March 15, 2024

Consolidated Financial Results for the Three Months Ended January 31, 2024 (Under Japanese GAAP)

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Listing: Tokyo Stock Exchange
Securities code: 9279
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Scheduled date to file quarterly securities report: March 15, 2024
Scheduled date to commence dividend payments: –
Preparation of supplementary material on quarterly financial results: Yes (Japanese only)
Holding of quarterly financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the three months ended January 31, 2024 (from November 1, 2023 to January 31, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
January 31, 2024	6,810	30.8	908	70.3	921	68.4	620	63.4
January 31, 2023	5,206	30.5	533	13.6	547	(32.9)	379	(30.0)

Note: Comprehensive income For the three months ended January 31, 2024: ¥665 million [49.0%]
For the three months ended January 31, 2023: ¥446 million [(20.9)%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
January 31, 2024	31.12	31.06
January 31, 2023	19.07	19.02

Note: On August 1, 2023, the Company conducted a 2-for-1 share split of its common shares. “Basic earnings per share” and “Diluted earnings per share” are calculated assuming that the share split was conducted at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
January 31, 2024	12,542	7,257	57.8
October 31, 2023	12,527	6,772	54.0

Reference: Equity
As of January 31, 2024: ¥7,252 million
As of October 31, 2023: ¥6,767 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended October 31, 2023	–	15.00	–	9.00	–
Fiscal year ending October 31, 2024	–				
Fiscal year ending October 31, 2024 (Forecast)		9.00	–	9.00	18.00

Notes: 1. Revisions to the forecast of cash dividends most recently announced: None

2. On August 1, 2023, the Company conducted a 2-for-1 share split of its common shares. The dividend per share at fiscal year-end for the fiscal year ended October 31, 2023 is stated after taking into account the effect of this share split. The dividend per share at fiscal year-end for the fiscal year ended October 31, 2023 not taking into account the share split is ¥18 per share, resulting in an annual dividend per share of ¥33.

3. Consolidated earnings forecasts for the fiscal year ending October 31, 2024 (from November 1, 2023 to October 31, 2024)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending April 30, 2024	13,300	24.0	1,310	28.2	1,330	26.4	880	21.2	44.12
Fiscal year ending October 31, 2024	27,600	20.1	2,700	14.8	2,740	13.0	1,750	9.6	87.75

Note: Revisions to the consolidated earnings forecasts most recently announced: None

* **Notes**

(1) Changes in significant subsidiaries during the period: None

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes

Note: For details, please refer to “2. Quarterly consolidated financial statements and significant notes thereto, (3) Notes to quarterly consolidated financial statements, Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements” on page 11 of the attached material.

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of January 31, 2024	19,944,584 shares
As of October 31, 2023	19,944,584 shares

(ii) Number of treasury shares at the end of the period

As of January 31, 2024	647 shares
As of October 31, 2023	602 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended January 31, 2024	19,943,963 shares
Three months ended January 31, 2023	19,925,676 shares

Note: On August 1, 2023, the Company conducted a 2-for-1 share split of its common shares. “Total number of issued shares at the end of the period,” “Number of treasury shares at the end of the period” and “Average number of shares outstanding during the period” are calculated assuming that the share split was conducted at the beginning of the previous fiscal year.

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Actual results, etc. may differ substantially from these forecasts due to various factors. Please refer to “1. Qualitative information on quarterly financial results, (3) Explanation of consolidated earnings forecasts and other forward-looking statements” on page 6 of the attached material for the assumptions used in forecasting business results and precautions regarding the use of business results forecasts, etc.

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1. Qualitative information on quarterly financial results

(1) Explanation on operating results

During the three months ended January 31, 2024, the Japanese economy was returning to the normal economic activity before the COVID-19 pandemic, with post-Covid lifestyles taking hold, but the situation has continued amid increasing inflation pressures stemming from rising import product prices due to the continued historical weak yen in the foreign exchange environment.

