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## Consolidated Financial Report for the Third Quarter of The Fiscal Year Ending March 31, 2024 ( Japanese GAAP )

February 14, 2024

Company: Chikaranomoto Holdings Co., Ltd. Tokyo Stock Exchange  
 Stock Code: 3561  
 URL: <http://www.chikaranomoto.com/>  
 Representative: (Title) President and CEO (Name) Tomoyuki Yamane  
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 Scheduled Date of Q3 report submission February 14, 2024  
 Preparation of Supplementary Explanation Material for Financial Results: Yes  
 Presentation Meeting for Financial Results (for institutional investors and analysts): No

1. Q3 Financial Year Ending March 31, 2024 (April 1, 2023 – December 31, 2023) (Rounded down to the nearest Million JPY)

### ( 1 ) Results of Consolidated Operations

(% indicates variance from the previous fiscal year)

	Revenue		Operating Income		Ordinary Income		Income Attributable to the Company	
	Million JPY	%	Million JPY	%	Million JPY	%	Million JPY	%
Q3 FY2023-24	23,363	24.0	2,431	55.7	2,516	56.3	1,757	46.3
Q3 FY2022-23	18,834	33.3	1,561	159.8	1,609	168.7	1,201	795.5

Note: Comprehensive Income Q3 FY2023-24 2,142 Million JPY ( 33.3% ) Q3 FY2022-23 1,607 Million JPY ( 605.3% )

	Quarterly earnings per share	Quarterly Earnings per share after adjusting for dilution
	JPY	JPY
Q3 FY2023-24	58.61	58.24
Q3 FY2022-23	42.80	42.37

### ( 2 ) Consolidated Financial Position

	Total Assets	Net Equity	Equity Ratio
	Million JPY	Million JPY	%
Q3 FY2023-24	17,238	8,984	52.1
FY2022-23	17,477	7,640	43.7

Reference : Shareholders' Equity Q3 FY2023-24 8,984 Million JPY FY2022-23 7,640 Million JPY

## 2 . Dividends

	Dividends per share (annual)				
	Q1	Q2	Q3	Q4	Total
	JPY	JPY	JPY	JPY	JPY
FY2022-23	-	0.00	-	15.00	15.00
FY2023-24	-	7.00			
FY2023-24 (Forecast)			-	7.00	14.00

Note: Changes from previously announced dividends projection: None

## 3 . Forecast of Consolidated Operating Performance for the FY 2023-24 (April 1, 2023 to March 31, 2024)

(% indicates variance from the previous year)

	Revenue		Operating Income		Ordinary Income		Income Attributable to the Company		Earnings per share
	Million JPY	%	Million JPY	%	Million JPY	%	Million JPY	%	JPY
FY2023-24	31,500	20.6	3,100	35.9	3,250	40.0	2,250	38.2	74.67

Note: Changes from previously announced projection: None

### Notes

- (1) Changes in key subsidiaries during the period (Changes regarding specific companies accompanying changes in the scope of consolidation): None
- (2) Changes in accounting policies, accounting estimates, and restatement of error corrections:
  - 1) Changes in accounting policies arising from revision of accounting standards: None
  - 2) Changes in accounting policies due to reasons other than 1): None
  - 3) Changes in accounting estimates: None
  - 4) Restatement of prior period financial statements after error correction: None
- (3) Number of Shares Issued ( Common stock )

① Number of shares issued at the end of the period (including treasury stock)

Q3 FY2023-24	30,146,400 Shares	As of March 31, 2024	30,075,400 Shares
Q3 FY2023-24	155,781 Shares	As of March 31, 2024	87,041 Shares
Q3 FY2023-24	29,996,552 Shares	Q3 FY2022-23	28,074,883 Shares

② Number of treasury stock at end of period

③ Average number of shares during the period

Note: The total number of treasury shares at the end of period includes those treasury shares held under the Board Benefit Trust (at the end of Q3 FY2023-24 73,100 shares) and the Employee Stock-ownership Program (ESOP) (at the end of Q3 FY2023-24 82,540 shares and at the end of the previous fiscal year 86,900 shares). Also, these treasury shares are excluded from the calculation of the average number of shares during the period (at the end of Q3 FY2023-24 117,528 shares and at the end of Q3 FY2022-23 88,771 shares).

These consolidated financial reports (Tanshin) are exempt from the audit procedures by certified public accountants or audit firms.

### Cautionary Statement on the forecast of consolidated financial performance and other notes

(Cautions concerning forward-looking statements)

Performance forecasts presented herein are based on the information available to Chikaranomoto Holdings Co., Ltd. and its subsidiaries (the "Company") as of the date of this document. Accordingly, there remains the possibility that the actual performance results may differ from projections.

(Supplementary Explanation Material)

Supplementary Explanation Material are available via TDnet on the same day.

Qualitative Information regarding the current quarterly financial results: The following forward-looking statements are based on the information available to the Company at the end of the second quarter of the current consolidated financial period.

