Results of Operations for the Fiscal Year Ended March 31, 2024 (FY3/24)

餃子の王将
日本を美味しく
GYOZA OHSHO

OHSHO FOOD SERVICE CORP.

Tokyo Stock Exchange, Prime

9936

May 28, 2024

Executive summary

FY3/24 Summary

◆Net sales increased 9.0% to a record high; Operating profit achieved a significant increase of 28.9%

- Achieved record high annual sales for two consecutive years, exceeding ¥100 billion for the first time
- Achieved record high monthly sales for 26 consecutive months and record high single-month sales six times
- Operating profit increased significantly as price revisions offset higher costs; the operating profit margin was 10.1%

FY3/25 Plan

◆Plan an 8.4% year-on-year increase in net sales and an 8.8% year-on-year increase in operating profit, both to a record high

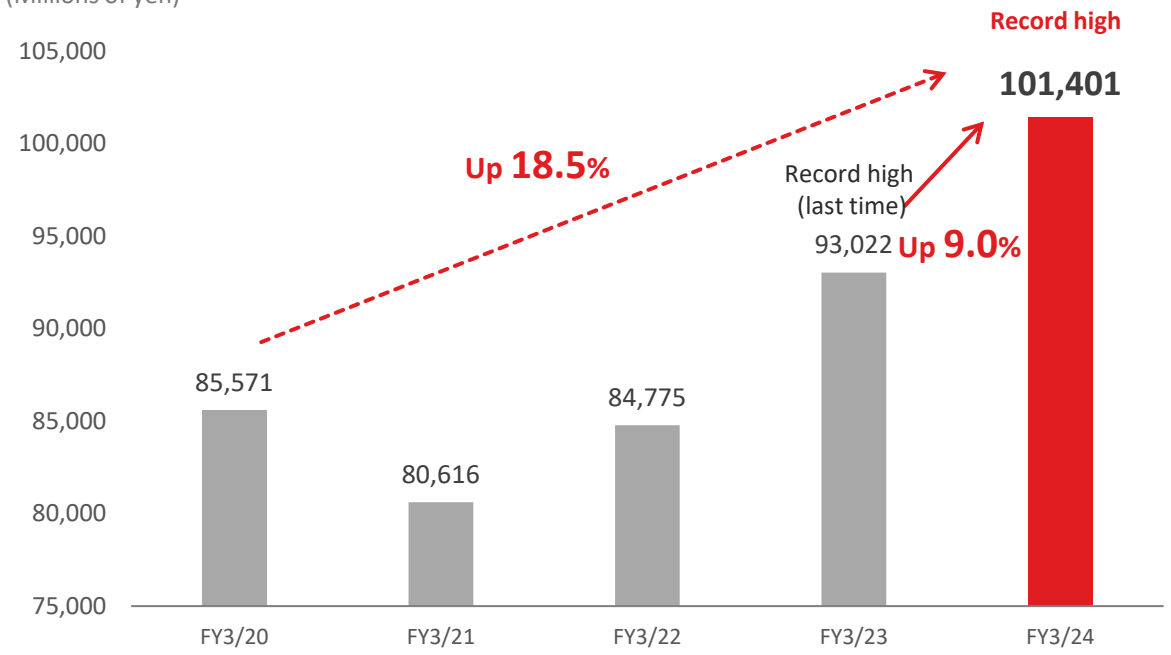
- More investments in equipment and people to continue growing
- Consider price revisions if prices of goods and labor increase more
- Make restaurant operations even more powerful to provide greater value to customers

FY3/24 Financial Highlights

Consolidated Sales

¥101,401 million Up **9.0**% YoY

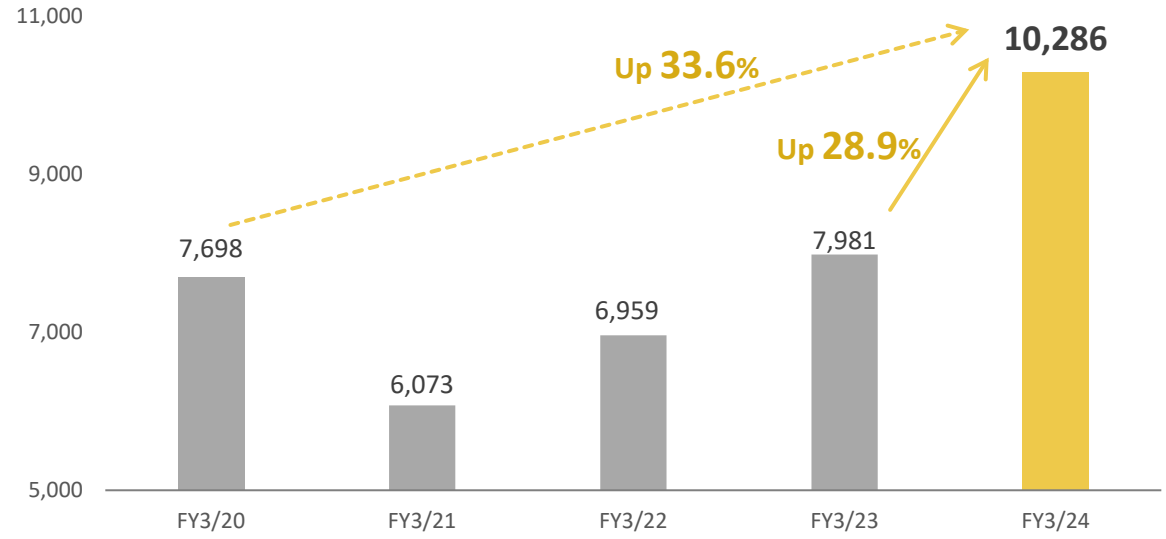
(Millions of yen)



