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December 13, 2024

Consolidated Financial Results for the Fiscal Year Ended October 31, 2024 (Under Japanese GAAP)

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Listing: Tokyo Stock Exchange
Securities code: 9279
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Scheduled date of ordinary general meeting of shareholders: January 29, 2025
Scheduled date to file Securities Report: January 30, 2025
Scheduled date to commence dividend payments: January 30, 2025
Preparation of supplementary material on financial results: Yes (Japanese only)
Holding of financial results briefing: Yes (for institutional investors and analysts)

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

1. Consolidated financial results for the fiscal year ended October 31, 2024 (from November 1, 2023 to October 31, 2024)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
October 31, 2024	28,472	23.9	2,909	23.7	2,972	22.6	1,875	17.4
October 31, 2023	22,982	35.1	2,352	49.7	2,424	(0.7)	1,597	3.8

Note: Comprehensive income Fiscal year ended October 31, 2024: ¥1,934 million [18.9%]
Fiscal year ended October 31, 2023: ¥1,627 million [(2.3)%]

	Basic earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
Fiscal year ended	Yen	Yen	%	%	%
October 31, 2024	93.98	93.82	24.8	20.1	10.2
October 31, 2023	80.11	79.95	26.2	21.6	10.2

Reference: Share of profit (loss) of entities accounted for using equity method
Fiscal year ended October 31, 2024: ¥– million
Fiscal year ended October 31, 2023: ¥– million

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	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
October 31, 2024	17,099	8,377	49.0	419.35
October 31, 2023	12,527	6,772	54.0	339.33

Reference: Equity
As of October 31, 2024: ¥8,372 million
As of October 31, 2023: ¥6,767 million

Note: On August 1, 2023, the Company conducted a 2-for-1 share split of its common shares. "Net assets per share" are calculated assuming that the share split was conducted at the beginning of the previous fiscal year.

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
October 31, 2024	3,276	(4,338)	1,315	2,123
October 31, 2023	2,534	(2,956)	252	1,855

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended October 31, 2023	–	15.00	–	9.00	–	329	20.6	5.4
Fiscal year ended October 31, 2024	–	9.00	–	9.00	18.00	359	19.2	4.7
Fiscal year ending October 31, 2025 (Forecast)	–	11.00	–	11.00	22.00		20.0	

Note: 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, 2025 (from November 1, 2024 to October 31, 2025)

(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, 2025	17,200	26.9	1,860	20.3	1,880	17.9	1,240	17.6	62.11
Fiscal year ending October 31, 2025	36,000	26.4	3,600	23.7	3,620	21.8	2,200	17.3	110.18

*** 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) 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

(3) Number of issued shares (common shares)

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

As of October 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 October 31, 2024	784 shares
As of October 31, 2023	602 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended October 31, 2024	19,956,952 shares
Fiscal year ended October 31, 2023	19,937,673 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.

Reference: Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended October 31, 2024 (from November 1, 2023 to October 31, 2024)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
October 31, 2024	6,576	27.5	2,219	28.7	2,262	25.9	1,401	19.1
October 31, 2023	5,156	37.7	1,723	8.9	1,797	13.4	1,176	24.5

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
October 31, 2024	70.25	70.13
October 31, 2023	59.02	58.89

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) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
October 31, 2024	15,362	7,195	46.8	360.40
October 31, 2023	11,289	6,098	54.0	305.77

Reference: Equity
As of October 31, 2024: ¥7,195 million
As of October 31, 2023: ¥6,098 million

Note: On August 1, 2023, the Company conducted a 2-for-1 share split of its common shares. "Net assets per share" are calculated assuming that the share split was conducted at the beginning of the previous fiscal year.

* Financial results reports are exempt from audit 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. Overview of operating results, etc., (4) Future outlook" on page 7 of the attached material for the assumptions used in forecasting business results and precautions regarding the use of business results forecasts.

