount	Percentage
Revenue	43,816	52,664	+8,848	+20.2%
Business profit ¹	2,846	3,905	+1,059	+37.2%
Operating profit ²	4,691	3,917	(773)	(16.5)%
Profit for the period attributable to owners of the parent	3,622	2,647	(975)	(26.9)%

(Notes)

1. Business profit is calculated as total revenue less cost of goods sold (COGS) and selling, general, and administrative (SG&A) expenses.
2. Operating profit is calculated as the sum of: 1) business profit less impairment losses and 2) other operating income less other operating expenses.

(2) Financial Results by Segment

(Millions of yen)

Revenue	Q1 FY3/23	Q1 FY3/24	Year-on-year change	
			Amount	Percentage
Marugame Seimen	25,289	28,464	+3,175	+12.6%
Other Domestic	5,832	6,714	+881	+15.1%
Overseas	12,695	17,486	+4,791	+37.7%
Consolidated	43,816	52,664	+8,848	+20.2%

(Millions of yen)

Business profit	Q1 FY3/23	Q1 FY3/24	Year-on-year change	
			Amount	Percentage
Marugame Seimen	3,852	4,676	+824	+21.4%
Other Domestic	747	1,077	+330	+44.1%
Overseas	405	742	+337	+83.1%
Adjustments ³	(2,159)	(2,591)	(432)	—
Consolidated	2,846	3,905	+1,059	+37.2%

(Note)

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

(Location)

Number of Locations	Marugame Seimen	Other Domestic			Overseas			Total
	Company-owned	Company-owned	Franchise and etc. ⁶	Sub-Total	Company-owned	Franchise and etc.	Sub-Total	
At the end of FY3/23	833	226	4	230	316	391	707	1,770
Opening in Q1 FY3/24	5	2	0	2	13	14	27	34
Closure in Q1 FY3/24	6	3	0	3	7	9	16	25
At the end of Q1 FY3/24	832	225	4	229	322	396	718	1,779

(Note)

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

Marugame Seimen Segment

Marugame Seimen, an authentic Sanuki udon chain, enjoyed continued success in its strategy of merging brand development with product development and merging offline (in-store) advertising and online advertising (TV ads, digital marketing, social media marketing). On March 27, Marugame Seimen launched a rebranding campaign. Featuring Menshokunin (noodle masters)⁵ and the catchphrase “We’ll amaze you with udon!” the campaign emphasized the authenticity and amazing taste of Marugame Seimen’s udon. The ad campaign proved successful according to objective data: It became Marugame Seimen’s first ad campaign to top the overall category in the ad popularity rankings provided by TV ad research institute Tokyo Kikaku.⁶

On April 25, Marugame Seimen started serving seasonal fair menus that it had developed jointly with Masahiro Matsuoka from TOKIO, a co-creation partner. Among these were crowd pleasers: Tomato Egg Curry Udon and Four kinds of Cheese Tomato Egg Curry Udon. The third item was a new release: Cold Tomato Egg Curry Udon in Soy Milk. With this mix of cold and hot items empowering customers to choose an item to suit the temperature on that day, the seasonal fair menus proved popular, selling 2.85 million units, which exceeded the result for the

same period last year. Also popular was Grated Daikon Radish & Meat Bukkake Udon: On sale from June 13, the item had sold 1.12 million units by the end of the month.

On May 16, Marugame Seimen launched takeout-only item Marugame Shake Udon with a view to creating a new culinary experience for the post-pandemic times. This item proved another hit, selling 210 thousand units in the first three days and racking up a total of 1.57 million units by the end of June. With Marugame Shake Udon, Marugame Seimen tapped into new demographics, including women and youth. It also generated new customer experience value, with many customers consuming Marugame Shake Udon in a car.

The segment posted revenue of ¥28,464 million, up 12.6% year on year, its highest ever quarterly revenue result. Business profit marked a quarterly record too, at ¥4,676 million, up 21.4% year on year. Although the segment contended with higher costs (cost of goods sold, labor, utilities, advertising), these were more than offset by the revenue growth.

(Notes)

5. A Menshokunin (noodle masters) is a professional dedicated to making the perfect udon. It is also a key term used in Marugame Seimen's talent development system.

6. Tokyo Kikaku conducts monthly surveys among 3,000 monitors, who are general consumers living in Tokyo and six surrounding. The May 2023 survey covered 2,397 advertisements broadcast from five flagship stations between April 20 and May 19.