Consolidated Operating Profit

¥10,286 million Up **28.9**% YoY

(Millions of yen)



*Fiscal year second half figures are used for some companies.

FY3/24 Financial summary (Half year)

(Millions of yen)	FY3/23	FY3/24					
		1H	2H	Full year	YoY change		
					1H	2H	Full year
Net sales	93,022	49,744	51,656	**101,401**	+10.2%	+7.9%	**+9.0%**
Eat-in*	58,703	32,689	34,295	**66,985**	+16.3%	+12.1%	**+14.1%**
Takeout/delivery*	26,113	12,754	12,816	**25,571**	-2.5%	-1.6%	**-2.1%**
Franchised stores*	7,891	4,106	4,321	**8,428**	+7.2%	+6.5%	**+6.8%**
Gross profit	63,657	33,913	35,646	**69,560**	+9.5%	+9.0%	**+9.3%**
Operating profit	7,981	4,988	5,297	**10,286**	+30.6%	+27.3%	**+28.9%**
Operating profit to net sales	8.6%	10.0%	10.3%	**10.1%**	-	-	-
Ordinary profit	9,140	5,122	5,374	**10,496**	+5.5%	+25.5%	**+14.8%**
Ordinary profit to net sales	9.8%	10.3%	10.4%	**10.4%**	-	-	-
Profit attributable to owners of parent	6,213	3,896	4,014	**7,911**	+26.8%	+27.8%	**+27.3%**
Profit to net sales	6.7%	7.8%	7.8%	**7.8%**	-	-	-
Net income per share	330.50 yen	207.15 yen	213.35 yen	**420.46 yen**	-	-	-

* Stores in Japan

FY3/24 Financial summary (Quarterly)

(Millions of yen)	FY3/23	FY3/24					
		1Q	2Q	1H	3Q	4Q	Full year
Net sales	93,022	24,623	25,121	**49,744**	25,784	25,872	**101,401**
Eat-in*	58,703	16,151	16,538	**32,689**	17,034	17,261	**66,985**
Takeout/delivery*	26,113	6,322	6,431	**12,754**	6,434	6,382	**25,571**
Franchised stores*	7,891	2,053	2,053	**4,106**	2,202	2,119	**8,428**
Gross profit	63,657	16,785	17,127	**33,913**	17,708	17,937	**69,560**
Operating profit	7,981	2,415	2,573	**4,988**	2,532	2,764	**10,286**
Operating profit to net sales	8.6%	9.8%	10.2%	**10.0%**	9.8%	10.7%	**10.1%**
Ordinary profit	9,140	2,517	2,605	**5,122**	2,619	2,754	**10,496**
Ordinary profit to net sales	9.8%	10.2%	10.4%	**10.3%**	10.2%	10.6%	**10.4%**
Profit attributable to owners of parent	6,213	2,135	1,761	**3,896**	1,732	2,281	**7,911**
Profit to net sales	6.7%	8.7%	7.0%	**7.8%**	6.7%	8.8%	**7.8%**
Net income per share	330.5 yen	113.54 yen	93.66 yen	**207.15 yen**	92.15 yen	121.32 yen	**420.46 yen**

* Stores in Japan

FY3/24 Balance sheets

– **A further increase in financial soundness. The equity ratio was 75.0%.**

Assets

(Millions of yen, %)	FY3/23 Amount	FY3/24 Amount	FY3/24 %	Change
Current assets	35,869	**40,607**	**44.4%**	+4,738
Cash and deposits	32,029	**36,296**	**39.7%**	+4,267
Non-current assets	48,234	**50,854**	**55.6%**	+2,620
Property, plant and equipment	36,129	**37,750**	**41.3%**	+1,620
Buildings and structures	12,177	**13,795**	**15.1%**	+1,617
Land	20,134	**19,902**	**21.8%**	-231
Intangible assets	197	**145**	**0.2%**	-52
Investments and other assets	11,907	**12,959**	**14.2%**	+1,051
Investment securities	3,855	**4,166**	**4.6%**	+310
Guarantee deposits	4,510	**4,702**	**5.1%**	+192
Deferred tax assets	2,316	**2,011**	**2.2%**	-305
Allowance for doubtful accounts	(14)	**(14)**	**(0.0)%**	0
Total assets	84,103	**91,462**	**100.0%**	+7,358

