



## **Q&A for the Financial Results for the Three Months Ended January 31, 2024**

We have provided this Q&A as a reference for questions you may have regarding the financial results disclosed today for the three months ended January 31, 2024.

**Q1: Why have both sales and operating profit increased significantly year on year?**

**A1:** Due to the continuous improvement in store QSCA, average monthly sales in existing stores have continued to reach record highs without a drop in the number of customers, even after the price revision. As a result, it was possible to achieve a significant increase in sales and profits, with existing store sales in the current 1Q above expectations at 114.2%, compared to an assumption of 110% in the first half (105% assumed for the full year) compared to last year. (Please refer to pages 5 and 6 of the Results Briefing Materials for more details.)

**Q2: The gross profit margin decreased year on year. Is this in line with expectations?**

**A2:** In the current fiscal year, the rise in prices of raw materials and ingredients has slowed and the gross profit margin is expected to be at the same level as in the 3Q and 4Q of the previous fiscal year. The actual gross profit margin in the current 1Q was also in line with our assumptions. (Please refer to page 10 of the Results Briefing Materials for more details.)

**Q3: Regarding the price revisions implemented in January 2024, what was the reason for the revision, the revision amount, and the subsequent impact on customer traffic?**

**A3:** On January 1, 2024, we increased the prices of all our brands by an average of around 10 yen (approx. 1%). As of now, there has been no negative impact on customer traffic, with customer numbers higher than for the previous fiscal year.

We operate under the policy of revising prices to absorb increased costs incurred from the aspects of both costs and labor costs. In order to secure competitive human resources, we significantly increased wage levels in January 2024 and revised prices to cover the associated increase in operational costs. (Please refer to page 7 of the Results Briefing Materials for more details.)



Q4: Could you describe the progress for the opening of stores?

A4: As of the end of the current 1Q, there was a net increase of 10 company-owned and franchise & produced stores, as progress was behind the annual target (annual net increase target: 87 stores). However, for company-owned stores, more than half of the annual store opening goal of 41 stores have completed their rental agreements, and in addition, there is a basic agreement to take over 21 stores managed by Kourakuen Holdings Corporation. We will continue to make efforts toward achieving the annual store opening target. (Please refer to pages 12 and 13 of the Results Briefing Materials for more details.)

Q5: Could you describe the progress status for securing personnel?

A5: We are implementing or planning various measures to secure personnel, and these measures are gradually having an effect. The retirement rate fell from 17.6% year on year to 14.7% in the current 1Q.

We will continue to work on reducing the retirement rate (balancing comfortable work with rewarding work) and strengthening our recruitment capability (increasing the number of job applicants and rate of job offer). (Please refer to page 8 of the Results Briefing Materials for more details.)

End