In the Japanese economy, it is currently at a level that is approaching the highest level before the bubble burst in the stock market because of strong corporate profits, and in household finances, consumer spending has shown a steady return to pre-Covid levels mainly due to consumers drawing down excess savings accumulated during the pandemic. For consumer spending in the travel, entertainment, and restaurant industries, in particular, which have been the most affected by COVID-19 over the past several years, there has been a marked improvement with the shift to post-Covid.

On the other hand, as for exports and imports, both exports and imports have exceeded their pre-Covid levels in terms of yen-based amounts due to the ongoing depreciation of the yen in the foreign exchange market. While exports remain weak in the semiconductor, electronics, and device-related manufacturing sectors, which have been on a downward trend due to adjustments in the semiconductor market, the automobiles and transportation machinery sectors are picking up as supply constraints have eased, and imports are in a situation where rising resource prices are causing import inflation. In this environment, there is increasing pressure to raise wages in various industries, such as the lodging, restaurant and other service industries that are suffering from serious labor shortages, and against the backdrop of strong corporate earnings, some companies have decided to significantly raise wages. Continuing from the annual spring wage negotiations between employers and unions in 2023, which saw the highest wage increase in 30 years, this year's annual spring wage negotiations is also expected to see a high wage increase rate. However, even with this situation of increasing wages, import inflation in a weak yen environment could lead to a decline in real wages and pose a downside risk to consumer spending.

Under these circumstances, the preliminary gross domestic product (GDP) figure (real seasonally adjusted figure excluding the effects of price fluctuations) for the October-December period of 2023 announced by the Cabinet Office showed a 0.1% decrease from the previous quarter (0.4% annualized decrease), marking negative growth for the second consecutive quarter. Amid negative growth, inbound (foreign visitors to Japan) consumption made a positive contribution to the preliminary GDP figure, and it was confirmed that the number of foreign visitors to Japan recovered to 2.73 million in December, exceeding the pre-Covid level of 2.53 million in December 2019 as well as reaching a level more than 80% of that in 2019 in a full-year comparison between 2023 and 2019. The depreciation of the yen made Japanese prices less expensive for foreign visitors, leading to an increase in spending on travel and lodging. The current weak yen exchange rate environment is expected to lead to a further increase in the number of foreign visitors to Japan, as well as a significant increase in spending on travel and lodging due to higher unit prices for travel and longer stays. In addition, a further increase is expected in the number of Chinese visitors to Japan, who accounted for more than 30% of all foreign visitors to Japan in 2019, if there is improvement in the situation where the number remained around 40% before the COVID-19 pandemic.

At the same time, looking around the world, there is still no end of the war in sight two years after the military invasion of Ukraine by Russia in February 2022, and since October 2023, Israel and Hamas have engaged in a military clash, and the situation continues to be tense in some areas, with many casualties still occurring in the Gaza Strip. In addition, while inflation is rising in the major economies, the economic environment in those economies is somehow being maintained through interest rate hikes by US and European central banks and other measures in response.

In the U.S., the preliminary GDP for the October-December period of 2023 announced by the U.S. Department of Commerce showed positive growth for the sixth consecutive quarter, growing 3.3% on an annualized basis from the previous quarter, despite slowing from the 4.9% growth rate in that quarter. Despite slowing personal consumption, which accounts for nearly 70% of GDP, it remains strong with a 2.8% increase over the previous quarter, and service consumption, especially food and beverage, is returning to pre-Covid levels. A further slowdown in economic activity is expected, however, as the impact of rising interest rates is felt more widely. The FRB remains wary of inflation, which is at a historically high level, and at the Federal Open Market Committee (FOMC) meeting held in January 2024, it was decided to maintain the federal funds (FF) rate guidance target at 5.25% to 5.50%. Policy rate controls have also been actively put in place to control inflation, and there has been some talk about expectations of a cut in interest rates mainly due to the downward trend in the inflation rate.