Liabilities and Net Assets

(Millions of yen, %)	FY3/23 Amount	FY3/24 Amount	FY3/24 %	Change
Current liabilities	12,624	**14,975**	**16.4%**	+2,351
Current portion of long-term borrowings	2,000	**2,000**	**2.2%**	0
Non-current liabilities	8,709	**7,851**	**8.6%**	-858
Long-term borrowings	7,000	**5,000**	**5.5%**	-2,000
Total liabilities	21,333	**22,827**	**25.0%**	+1,493
Shareholders' equity	63,561	**68,129**	**74.5%**	+4,568
Share capital	8,166	**8,166**	**8.9%**	0
Capital surplus	9,393	**9,459**	**10.3%**	+65
Retained earnings	56,630	**61,096**	**66.8%**	+4,466
Treasury shares	(10,629)	**(10,593)**	**(11.6)%**	+36
Accumulated other comprehensive income	(791)	**505**	**0.6%**	+1,297
Total net assets	62,770	**68,635**	**75.0%**	+5,865
Total liabilities and net assets	84,103	**91,462**	**100.0%**	+7,358

FY3/24 Cash flows

- **A big increase in cash flows from operating activities**
- **A much higher free cash flow**

(Millions of yen)	FY3/23	**FY3/24**	Change
Cash flows from operating activities	7,325	**12,210**	4,884
Profit before income taxes	8,758	**10,753**	1,994
Depreciation	2,672	**2,801**	129
Income taxes paid	(5,191)	**(1,368)**	3,822
Cash flows from investing activities	(3,229)	**(3,215)**	14
Purchase of property, plant and equipment	(3,206)	**(3,482)**	-276
Free cash flow	4,095	**8,994**	4,898
Cash flows from financing activities	(9,508)	**(4,728)**	4,779
Increase (decrease) in borrowings	(7,063)	**(2,000)**	5,063
Dividends paid	(2,443)	**(2,727)**	-284
Cash and cash equivalents at end of period	32,029	**36,296**	4,267

FY3/25 Outlook

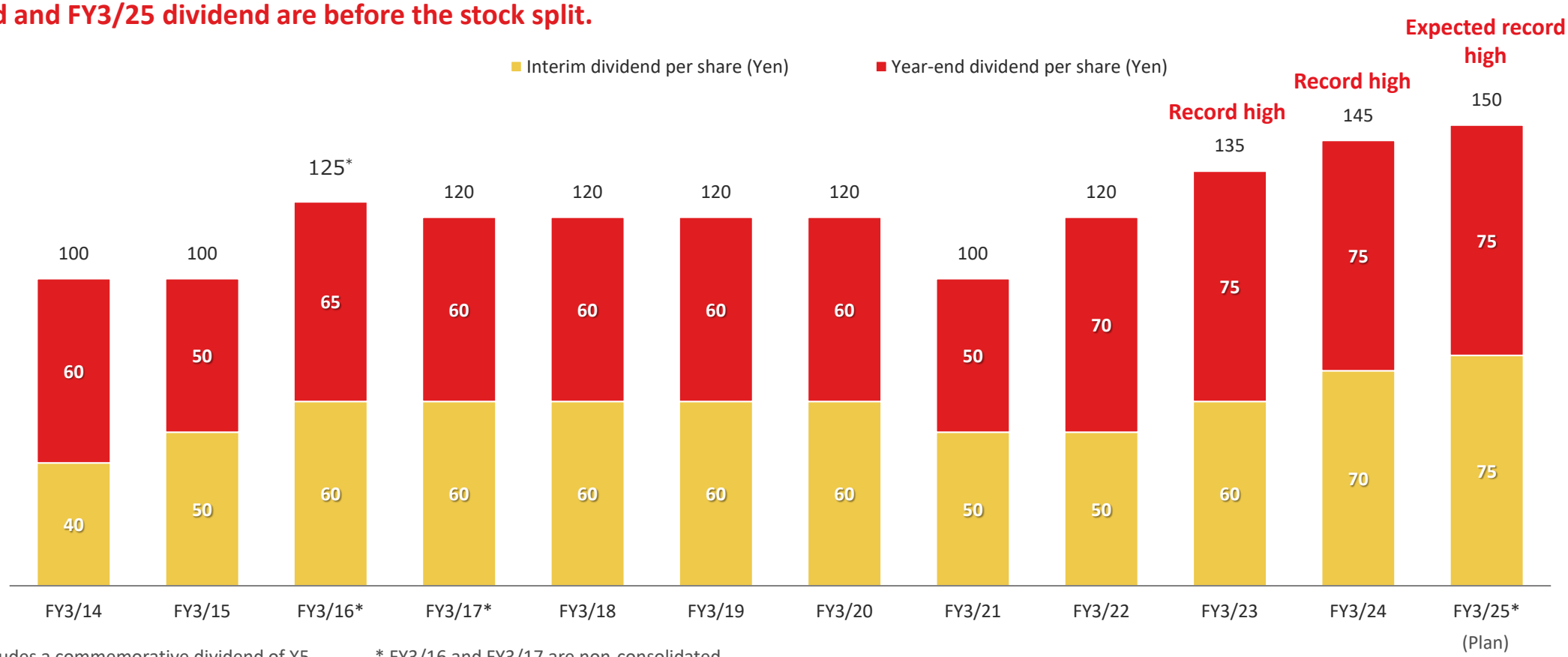
- **Planning on a 6.7% increase in existing store sales**
- **Planning on a record-high operating profit**