#### Summary of Operating Results:

As for the overall economic environment during the third quarter of the current consolidated financial period, there were upwards pressure on raw materials and energy prices caused by Russia-Ukraine situation, rising wages around the world due to shortage of working population, and unease about economic momentum due to potential fiscal tightening to battle the persistent inflationary trends, leading to an uncertain economic outlook.

In the restaurant industry where the Company operates, domestically, there are signs of gradual economic recovery thanks to legal downgrading of the status of Covid-19, leading to more active movement of people and recovery of inbound tourism due to lifting of entry requirements. On the other hand, hardships remain due to increased raw materials and energy costs, wage increases, continuously weakened Yen and general inflationary trends of prices of goods. Internationally, similar trends of increased prices of raw materials and energy due to geopolitical instabilities can be seen, as well as concerns over potential down trend of economies due to fiscal tightening to tame inflation.

Under such circumstances, the Company stays true to its principle of "Keep Changing to Remain Unchanged," domestically, participated in various events around the country to enhance its brand visibility, offered some collaboration products and limited time offerings, in order to increase the number of customer visits. Additionally, the Company increased its selling prices for the second time in two years, so as to alleviate effects of increasing raw materials costs and wages. It also significantly upgraded its signature products, the first time in 8 years for Shiromaru and Akamaru, and the first time in 3 years for Karaka, to continuously attracts customers new and existing. Finally, the Company has entered into a collaboration agreement with J-Will Corporation Co. Ltd., an investment fund management company, in order to accelerate the Company's growth through working together with other companies and regional revitalization in Japan.

Internationally, while the geopolitical instabilities led to a decreased pace of new store development, the Company introduced limited-time offers and enhanced side-dishes including desserts, overhauling its grand menu in some markets to continue to attract customers, while adjusting its selling prices to overcome increasing costs, introducing digital transformation measures, in order to improve its margins.

In the Merchandising segment, the Company continues to strengthen its B2B sales of IPPUDO-branded products in Japan while expanding its export sales of plant-based IPPUDO products abroad.

At the end of the third quarter, there were 287 stores including licensed stores (Japan 145, International 142, increase of 6 and 8 stores respectively, from the end of last fiscal year).

As such, the revenue for the first three quarters of the fiscal year was 23,363 million yen (an increase of 24.0% from the same period of the previous year), operating profit 2,431 million yen (increase of 55.7%), ordinary profit 2,516 million yen (increase of 56.3%), and the profit attributable to owners of parent of 1,757 million yen (increase of 46.3%).

## Segment Results

### (Domestic Store Operations)

Within this segment, the Company opened 10 IPPUDO stores and 1 Gogyo store, while closing 3 IPPUDO stores, 2 Ramen Express, resulting in a total of 145 stores at the end of the quarter (a net increase of 6 with 11 new stores this year). Thanks to the government downgrading the public health risk of Covid-19, there were more footfall in many markets and Company capitalized on the momentum by offering limited time products. The overall recovery of inbound tourism and price increases led to about 15% increase in average check compared to 2021. Margins continue to improve thanks to store optimization helped by digital transformation initiatives. As such, the revenue up to the third quarter totaled 10,329 million yen (an increase of 22.4% compared to the same period of the previous fiscal year), and operating profit resulted in 1,083 million yen (increase of 120.9%).

### (International Store Operations)

There were 2 openings each in Singapore, France, China, Malaysia, Thailand and Taiwan, 1 in Indonesia, Vietnam and the Philippines, and store closures of 3 in China, 2 in Hong Kong, 1 in Malaysia and Vietnam, resulting in 142 stores at the end of the quarter (a net increase of 8 stores with 15 new stores during the year). As the store development plan is under careful review given the recent downturn of the global economy and geopolitical instabilities, at the end of the period the new store openings did not hit the target.

Up to the current quarter of the consolidated financial period (1 January to 30 September 2023), there were upwards pressure on raw materials and energy prices, as well as wages and logistics costs caused by inflationary economies, each area adjusted its selling prices and offerings, ensuring healthy margins. The Company also aimed to increase customer visits by introducing new menu items including desserts, while optimizing store operations with the help of digital transformation initiatives. As such, the revenue for the segment totaled 10,384 million yen (increase of 27.6%), and operating profit resulted in 1,262 million yen (increase of 32.7%).

### (Merchandising segment)

In this segment domestically, the sales of Tonkotsu Ramen and Kiwami Tonkotsu at convenient stores, frozen Shiromaru and Akamaru at supermarkets, and IPPUDO Plant-Based Ramen (Pla-Ton) on international in-flight meals are performing well. In August 2023, the Company started selling Kaedama Ale, a craft beer made from upcycling waste incurred during its noodle-making procedures. It continues to strengthen its B2B sales of IPPUDO branded products both by expanding its product line-up and increasing more sales channels. Its export business underperformed slightly, leading to a slightly lower operating margin for the segment. The Company continues to strengthen its sales both domestically and internationally. Its revenue for the quarter totaled 2,648 million yen (increase of 17.4%) and operating profit 377 million yen (increase of 6.0%).