Attached Material

Index

1. Overview of operating results, etc. 2
(1) Overview of operating results for the fiscal year ended October 31, 2024 2
(2) Overview of financial position for the fiscal year ended October 31, 2024 6
(3) Overview of cash flows for the fiscal year ended October 31, 2024 7
(4) Future outlook 7
2. Basic policy regarding selection of accounting standards 8
3. Consolidated financial statements and significant notes thereto 9
(1) Consolidated balance sheet 9
(2) Consolidated statement of income and consolidated statement of comprehensive income 11
Consolidated statement of income 11
Consolidated statement of comprehensive income 12
(3) Consolidated statement of changes in equity 13
(4) Consolidated statement of cash flows 15
(5) Notes to consolidated financial statements 17
Notes on premise of going concern 17
Notes on segment information 17
Per share information 19
Significant subsequent events 19

1. Overview of operating results, etc.

(1) Overview of operating results for the fiscal year ended October 31, 2024

During the fiscal year ended October 31, 2024, the Japanese economy has returned to normal economic activities before the COVID-19 pandemic, but the situation has continued under an 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 fiscal year ended October 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 recovery in the domestic economy. In this economic situation, the Bank of Japan ended its zero interest rate policy in March and announced a measure to raise the policy interest rate to 0.25% in July. However, this move had an impact on the stock market, including the Nikkei Stock Average recording its largest ever fall in August.

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. Regarding exports, a certification fraud problem at some automobile manufacturers was discovered at the beginning of the year that had negative impacts, such as the suspension of production and shipments. Although the impacts became more limited in the middle of the year as these suspension measures were lifted, exports remained weak in the manufacturing sector as a whole throughout the fiscal year ended October 31, 2024. 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. Against the backdrop of strong corporate earnings, many companies have decided to significantly raise wages as the unemployment rate has remained at a low level. In this year’s annual spring wage negotiations between employers and unions, 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, an environment of ongoing inflation could lead to a decline in real wages and still 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 July-September period of 2024 announced by the Cabinet Office showed a 0.2% increase from the previous quarter (0.9% annualized increase), positive growth for the second consecutive quarter. The boost in the preliminary GDP figure is attributable to the rebound from the decline in production caused by the aforementioned certification fraud problem at some automobile manufacturers, as well as a recovery in consumer spending, which accounts for more than half of GDP. This recovery was supported by improvements in the income environment, the implementation of the government’s flat-amount tax cuts, and other factors. According to the Japan National Tourism Organization (JNTO), the number of foreign visitors to Japan in October this year reached a record high of 3.31 million for a single month, an increase of 31.6% compared to the same month last year (an increase of 32.7% compared to October 2019, before the COVID-19 pandemic). The depreciation of the yen made Japanese prices less expensive for foreign visitors, leading to increased spending on travel, accommodation, and other expenses. This strong inbound consumption also contributed to the boost in GDP. If the current weak yen environment continues and leads to a further increase in the number of foreign visitors to Japan as well as higher unit prices for travel and longer stays, a further increase in inbound consumption is expected. This expected increase is also because the number of Chinese visitors to Japan, who accounted for more than 30% of all foreign visitors to Japan in 2019, has recovered to nearly 80% of pre-Covid 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 more than two and a half years after the Russian military invasion in Ukraine in February 2022, 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 July-September period of 2024 announced by the U.S. Department of Commerce showed positive growth for the tenth consecutive quarter, maintaining its growth trend and growing 2.8% on an annualized basis from the previous quarter. Personal consumption, which accounts for nearly 70% of GDP, is showing signs of deceleration, despite remaining strong with a 3.7% increase over the previous quarter. Service consumption, mainly food and beverage, is returning to pre-pandemic levels. The Federal Reserve, the central bank of the U.S., decided at the Federal Open Market Committee (FOMC) meeting in September 2024 to lower the target range for the federal funds (FF) rate by 0.5 percentage points to 4.75% to 5.00%, as economic activity is expected to slow amid persistently high interest rates. Policy rate controls have also been actively put in place to control inflation. However, as the GDP growth rate shows a downward trend, interest rate cut has been implemented.