(Millions of yen)	FY3/22 Results	FY3/23 Results	FY3/24 Results	FY3/25 Full year Plan	FY3/25 YoY change Amount	FY3/25 YoY change %	(Reference) vs. FY3/20 %
Net sales	84,775	93,022	101,401	**109,875**	+8,473	+8.4%	+28.4%
Gross profit	58,175	63,657	69,560	**75,037**	+5,477	+7.9%	+24.8%
Operating profit	6,959	7,981	10,286	**11,196**	+909	+8.8%	+45.4%
Operating profit to net sales	8.2%	8.6%	10.1%	**10.2%**	+0.1pt	-	-
Ordinary profit	13,024	9,140	10,496	**11,373**	+876	+8.4%	+40.7%
Ordinary profit to net sales	15.4%	9.8%	10.4%	**10.4%**	0.0pt	-	-
Profit attributable to owners of parent	8,807	6,213	7,911	**7,970**	+58	+0.7%	+50.1%
Profit to net sales	10.4%	6.7%	7.8%	**7.3%**	-0.5pt	-	-
Net income per share	469.01 yen	330.50 yen	420.46 yen	**423.49 yen**	+3.03 yen	-	-

Shareholder returns

- **Plan to pay ¥75 per share for the interim dividend and ¥75 for the year-end dividend, which will result in ¥150 for FY3/25 annual dividend.***
- **Record high dividend is expected for the third consecutive year.**

*** The year-end dividend will be changed to ¥25 due to a three-for-one stock split with a record date of September 30, 2024. The above year-end dividend and FY3/25 dividend are before the stock split.**



*FY3/16 includes a commemorative dividend of ¥5. * FY3/16 and FY3/17 are non-consolidated.
*FY3/25 year-end dividend and annual dividend are before the stock split.

Stock split and more shareholder benefits

- **There will be a three-for-one stock split to make Ohsho stock more accessible to investors and attract an even broader range of shareholders**
- **Revised the shareholder benefit program to increase benefits**

Revisions to dividend forecast

(Yen)

	Dividend per share		
	Interim	Year-end	Annual
FY3/25 Previous forecast (announced on May 15, 2024)	75	75	150
FY3/25 Forecast	75	25	-
(Before the stock split)	(75)	(75)	(150)
FY3/24 Results	70	75	145

Note: The interim dividend per share with the record date of September 30, 2024 is based on the number of shares before the stock split.

"Notice of Stock Split, Revisions to Dividend Forecasts, and Changes in Shareholder Benefit Program" announced on May 23, 2024

Changes in shareholder benefit program

Current		After change	
Number of shares held	Shareholder gift card	**Number of shares held**	**Shareholder gift card**
100 or more	¥2,000 (¥4,000/fiscal year)	**100 or more**	**¥2,000** (¥4,000/fiscal year)
200 or more	¥3,000 (¥6,000/fiscal year)	**300 or more**	**¥3,000** (¥6,000/fiscal year)
500 or more	¥6,000 (¥12,000/fiscal year)	**500 or more**	**¥4,000** (¥8,000/fiscal year)
1,000 or more	¥12,000 (¥24,000/fiscal year)	**1,000 or more**	**¥6,500** (¥13,000/fiscal year)
-	-	**2,000 or more**	**¥12,500** (¥25,000/fiscal year)
-	-	**4,000 or more**	**¥17,500** (¥35,000/fiscal year)
100 or more (only end of March)	One shareholder gift card	**No change**	

Note: As a one-time bonus for shareholders, Ohsho Food will give shareholders of record holding at least 100 shares at the end of September 2024 gift cards corresponding to three times the number of shares held on that date based on the revised benefit program.