# Quarterly Consolidated Financial Statements

## (1) Consolidated Balance Sheet

(Thousands of yen)

	As of March 31, 2023	As of December 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	6,744,454	5,264,463
Notes and accounts receivable - trade	687,797	1,144,124
Inventories	420,203	523,267
Other	1,039,804	1,243,714
Allowance for doubtful accounts	△966	△1,390
Total current assets	8,891,293	8,174,179
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,380,822	4,599,060
Machinery, equipment and vehicles, net	217,926	226,777
Land	525,025	659,411
Leased assets, net	11,505	6,629
Construction in progress	52,994	94,854
Other, net	300,422	340,713
Total property, plant and equipment	5,488,696	5,927,446
Intangible assets		
Goodwill	107,608	99,560
Other	49,590	48,199
Total intangible assets	157,199	147,759
Investments and other assets		
Investment securities	46,340	162,898
Long-term loans receivable	11,438	11,300
Deferred tax assets	925,471	736,865
Leasehold and guarantee deposits	1,720,897	1,844,891
Other	257,685	247,492
Allowance for doubtful accounts	△21,361	△13,992
Total investments and other assets	2,940,472	2,989,454
Total non-current assets	8,586,368	9,064,660
<b>Total assets</b>	<b>17,477,661</b>	<b>17,238,840</b>

(Thousands of yen)

	As of March 31, 2023	As of December 31, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	765,420	925,403
Short-term borrowings	2,500,000	190,000
Current portion of bonds payable	9,000	—
Current portion of long-term borrowings	1,181,342	1,037,206
Lease liabilities	6,941	2,789
Accounts payable - other	792,314	857,576
Income taxes payable	231,569	420,329
Provision for share awards	5,117	2,397
Reserve for interlocking type of monetary benefit	582	—
Provision for bonuses	101,361	153,834
Asset retirement obligations	50,917	35,284
Other	1,076,299	1,269,233
Total current liabilities	6,720,867	4,894,055
Non-current liabilities		
Long-term borrowings	1,736,667	1,812,294
Lease liabilities	5,395	4,047
Provision for share awards for directors (and other officers)	—	40,927
Provision for share awards	18,125	44,355
Reserve for interlocking type of monetary benefit	5,798	5,042
Retirement benefit liability	173,387	176,704
Asset retirement obligations	962,346	1,043,280
Other	214,970	233,716
Total non-current liabilities	3,116,691	3,360,369
Total liabilities	9,837,559	8,254,425
<b>Net assets</b>		
Shareholders' equity		
Share capital	3,117,571	3,126,978
Capital surplus	2,948,599	2,958,007
Retained earnings	1,261,541	2,357,463
Treasury shares	△96,432	△251,145
Total shareholders' equity	7,231,279	8,191,303
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,798	30,738
Foreign currency translation adjustment	405,023	762,373
Total accumulated other comprehensive income	408,822	793,111
Total net assets	7,640,101	8,984,414
Total liabilities and net assets	17,477,661	17,238,840

(2) Consolidated Statement on Profit and Loss and Comprehensive Income Consolidated Statement of Income

	(Thousands of yen)	
	Nine months ended	Nine months ended
	December 31, 2022	December 31, 2023
Net sales	18,834,409	23,363,391
Cost of sales	5,616,756	6,899,054
Gross profit	13,217,653	16,464,337
Selling, general and administrative expenses	11,656,394	14,032,718
Operating profit	1,561,258	2,431,619
Non-operating income		
Interest income	2,534	5,328
Dividend income	978	1,202
Share of profit of entities accounted for using equity method	6,813	-
Foreign exchange gains	6,590	72,275
Lease income	99,550	103,567
Other	83,170	43,171
Total non-operating income	199,637	225,546
Non-operating expenses		
Interest expenses	44,257	42,632
Rental costs	87,466	88,295
Other	19,338	9,952
Total non-operating expenses	151,061	140,881
Ordinary profit	1,609,835	2,516,284
Extraordinary income		
Gain on sale of non-current assets	52,371	210
Subsidy income	58,011	-
Gain on reversal of asset retirement obligations	40,109	3,499
Other	3,975	-
Total extraordinary income	154,468	3,710
Extraordinary losses		
Loss on retirement of non-current assets	472	627
Impairment losses	100,112	71,858
Other	11,885	-
Total extraordinary losses	112,470	72,485
Profit before income taxes	1,651,832	2,447,509
Income taxes - current	271,063	494,864
Income taxes - deferred	179,058	194,654
Total income taxes	450,121	689,518
Profit	1,201,711	1,757,990
Profit attributable to owners of parent	1,201,711	1,757,990

## Consolidated Statement of Comprehensive Income

(Thousands of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit	1,201,711	1,757,990
Other comprehensive income		
Valuation difference on available-for-sale securities	△ 10,009	26,939
Foreign currency translation adjustment	415,704	357,349
Total other comprehensive income	405,694	384,289
Comprehensive income	1,607,405	2,142,279
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,607,405	2,142,279
Comprehensive income attributable to non-controlling interests	-	-