Fiscal Year Ended July 31, 2024 Financial Results Briefing and Medium-Term Management Plan

Eternal Hospitality Group Co., Ltd.

Securities code: 3193



Eternal Hospitality Group

2024 / 9 / 19

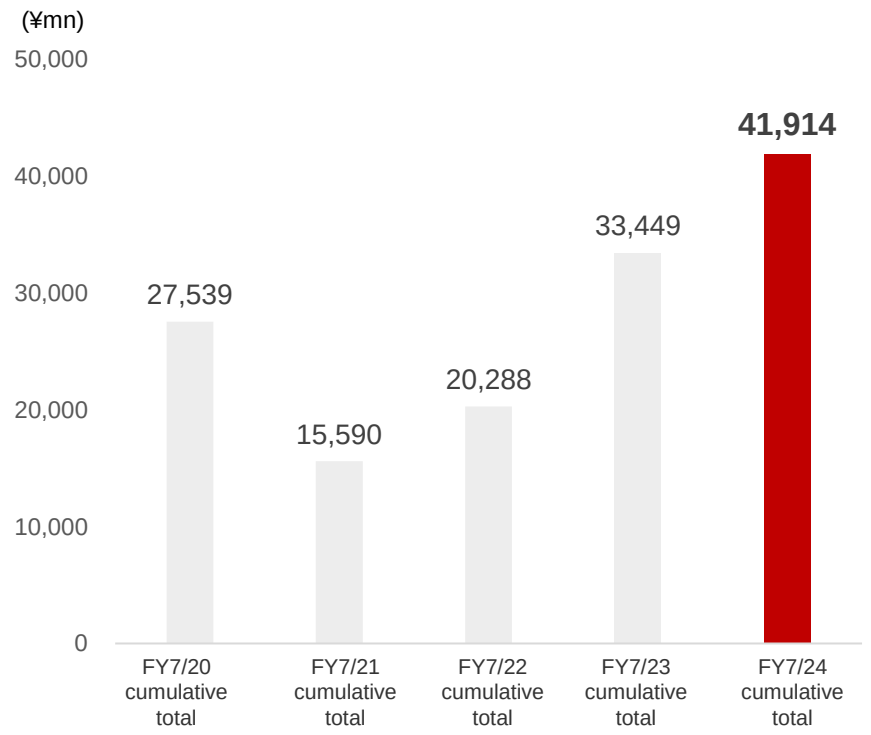
Fiscal Year Ended July 31, 2024 Full Year Financial Results

FY7/24 Consolidated Performance Highlights

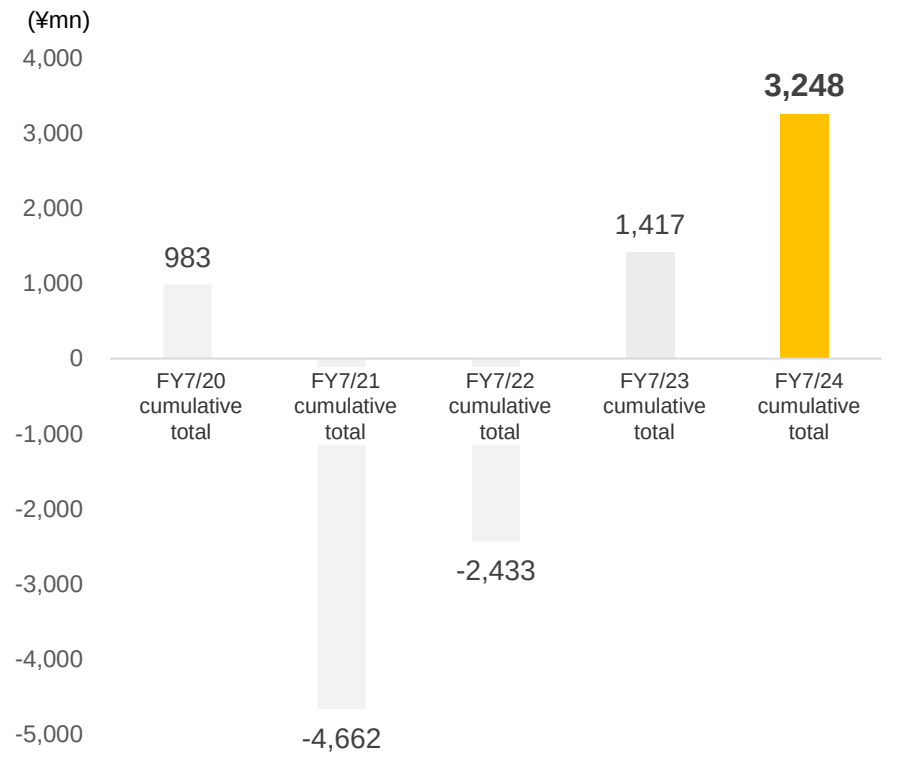
Eternal Hospitality Group

Due to the recovery in izakaya (Japanese bar) demand and other factors, restaurant sales were strong, and profitability management was also rigorously implemented, resulting in YoY increases in sales and profit

Net sales ¥41,914mn YoY **+25.3%**



Operating profit ¥3,248mn YoY **+129.2%**



FY7/24 Consolidated Financial Results Summary

Eternal Hospitality Group

Net sales exceeded expectations due to a recovery in demand for year-end/New Year parties and a decline in the number of competitors due to the COVID-19 pandemic

Net sales and operating profit, ordinary profit, and profit attributable to owners of parent increased compared to the revised forecast

(Unit: ¥mn)	FY7/23 actual (% of sales)	FY7/24					
		Cumulative total revised forecast (% of sales)	Cumulative total actual (% of sales)	YoY		Vs. revised forecast	
				%	Amount	%	Amount
Net sales	**33,449**	**41,010**	**41,914**	+25.3%	+8,464	+2.2%	+903
Gross profit	**23,443** (70.1%)	—	**29,086** (69.4%)	+24.1%	+5,643	—	—
SG&A	**22,025** (65.8%)	—	**25,837** (61.6%)	+17.3%	+3,811	—	—
Operating profit	**1,417** (4.2%)	**3,012** (7.3%)	**3,248** (7.8%)	+129.2%	+1,831	+7.8%	+236
Ordinary profit	**1,429** (4.3%)	**3,010** (7.3%)	**3,261** (7.8%)	+128.3%	+1,832	+8.3%	+250
Profit attributable to owners of parent	**616** (1.8%)	**1,740** (4.2%)	**2,127** (5.1%)	+245.2%	+1,511	+22.2%	+386

Net sales

- Recovery in demand for year-end/New Year parties
- Decline in the number of competitors due to the COVID-19 pandemic
- Increase in sales due to new restaurant openings

Gross profit

- Price revisions offset price increases for alcoholic beverages and other raw materials

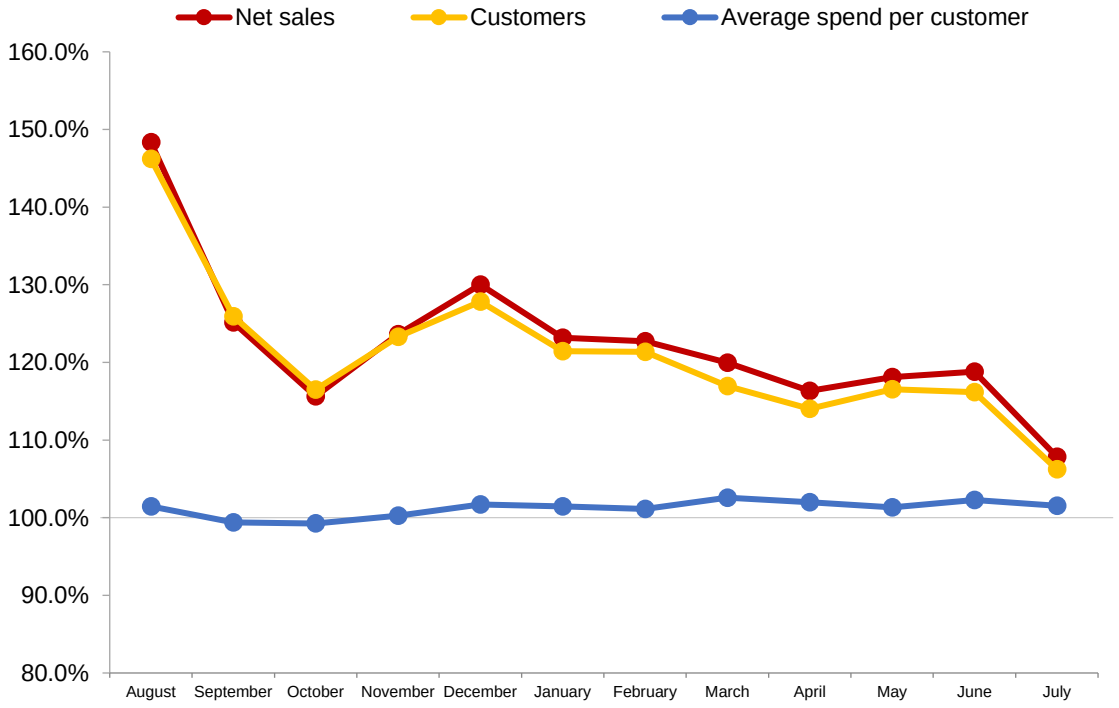
Operating profit, ordinary profit, and profit attributable to owners of parent

- Significant contribution from same-store sales growth
- Slowdown in utilities expenses YoY
- Increase in year-end bonuses for employees based on business performance trends

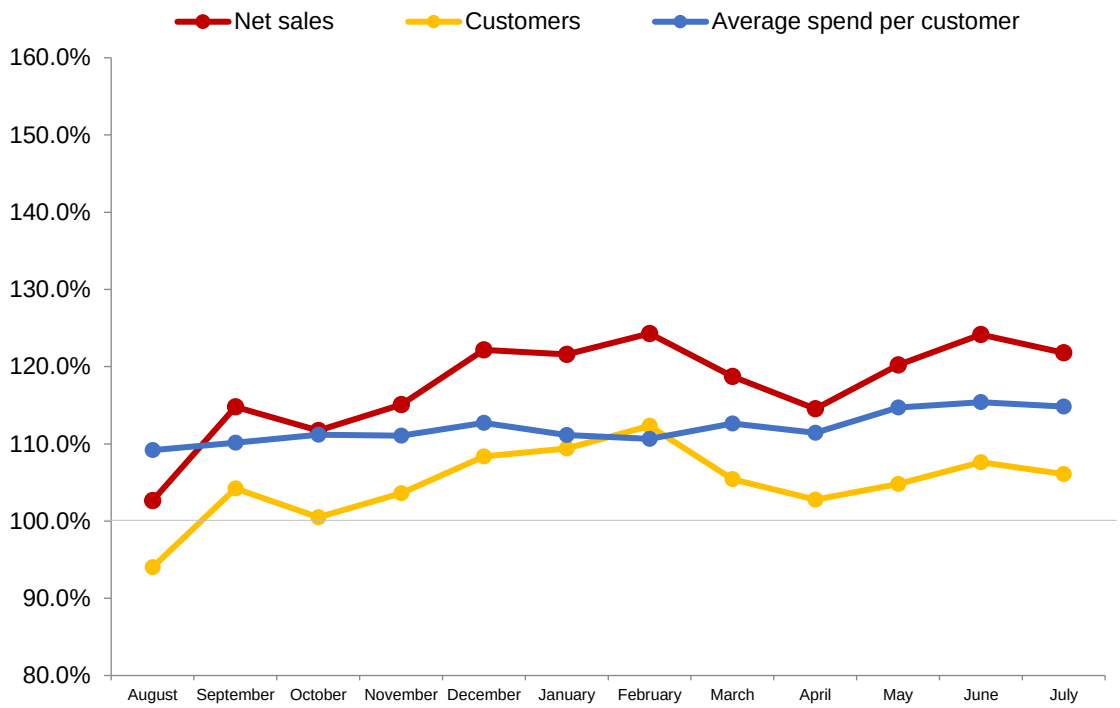
TORIKIZOKU Same-Store Sales YoY

Eternal Hospitality Group

YoY



Vs. pre-COVID-19 (Vs. FY7/19) * Reference



(Unit: %)