Activities for Creating Value

- Accomplishments of prior years -



Gyoza innovations year after year

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GYOZA OHSHO

Main ingredients sourced in Japan



Gyoza with No Garlic



Ginger Gyoza with No Garlic new version



Gyoza with extra garlic



Ninniku Nouveau



Challenge 2024



2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024

Higashimatsuyama Plant



Kumiyama Plant expansion



Standardized gyoza griddles



Providing new value by accurately targeting customers' needs

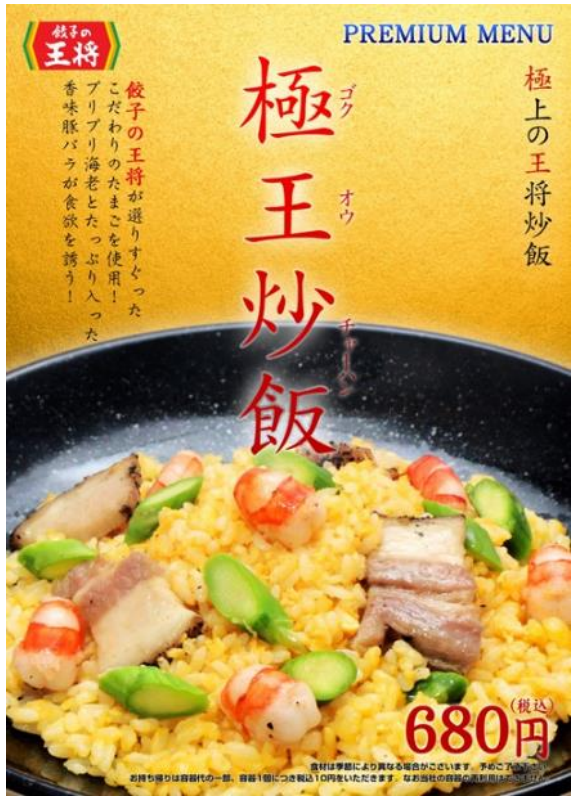
- **Just the Right Size Menu**

  For customers who want to try many menu items in small portions

- **Goku-Oh Series**

  New high value-added menu items for customers who want premium dishes at slightly higher prices

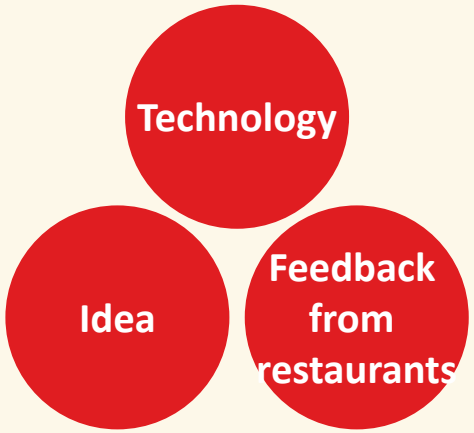




Development of “Wasurerarenai Chukasoba”

Concept is “a nostalgic yet new taste”

Planning and development capabilities





A new menu item as consumers seek products popular during the Showa Era

Wasurerarenai Chukasoba (Chinese noodles that can be never forgotten)

A big hit with cumulative sales of more than 4.76 million units

*As of the end of March 2024

*Prices shown are for western Japan.

The first location using the new GYOZA OHSHO format

A restaurant format developed by the Ohsho Women's Team that targets women





Rapid increase in restaurants with a delivery service

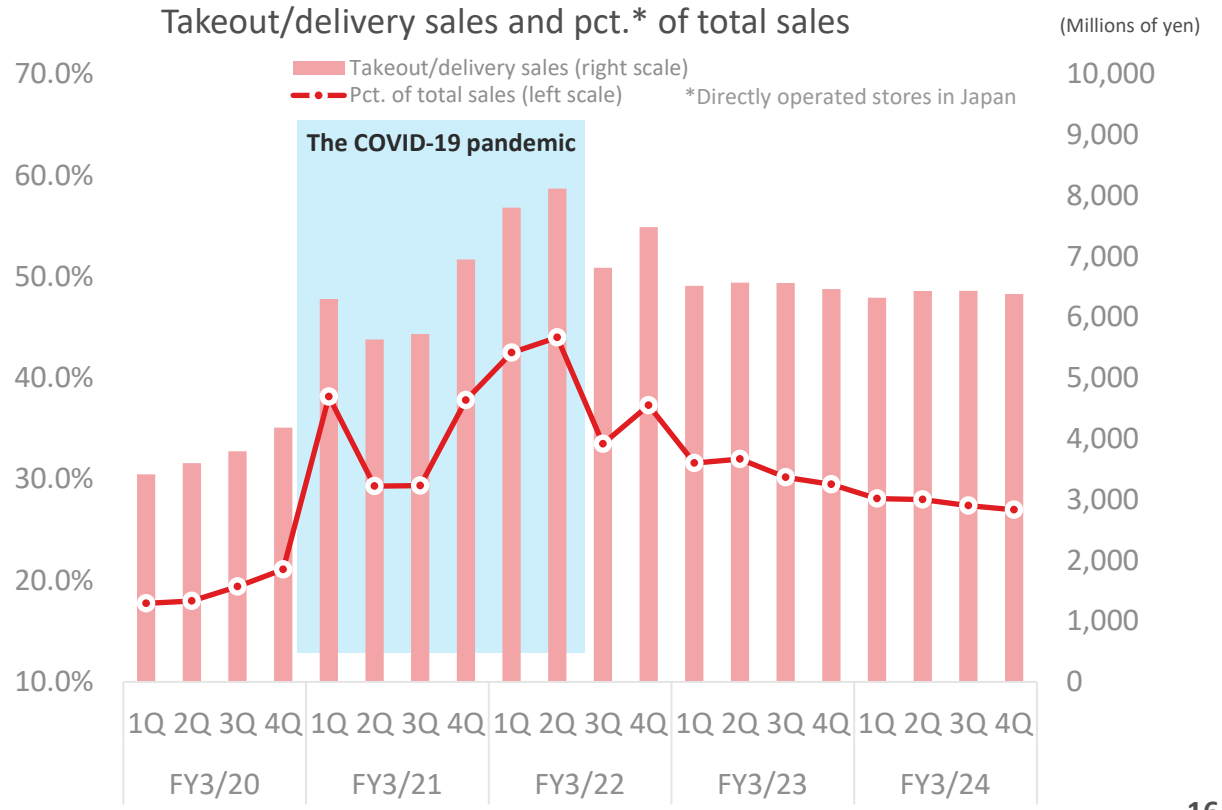
- More steps to meet new customer needs -

