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September 13, 2024

Consolidated Financial Results for the Nine Months Ended July 31, 2024 (Under Japanese GAAP)

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Listing: Tokyo Stock Exchange
Securities code: 9279
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Scheduled date to commence dividend payments: –
Preparation of supplementary material on financial results: Yes (Japanese only)
Holding of financial results briefing: None

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

1. Consolidated financial results for the nine months ended July 31, 2024 (from November 1, 2023 to July 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	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
July 31, 2024	20,592	23.8	2,065	29.2	2,120	28.4	1,385	22.6
July 31, 2023	16,632	36.1	1,598	42.5	1,652	(8.5)	1,129	(8.5)

Note: Comprehensive income For the nine months ended July 31, 2024: ¥1,474 million [31.2%]
For the nine months ended July 31, 2023: ¥1,124 million [(15.8)%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
July 31, 2024	69.44	69.32
July 31, 2023	56.67	56.55

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
July 31, 2024	15,583	7,917	50.8
October 31, 2023	12,527	6,772	54.0

Reference: Equity
As of July 31, 2024: ¥7,912 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	–	9.00	–		
Fiscal year ending October 31, 2024 (Forecast)				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
Fiscal year ending October 31, 2024	28,500	24.0	3,000	27.5	3,060	26.2	1,960	22.7	98.20

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

*** Notes**

(1) Significant changes in the scope of consolidation during the period: Yes

Newly included: 2 companies (GIFT EUROPE AG, GIFT RESTAURANT MANAGEMENT SHANGHAI CO., LTD.), Excluded: None

(2) Adoption 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 12 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 July 31, 2024	19,965,684 shares
As of October 31, 2023	19,944,584 shares

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

As of July 31, 2024	684 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)

Nine months ended July 31, 2024	19,954,267 shares
Nine months ended July 31, 2023	19,935,534 shares

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit corporation: None

* 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 7 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. Overview of operating results, etc.

(1) Overview of operating results during the period

During the nine months ended July 31, 2024, the Japanese economy has largely recovered from the aftermath of the COVID-19 pandemic and has returned to normal economic activities before the COVID-19 pandemic, but the situation has continued in an economic environment of ongoing inflation stemming from soaring import product prices, with the continued historic depreciation of the yen in the foreign exchange market.

In the domestic economy, consumer spending has shown a steady return to pre-Covid levels mainly due to consumers drawing down excess savings accumulated during the pandemic. However, the recovery trend has been moderate due to the noticeable impact of rising prices of import products amid the ongoing depreciation of the yen. Meanwhile, corporate profits remained strong for exporting companies, supported by the current depreciation of the yen. In the stock market during the nine months ended July 31, 2024, the Nikkei Stock Average reached its highest level in 34 years, set in 1989 before the bubble burst, in February of this year, and hit an all-time high in the 42,000 yen range in July, raising expectations for further recovery in the domestic economy.

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. Exports were weak in the manufacturing sector as a whole due to the discovery of a certification fraud problem at some automobile manufacturers, which led to the suspension of production and shipments by these manufacturers in the January-March period, although the impact became more limited in the April-June period as these suspension measures were lifted. Imports are in a situation where rising resource prices and the effects of higher prices for import products due to a weaker yen 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. In this year's annual spring wage negotiations between employers and unions, against the backdrop of strong corporate earnings, many companies have decided to significantly raise wages. The average wage increase rate, including both base pay and regular raises, has surpassed last year's level, exceeding 5% for the first time in 33 years since 1991. However, even with this situation of increasing wages, import inflation in the current weak yen environment could lead to a decline in real wages and continue to 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 April-June period of 2024 announced by the Cabinet Office showed a 0.8% increase from the previous quarter (3.1% annualized increase), marking first positive growth in two quarters. While some believe that the boost in the preliminary GDP figure was significantly influenced by the rebound from the decline in production caused by the certification fraud problem at some automobile manufacturer for the January-March period as mentioned above, the continued strong performance of inbound (foreign visitors to Japan) consumption also contributed to the GDP increase. According to the Japan National Tourism Organization (JNTO), the number of foreign visitors to Japan in July this year reached a record high of 3.29 million, a reported increase of 10.1% compared to the same month in 2019 before the COVID-19 pandemic, thereby boosting said consumption. The historical yen depreciation 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, as the number has recovered to more than 70% of pre-COVID-19 levels.

At the same time, looking around the world, large-scale conflicts remain unresolved, such as the Russian-Ukrainian war, which still has no end in sight two and a half years after the Russian military invasion, and the military clash between Israel and Hamas, which broke out in October 2023 and continues to cause tensions to this day. Amid this situation, while inflation is rising in the major economies, the economic environment in those economies has somehow been maintained through interest rate hikes by U.S. and European central banks and other measures to curb inflation. However, recently, these central banks have begun considering and even implementing interest rate cuts.