	August	September	October	November	December	January	February	March	April	May	June	July
Net sales	148.4	125.2	115.6	123.6	130.0	123.2	122.7	120.0	116.3	118.1	118.8	107.8
Customers	146.2	125.9	116.5	123.3	127.8	121.4	121.4	116.9	114.0	116.6	116.2	106.2
Average spend per customer	101.5	99.4	99.3	100.3	101.7	101.4	101.1	102.6	102.0	101.3	102.3	101.5

(Unit: %)

	August	September	October	November	December	January	February	March	April	May	June	July
Net sales	102.6	114.8	111.7	115.1	122.2	121.6	124.3	118.7	114.5	120.2	124.2	121.8
Customers	94.0	104.2	100.5	103.6	108.4	109.4	112.3	105.4	102.8	104.8	107.6	106.1
Average spend per customer	109.2	110.2	111.2	111.1	112.7	111.1	110.7	112.6	111.4	114.7	115.4	114.8

*The above table covers directly managed restaurants.
* YoY same-store sales refers to restaurants that have been open for 12 months or more, excluding the month in which the new restaurant opened.
* Vs. pre-COVID-19 data (Vs. FY7/19) is calculated for restaurants that existed in FY7/19 and the fiscal year under review.

Number of Group Brand Restaurants

Eternal Hospitality Group

- New restaurant openings

  TORIKIZOKU directly managed: 12 restaurants

  TCC: 12 restaurants

  YAKITORI DAIKICHI: 6 restaurants
- Business transfer

  U.S.: 1 restaurant
- Closed

  TORIKIZOKU directly managed: 5 restaurants

  TCC: 2 restaurants

  TORIKIZOKU PARTNERS: 1 restaurant

  YAKITORI DAIKICHI: 18 restaurants

1,134 restaurants (As of July 31, 2023) ▶ **1,139** restaurants (As of July 31, 2024)

			Number of restaurants as of July 31, 2023	FY7/24 (cumulative)			Number of restaurants as of July 31, 2024
				Openings	Business transfer	Closed	
TORIKIZOKU	Directly managed	Kansai	93	3	0	3	93
		Kanto	229	1	0	2	228
		Tokai	69	2	0	0	71
		Kyushu and Okinawa	3	3	0	0	6
		Tohoku	0	3	0	0	3
		Subtotal	394	12	0	5	401
	TCC[*1]	Kansai	143	1	0	1	143
		Kanto	84	3	0	1	86
		Hokkaido	2	1	0	0	3
		Chugoku and Shikoku	2	3	0	0	5
		Hokuriku	0	1	0	0	1
		Kyushu and Okinawa	1	3	0	0	4
		Subtotal	232	12	0	2	242
		Total	626	24	0	7	643
TORIKIZOKU PARTNERS[*2]			3	0	0	1	2
TORIKI BURGER			2	0	0	0	2
YAKITORI DAIKICHI[*3]			503	6	0	18	491
Japan total			**1,134**	**30**	**0**	**26**	**1,138**
U.S.[*4]			0	0	1	0	1
Overseas total			**0**	**0**	**1**	**0**	**1**
Grand total			**1,134**	**30**	**1**	**26**	**1,139**

*1 Our limited number of franchise owners are referred to as “comrades” with the aim of ensuring stronger relationships as business partners than typical franchise chains, and TCC stands for TORIKIZOKU Comrade Chain.

*2 This is a small restaurant model under development as a new independent system, and we are currently operating TORIKIZOKU Okuraya (Osaka) and TORIKIZOKU Nakanishiya (Aichi) as test restaurants.

*3 All YAKITORI DAIKICHI restaurants are franchises.

*4 The one restaurant listed for the U.S. is HASU, a yakitori restaurant in Los Angeles, U.S. acquired through a business transfer on May 1, 2024.

Consolidated Balance Sheet/Consolidated Statement of Cash Flows

Eternal Hospitality Group

(Unit: ¥mn)	July 31, 2023	July 31, 2024	Change
Current assets	10,656	10,747	+90
(Inc. cash and deposits)	8,631	8,361	(270)
Non-current assets	8,662	9,907	+1,244
Total assets	**19,318**	**20,654**	**+1,335**
Current liabilities	8,940	8,011	(929)
(Inc. interest-bearing debt)	3,804	1,057	(2,746)
Non-current liabilities	3,488	3,950	+462
(Inc. interest-bearing debt)	1,958	2,356	+397
Total liabilities	**12,428**	**11,961**	**(466)**
Total net assets	**6,890**	**8,692**	**+1,802**
Equity-to-asset ratio	35.7%	42.1%	+6.4pt

(Unit: ¥mn)	FY7/23 actual	FY7/24 actual
Operating cash flows	**1,720**	**4,441**
Profit before income taxes	1,047	3,159
Depreciation	791	887
Amortization of goodwill	15	27
Impairment losses	420	95
Decrease (increase) in trade receivables	(334)	(159)
Increase (decrease) in trade payables	471	279
Income taxes paid	(767)	(335)
Other	75	487
Investing cash flows	**(1,204)**	**(1,990)**
Purchase of property, plant and equipment	(803)	(1,554)
Purchase of shares of equity-method affiliates	—	(157)
Purchase of shares of subsidiaries	(155)	-
Other	(245)	(278)
Financing cash flows	**(587)**	**(2,721)**
Proceeds from long-term borrowings	600	1,500
Repayments of long-term borrowings	(1,026)	(3,848)
Payment of dividends	(92)	(139)
Other	(68)	(233)
Effect of exchange rate change on cash and cash equivalents	41	26
Cash and cash equivalents at end of period	**8,689**	**8,445**

FY7/25 Full-year Consolidated Earnings Forecasts

Eternal Hospitality Group

- Increase in sales due to same-store sales growth, new restaurant openings, and full-year contribution of restaurant openings in previous fiscal year
- Increase in profit forecast despite inclusion of new restaurant openings in overseas areas into which we are expanding through directly managed restaurants and expenses related to overseas business activities, in addition to wage increases due to the revision of the personnel system from the beginning of the fiscal year

(Unit: ¥mn)	FY7/24 full-year actual (% of sales)	FY7/25		
		Full-year forecasts (% of sales)	YoY	
			%	Amount
Net sales	**41,914**	**47,822**	+14.1%	+5,908
Operating profit	**3,248** (7.8%)	**4,003** (8.4%)	+23.2%	+754
Ordinary profit	**3,261** (7.8%)	**3,972** (8.3%)	+21.8%	+710
Profit attributable to owners of parent	**2,127** (5.1%)	**2,578** (5.4%)	+21.2%	+451

- **Same-store sales YoY**
  TORIKIZOKU 107.7% (1H110.7%, 2H104.9%)
- **Restaurant opening plan**
  Japan
  TORIKIZOKU directly managed 16 restaurants TCC 18 restaurants
  DAIKICHI SYSTEM 18 restaurants
  Overseas
  TORIKIZOKU U.S.A 2-3 restaurants (U.S.)
  TORIKIZOKU KOREA 4 - 5 restaurants (South Korea)
  Openings in Taiwan (joint venture) and Hong Kong (franchise)

TORIKIZOKU (New Restaurant Openings)

Eternal Hospitality Group

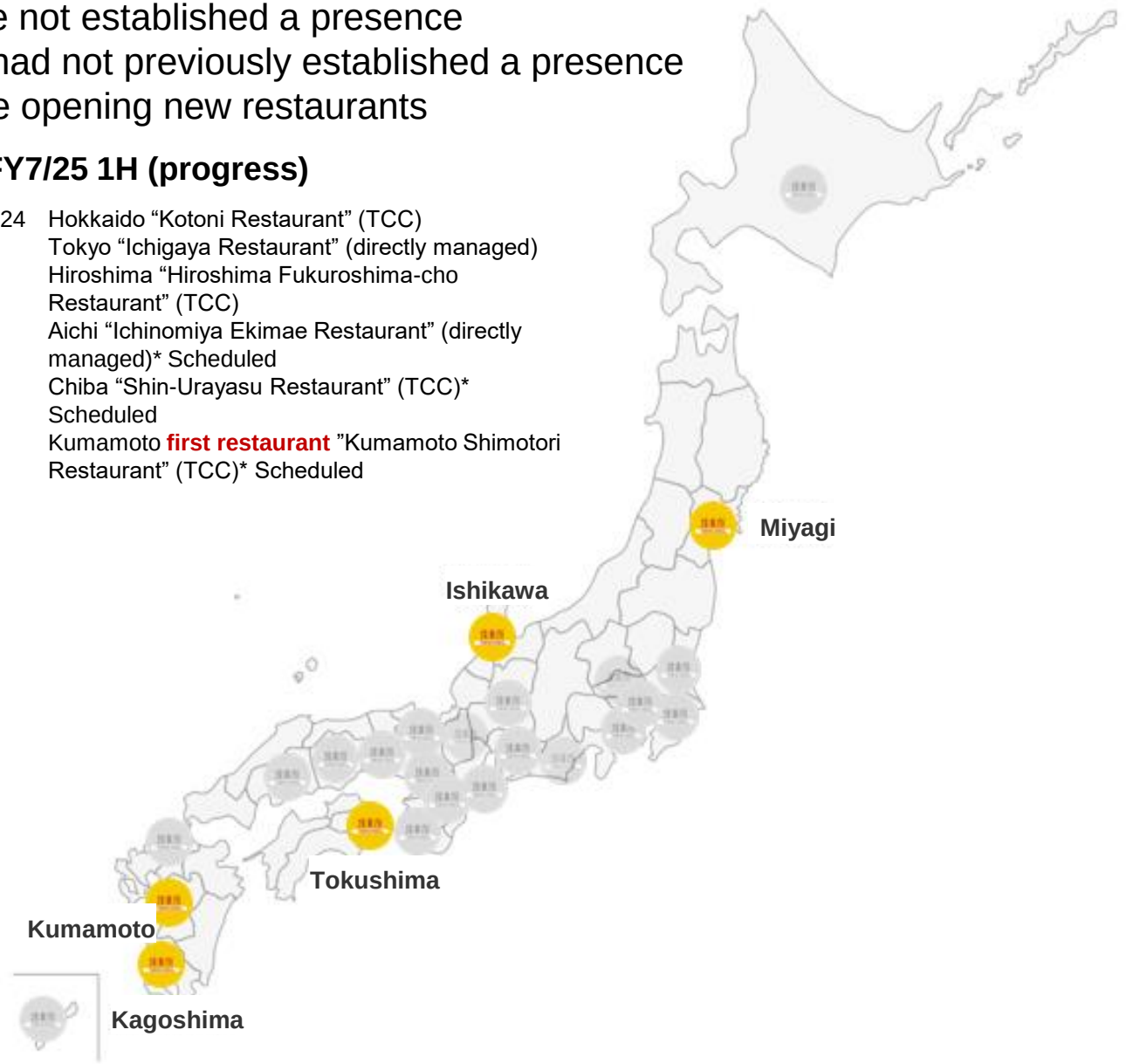
- Continue expanding into areas where we have not established a presence
- Our first restaurants in prefectures where we had not previously established a presence have been performing well, so we will continue opening new restaurants