In China, the preliminary GDP for the October-December period of 2023 announced by the National Bureau of Statistics of China showed 5.2% year-on-year growth on a real annualized basis adjusted for price changes. Despite the pickup in consumption of services, such as dining out, entertainment, and tourism after the COVID pandemic, we are in a situation where the strong pre-Covid economic growth has not been achieved, which can be attributed to stagnant consumer spending and a deteriorating real estate market. Also, due to the Chinese government's emphasis on avoiding expansion of central and local government debt, it has shown reluctance to undertake large-scale fiscal expansion and economic growth has slowed.

In this economic environment, the restaurant industry, to which the Group belongs, is moving to a situation with an economic tailwind as service consumption, such as travel, lodging, and food and beverage, is steadily recovering amid the shift in people's lives to a post-Covid lifestyle. In particular, the number of foreign visitors to Japan has been recovering rapidly due to the government's removal of various immigration restrictions in conjunction with its shift to post-Covid, and further expansion of inbound demand is expected going forward. Given that the current trend of the depreciation of the yen is continuing, it can be said that a situation is emerging which offers a great business opportunity. At the same time, the current employment situation has created a severe labor crunch, and in face-to-face service industries, especially in the restaurant industry, wage increases have become inevitable in order to resolve the labor shortage.

In this business environment surrounding the restaurant industry, the Group saw strong results in existing store sales compared to before the COVID-19 pandemic. In addition, management's decision to keep opening new stores during the pandemic without slowing down has yielded good results, and coupled with the effects of the new store openings, business is steadily expanding. In particular, Tokyo Ramen Yokocho, which was opened as a ramen complex facility in the Yaesu underground shopping mall of Tokyo Station in June 2022, featuring seven different brands of ramen stores, has demonstrated the success of the priority investment strategy implemented over the past several years during the pandemic, with each store still setting new monthly sales records. Thus, the Group, led by the product development team, is constantly enhancing its brand development capabilities, which have led to the successful opening of multiple stores in the facility. We will continue to create a large number of competitive brands and open new stores in multiple brands in developing area for new stores. Whether the business environment is during the pandemic or post-Covid, the Group has been steadily expanding business and will continue to maintain its growth trajectory by constantly developing the next business and brand, not only for competitive business and brands such as "Machida Shoten" (EAK ramen brand), "BUTAYAMA" (wild pork mountain ramen brand) and "GANSO ABURADO" (soupless ramen brand). On the other hand, in the midst of advancing these various initiatives to expand our business, we had to reconsider the prices of products offered at Company-owned stores in response to price hikes in operating costs such as labor cost during the three months ended January 31, 2024, and we passed minimized cost onto customers (part of price increase). However, while the negative impact of these price hikes is not known at this time, they have produced good results more favorable than expected, without causing a decrease in the number of customers visiting existing stores, even in the current situation of aggressive new store openings.

In addition, from the viewpoint of BCP, we have been strategically reviewing our production system, including production location and items produced, for the supply system for the Group's Company-owned stores and produced stores over the past several years, and the Kamisu factory (Kamisu City, Ibaraki Prefecture), which has been prepared since the previous fiscal year, started operation during the three months ended January 31, 2024. As a result, we have established a six-factory system in Japan, including four noodle factories, one chasiu factory, and one soup factory. The Group has been making significant improvements in the efficiency, cost and lead time in logistics from an SCM perspective, and by the previous year had deployed distribution centers in the Kanto, Chukyo, and Kansai regions. In addition, through the continuous review of our production and logistics systems, including the opening of a new distribution center for Kitakanto and Tohoku regions, we have been able to establish an efficient logistics support system for Company-owned and produced stores.

As described above, the Group, which has been working on strengthening its capabilities as a Group in its production and distribution systems without focusing solely on its new store opening strategy for Company-owned stores and produced stores, has been able to secure employment for its employees, aggressively open new stores, and conduct other business activities that set it apart from other food service providers in today's post-Covid business environment following the lifting of restrictions. As a result, the Group has secured robust results. During the three months ended January 31, 2024, the Group has been able to expand sales by increasing the number of both Company-owned and produced stores in Japan.

As a result of the above, net sales was ¥6,810,928 thousand (up 30.8% year-on-year), operating profit was ¥908,783 thousand (up 70.3% year-on-year), ordinary profit was ¥921,831 thousand (up 68.4% year-on-year), while profit attributable to owners of parent reached ¥620,639 thousand (up 63.4% year-on-year).