In the U.S., the preliminary GDP for the April-June period of 2024 announced by the U.S. Department of Commerce showed 2.8% growth rate on an annualized basis from the previous quarter, positive growth for the eighth consecutive quarter, and accelerating growth from the 1.4% growth rate in the previous quarter. Personal consumption, which accounts for nearly 70% of GDP, is slowing down despite still growing with a 2.3% increase over the previous quarter, showing signs of deceleration. Service consumption, mainly food and beverage, is returning to pre-pandemic 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 July 2024, it was decided to maintain the federal funds (FF) rate guidance target at 5.25% to 5.50%, for eight consecutive meetings. Policy rate controls have also been actively put in place to control inflation. However, as the GDP growth rate shows a downward trend, the prospect of interest rate cuts has started to become more realistic.

In China, the preliminary GDP for the April-June period of 2024 announced by the National Bureau of Statistics of China showed 4.7% year-on-year growth on a real basis adjusted for price changes (2.8% on an annualized basis). Despite the pickup in consumption of services, such as dining out, entertainment, and tourism after the COVID pandemic, we are still 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 has emerged which offers a great opportunity for the inbound business. 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. The hourly wages of non-regular workers (part-time workers) are also on the rise because of the revision of the minimum wage by Japanese government.

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 even 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 even during the nine months ended July 31, 2024. Thus, the Group, led by the product development division, 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. Thus, under any business environment, the Group has been steadily expanding business. While 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), the Group will also further enhance its growth trajectory by vigorously seeking new store locations in various genres, including those near train stations, on roadsides, and in shopping complexes. In particular, the Group will leverage the restaurant succession agreement covering as many as 21 restaurants concluded with KOURAKUEN HOLDINGS CORPORATION in the nine months ended July 31, 2024 as a tailwind to accelerate the opening of new stores. In addition, while advancing these various initiatives to expand our business, the Group 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 nine months ended July 31, 2024, and the Group passed minimized cost onto customers (part of price increase) to ensure profitability. However, while the negative impact of these price hikes is not

known at this time, they are producing 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 comprehensive viewpoint, including business efficiency and business continuity planning (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. As part of the efforts, the Kamisu factory (Kamisu-shi, Ibaraki Prefecture), which started operation during the current fiscal year, is steadily increasing its production volume in the nine months ended July 31, 2024. As a result, the six-factory system in Japan, including four noodle factories, one chasiu factory, and one soup factory, is becoming more robust. The Group has been making significant improvements in the efficiency, cost and lead time in logistics from a strategic SCM (Supply Chain Management) perspective, and by the previous year had deployed distribution centers in the Kanto, Chukyo, and Kansai regions. Furthermore, 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. Furthermore, we have been gradually switching to induction heaters at stores with the aim of stabilizing the quality of products offered, and actively renovating stores to improve store operations and customer comfort.

In addition, in June 2024, we relocated our head office from Machida-shi, Tokyo, where the Group was founded, to Shibuya Sakura Stage in Sakuragaoka, Shibuya-ku, Tokyo, which is directly connected to Shibuya Station and popular with young people. This move marks a strong commitment to entering our second phase of establishment, with the goal of opening 1,000 domestic and 1,000 foreign stores. Our various brands with stores, despite the significant increase in the number of stores, have managed to maintain the sales and customer numbers of existing stores from the previous fiscal year. However, the biggest challenge is whether we can promptly secure an adequate number of staff from the labor market to achieve both the acceleration of new store openings and the maintenance of store quality. To address this issue, we have established our head office in Shibuya to secure human resources in a timely and appropriate manner.

As described above, the Group, which has been working on strengthening its capabilities as a Group in its production and distribution systems and head office structure 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 nine months ended July 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 ¥20,592,249 thousand (up 23.8% year-on-year), operating profit was ¥2,065,168 thousand (up 29.2% year-on-year), ordinary profit was ¥2,120,815 thousand (up 28.4% year-on-year), while profit attributable to owners of parent reached ¥1,385,581 thousand (up 22.6% year-on-year).

Since the Group has a single-segment business, the business overview by segment for the nine months ended July 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 nine months ended July 31, 2024, and although we opened 26 new Company-owned stores, we had a net increase of 24 stores after offsetting the withdrawal of two existing stores that were forced to vacate because of the building being demolished, etc. During the period, we achieved a good balance in store openings, with 13 new Company-owned stores for our main brand "Machida Shoten" (EAK ramen brand), three stores for "BUTAYAMA" (wild pork mountain ramen brand), five stores for "GANSO ABURADO" (soupless ramen brand), and five stores for another brand.