Pandemic delivery demand started rapid growth in locations with a delivery service, enabling restaurants to add new market categories

Deliveries offset the decline in eat-in sales during the pandemic and bring in new customers



Demae-can　Uber Eats　menu



Opened Joy-Naho-Ikejiri-ohashi Store

A new restaurant format to respond to the surging demand for takeout services

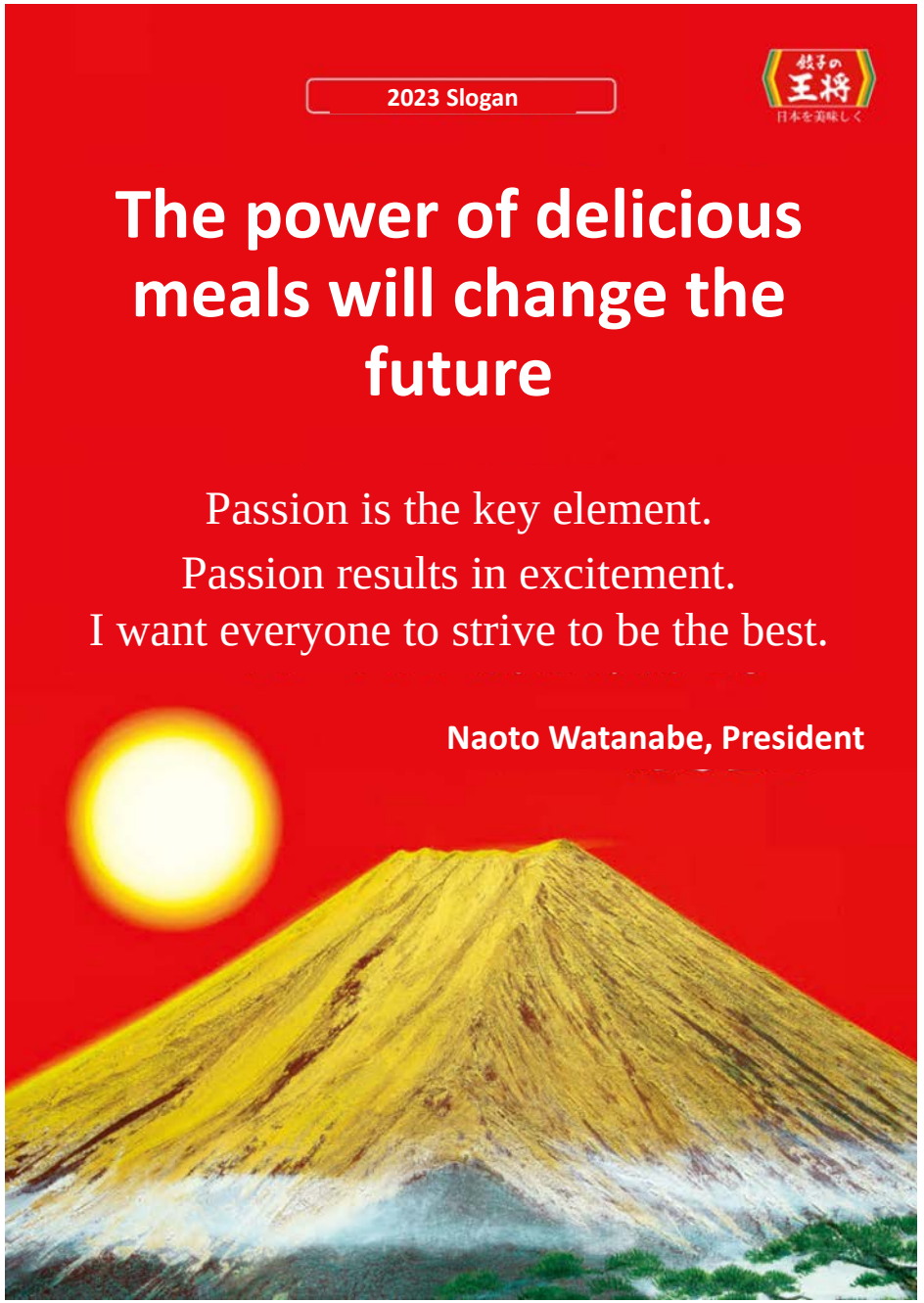
To meet customers' needs after the pandemic ended, offering a wide variety of takeout menus served in microwaveable containers for a new way to enjoy Chinese dishes