FY7/24 full-year (actual)

8/2023	Okinawa “Kencho-mae Kokusai-dori Restaurant” (TCC)
	Kagoshima **first restaurant** “Tenmonkan Restaurant” (TCC)
9	Fukuoka “Ohashi Restaurant” (directly managed)
10	Chiba “Kisarazu Restaurant” (TCC)
	Tokushima **first restaurant** “Tokushima Ryogokubashi Restaurant” (TCC)
11	Ishikawa **first restaurant** “Katamachi Restaurant” (TCC)
12	Hyogo “Hankyu Sannomiya Station Restaurant” (directly operated)
	Hyogo “JR Amagasaki Restaurant” (directly managed)
	Gifu “Tajimi Station Restaurant” (directly managed)
	Fukuoka “Kashii Restaurant” (directly managed)
	Miyagi **first restaurant** “Sendai Kokubuncho Restaurant” (directly managed)
1/2024	Hokkaido “Sapporo South Exit Restaurant” (TCC)
3	Miyagi “Sendai Station West Exit Restaurant” (directly managed)
	Tokyo “Ichinoe Restaurant” (TCC)
	Okayama "Okayama Haremachidori Restaurant" (TCC)
4	Tokushima “Tokushima Station Restaurant” (TCC)
	Fukuoka “Nanakuma Restaurant” (directly managed)
5	Tokyo “Ningyocho Restaurant” (directly managed)
	Nara “JR Nara Restaurant” (directly managed)
	Miyazaki “Sendai Izumi Chuo Restaurant” (directly managed)
6	Aichi “Meieki 3-Chome Restaurant” (directly managed)
	Osaka “Konoike Shinden Restaurant” (TCC)
	Okinawa “Asato Restaurant” (TCC)
7	Kanagawa “Futamatagawa Restaurant” (TCC)

FY7/25 1H (progress)

8/2024	Hokkaido “Kotoni Restaurant” (TCC)
	Tokyo “Ichigaya Restaurant” (directly managed)
9	Hiroshima “Hiroshima Fukuroshima-cho Restaurant” (TCC)
10	Aichi “Ichinomiya Ekimae Restaurant” (directly managed)* Scheduled
	Chiba “Shin-Urayasu Restaurant” (TCC)* Scheduled
	Kumamoto **first restaurant** ”Kumamoto Shimotori Restaurant” (TCC)* Scheduled



TORIKIZOKU (Increasing Same-Store Sales)
~Planned Dishes in 2H~

Eternal Hospitality Group

- Implemented "Carefully Selected Combo Project" (February 1 - July 31, 2024)
- In addition to our focus on the details of yakitori, we also promoted our focus on the details of drinks, including draft beer, which we work to offer with the “KAMIAWA” at all restaurants in ways that customers can enjoy



First stage (from February 1, 2024) Chicken belly meat and SUI gin and tonic

Proposed a combination of original teppanyaki made with “chicken belly meat,” a rare cut that cannot be collected by a machine, with “SUI gin and tonic” made with Japanese SUI gin with a refreshing and light taste



Second stage (from March 1, 2024) TORIKI dog and coffee

To commemorate the nationwide release of the “limited-time lunch pack” by YAMAZAKI BAKING CO., LTD., we created our first menu items using bread and similarly offered “coffee” for the first time
We are proposing new ways of using our restaurants to customers, such as those who don't drink alcohol or use restaurants like a café



Third stage (from May 1, 2024) Bone-in V-chicken (matsuba) and beer

Offered a limited 100,000 portions of kara-age style deep-fried bone-in V-chicken - tare flavor and bone-in V-chicken - dashi flavor, made with “matsuba” a rare cut of chicken. It also goes well with a beer.



Fourth stage (from June 1, 2024) Two types of shrimp kizoku and Mega Highball

Offered a limited quantity of chilled simmered shirahime shrimp and shirahime shrimp skewers made with shirahime shrimp. It also goes well with a Mega Highball.

TORIKIZOKU (Increasing Same-Store Sales)
~Enhancing Brand Recognition~

Eternal Hospitality Group

- Developed collaborative products with other companies, not only to increase the appeal of products in TORIKIZOKU restaurants but also to increase awareness of TORIKIZOKU and brand recognition outside of restaurants

Launched lunch pack and TORIKIZOKU

Limited-time availability from March to April 2024

Launched lunch packs by YAMAZAKI BAKING CO., LTD. inspired by TORIKIZOKU's well-known specialty "Kizokuyaki"

Launched TORIKIZOKU capsule toys

Available from April 2024

In collaboration with J DREAM Co., Ltd., the TORIKIZOKU Mascot Toy Collection, TORIKIZOKU's first capsule toys, is for sale from toy-vending machines





Press Release (URL: https://torikizoku.co.jp/assets/uploads/2024/04/20240423.pdf)

TORIKIZOKU (Increasing Same-Store Sales) ~Initiatives for FY7/25~

Eternal Hospitality Group

Develop limited-time dishes based on the theme of “Japanese-style yakitori restaurant”

- Offer Japanese dishes using Japanese ingredients and heartwarming hospitality under the theme of Japanese-style yakitori restaurant for one year from August 2024
- Under the theme of Japanese-style yakitori restaurant, develop products based around the three areas of carefully selected skewers, carefully selected kara-age, and carefully selected alcoholic beverages (with soda) to match the products every two months

第2弾	2024.10.1～11.30	第3弾	2024.12.1～1.31
第4弾	2025.2.1～3.31	第5弾	2025.4.1～5.31
第6弾	2025.6.1～7.31	次回もお楽しみに！	



First Stage August 1 to September 30, 2024

Launch of My Style TORIKI Recommendation campaign

- Launched the My Style TORIKI Recommendation campaign to encourage customers to feel free to enjoy their time in their own unique way
- Participation-based project with entry into a raffle to win original goods and the chance to have their posts featured for those who share their own unique way of enjoying "TORIKIZOKU" on social media





Special website (URL:https://torikizoku-mystyle.jp/)

TORIKIZOKU (Increasing Same-Store Sales)

Eternal Hospitality Group

- The Marketing Department performs integrated planning, covering everything from menu development to in-restaurant experience
- By giving customers a sense of the attention to detail and fun of TORIKIZOKU, we will increase the number of customers and the frequency of visits

Marketing strategies

- Improving understanding and popularity of our brand
- Promoting our attention to detail and fun
- Increased experience value
- Developing fans

In-restaurant experience

- Deliciousness of products
- Vibrant staff and restaurants
- Cost performance
- TORIKIZOKU official app
  Reservations, quests, growing Torikkii, gacha games

Menu development

- Regular menu enhancements
- Fairs and limited products
- Planning and collaboration

Media utilization

- Homepage and special websites
- Social media official accounts
- Online videos
- External online media



















App (reached 900,000 downloads)









X



Instagram



Online movies

Initiatives for Overseas Expansion

Eternal Hospitality Group

2023

April Established U.S. subsidiary

2024

February Resolved to enter into joint venture agreement with DaChan Great Wall Group, Taiwan
Resolved to enter into franchise agreement with Four Seas Group (Hong Kong)

March Held signing ceremony with DaChan Great Wall Group in Taiwan
Held signing ceremony with Four Seas Group in Hong Kong

May Acquired HASU, a yakitori restaurant in the U.S., through a business transfer

July Established South Korean subsidiary



(HASU, the restaurant)

<Overseas sites>

TORIKIZOKU KOREA INC.
(South Korea)

Tori Best Co., Ltd.
(Taiwan)*joint venture

TORIKIZOKU USA INC. (U.S.)


(Scene from the signing ceremony with DaChan Great Wall Group)


(Scene from the signing ceremony with Four Seas Group)

DAIKICHI SYSTEM/TORIKI BURGER

Eternal Hospitality Group

YAKITORI DAIKICHI Initiatives

Rebranding of “Red DAIKICHI”

- Redesigned exterior with installation of glass windows to make it more welcoming by enabling customers to see inside

- Updated brand logo to a softer, friendlier design, creating a brand that meets today’s needs while maintaining its traditional appeal.