Other Domestic Segment

This segment covers the following businesses (among others): Kona's Coffee, Ramen Zundo-ya, Nikuno Yamaki Shoten, Banpai-ya, Tempura Makino, Toridoll, Butaya Tonichi, and Nagata Honjyouken.

Zundo-ya, a brand of ramen served in brothy pork-bone soup, maintained strong revenue growth. The brand opened another location, bringing its total to 75. Kona's Coffee, a brand offers a Hawaiian dining experience "closest to you," achieved growth in revenue and profit. The growth in business profit was driven by the strong performance in the brand's top-performing location, as well as by the performance of the Tama New Town location, opened in October 2023. Performance was further buoyed by the brand's efforts to limit variable costs (cost of goods sold, labor, utilities). Also in this segment, Nikuno Yamaki Shoten transitioned to a grocerant, while Nishi-Kasai Metro Center, opened in November 2022, reported profit growth.

Overall, the segment posted revenue of ¥6,714 million, up 15.1% year on year. It posted business profit of ¥1,077 million, a huge year-on-year increase of 44.1% and the highest quarterly result on record.

Overseas Segment

Tam Jai, a Hong Kong-based spicy noodle restaurant business, opened a location in China and another in Singapore and achieved revenue and profit growth amid a steady recovery from the Covid impact. Marugame Udon posted sizeable growth in revenue and profit after opening three locations in Taiwan and improving the quality of its products and services through a talent development program. The brand's new US locations performed well, while the longstanding locations improved their margins. In the UK, Marugame Udon focused on increasing top-line growth. Although the returns on the investments in furthering growth prospects were not materialized in the period under review, they are expected to do so in the future.

Overall, the segment posted revenue of ¥17,486 million, up 37.7% year on year, marking a quarterly record. It posted business profit of ¥742 million, a huge year-on-year increase of 83.1% and the highest quarterly result on record. Exchange rates contributed to the growth.

(3) Explanations of Consolidated Financial Forecast

Since performance in the period under review was generally in line with expectations, the full-year forecasts remain unchanged from the revised figures announced on May 15, 2023.

We are examining the precise impacts of our acquisition of Fulham Shore, a UK-based restaurant business, on July 11, 2023. Fulham Shore 's results for the fiscal year ended March 31, 2023 are currently being audited and are expected to be completed by the end of August.

Although consolidated operating income and net income for the first quarter of the current fiscal year are trending upward compared to the first half consolidated earnings forecast, it is difficult to incorporate Fulham Shore 's earnings forecast at this stage. Therefore we plan to announce a consolidated earnings forecast that incorporates the impact with the announcement of the first-half results.

Condensed Quarterly Consolidated Financial Statements
Condensed Quarterly Consolidated Statements of Financial Position

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and cash equivalents	67,456	68,456
Trade and other receivables	7,578	7,846
Inventories	759	823
Other current assets	2,008	2,358
Total current assets	77,801	79,484
Non-current assets		
Property, plant and equipment	36,143	36,696
Right-of-use assets	82,759	84,785
Intangible assets and goodwill	45,712	48,966
Investments accounted for using the equity method	4,336	4,399
Other financial assets	13,103	13,245
Deferred tax assets	4,953	4,803
Other non-current assets	1,428	1,520
Total non-current assets	188,434	194,414
Total assets	266,235	273,898

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Trade and other payables	13,223	12,129
Short-term loans payable	4,028	4,028
Current portion of long-term loans payable	16,802	16,253
Lease liabilities	16,722	17,304
Income taxes payable	644	1,851
Provisions	1,423	1,303
Other current liabilities	6,627	7,075
Total current liabilities	59,470	59,944
Non-current liabilities		
Bonds payable	3,184	2,786
Long-term loans payable	46,629	44,930
Lease liabilities	69,214	70,628
Provisions	5,336	5,574
Deferred tax liabilities	1,558	1,568
Other non-current liabilities	2,687	2,925
Total non-current liabilities	128,608	128,411
Total liabilities	188,078	188,355
Equity		
Equity attributable to owners of the parent		
Capital stock	4,673	4,700
Capital surplus	11,575	11,518
Other equity instruments	10,847	10,847
Retained earnings	34,207	36,009
Treasury shares	(1,003)	(1,001)
Other components of equity	9,267	13,983
Total equity attributable to owners of the parent	69,566	76,056
Non-controlling interests	8,592	9,487
Total equity	78,158	85,543
Total liabilities and equity	266,235	273,898