FY3/24 Initiatives

- The power of delicious meals will change the future -

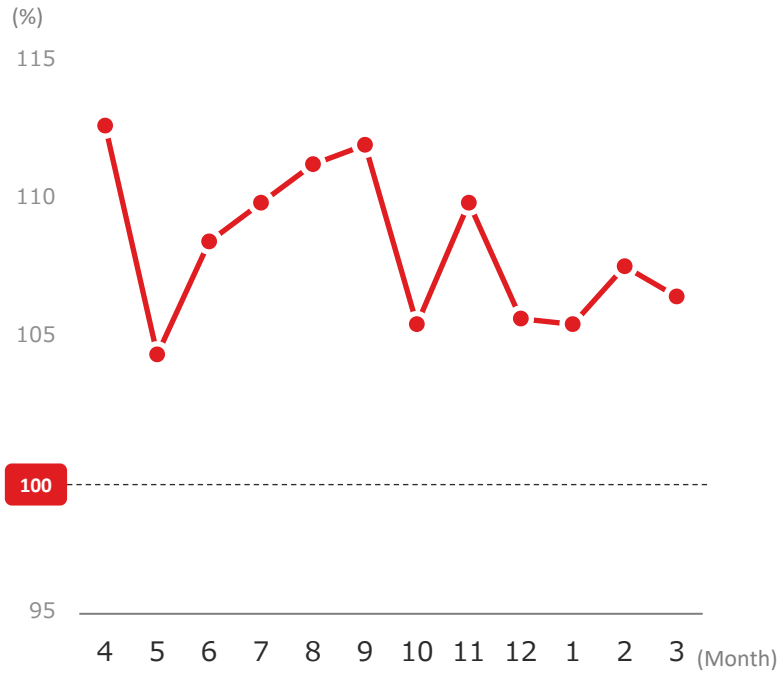


FY3/24 existing store performance

- Sales, number of customers and sales per customer at existing stores were all higher on a monthly basis than one year earlier.
- Total sales have increased to a new record high for a specific month for 26 consecutive months. Set a new record high for sales in any month six times.

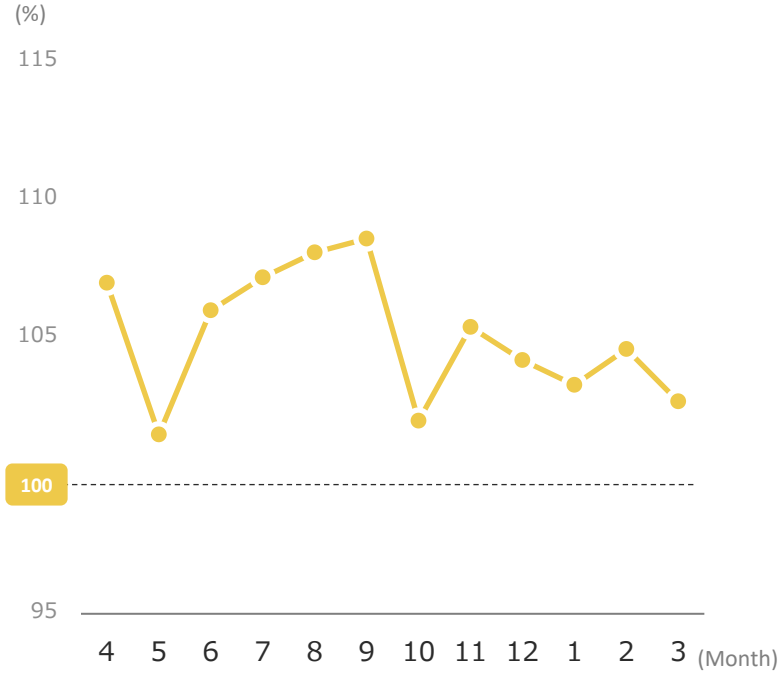
Existing store sales (YoY)

+8.2%



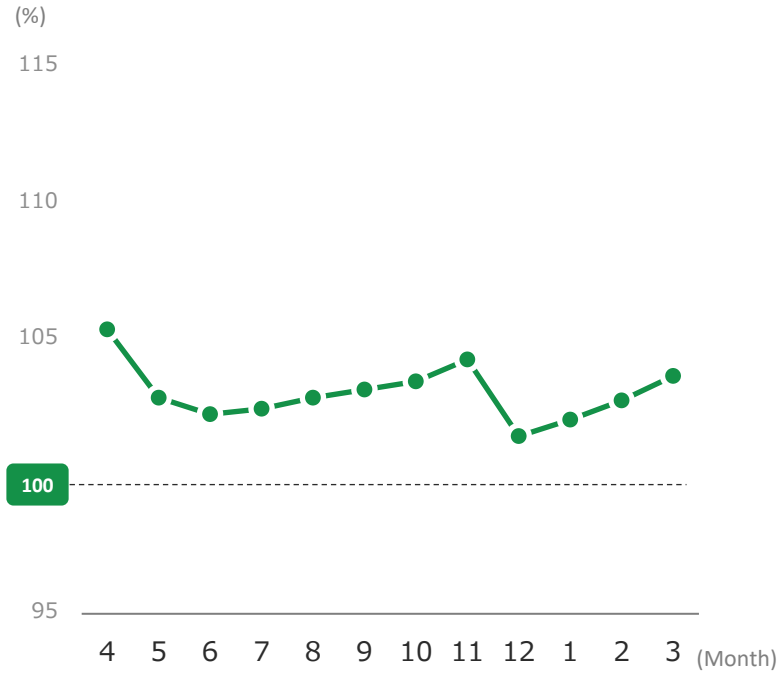
Number of customers in existing stores (YoY)