(Former Red DAIKICHI)

(New Red DAIKICHI)

New limited-time menu (July 15 to August 31, 2024)

- **“Chicken honey mustard” “Pork honey mustard”**
  Juicy skewers with the sweetness of honey and the acidity of mustard

- **SUI gin with salted honey lemon**
  A refreshing drink with the perfect combination of honey lemon and salt



TORIKI BURGER Initiatives

- Ongoing verification of food court model with lower investment costs (Fushimi Inari OICY Village Restaurant)



(Fushimi Inari OICY Village Restaurant)

Wage Increase/Head Office Relocation

Eternal Hospitality Group

Increased wages and relocated head office to increase business growth, employee job satisfaction and productivity

About the wage increase

- Revised personnel system (effective August 1, 2024) to attract human resources and improve employee motivation for sustainable business growth, resulting in an average wage increase of 4.8% per employee

Eligibility	Full-time employees of Eternal Hospitality Group Co., Ltd., TORIKIZOKU Co., Ltd. and TORIKI BURGER Co., Ltd.
Details of implementation	Increase in total monthly salary due to revision of personnel system
Rate of salary increase	Average 4.8% increase in wages per employee
Timing	From August 1, 2024

About the relocation of head office

- Relocated to new head office to accommodate the increase in the number of employees due to business expansion and to improve employee job satisfaction and productivity.
(20F Urbannet Midosuji Building, 4-2-13 Awajimachi, Chuo-ku, Osaka)

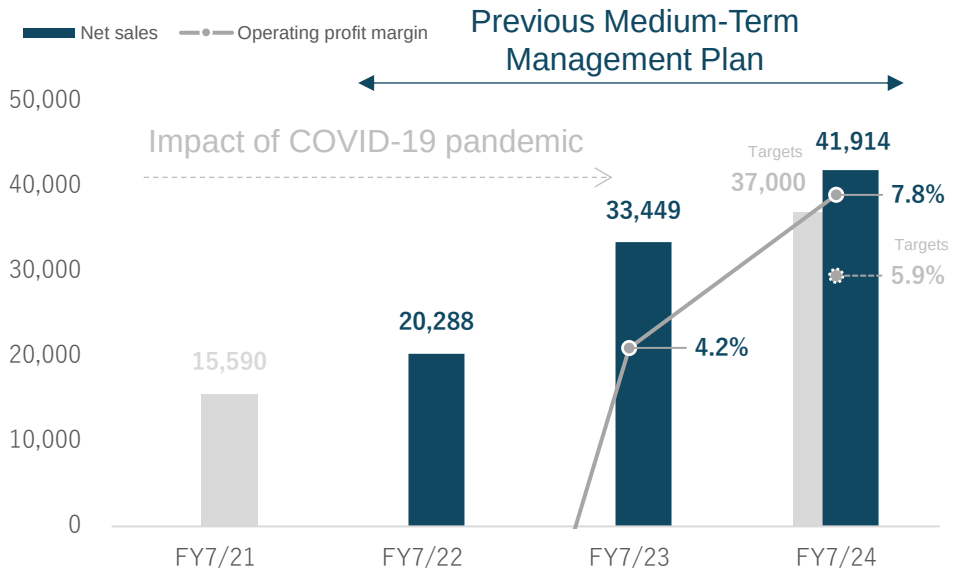


Medium-Term Management Plan (FY7/25 - FY7/27)

Review of Previous Medium-Term Management Plan

Established as a plan for emerging from COVID-19 pandemic and realizing further growth
Despite struggling to launch new businesses, achieved recovery in mainstay TORIKIZOKU and some progress in overseas expansion

Business Performance



Number of restaurants at year-end	615	617	1,134	1,139
Net sales	15,590	20,288	33,449	41,914
Operating profit	(4,662)	(2,433)	1,417	3,248
Operating profit margin	-29.9%	-12.0%	4.2%	7.8%
Profit	(466)	1,134	616	2,127
ROE	-8.5%	19.6%	9.3%	27.3%

Long-Term Vision

Expand throughout Japan and overseas with a business model that contains TORIKIZOKU DNA to become a global chicken-based food company that makes the world a brighter place

Policy

Transform into a strong and growing group that is resilient to events such as the COVID-19 pandemic

Major Initiatives and Results

	<Targets>	<Results>
Performance targets	**Net sales 37.0 billion yen** **Operating profit margin 5.9%**	**Net sales 41.9 billion yen** **Operating profit margin 7.8%**
Strengthening marketing	Increase public relations measures and exposure, release official app, and revise prices, etc. ➤ Recovery at existing restaurants, resumption of restaurant openings, and launch of regional restaurant openings	
Strengthening profit management and productivity	Continue management of profit at restaurant level during COVID-19 pandemic ➤ Increase in profit margins coupled with recovery at same-store restaurants sales	
Launching new businesses	TORIKI BURGER remained hit and miss and was unable to develop many restaurants but shifted focus to unplanned overseas expansion as business performance recovered ➤ Establishing foothold for overseas expansion (U.S., Taiwan, Hong Kong, South Korea)	

Actions to Implement Management That Is Conscious of Cost of Capital and Stock Price

Eternal Hospitality Group

Perception of current situation

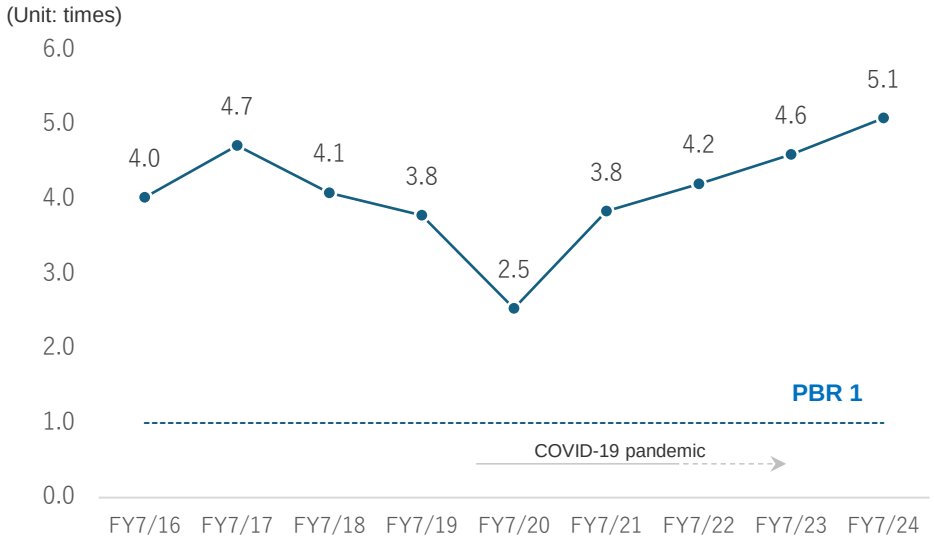
- ROE recovered as COVID-19 pandemic came to an end, exceeding the cost of shareholders' equity as calculated based on CAPM
- Appropriate return on capital maintained with PBR over 1, except during COVID-19 pandemic, etc.
- P/E ratio has largely returned to pre-pandemic levels, but remains lower than companies with the highest market capitalization in the restaurant industry and companies expanding overseas

Initiatives to enhance corporate value

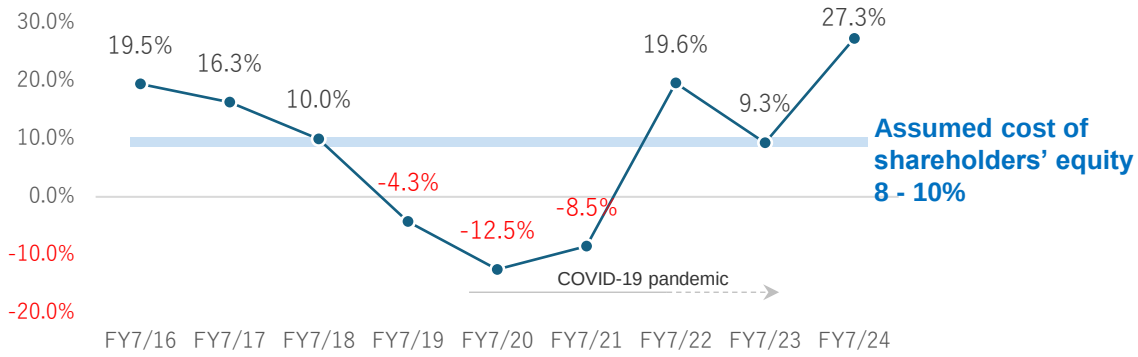
- ➢ Expand and stabilize revenue sources by implementing Medium-Term Management Plan
- ➢ Foster expectations of growth by launching overseas businesses and building up business performance
- ➢ Enhance shareholder returns

- ☐ **Maintain ROE above cost of capital and aim to generate stable profit with ROE of 20% or more**
- ☐ **Increase P/E ratio by fostering expectations of growth and enhancing shareholder returns**

PBR



ROE



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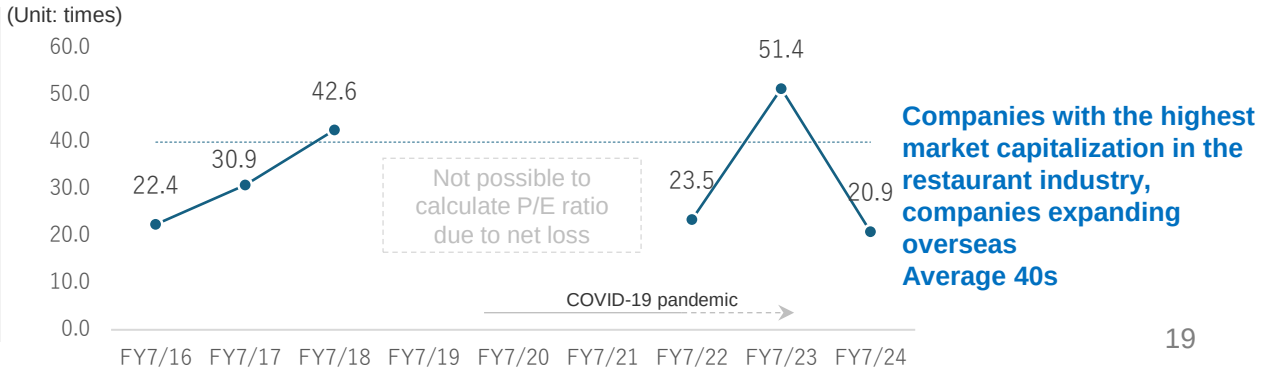


*Calculated using the closing price on the final trading day of each period
*Denominator for PBR calculated using shareholders' equity at the end of the period and denominator for ROE calculated using average shareholders' equity during the period

Eternal Hospitality Group

Global YAKITORI Family

At Eternal Hospitality Group, we are taking the first step in bringing the yakitori culture that is the pride of Japan to the world.

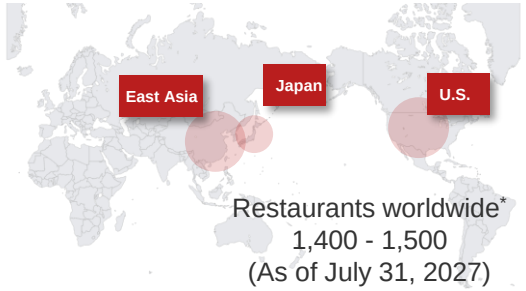
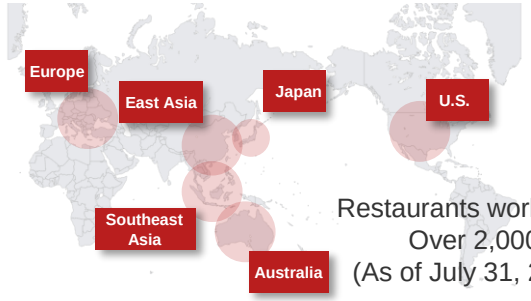
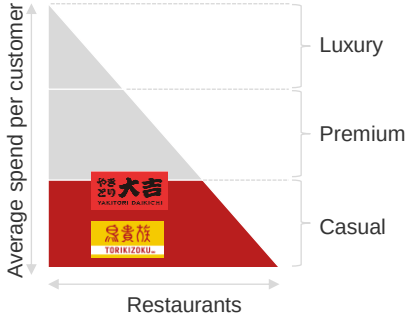
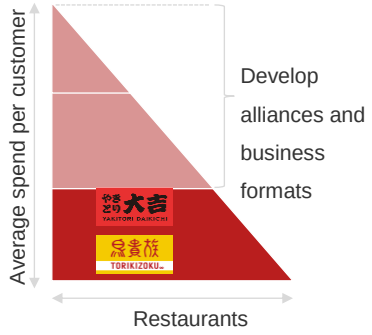
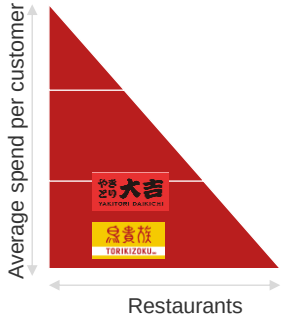
Working with new partners and new staff in new countries, we will bring the culture and value of Japanese yakitori to the world with the aim of becoming a “Global YAKITORI Family” that transcends national borders and operates around the world.