Condensed Quarterly Consolidated Statements of Income

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Revenue	43,816	52,664
Cost of sales	(10,927)	(12,709)
Gross profit	32,889	39,955
Selling, general and administrative expenses	(30,042)	(36,050)
Impairment loss	(173)	(42)
Other operating income	2,687	162
Other operating expenses	(669)	(108)
Operating profit	4,691	3,917
Finance income	950	865
Finance costs	(266)	(315)
Finance income (costs), net	683	550
Share of profit (loss) of investments accounted for using the equity method	(22)	(7)
Profit before tax	5,352	4,460
Income tax expense	(1,564)	(1,651)
Profit for the period	3,788	2,809
Profit for the period attributable to		
Owners of the parent	3,622	2,647
Non-controlling interests	166	161
Profit for the period	3,788	2,809
Earnings per share attributable to owners of the parent (yen)		
Basic earnings per share	40.62	29.30
Diluted earnings per share	40.34	29.07

Condensed Quarterly Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	Three months ended June 30, 2022	Three months ended June 30, 2023
Profit for the period	3,788	2,809
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translating foreign operations	6,217	5,358
Share of other comprehensive income of investments accounted for using the equity method	236	63
Other comprehensive income	6,454	5,421
Comprehensive income for the period	10,242	8,229
Comprehensive income for the period attributable to		
Owners of the parent	9,206	7,334
Non-controlling interests	1,036	895

Condensed Quarterly Consolidated Statements of Changes in Equity

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					
						Exchange differences on translating foreign operations	Subscription rights to shares	Total			
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

For the three months ended June 30, 2023

(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					
						Exchange differences on translating foreign operations	Subscription rights to shares	Total			
As of April 1, 2023	4,673	11,575	10,847	34,207	(1,003)	8,659	607	9,267	69,566	8,592	78,158
Profit for the period				2,647				—	2,647	161	2,809
Other comprehensive income						4,687		4,687	4,687	734	5,421
Total comprehensive income for the period	—	—	—	2,647	—	4,687	—	4,687	7,334	895	8,229
Issuance of new shares (exercise of subscription rights)	27	27					(12)	(12)	42		42
Share-based payment transactions							42	42	42		42
Purchase and disposal of treasury shares		2			2			—	4		4
Dividends				(653)				—	(653)		(653)
Distribution to owners of other equity instruments				(193)				—	(193)		(193)
Change in ownership interests in subsidiaries without loss of control		(86)						—	(86)		(86)
Total transaction amount with owners	27	(57)	—	(846)	2	—	30	30	(844)	—	(844)
As of June 30, 2023	4,700	11,518	10,847	36,009	(1,001)	13,347	637	13,983	76,056	9,487	85,543

Condensed Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Cash flows from operating activities		
Profit before tax	5,352	4,460
Depreciation and amortization	5,999	6,615
Impairment loss	173	42
Interest income	(79)	(184)
Interest expenses	261	313
Share of loss (profit) of investments accounted for using the equity method	22	7
Decrease (increase) in trade and other receivables	488	174
Decrease (increase) in inventories	(7)	(16)
Increase (decrease) in trade and other payables	656	(149)
Other, net	300	(539)
Subtotal	13,165	10,722
Interest income received	64	195
Interest expenses paid	(281)	(443)
Income taxes paid	(1,864)	(615)
Net cash provided by (used in) operating activities	11,084	9,858
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,403)	(3,185)
Purchase of intangible assets	(1)	(9)
Payments for lease and guarantee deposits	(206)	(157)
Proceeds from collection of lease and guarantee deposits	117	125
Payments of construction assistance fund receivables	(7)	(32)
Collection of construction assistance fund receivables	128	123
Other, net	(420)	125
Net cash provided by (used in) investing activities	(2,792)	(3,009)
Cash flows from financing activities		
Redemption of bonds	-	(400)
Proceeds from long-term loans payable	295	2,070
Repayments of long-term loans payable	(3,322)	(4,318)
Repayments of lease liabilities	(4,705)	(4,704)
Cash dividends paid	(651)	(653)
Distribution to owners of other equity instruments	(273)	(278)
Other, net	77	42
Net cash provided by (used in) financing activities	(8,579)	(8,236)
Net increase (decrease) in cash and cash equivalents	(286)	(1,386)
Cash and cash equivalents at beginning of period	53,463	67,456
Effect of exchange rate change on cash and cash equivalents	2,581	2,387
Cash and cash equivalents at end of period	55,757	68,456