Since the Group has a single-segment business, the business overview by segment for the three months ended January 31, 2024 is presented by business division as follows.

Company-owned store business division

In the Company-owned domestic store business division, the Group continued to aggressively open new stores throughout the three months ended January 31, 2024, and although we opened six new Company-owned stores, we had a net increase of five stores due to the withdrawal of one existing store that was forced to vacate because of the building being demolished. During the period, we achieved a good balance in store openings, with two new Company-owned stores for our main brand "Machida Shoten" (EAK ramen brand), one store for "BUTAYAMA" (wild pork mountain ramen brand), two stores for "GANSO ABURADO" (soupless ramen brand), and one store for another brand.

During the three months ended January 31, 2024, we opened one roadside store and one store near a train station for the "Machida Shoten" brand. The roadside store was opened in Kashiwa City as the third store in Chiba Prefecture. In addition, the store near a train station was opened near Shin-Yurigaoka Station on the Odakyu Line. Since these stores have opened, they both have made a good start as ramen stores that are well received by local customers.

For our wild pork mountain ramen brand "BUTAYAMA," our second brand after "Machida Shoten," the Group opened a roadside store in Yono-Hommachi, Saitama City, Saitama Prefecture during the three months ended January 31, 2024. We started opening new "BUTAYAMA" roadside stores in the previous fiscal year, and as a full-fledged wild pork mountain ramen brand from roadside stores complete with parking lots, all of the stores have been evaluated favorably to a certain degree, indicating that we have uncovered new customer needs.

Furthermore, during the three months ended January 31, 2024, the Group opened two new stores for the soupless ramen brand "GANSO ABURADO" in areas near train stations located within the 23 wards of Tokyo. "GANSO ABURADO," which is subject to relatively fewer restrictions on restaurant infrastructure when opening new stores, is establishing its position as the Group's third brand. We opened one store near Kamiyacho Station on the Tokyo Metro Hibiya Line and one store near Ebisu Station, where the JR Line and Tokyo Metro Hibiya Line intersect. Since the "GANSO ABURADO" brand is based on a different concept than those of the EAK ramen brand and wild pork mountain ramen brand, for which the Group has opened many Company-owned stores and produced stores, it is relatively easier to make adjustments when opening new stores and this brand has sufficient competitiveness for in-building stores. Therefore, "GANSO ABURADO" is becoming a strong brand for aggressively opening new stores in the 23 wards of Tokyo and other Tokyo metropolitan areas in which we had previously faced restrictions on opening new stores.

In addition, the Group, led by the product development division, has been actively working on various themes for the development of new products and new brands, and in the three months ended January 31, 2024, opened the second store for the miso ramen brand "ITOI," which has a successful store that is highly regarded in Tokyo Ramen Yokocho. In addition, the Group is vigorously developing a fourth competitive brand for other businesses.

In the Company-owned foreign store business division, we are currently developing the business only in New York State, U.S. under the “E.A.K. RAMEN” brand, and opened our third New York store in November 2022 in a food court in Pennsylvania Station for a total of three stores. Although both of the first two New York stores were roadside stores, this store was the Group’s first store opening in a food court. The food court is located in Pennsylvania Station, the busiest train station in the U.S., with a 20,000-seat sports arena, a 5,000-seat theater and other facilities located nearby. In addition, since it is a high-footfall site located near Madison Square Garden, where professional basketball and ice hockey games are held, this store has become a successful store with sales already surpassing those of the two existing roadside stores. The success of this store opening serves as a base for development of the Company-owned store business in the U.S. going forward, leading to high expectations for future business expansion.

As a result of the above, the number of the Group’s stores at the end of the three months ended January 31, 2024 totaled 202, including 193 Company-owned stores (190 stores in Japan and three foreign stores) and nine outsourced stores. Net sales of the Company-owned store business division totaled ¥5,712,107 thousand.