In China, the preliminary GDP for the July-September period of 2024 announced by the National Bureau of Statistics of China showed 4.6% year-on-year growth on a real basis adjusted for price changes (the preliminary GDP for the January-September period of 2024 over nine months on a cumulative basis showed 4.8% year-on-year growth), resulting in being below the government target of 5.0%. 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 people’s lives returning to the normal lifestyle before the COVID-19 pandemic. In particular, the number of foreign visitors to Japan has been recovering rapidly due to the government’s removal of various immigration restrictions, 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 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, the Group kept opening new stores for its ramen brand even during the pandemic without slowing down, driven by its unwavering belief in the brand’s competitiveness, which has strengthened the growth trajectory in the post-Covid period. What particularly enhanced the evaluation of the Group’s ramen business strength was the opening of Tokyo Ramen Yokocho in June 2022, located in the Yaesu underground shopping mall of Tokyo Station. Unlike other ramen complex facilities that bring together ramen shops run by different owners, we believe the high evaluation stems from the fact that the Group alone operates seven thriving ramen brands within the facility. Tokyo Ramen Yokocho stands as a testament to the success of the Group’s investment strategy and brand development over the past several years, including during the COVID-19 pandemic, with each store still setting new monthly sales records even during the fiscal year ended October 31, 2024. Furthermore, the Group aims to further enhance its brand development capabilities, which have led to the successful opening of multiple stores in the facility, by further strengthening its marketing and product development capabilities in the ramen market. 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 also has been expanding its business by vigorously seeking new store locations in various genres, including those near train stations, on roadsides, and in shopping complexes. In particular, the Group has leveraged the restaurant succession agreement covering as many as 21 restaurants concluded with KOURAKUEN CORPORATION in the fiscal year ended October 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 fiscal year ended October 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 confirmed 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 noodle factory (Kamisu-shi, Ibaraki Prefecture), which started operation during the current fiscal year, is steadily increasing its production volume in the fiscal year ended October 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, during the fiscal year ended October 31, 2024, 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 Shibuya-ku, Tokyo, which is directly connected to the 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 an economic environment in which the normal conditions prior to the COVID-19 pandemic have returned. As a result, the Group has secured robust results. During the fiscal year ended October 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 ¥28,472,954 thousand (up 23.9% year-on-year), operating profit was ¥2,909,253 thousand (up 23.7% year-on-year), ordinary profit was ¥2,972,177 thousand (up 22.6% year-on-year), while profit attributable to owners of parent reached ¥1,875,631 thousand (up 17.4% year-on-year).

Since the Group has a single-segment business, the business overview by segment for the fiscal year ended October 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 fiscal year ended October 31, 2024, and although we opened 41 new Company-owned stores, we had a net increase of 38 stores after offsetting the withdrawal of three existing stores that were forced to vacate due to unavoidable circumstances such as the building being demolished. During the period, we achieved a good balance in store openings, with 23 new Company-owned stores for our main brand “Machida Shoten” (EAK ramen brand), five stores for “BUTAYAMA” (wild pork mountain ramen brand), nine stores for “GANSO ABURADO” (soupless ramen brand), and four stores for another brand.

During the fiscal year ended October 31, 2024, we opened 19 roadside stores, three stores near a train station and one store in a shopping complex for the “Machida Shoten” brand. For the roadside stores, we were able to open them in a well-balanced manner across the country, with 11 stores in the Kanto region (five in Chiba Prefecture, two in Kanagawa Prefecture, two in Saitama Prefecture, and two in Gunma Prefecture), four stores in the Tohoku region (one in Miyagi Prefecture, one in Iwate Prefecture, and two in Niigata Prefecture), one store in the Kansai region (one in Osaka Prefecture), and three stores in the Chubu region (three 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 two roadside stores and three stores near a train station during the fiscal year ended October 31, 2024. For the roadside stores, one store each was opened in Saitama-shi, Saitama Prefecture and Shizuoka-shi, Shizuoka 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 opened one store each near Kitasenju Station, a major terminal station, and near Nagoya Station, where the Shinkansen (bullet train) stops, as well as “BUTAYAMA” Machida second store near “BUTAYAMA” Machida first store.

Furthermore, during the fiscal year ended October 31, 2024, the Group opened nine 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. The locations of the stores opened span a wide range, including 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, near JR Kunitachi Station, and in the downtown areas of Kabukicho in Shinjuku and Roppongi. We also opened one store each near “Machida Shoten” first store and near JR Yokohama Station where there is the “GANSO ABURADO” Yokohama first store. 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.” During the fiscal year ended October 31, 2024, we opened four stores for another brand.