We will make “YAKITORI” into a global language.

We will take on the challenge of entering the global restaurant market with “YAKITORI” at the core of our business.

Positioning of the New Medium-Term Management Plan

Eternal Hospitality Group

	FY7/22 - FY7/24	FY7/25 - FY7/27	FY7/28 - FY7/30
	Previous Medium-Term Management Plan	Current Medium-Term Management Plan	Next Medium-Term Management Plan
Summary	**Emerging from the COVID-19 pandemic and launching overseas expansion**	**Establish overseas business and build up business performance**	**Expand overseas restaurant network Aim for new growth stage**
Areas of operation	 Restaurants worldwide* 1,139 (As of July 31, 2024)	 Restaurants worldwide* 1,400 - 1,500 (As of July 31, 2027)	 Restaurants worldwide* Over 2,000 (As of July 31, 2030)
Brand portfolio			

Long-Term Vision

Global YAKITORI Family

We will make “YAKITORI” into a global language.



*Total of directly managed, franchise, and joint venture operations

Japan: Growth through Expanding Areas for Openings and New Restaurant Openings

Eternal Hospitality Group

Maintain and increase same-store sales

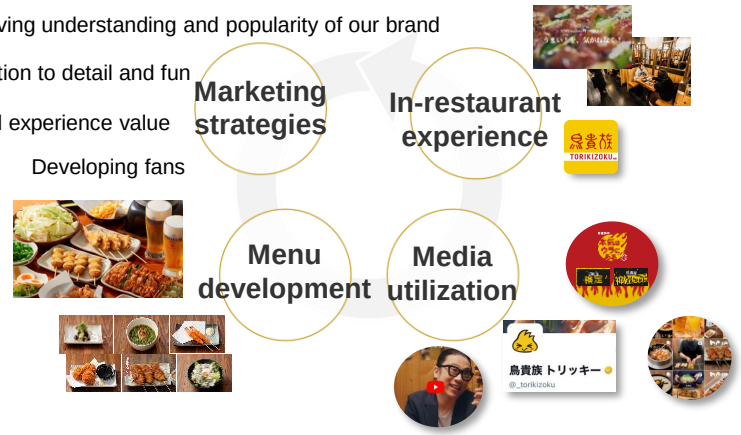
Marketing and branding

Improving understanding and popularity of our brand

Promoting our attention to detail and fun

Increased experience value

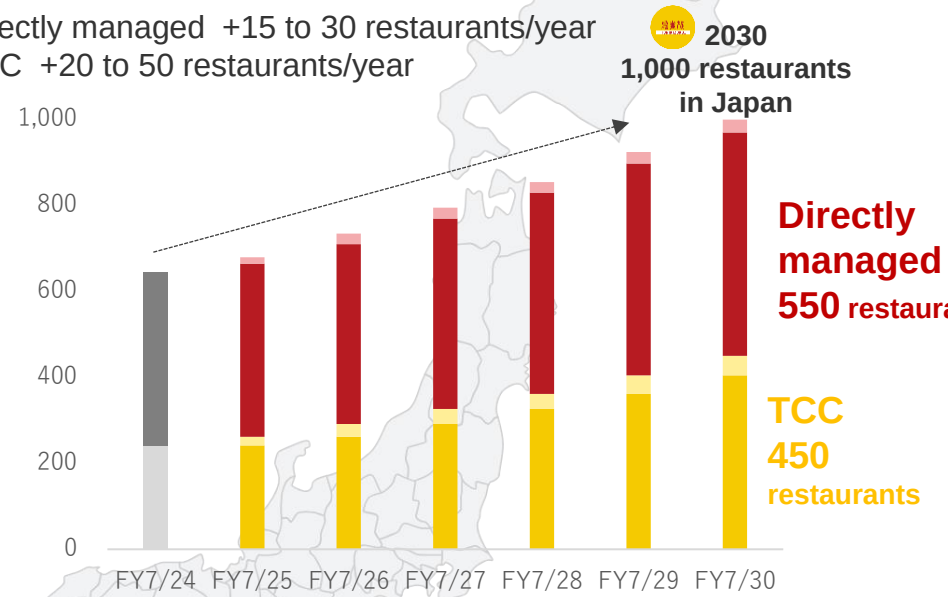
Developing fans



Expand sales and profit

Japan restaurant opening plan

Directly managed +15 to 30 restaurants/year
TCC +20 to 50 restaurants/year



Expand margin for restaurant openings

New development of TORIKIZOKU brand

Developing new restaurant formats such as a delicatessen format



Aim for recovery to 700 restaurants

Rebranding

Reduce and eliminate the image of DAIKICHI as intimidating, awkward, and unwelcoming
Expand new franchisee and customer base by making it friendlier

Develop restaurant formats and use in conjunction with previous models



Change logo design

Make a logo that feels more friendly while retaining connections with the old logo

Develop franchisees through restaurants

Develop franchisees by opening restaurants in vacant areas since in-restaurant experience leads to franchising

Aim for Overseas Expansion and Development

Eternal Hospitality Group

Select locations for expansion based on number of Japanese restaurants overseas

Start with expansion in the U.S. and East Asia based on market size and degree of penetration of Japanese food, etc.

<Number of Japanese restaurants in major countries>



(Source: Results of Survey on Number of Japanese Restaurants Overseas (2023), Ministry of Agriculture, Forestry and Fisheries)

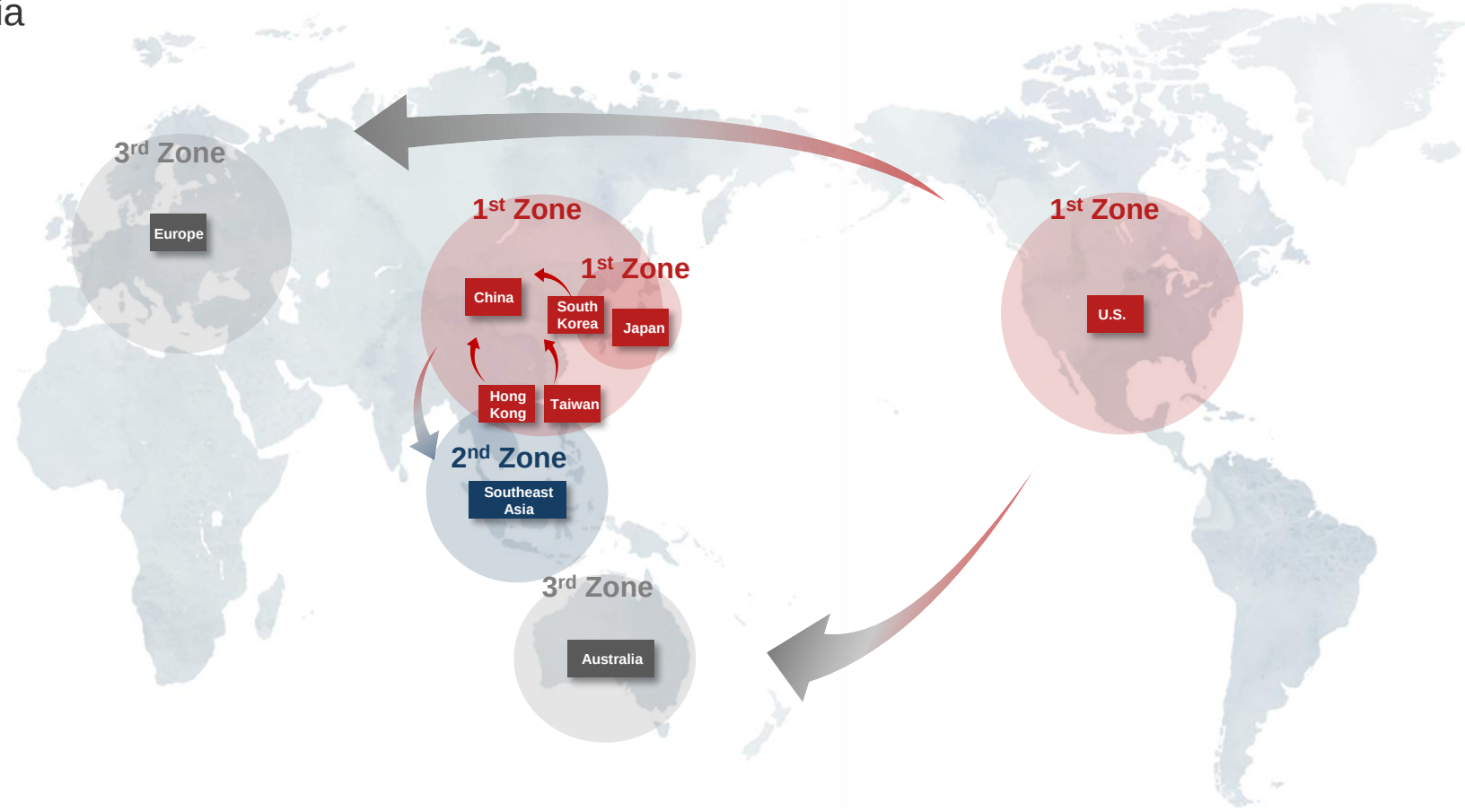
Aim for Overseas Expansion and Development

Eternal Hospitality Group

Under the current Medium-Term Management Plan, plan to establish and expand restaurant models in the U.S. and East Asia, positioned as the 1st Zone

Expand U.S. model to Europe and Australia in the future

In East Asia, we aim to use South Korea, Taiwan, and Hong Kong as footholds for expansion into China and then into Southeast Asia



Overseas: Growth through Expanding Areas for Openings and New Restaurant Openings

Eternal Hospitality Group

In the U.S. opened stores in Los Angeles on the West Coast where acceptance of yakitori and izakaya was judged to be relatively high
Implemented appropriate localization as recognition of TORIKIZOKU and percentage of people who have eaten yakitori is not as high as in East Asia

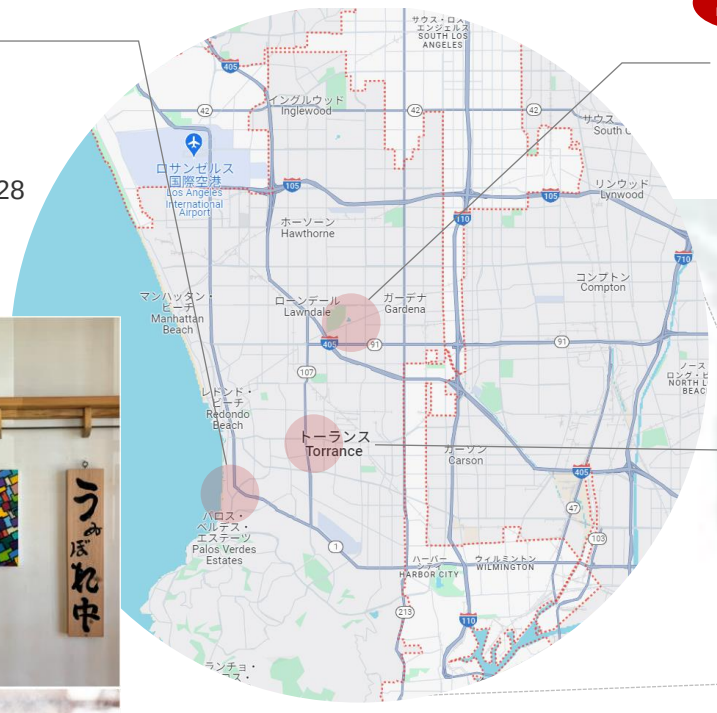
Directly managed

zoku Riviera (Opened in August 2024)

A model for enjoying yakitori and alcoholic beverages
Brand name “zoku” is easy for local people to pronounce Approx. 112m^2 with seating for 36 (28 at tables and 8 at the counter)

zoku





Directly managed

HASU Gardena
(Acquired through business transfer in May 2024)

An established local yakitori restaurant opened in 2008
The manager is from YAKITORI DAIKICHI and has extensive business experience in the U.S.