<u>Produced store business division</u>

In the domestic produced store business division, we continued to open new stores in areas where we have already opened stores, making detailed adjustments between produced stores and Company-owned stores in accordance with rules for opening stores based on estimates of potential demand in the trade area. In areas where we have not yet opened stores, we have been vigorously seeking new owners in areas where we do not plan to open Company-owned stores. Existing produced stores experienced a business recovery progressing with the changes in the business environment accompanying the shift to post-Covid, despite a decline in the number of customers and sales during the pandemic, and each existing produced store achieved strong results in the three months ended January 31, 2024. This is the result of the detailed support rooted in our successful expertise involving the Group’s Company-owned stores that we have provided. There has also been an increase in the number of situations where owners of existing produced stores are considering to expand using new brands we developed. In addition to the existing produced business centering on the EAK ramen brand, we started a franchise business under our brand name in the previous fiscal year. Thus, in the produced store business division, we have been making various preparations to enhance our business lineup and make it possible to develop proposals with higher added value.

In the foreign produced store business division, we have been considering areas in which to open new stores while confirming existing owners’ willingness to open new stores, and we have been supporting the opening of new stores even amid the spread of COVID-19. In addition, in the previous fiscal year, the Group began full-scale development of the franchise business under the “Machida Shoten” name. In particular, there has been high demand for opening new “Machida Shoten” stores in Southeast Asia, and the Group has been approaching franchisees to open stores with discussing locations strategically. As a result, we have opened one store in Thailand, three stores in Vietnam and one store in Cambodia to date. Thus, since the franchise business has made such a successful start in Southeast Asia and franchise agreements are also being concluded with franchisees in various countries, we will continue to proactively conduct sales activities related to the franchise business, focusing on the “Machida Shoten” brand in regions including North America and Asia.

As a result, the number of the Group’s produced stores increased by a net of five during the three months ended January 31, 2024, resulting in a total of 553 stores (527 produced stores in Japan and 14 foreign stores, and seven franchise stores in Japan and five foreign stores). Net sales of the produced store business division totaled ¥1,098,820 thousand.

(2) Explanation of financial position

<u>Assets</u>

Total assets as of January 31, 2024 increased by ¥15,229 thousand from the end of the previous fiscal year to ¥12,542,699 thousand. This was mainly due to a ¥243,552 thousand increase in property, plant and equipment, including buildings and structures, due to aggressively opening new stores and other factors and a ¥49,570 thousand increase in leasehold and guarantee deposits, despite a ¥276,121 thousand decrease in cash and deposits due to the payment of dividends and income taxes, repayments of borrowings and purchases of non-current assets.

Liabilities

Liabilities as of January 31, 2024 decreased by ¥470,370 thousand from the end of the previous fiscal year to ¥5,285,051 thousand. This was mainly due to a ¥64,172 thousand decrease in income taxes payable, a ¥47,509 thousand decrease in long-term borrowings and a ¥375,133 thousand decrease in other under current liabilities, despite a ¥63,477 thousand increase in short-term borrowings and a ¥34,032 thousand increase in current portion of long-term borrowings.

Net assets

Net assets as of January 31, 2024 increased by ¥485,600 thousand from the end of the previous fiscal year to ¥7,257,648 thousand, resulting in an equity-to-asset ratio of 57.8%. This was mainly due to a decrease in retained earnings of ¥179,495 thousand as a result of dividend payments, and an increase in retained earnings due to the posting of ¥620,639 thousand in profit attributable to owners of parent.