In the Company-owned foreign store business division, we had previously developed the business only in New York State, U.S. under the “E.A.K. RAMEN” brand, however, during the current fiscal year, we opened “Machida Shoten” as the first store in Shanghai, China in September 2024. In the U.S., we have

opened three stores only in New York: two are roadside stores, and one is in a food court in Pennsylvania Station. Although the food court store is the Group's first store opening in such a format, this store has become a successful store with sales surpassing those of the two roadside stores since Pennsylvania Station is 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, and it is also a high-footfall site located near Madison Square Garden, where professional basketball and ice hockey games are held. 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 current fiscal year totaled 236, including 227 Company-owned stores (223 in Japan and four overseas) and nine outsourced stores. Net sales of the Company-owned store business division totaled ¥23,962,935 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 fiscal year ended October 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 26 during the fiscal year ended October 31, 2024, resulting in a total of 574 stores (540 produced stores in Japan and 14 stores overseas, and 11 franchise stores in Japan and nine stores overseas). Net sales of the produced store business division totaled ¥4,510,018 thousand.

(2) Overview of financial position for the fiscal year ended October 31, 2024

Assets

Total assets as of October 31, 2024 increased by ¥4,572,205 thousand from the end of the previous fiscal year to ¥17,099,675 thousand. This was mainly due to a ¥3,443,421 thousand increase in property, plant and equipment, including buildings and structures, and a ¥281,212 thousand increase in leasehold and guarantee deposits as a result of capital expenditures for new opened Company-owned stores and other investments.

Liabilities

Liabilities as of October 31, 2024 increased by ¥2,966,701 thousand from the end of the previous fiscal year to ¥8,722,123 thousand. This was mainly due to increases of ¥285,708 thousand in accounts payable - other due to the timing of store openings, ¥253,759 thousand in other, including accrued consumption taxes, under current liabilities, ¥1,710,597 thousand in long-term borrowings (including current portion), and ¥250,120 thousand in income taxes payable.

Net assets

Net assets as of October 31, 2024 increased by ¥1,605,503 thousand from the end of the previous fiscal year to ¥8,377,551 thousand, resulting in an equity-to-asset ratio of 49.0%. This was mainly due to an increase in retained earnings due to the posting of ¥1,875,631 thousand in profit attributable to owners of parent.

(3) Overview of cash flows for the fiscal year ended October 31, 2024

Cash and cash equivalents ("cash") at the end of the current fiscal year amounted to ¥2,123,145 thousand, an increase of ¥267,872 thousand from the end of the previous fiscal year. The status of each cash flow and their factors are as follows.

Cash flows from operating activities

Net cash provided by operating activities in the current fiscal year was ¥3,276,038 thousand (up 29.3% year-on-year). This was mainly due to recording profit before income taxes of ¥2,735,945 thousand, and non-cash expenses such as depreciation of ¥813,628 thousand and impairment losses of ¥112,436 thousand, while income taxes paid totaled ¥708,322 thousand.

Cash flows from investing activities

Net cash used in investing activities during the current fiscal year amounted to ¥4,338,547 thousand (up 46.8% year-on-year). This was mainly due to expenditures related to the opening of new Company-owned stores, which consisted of ¥4,064,342 thousand for the purchase of property, plant and equipment and ¥340,936 thousand for payments of leasehold and guarantee deposits, and expenditures of ¥77,472 thousand for loan advances.

Cash flows from financing activities

Net cash provided by financing activities in the current fiscal year was ¥1,315,046 thousand (up 420.8% year-on-year). This was mainly due to proceeds from long-term borrowings of ¥2,520,000 thousand, while there were repayments of long-term borrowings of ¥809,403 thousand, dividends paid of ¥358,931 thousand, a net decrease in short-term borrowings of ¥12,295 thousand, and purchase of shares of subsidiaries not resulting in change in scope of consolidation of ¥24,500 thousand.