During the nine months ended July 31, 2024, we opened nine roadside stores, three stores near a train station and one store in a shopping complex for the “Machida Shoten” brand. For the roadside stores, two stores were opened in Kashiwa-shi, Chiba Prefecture, and one store each in Noda-shi, Chiba Prefecture, Saitama-shi, Saitama Prefecture, Isesaki-shi, Gunma Prefecture, Sendai-shi, Miyagi Prefecture, Joetsu-shi, Niigata Prefecture, and Nisshin-shi and Anjo-shi in Aichi Prefecture. In addition, for the stores near a train station, one store each was opened near Shinyurigaoka Station on the Odakyu Line, near Nakayama Station, where the JR Yokohama Line and the Yokohama Municipal Subway intersect, and near Yotsuya Station where the JR Chuo Line, the Sobu Line, and the Tokyo Metro intersect. These stores have made a good start as ramen stores that are well received by local customers. We also opened our second store in a shopping center at YUMEGAOKA SORATOS, a large-scale shopping complex directly connected to Yumegaoka Station on the Sotetsu Izumino Line.

For our wild pork mountain ramen brand “BUTAYAMA,” our second brand after “Machida Shoten,” the Group opened one roadside store and two stores near a train station during the nine months ended July 31, 2024. The roadside store was opened in Yono-Honmachi, Saitama-shi, Saitama Prefecture. 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. For the store near a train station, we were able to open one store each near Kitasenju Station, a major terminal station, and near Nagoya Station, where the Shinkansen (bullet train) stops.

Furthermore, during the nine months ended July 31, 2024, the Group opened five new stores for the soupless ramen brand “GANSO ABURADO” in areas near train stations located in the Tokyo metropolitan area. “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. As for the location of the stores opened, one store each was opened near Kamiyacho Station on the Tokyo Metro Hibiya Line, near Ebisu Station, where the JR Line and the Tokyo Metro Hibiya Line intersect, near Fujisawa Station where the JR Line, the Odakyu Line, and the Enoshima Electric Railway (Enoden Line) run, near JR Tamachi Station and also near the first store of “Machida Shoten.” 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 is vigorously developing a fourth competitive brand after “Machida Shoten,” “BUTAYAMA,” and “GANSO ABURADO.”

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 third quarter of the current fiscal year totaled 221, including 212 Company-owned stores (209 in Japan and three overseas) and nine outsourced stores. Net sales of the Company-owned store business division totaled ¥17,282,632 thousand.

Produced store business division

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 showed a remarkable recovery and expansion of business performance in the current post-Covid business environment, and each existing produced store achieved strong results in the nine months ended July 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 the Group 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, one store in Cambodia, one store in Philippines, one store in Hong Kong and one store in South Korea 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 28 during the nine months ended July 31, 2024, resulting in a total of 576 stores (544 produced stores in Japan and 14 foreign stores, and 10 franchise stores in Japan and eight foreign stores). Net sales of the produced store business division totaled ¥3,309,617 thousand.

(2) Overview of financial position during the period

Assets

Total assets as of July 31, 2024 increased by ¥3,056,049 thousand from the end of the previous fiscal year to ¥15,583,520 thousand. This was mainly due to increases of ¥2,287,733 thousand in property, plant and equipment such as buildings and structures, and ¥204,617 thousand in leasehold and guarantee deposits.

Liabilities

Liabilities as of July 31, 2024 increased by ¥1,910,432 thousand from the end of the previous fiscal year to ¥7,665,854 thousand. This was mainly due to increases of ¥1,058,741 thousand in short-term borrowings and ¥291,259 thousand in long-term borrowings (including current portion).

Net assets

Net assets as of July 31, 2024 increased by ¥1,145,617 thousand from the end of the previous fiscal year to ¥7,917,665 thousand, resulting in an equity-to-asset ratio of 50.8%. This was mainly due to a decrease in retained earnings of ¥359,137 thousand as a result of dividend payments, and an increase in retained earnings due to the posting of ¥1,385,581 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 full-year consolidated earnings forecasts in the “Notice Regarding Revisions to Full-Year Consolidated Earnings Forecasts” released on June 14, 2024.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Quarterly consolidated balance sheet

(Thousands of yen)