Directly managed

TORIKIZOKU Torrance
(Scheduled to open in December 2024)

First TORIKIZOKU brand restaurant in the U.S.
Preparing for December grand opening of prototype for U.S. TORIKIZOKU with plan for uniform prices

Los Angeles



Image for illustrative purposes

Overseas: Growth through Expanding Areas for Openings and New Restaurant Openings

Eternal Hospitality Group

Conducting verification of three directly-managed restaurants with different layouts and positioning to establish a restaurant model for the U.S.
For present, plan to focus on restaurant profitability while establishing a model that will enable multi-restaurant development in the U.S.

HASU Gardena
(Acquired through business transfer in May 2024)

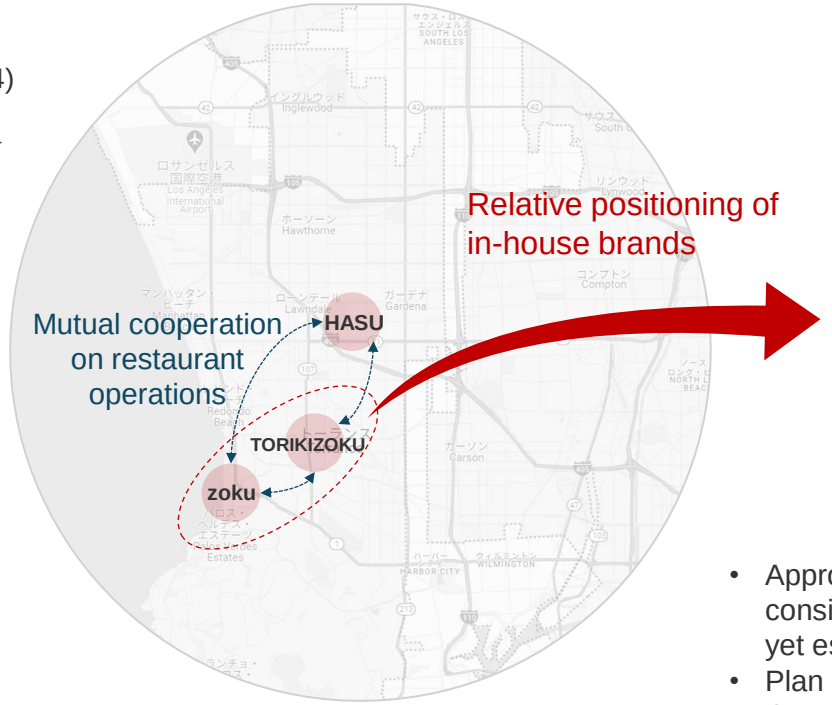
- Maintain operations while also functioning as a base for cooperation in terms of human resources and operations, and for on-site practice for expatriate staff

zoku Riviera(Opened in August 2024)

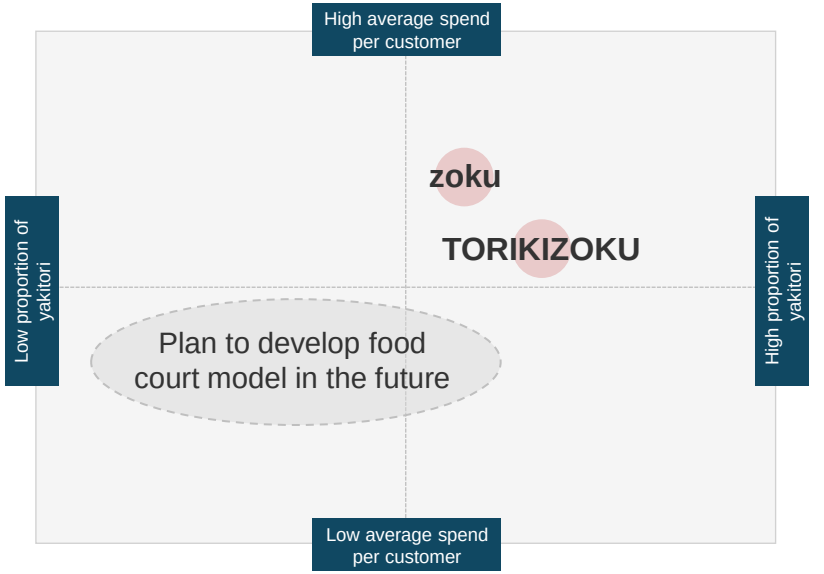
- Area with large upper middle class population
- Restaurant model centered on yakitori but with an extensive a la carte menu
- Opened with aim of verifying and promoting a consumption style of enjoying yakitori paired with alcoholic beverages

TORIKIZOKU Torrance
(Scheduled to open in December 2024)

- Commercial/residential area with many Japanese expatriates
- Opened restaurant format similar to Japan judging that acceptance of yakitori is relative high compared to Riviera
- More casual usage scenario than zoku



Relative positioning of in-house brands



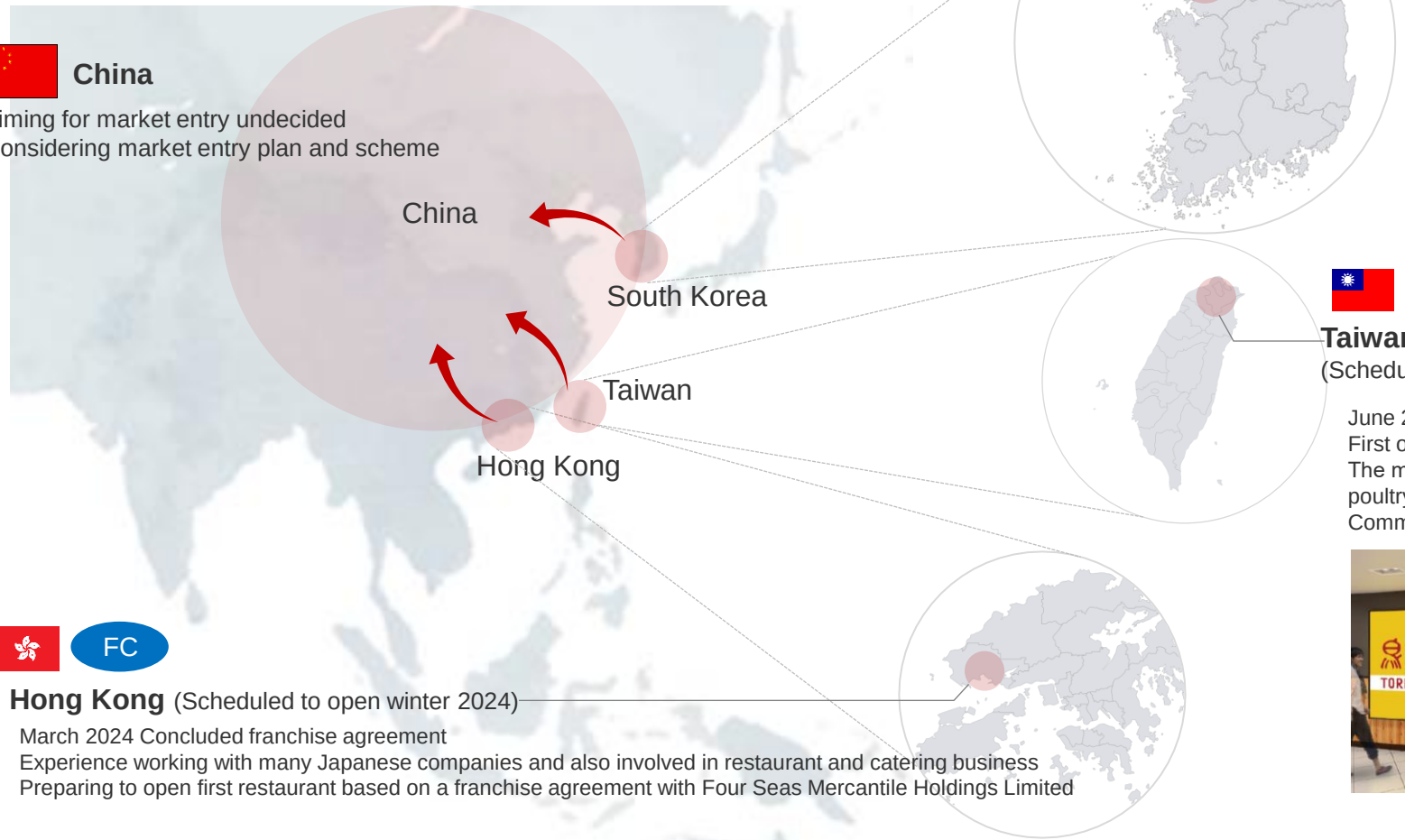
- Approach from multiple directions based on proportion of yakitori taking into consideration that the consumption style of yakitori with alcoholic beverages not yet established and racial and cultural diversity
- Plan to develop food court format using chicken in the future in order to expand the number of possible locations for openings

Through operation and verification of multiple models, establish model that can be developed as a yakitori specialty restaurant

Overseas: Growth through Expanding Areas for Openings and New Restaurant Openings <East Asia>

Eternal Hospitality Group

In East Asia, where we consider acceptance of not only Japanese food but also izakaya and yakitori to be high, we aim to expand quickly with the cooperation of local partners in addition to directly managed restaurants, with a view to future expansion into mainland China



China

Timing for market entry undecided
Considering market entry plan and scheme

Directly managed

South Korea/Seoul TORIKIZOKU Hongdae Main Restaurant
(Scheduled to open September 28, 2024)