(4) Future outlook

As for the future outlook, there are concerns that the tension of geopolitical war in the world and other factors will accelerate global inflation, and food ingredient prices and resource prices will remain high. There are signs of a recovery, such as a gradual recovery in consumer spending and an increase in the number of foreign visitors to Japan. However, the outlook for economic activity, prices, and financial conditions in Japan and abroad remains uncertain, and the situation is likely to remain unpredictable.

We believe that the restaurant industry will continue to face difficult conditions, such as competition for talented people due to labor shortages and rising labor cost.

In this environment, the Group will work to maintain and improve QSCA (Quality, Service, Cleanliness, and Atmosphere) in each brand, strive to operate stores so that we can provide a bowl of Ramen that customer can be satisfied no matter when and where customers visit our stores, and at the same time, we will strive to improve quality by strengthening our purchasing, manufacturing, and logistics systems, and to provide a stable supply of products at reasonable prices through cost control.

In order to achieve the goal of "1,000 stores in Japan" medium-term plan, we will continue to focus on securing and retaining human resources and acquiring properties in order to further strengthen our store-opening system, promote the expansion of existing businesses and the development and deployment of new brands. For overseas business, we will also work to build a structure with an eye toward expanding the number of stores over the medium term, based on our expertise in creating successful stores in Japan.

We will also work to promote digital transformation (DX) utilizing new digital technologies, aiming to improve convenience for customers and save labor in operations.

Based on the management policy above, and comprehensively taking into account the state of the Japanese economy, the environment surrounding the restaurant industry, and other factors, consolidated financial forecasts for the fiscal year ending October 31, 2025 are as follows, assuming existing store sales of Company-owned stores in Japan will be 105.0% versus the fiscal year ended October 31, 2024, and plans call for opening 52 stores in the Company-owned store business division (net increase of 51 stores) and net increase of 52 stores in the produced store business division.

	Results for the fiscal year ended October 31, 2024	Forecasts for fiscal year ending October 31, 2025	Year-on-year change
	Millions of yen	Millions of yen	%
Net sales	28,472	36,000	26.4
Operating profit	2,909	3,600	23.7
Ordinary profit	2,972	3,620	21.8
Profit attributable to owners of parent	1,875	2,200	17.3

In addition, the above forecasts have been prepared based on information available as of the date of publication of this material, and actual results may differ from the forecasts due to various factors in the future.

2. Basic policy regarding selection of accounting standards

The Group's policy for the time being is to prepare its consolidated financial statements in accordance with Japanese GAAP, taking into consideration the comparability of consolidated financial statements between periods and between companies.

Regarding the application of IFRS (International Financial Reporting Standards), the Company's policy is to respond appropriately taking into consideration its shareholder composition and the trends of other domestic peer companies.

3. Consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(Thousands of yen)

	As of October 31, 2023	As of October 31, 2024
Assets		
Current assets		
Cash and deposits	2,220,324	2,442,672
Accounts receivable - trade	547,470	714,498
Merchandise and finished goods	277,669	440,845
Raw materials and supplies	90,424	122,262
Current portion of long-term loans receivable	130,055	139,457
Other	286,675	508,785
Allowance for doubtful accounts	(113)	(96)
Total current assets	3,552,505	4,368,424
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,966,831	9,170,389
Accumulated depreciation	(1,518,318)	(1,929,015)
Buildings and structures, net	4,448,513	7,241,373
Machinery, equipment and vehicles	1,326,052	2,044,729
Accumulated depreciation	(518,167)	(689,363)
Machinery, equipment and vehicles, net	807,885	1,355,365
Tools, furniture and fixtures	658,981	793,536
Accumulated depreciation	(406,608)	(385,688)
Tools, furniture and fixtures, net	252,372	407,848
Land	141,782	141,782
Construction in progress	356,714	304,319
Other	11,021	11,021
Accumulated depreciation	(11,021)	(11,021)
Other, net	–	–
Total property, plant and equipment	6,007,268	9,450,690
Intangible assets		
Goodwill	198,937	162,210
Other	72,332	74,112
Total intangible assets	271,269	236,323
Investments and other assets		
Long-term loans receivable	645,337	553,262
Deferred tax assets	366,287	465,716
Leasehold and guarantee deposits	1,427,726	1,708,938
Other	257,074	316,319
Total investments and other assets	2,696,426	3,044,237
Total non-current assets	8,974,964	12,731,250
Total assets	12,527,470	17,099,675