(3) Explanation of consolidated earnings forecasts and other forward-looking statements

There is no change in the earnings forecasts in the “Summary of Consolidated Financial Results for the Year Ended October 31, 2023,” announced December 15, 2023.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Quarterly consolidated balance sheet

(Thousands of yen)

	As of October 31, 2023	As of January 31, 2024
Assets		
Current assets		
Cash and deposits	2,220,324	1,944,202
Accounts receivable - trade	547,470	542,198
Merchandise and finished goods	277,669	266,691
Raw materials and supplies	90,424	93,404
Other	416,617	466,593
Total current assets	3,552,505	3,313,090
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,966,831	6,352,328
Accumulated depreciation	(1,518,318)	(1,633,137)
Buildings and structures, net	4,448,513	4,719,191
Land	141,782	141,782
Other	2,352,770	2,387,096
Accumulated depreciation	(935,797)	(997,249)
Other, net	1,416,972	1,389,847
Total property, plant and equipment	6,007,268	6,250,820
Intangible assets		
Goodwill	198,937	189,755
Other	72,332	69,678
Total intangible assets	271,269	259,433
Investments and other assets		
Leasehold and guarantee deposits	1,427,726	1,477,296
Other	1,268,699	1,242,057
Total investments and other assets	2,696,426	2,719,354
Total non-current assets	8,974,964	9,229,609
Total assets	12,527,470	12,542,699

(Thousands of yen)

	As of October 31, 2023	As of January 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	697,890	684,572
Short-term borrowings	25,216	88,693
Current portion of long-term borrowings	699,876	733,908
Income taxes payable	367,914	303,742
Provision for bonuses	150,478	87,639
Provision for shareholder benefit program	8,464	6,044
Other	1,827,751	1,452,618
Total current liabilities	3,777,592	3,357,217
Non-current liabilities		
Long-term borrowings	1,574,908	1,527,399
Asset retirement obligations	400,956	398,469
Other	1,965	1,965
Total non-current liabilities	1,977,829	1,927,833
Total liabilities	5,755,422	5,285,051
Net assets		
Shareholders' equity		
Share capital	797,304	797,304
Capital surplus	1,049,431	1,049,431
Retained earnings	4,761,588	5,202,732
Treasury shares	(829)	(932)
Total shareholders' equity	6,607,494	7,048,536
Accumulated other comprehensive income		
Foreign currency translation adjustment	160,019	204,325
Total accumulated other comprehensive income	160,019	204,325
Non-controlling interests	4,534	4,786
Total net assets	6,772,048	7,257,648
Total liabilities and net assets	12,527,470	12,542,699

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income

Quarterly consolidated statement of income (cumulative)

(Thousands of yen)

	Three months ended January 31, 2023	Three months ended January 31, 2024
Net sales	5,206,539	6,810,928
Cost of sales	1,657,260	2,210,759
Gross profit	3,549,278	4,600,169
Selling, general and administrative expenses	3,015,610	3,691,386
Operating profit	533,668	908,783
Non-operating income		
Interest income	5,655	12,914
Foreign exchange gains	451	783
Subsidy income	1,181	297
Other	7,735	1,194
Total non-operating income	15,024	15,190
Non-operating expenses		
Interest expenses	842	1,156
Other	400	985
Total non-operating expenses	1,242	2,141
Ordinary profit	547,449	921,831
Extraordinary income		
Gain on sale of non-current assets	12,287	–
Total extraordinary income	12,287	–
Extraordinary losses		
Loss on retirement of non-current assets	1,191	3,234
Total extraordinary losses	1,191	3,234
Profit before income taxes	558,545	918,597
Income taxes	178,627	297,793
Profit	379,918	620,804
Profit attributable to non-controlling interests	–	164
Profit attributable to owners of parent	379,918	620,639

Quarterly consolidated statement of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended January 31, 2023	Three months ended January 31, 2024
Profit	379,918	620,804
Other comprehensive income		
Foreign currency translation adjustment	66,524	44,393
Total other comprehensive income	66,524	44,393
Comprehensive income	446,442	665,198
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	446,442	664,945
Comprehensive income attributable to non-controlling interests	–	252

(3) Notes to quarterly consolidated financial statements

Notes on premise of going concern

Not applicable.

Notes on significant changes in the amount of shareholders' equity

Not applicable.

Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements

Calculation of tax expenses

Tax expenses are calculated by reasonably estimating the effective tax rate after applying tax effect accounting to profit before income taxes for the fiscal year, including the first quarter of the current fiscal year, and multiplying profit before income taxes by the estimated effective tax rate.

Significant subsequent events

Not applicable.