	As of October 31, 2023	As of July 31, 2024
Assets		
Current assets		
Cash and deposits	2,220,324	2,397,686
Accounts receivable - trade	547,470	656,796
Merchandise and finished goods	277,669	393,617
Raw materials and supplies	90,424	118,049
Other	416,617	602,708
Total current assets	3,552,505	4,168,858
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,966,831	8,145,704
Accumulated depreciation	(1,518,318)	(1,811,239)
Buildings and structures, net	4,448,513	6,334,464
Land	141,782	141,782
Other	2,352,770	2,911,101
Accumulated depreciation	(935,797)	(1,092,346)
Other, net	1,416,972	1,818,754
Total property, plant and equipment	6,007,268	8,295,002
Intangible assets		
Goodwill	198,937	171,392
Other	72,332	74,060
Total intangible assets	271,269	245,453
Investments and other assets		
Leasehold and guarantee deposits	1,427,726	1,632,343
Other	1,268,699	1,241,862
Total investments and other assets	2,696,426	2,874,206
Total non-current assets	8,974,964	11,414,662
Total assets	12,527,470	15,583,520

(Thousands of yen)

	As of October 31, 2023	As of July 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	697,890	838,501
Short-term borrowings	25,216	1,083,957
Current portion of long-term borrowings	699,876	875,868
Income taxes payable	367,914	310,319
Provision for bonuses	150,478	94,682
Provision for shareholder benefit program	8,464	9,263
Other	1,827,751	2,256,787
Total current liabilities	3,777,592	5,469,379
Non-current liabilities		
Long-term borrowings	1,574,908	1,690,175
Asset retirement obligations	400,956	504,335
Other	1,965	1,965
Total non-current liabilities	1,977,829	2,196,475
Total liabilities	5,755,422	7,665,854
Net assets		
Shareholders' equity		
Share capital	797,304	824,550
Capital surplus	1,049,431	1,052,839
Retained earnings	4,761,588	5,788,032
Treasury shares	(829)	(1,062)
Total shareholders' equity	6,607,494	7,664,359
Accumulated other comprehensive income		
Foreign currency translation adjustment	160,019	248,088
Total accumulated other comprehensive income	160,019	248,088
Non-controlling interests	4,534	5,217
Total net assets	6,772,048	7,917,665
Total liabilities and net assets	12,527,470	15,583,520

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

Quarterly consolidated statement of income (cumulative)

(Thousands of yen)

	Nine months ended July 31, 2023	Nine months ended July 31, 2024
Net sales	16,632,546	20,592,249
Cost of sales	5,370,698	6,651,778
Gross profit	11,261,848	13,940,471
Selling, general and administrative expenses	9,662,875	11,875,302
Operating profit	1,598,972	2,065,168
Non-operating income		
Interest income	28,428	37,157
Dividend income	–	5,169
Foreign exchange gains	–	2,325
Subsidy income	2,442	297
Compensation income	–	27,089
Other	30,509	3,983
Total non-operating income	61,380	76,022
Non-operating expenses		
Interest expenses	2,888	5,094
Foreign exchange losses	2,311	–
Head office relocation expenses	–	8,033
Other	3,101	7,247
Total non-operating expenses	8,300	20,375
Ordinary profit	1,652,052	2,120,815
Extraordinary income		
Gain on sale of non-current assets	23,738	914
Total extraordinary income	23,738	914
Extraordinary losses		
Loss on sale of non-current assets	–	944
Loss on retirement of non-current assets	16,538	86,279
Other	1,021	–
Total extraordinary losses	17,560	87,223
Profit before income taxes	1,658,230	2,034,506
Income taxes	528,345	647,722
Profit	1,129,885	1,386,784
Profit attributable to non-controlling interests	167	1,202
Profit attributable to owners of parent	1,129,718	1,385,581

Quarterly consolidated statement of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended July 31, 2023	Nine months ended July 31, 2024
Profit	1,129,885	1,386,784
Other comprehensive income		
Foreign currency translation adjustment	(5,540)	88,211
Total other comprehensive income	(5,540)	88,211
Comprehensive income	1,124,345	1,474,995
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,124,145	1,473,650
Comprehensive income attributable to non-controlling interests	199	1,345

(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.

Notes on quarterly consolidated statement of cash flows

Quarterly consolidated statement of cash flows for the nine months ended July 31, 2024 is not prepared. Depreciation (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the nine months ended July 31, 2024 are as follows.

(Thousands of yen)

	Nine months ended July 31, 2023	Nine months ended July 31, 2024
Depreciation	445,201	589,544
Amortization of goodwill	23,329	27,544

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 third quarter of the current fiscal year, and multiplying profit before income taxes by the estimated effective tax rate.

Notes on segment information

[Segment information]

The Group operates in a single segment of the food and beverage business, so information has been omitted.