July 2024 Established TORIKIZOKU KOREA INC.
Determined there is less competition in the low price range focused on yakitori
Preparing to open in Hongdae, where many young people congregate and there is good access
Plan a uniform price of 4,900 won
Planning openings for high price range brands we will develop



Joint venture

Taiwan/Taipei TORIKIZOKU Shin Kong Mitsukoshi Taipei Nanxi
(Scheduled to open September 20, 2024)

June 2024 Established Tori Best Co., Ltd. (Eternal Hospitality Group stake 50%)
First overseas TORIKIZOKU brand restaurant (flat rate 100 TWD for all items)
The most prominent company in Taiwan's poultry industry handling all aspects from poultry farming through to restaurants
Commenced development through joint venture company with DaChan Great Wall Group



FC

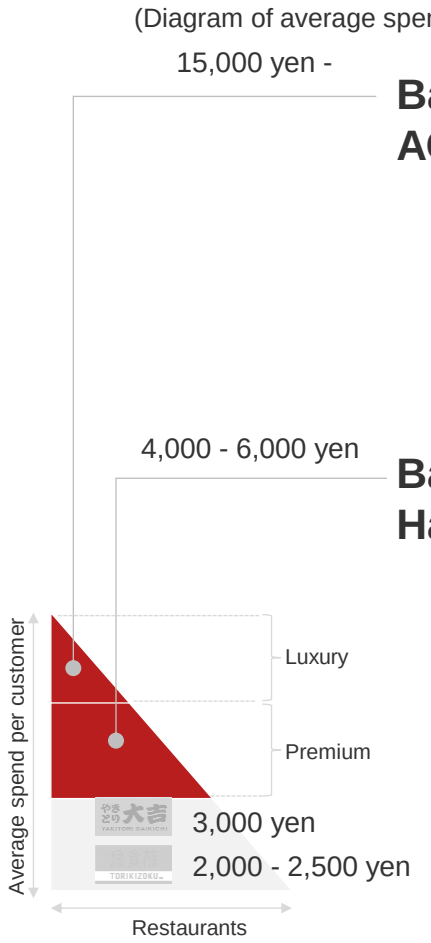
Hong Kong (Scheduled to open winter 2024)

March 2024 Concluded franchise agreement
Experience working with many Japanese companies and also involved in restaurant and catering business
Preparing to open first restaurant based on a franchise agreement with Four Seas Mercantile Holdings Limited

Japan and Overseas: Expanding Operating Models and Brand Portfolio

Eternal Hospitality Group

Determined that not only mass market price range brands but also medium price range and high price range brands are effective for overseas expansion
Spreading YAKITORI to the world with great restaurants and chefs with the potential for further expansion in Japan and overseas

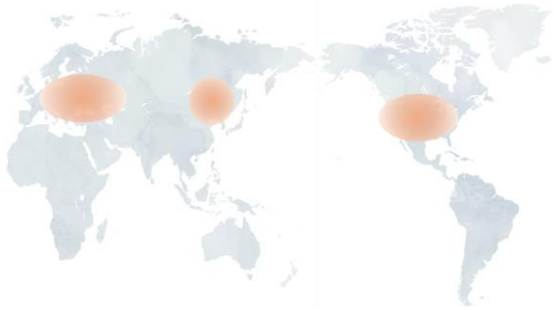


Basic agreement for business alliance with AO Co., Ltd.

Jointly develop a new yakitori format for the overseas market with Hideto Takeda, the creator of Yakitori Ichimatsu

Consider overseas expansion starting with Asia





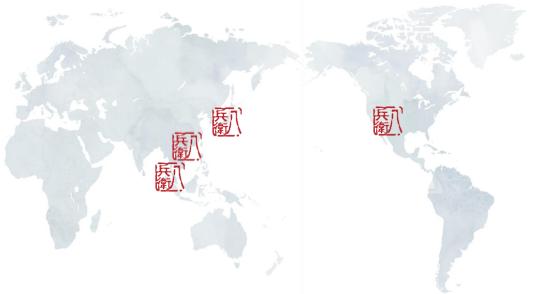
Basic agreement on capital and business alliance with Hachibei Crew Co., Ltd.

Strengthen expansion of Yakitori Hachibei

Expand nationwide from operations centered on Fukuoka

Then boost overseas openings with a focus on North America and Asia





Medium-Term Management Plan Summary

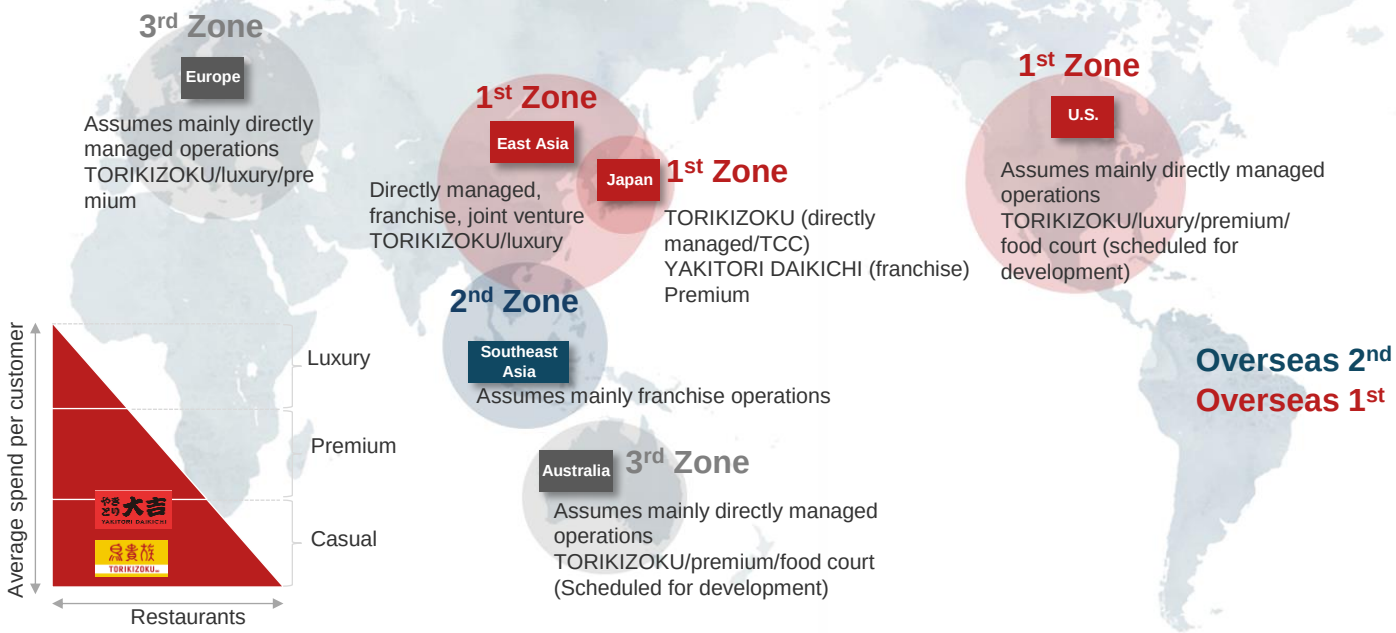
Eternal Hospitality Group

Performance targets

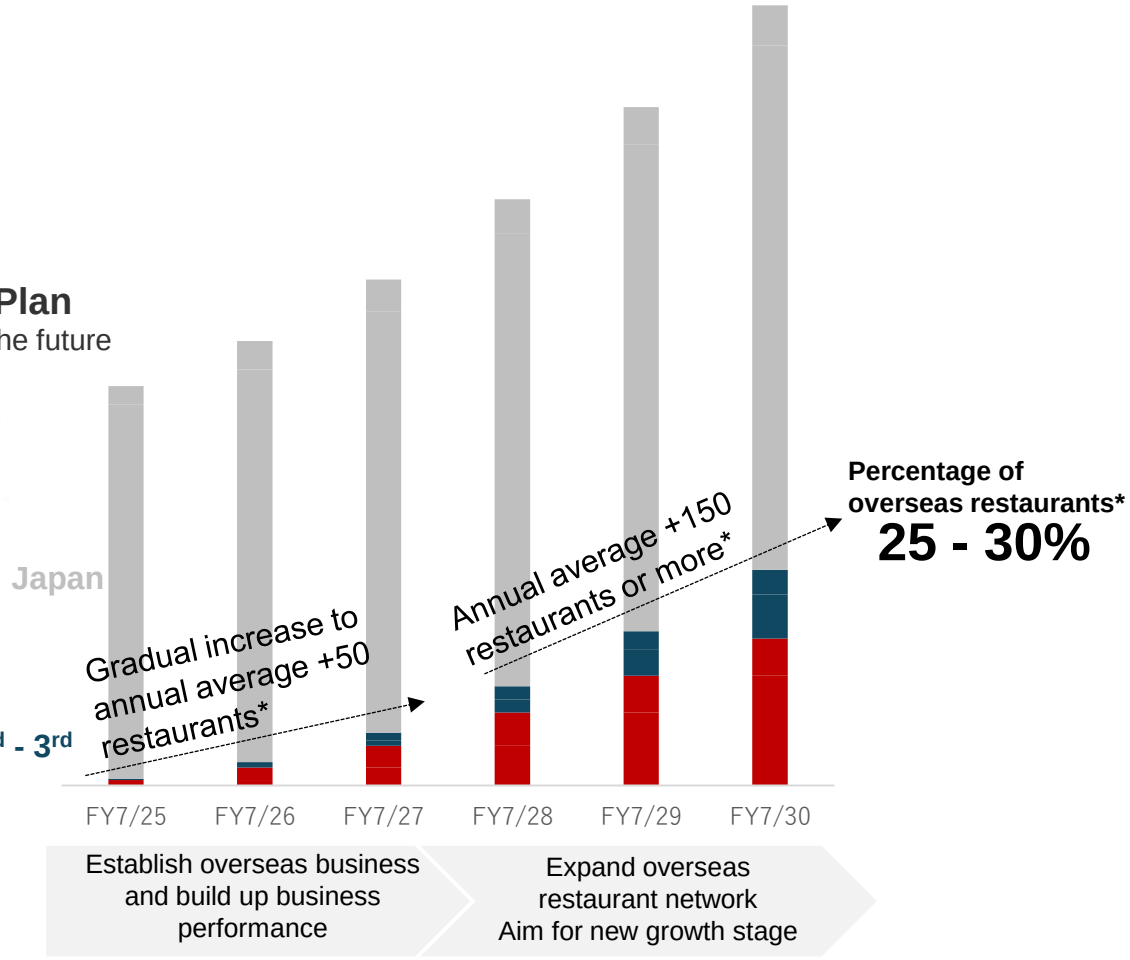
	FY7/24 (actual)	FY7/27 (target)
Net sales	41.9 billion yen	60.0 billion yen
Of which, overseas net sales	0 billion yen	6.0 billion yen
Operating profit	3.2 billion yen	6.0 billion yen
Operating profit margin	7.8%	10%
ROE	27.3%	Maintain at least 20%