(Thousands of yen)

	As of October 31, 2023	As of October 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	697,890	931,219
Short-term borrowings	25,216	14,619
Current portion of long-term borrowings	699,876	1,198,630
Accounts payable - other	790,784	1,076,493
Income taxes payable	367,914	618,035
Contract liabilities	87,627	121,740
Provision for bonuses	150,478	179,827
Provision for shareholder benefit program	8,464	12,958
Other	949,339	1,203,098
Total current liabilities	3,777,592	5,356,621
Non-current liabilities		
Long-term borrowings	1,574,908	2,786,751
Asset retirement obligations	400,956	573,289
Other	1,965	5,460
Total non-current liabilities	1,977,829	3,365,501
Total liabilities	5,755,422	8,722,123
Net assets		
Shareholders' equity		
Share capital	797,304	824,550
Capital surplus	1,049,431	1,052,839
Retained earnings	4,761,588	6,278,082
Treasury shares	(829)	(1,062)
Total shareholders' equity	6,607,494	8,154,409
Accumulated other comprehensive income		
Foreign currency translation adjustment	160,019	217,851
Total accumulated other comprehensive income	160,019	217,851
Non-controlling interests	4,534	5,290
Total net assets	6,772,048	8,377,551
Total liabilities and net assets	12,527,470	17,099,675

(2) Consolidated statement of income and consolidated statement of comprehensive income

Consolidated statement of income

(Thousands of yen)

	Fiscal year ended October 31, 2023	Fiscal year ended October 31, 2024
Net sales	22,982,625	28,472,954
Cost of sales	7,409,890	9,145,894
Gross profit	15,572,734	19,327,059
Selling, general and administrative expenses	13,220,185	16,417,806
Operating profit	2,352,549	2,909,253
Non-operating income		
Interest income	40,884	48,302
Dividend income	–	5,169
Foreign exchange gains	–	2,739
Subsidy income	2,492	297
Compensation income	7,507	28,577
Other	29,070	5,060
Total non-operating income	79,954	90,147
Non-operating expenses		
Interest expenses	4,083	9,227
Foreign exchange losses	546	–
Head office relocation expenses	–	8,033
Other	3,406	9,963
Total non-operating expenses	8,036	27,223
Ordinary profit	2,424,467	2,972,177
Extraordinary income		
Gain on sale of non-current assets	23,802	1,261
Insurance claim income	11,381	–
Total extraordinary income	35,183	1,261
Extraordinary losses		
Loss on sale of non-current assets	–	2,227
Loss on retirement of non-current assets	36,063	122,829
Impairment losses	131,214	112,436
Other	1,026	–
Total extraordinary losses	168,304	237,493
Profit before income taxes	2,291,346	2,735,945
Income taxes - current	709,891	954,978
Income taxes - deferred	(16,140)	(95,933)
Total income taxes	693,750	859,045
Profit	1,597,595	1,876,899
Profit attributable to non-controlling interests	319	1,267
Profit attributable to owners of parent	1,597,276	1,875,631

Consolidated statement of comprehensive income

(Thousands of yen)

	Fiscal year ended October 31, 2023	Fiscal year ended October 31, 2024
Profit	1,597,595	1,876,899
Other comprehensive income		
Foreign currency translation adjustment	30,235	57,982
Total other comprehensive income	30,235	57,982
Comprehensive income	1,627,831	1,934,882
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,627,275	1,933,464
Comprehensive income attributable to non-controlling interests	556	1,418

(3) Consolidated statement of changes in equity

Previous fiscal year (from November 1, 2022 to October 31, 2023)

(Thousands of yen)

	Shareholders' equity					Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	793,525	1,045,652	3,463,329	(466)	5,302,040	130,020	130,020	–	5,432,061
Changes during period									
Issuance of new shares - exercise of share acquisition rights	530	530			1,060				1,060
Issuance of new shares-Restricted Stock	3,248	3,248			6,497				6,497
Dividends of surplus			(299,018)		(299,018)				(299,018)
Profit attributable to owners of parent			1,597,276		1,597,276				1,597,276
Purchase of treasury shares				(363)	(363)				(363)
Net changes in items other than shareholders' equity						29,998	29,998	4,534	34,532
Total changes during period	3,779	3,779	1,298,258	(363)	1,305,453	29,998	29,998	4,534	1,339,986
Balance at end of period	797,304	1,049,431	4,761,588	(829)	6,607,494	160,019	160,019	4,534	6,772,048