Image of expansion at time of consideration of Medium-Term Management Plan

*Flexibly modify and respond to the development status and local circumstances of each country in the future



Restaurants worldwide*
Over 2,000



*Total of directly managed, franchise, and joint venture operations

Structure to Support Medium- and Long-term Challenges

Eternal Hospitality Group

Strengthen human resource base

Dissemination of philosophy and vision

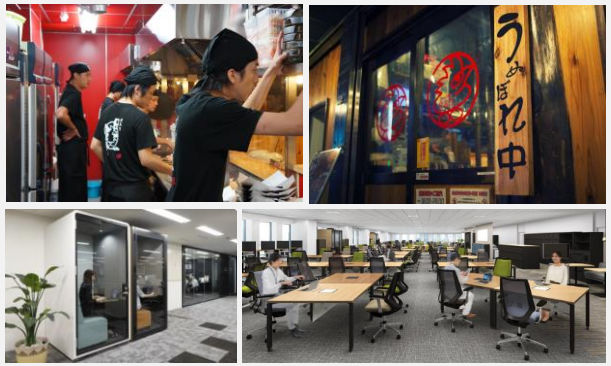
Communicate and share philosophy and values with employees
Foster a sense of unity by strengthening and revitalizing organizational communication

Secure, develop, and enable success of human resources

Improve job satisfaction and work environment
Continuously improve conditions
Revise personnel system
Provide career development support and training opportunities for employees

DE&I

Increase the number of women in executive and management positions
Establish and support childcare leave for male employees
Maintain and promote employee health



Strengthen research and development

Enhance value and quality provided through research on food ingredients and preparation

Cultivate the potential of chicken and enhance the value of “YAKITORI” offered by the Group through research on the deliciousness and functionality of chicken, verification of preparation equipment, and development of preparation operations, etc.



Research and develop business formats centered on YAKITORI

Optimize supply chain, commercialize prepared food model, and research and develop next business format to further promote TORIKIZOKU’s "YAKITORI" and ensure sustainable growth





Structure to Support Medium- and Long-term Challenges

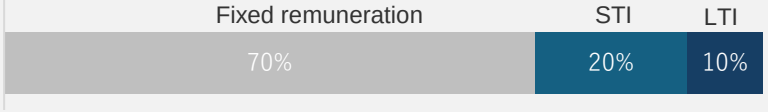
Eternal Hospitality Group

Governance

Establish optimal governance structure to realize the vision

- Increase the percentage of directors with management or overseas business experience and female directors
- Operate remuneration system for directors (and other officers) using single-year and medium-term business performance and stock price index as KPIs

(Diagram showing composition of remuneration for directors (and other officers)



*The above diagram shows an example and the percentages vary depending on the position and business performance.

STI (linked to short-term business performance): Level of achievement of business performance in a single year + personal evaluation (monetary remuneration)
LTI (linked to long-term business performance and share price): Level of achievement of Medium-Term Management Plan business performance + stock price index (share-based remuneration)

- Operate a succession plan for the future

  Formulated “desired executive profile” and developed a pool of candidate human resources to date
  Develop and produce the next generation of executives through operations going forward

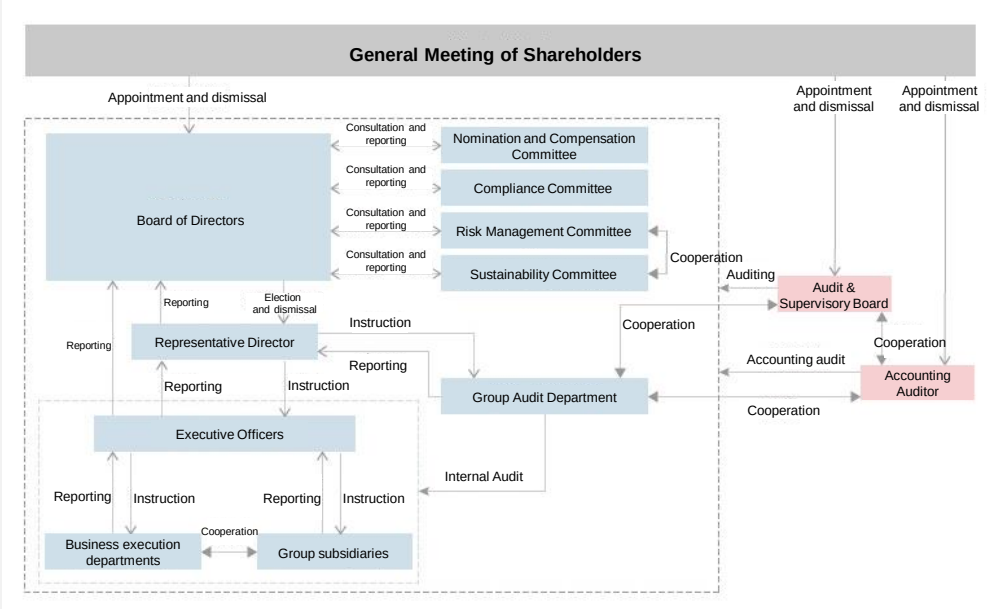


- Implement regular assessment and improvement activities through effectiveness evaluations
- Foster and ensure compliance awareness
- Operate and improve risk management system

Sustainability

Sustainability initiatives

- Improve precision and expand scope of GHG emission measurements
- Disclose information based on TCFD recommendations
- Establish basic policy and identify materiality through the Sustainability Committee



Shareholder Returns

Eternal Hospitality Group

In the past, the Company has paid stable and consistent dividends while prioritizing the use of internal reserves for growth strategies. However, we have changed our dividend policy considering that it is important to enhance shareholder returns by increasing dividends through profit growth.

Dividend Policy

Before the change (until FY7/2024)

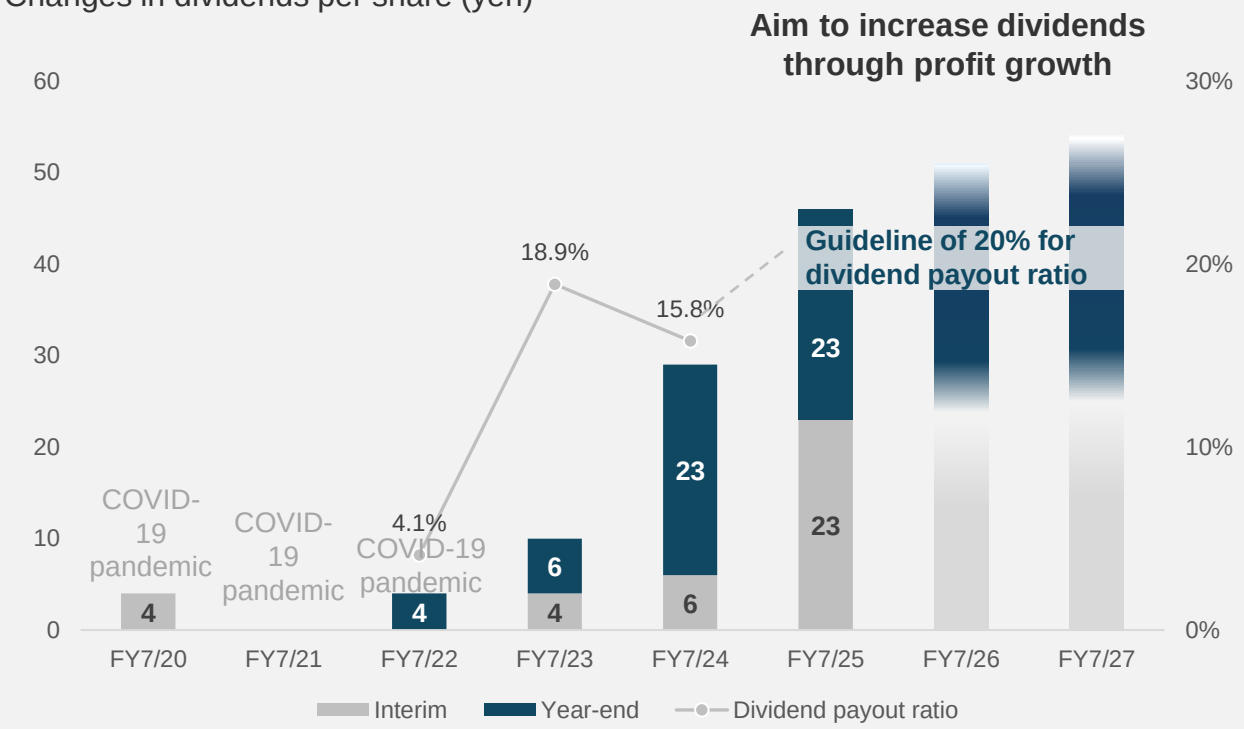
The Company recognizes that returning profits to shareholders is an important management goal, and will steadily and consistently return profits through dividends of surplus while taking into account its business performance and financial position of each fiscal year and maintaining a balance with the internal reserves necessary for future business expansion.

- Introduce **progressive dividends**
  (A dividend policy that does not reduce dividends and maintains or increases the amount of dividends as a general rule)
- Addition of a **dividend payout ratio guideline** in order to increase dividends in line with profit growth

After the change (from FY7/2025)

The Company will allocate profits to growth investment for the future. At the same time, having established enhancement of shareholder returns through long-term growth as an important management goal, the Company will **pay progressive dividends** based on the principle of stable and sustainable increases in dividends through sustainable profit growth. The total dividend amount will be **determined based on a guideline for the consolidated dividend payout ratio of 20% or more**.

Changes in dividends per share (yen)



Approach to Cash Allocation (FY7/25 - FY7/27 Cumulative Total)

Eternal Hospitality Group

Allocate profit generated in existing businesses to growth investment for the future while aiming to enhance shareholder returns

Also procure funds from external sources as appropriate for investment opportunities, taking into account the circumstances and other factors

- Maintain and increase same-store net sales
- Contribution of new restaurants to business performance
- Stable earnings of DAIKICHI SYSTEM
- Company-wide profit management



Cash in

External procurement (Shortfall)

Operating cash flow 14.0 billion yen

Cash out

Growth investment (New restaurant openings) 9.0 - 10.0 billion yen

Maintenance and renovation 2.1 billion yen

Repayment of borrowings 2.5 billion yen

Dividends 1.7 billion yen

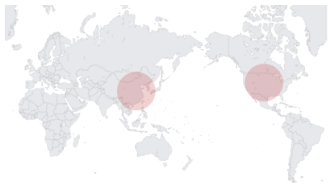
3-year cumulative

Growth investment (new restaurant openings)

Overseas directly managed restaurant openings 6.0 - 7.0 billion yen

Mainly U.S. and East Asia

Casual, premium, luxury, food court, etc.



Japan directly managed restaurant openings 3.0 - 4.0 billion yen

Mainly YAKITORIYA TORIKIZOKU



Maintenance and renovation

Assumes a certain level of investment in Japan same-store maintenance and renovation

Shareholder Returns

Aim for progressive dividend and dividend payout ratio of 20% or more