Current fiscal year (from November 1, 2023 to October 31, 2024)

(Thousands of yen)

	Shareholders' equity					Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	797,304	1,049,431	4,761,588	(829)	6,607,494	160,019	160,019	4,534	6,772,048
Changes during period									
Issuance of new shares - exercise of share acquisition rights	204	204			409				409
Issuance of new shares-Restricted Stock	27,041	27,041			54,082				54,082
Dividends of surplus			(359,137)		(359,137)				(359,137)
Profit attributable to owners of parent			1,875,631		1,875,631				1,875,631
Purchase of treasury shares				(232)	(232)				(232)
Change in ownership interest of parent due to transactions with non-controlling interests		(23,838)			(23,838)				(23,838)
Net changes in items other than shareholders' equity						57,832	57,832	756	58,588
Total changes during period	27,246	3,407	1,516,494	(232)	1,546,915	57,832	57,832	756	1,605,503
Balance at end of period	824,550	1,052,839	6,278,082	(1,062)	8,154,409	217,851	217,851	5,290	8,377,551

(4) Consolidated statement of cash flows

(Thousands of yen)

	Fiscal year ended October 31, 2023	Fiscal year ended October 31, 2024
Cash flows from operating activities		
Profit before income taxes	2,291,346	2,735,945
Depreciation	617,833	813,628
Impairment losses	131,214	112,436
Amortization of goodwill	32,510	36,726
Increase (decrease) in allowance for doubtful accounts	113	(17)
Interest and dividend income	(40,884)	(53,472)
Interest expenses	4,083	9,227
Subsidy income	(2,492)	(297)
Insurance claim income	(11,381)	–
Compensation income	–	(28,577)
Loss (gain) on sale of non-current assets	(23,802)	966
Loss on retirement of non-current assets	36,063	122,829
Decrease (increase) in trade receivables	(141,376)	(166,591)
Decrease (increase) in inventories	(146,654)	(194,702)
Increase (decrease) in trade payables	151,319	230,537
Increase (decrease) in accounts payable - other	117,817	71,367
Increase (decrease) in provision for bonuses	28,852	29,349
Increase (decrease) in contract liabilities	(3,459)	34,112
Other, net	297,693	157,773
Subtotal	3,338,797	3,911,241
Interest and dividends received	40,884	53,472
Interest paid	(4,134)	(9,227)
Income taxes paid	(855,043)	(708,322)
Proceeds from subsidy income	2,492	297
Proceeds from insurance income	11,381	–
Proceeds from compensation	–	28,577
Net cash provided by (used in) operating activities	2,534,377	3,276,038
Cash flows from investing activities		
Payments into time deposits	(356,842)	(315,879)
Proceeds from withdrawal of time deposits	–	390,247
Purchase of property, plant and equipment	(1,608,693)	(4,064,342)
Proceeds from sale of property, plant and equipment	25,014	6,852
Loan advances	(441,141)	(77,472)
Proceeds from collection of loans receivable	103,964	130,055
Payments of leasehold and guarantee deposits	(399,909)	(340,936)
Proceeds from refund of leasehold and guarantee deposits	5,878	59,560
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(77,634)	–
Payments for asset retirement obligations	–	(18,810)
Other, net	(206,810)	(107,822)
Net cash provided by (used in) investing activities	(2,956,174)	(4,338,547)

(Thousands of yen)

	Fiscal year ended October 31, 2023	Fiscal year ended October 31, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(17,863)	(12,295)
Proceeds from long-term borrowings	1,210,000	2,520,000
Repayments of long-term borrowings	(642,875)	(809,403)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	–	(24,500)
Proceeds from share issuance to non-controlling shareholders	3,978	–
Proceeds from issuance of shares resulting from exercise of share acquisition rights	1,060	409
Dividends paid	(301,430)	(358,931)
Other, net	(363)	(232)
Net cash provided by (used in) financing activities	252,506	1,315,046
Effect of exchange rate change on cash and cash equivalents	17,218	15,334
Net increase (decrease) in cash and cash equivalents	(152,071)	267,872
Cash and cash equivalents at beginning of period	2,007,344	1,855,272
Cash and cash equivalents at end of period	1,855,272	2,123,145

(5) Notes to consolidated financial statements

Notes on premise of going concern

Not applicable.

Notes on segment information

[Segment information]

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

[Related information]

Previous fiscal year (from November 1, 2022 to October 31, 2023)

1. Information for each product or service

(Thousands of yen)

	Company-owned store business division	Produced store business division	Total
Net sales to external customers	19,207,025	3,775,599	22,982,625

2. Information for each region

(1) Net sales

This information is omitted because sales to external customers in Japan account for more than 90% of net sales in the consolidated statements of income.

(2) Property, plant and equipment

The information is omitted, because the amount of property, plant and equipment located in Japan accounted for more than 90% of total property, plant and equipment in the consolidated balance sheet.

3. Information about major customers

Of sales to external customers, there are no customers that account for more than 10% of net sales in the consolidated statements of income, so this information is not listed.

Current fiscal year (from November 1, 2023 to October 31, 2024)

1. Information for each product or service

(Thousands of yen)

	Company-owned store business division	Produced store business division	Total
Net sales to external customers	23,962,935	4,510,018	28,472,954

2. Information for each region

(1) Net sales

This information is omitted because sales to external customers in Japan account for more than 90% of net sales in the consolidated statements of income.

(2) Property, plant and equipment

The information is omitted, because the amount of property, plant and equipment located in Japan accounted for more than 90% of total property, plant and equipment in the consolidated balance sheet.

3. Information about major customers

Of sales to external customers, there are no customers that account for more than 10% of net sales in the consolidated statements of income, so this information is not listed.

[Disclosure of impairment losses on non-current assets for each reportable segment]

Previous fiscal year (from November 1, 2022 to October 31, 2023)

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

Current fiscal year (from November 1, 2023 to October 31, 2024)

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

[Amortization and unamortized balance of goodwill for each reportable segment]

Previous fiscal year (from November 1, 2022 to October 31, 2023)

(Thousands of yen)

	Food and beverages business	Total
Amortization for the current fiscal year	32,510	32,510
Balance at end of the current period	198,937	198,937

Current fiscal year (from November 1, 2023 to October 31, 2024)

(Thousands of yen)

	Food and beverages business	Total
Amortization for the current fiscal year	36,726	36,726
Balance at end of the current period	162,210	162,210

[Information about gain on bargain purchase for each reportable segment]

Previous fiscal year (from November 1, 2022 to October 31, 2023)

Not applicable.

Current fiscal year (from November 1, 2023 to October 31, 2024)

Not applicable.

Per share information

(Yen)

	Previous fiscal year (from November 1, 2022 to October 31, 2023)	Current fiscal year (from November 1, 2023 to October 31, 2024)
Net assets per share	339.33	419.35
Basic earnings per share	80.11	93.98
Diluted earnings per share	79.95	93.82

(Notes) 1. On August 1, 2023, the Company conducted a 2-for-1 share split of its common shares. “Net assets per share,” “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. The basis for calculating basic earnings per share and diluted earnings per share is as follows:

	Previous fiscal year (from November 1, 2022 to October 31, 2023)	Current fiscal year (from November 1, 2023 to October 31, 2024)
Basic earnings per share		
Profit attributable to owners of parent (Thousands of yen)	1,597,276	1,875,631
Amount not attributable to common shareholders (Thousands of yen)	–	–
Profit attributable to owners of parent pertaining to common shares	1,597,276	1,875,631
Average number of outstanding common shares during the period (Shares)	19,937,673	19,956,952
Diluted earnings per share		
Adjustments to profit attributable to owners of parent (Thousands of yen)	–	–
Number of common shares increased (Shares)	41,260	34,192
Outline of dilutive shares that are not included in the calculation of diluted earnings per share due to a lack of dilutive effect	–	–

Significant subsequent events

Not applicable.