+5.0%



Sales per customer at existing stores (YoY)

+3.1%



Price revisions

- **The third time price revisions were made only for some menu items due to the sharply higher cost of ingredients.**
- **The cost of ingredients is still increasing.**

Prices of some menu items were revised on October 17



Gyoza: Pan-fried Pork Dumplings
Ginger Gyoza with No Garlic
Gyoza with extra garlic



Chahan:
Pork Fried Rice



Tenshin-Han:
Omelette on Fried Rice



Fried chicken fillet

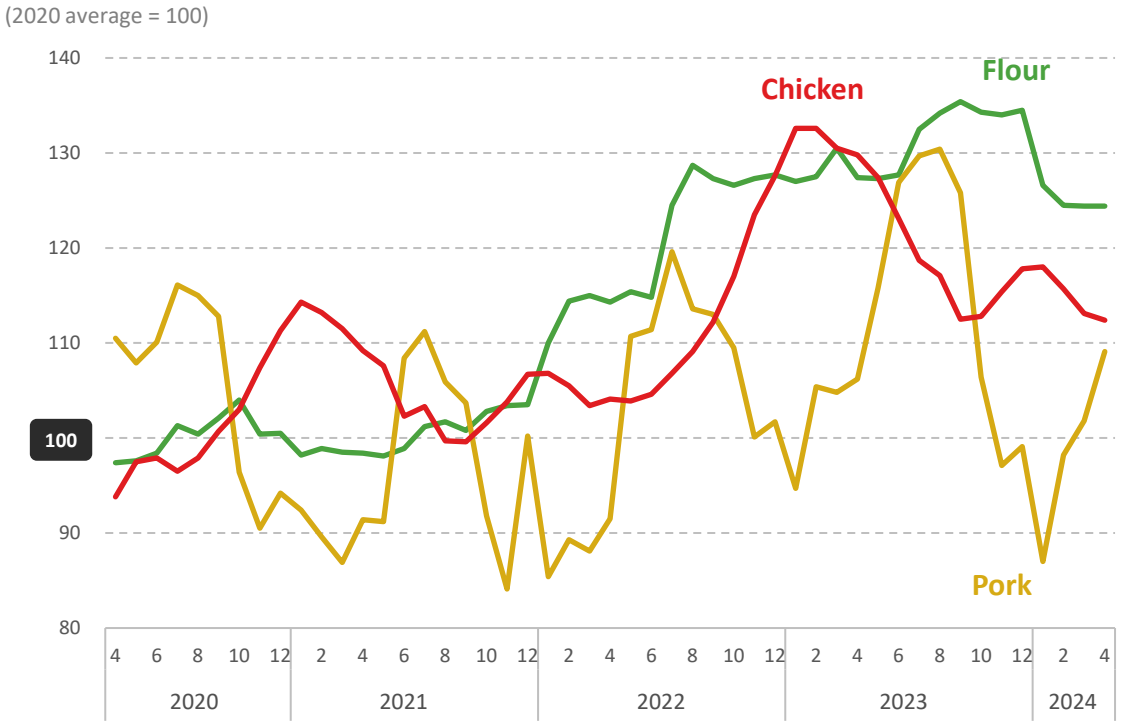


Gyoza no Ohsho Ramen

7 Grand Menu items

Prices increased by ¥20 to ¥50 (before tax)

Wholesale Price Index for Selected Ingredients in Japan



(Source) Bank of Japan

Constantly increasing the “power of delicious meals”

- **Always making upgrades to provide food that people enjoy no matter how many times they order it.**
- **Constantly provide hands-on trainings, online cooking lessons and meal preparation training lessons to increase the “power of delicious meals”**

Culinary skills



Hands-on training

Students in FY3/24
844



Online cooking lessons

Students in FY3/24
13,507

Cooking knowledge training



Cooking knowledge training program

Students in FY3/24
3,887

Rigorous basic training

Upgrade of knowledge

Ability to use knowledge

Even better flavors

New training programs for even better Ohsho hospitality

– To further upgrade hospitality at restaurants, Ohsho has started training programs led by external instructors.

– More hospitality and services not linked to standard procedures in order to create “stores praised by our customers.”

Issues identified by some restaurant managers and employees



- Some managers need to improve customer service skills
- Some improvements may not be possible for some people
- Staffing shortages sometimes limit hospitality capabilities
- Some high-school part-timers have poor communication skills

Hospitality Training

- Throw away assumptions and end reliance on standard guidelines
- Examples of sincere services not based on standard guidelines
- Methods for using creative thinking
- Creating a culture and store environment based on compliments

The goals of Ohsho

- Delicious food
- A happy and energetic staff
- Outstanding customer service
- Restaurants people want to visit again and again





Benefits of “live” meal preparation and better QSC

- **Open kitchens nationwide with more than 10,000 highly trained employees add a feeling of liveliness and excitement to restaurants.**
- **Even better flavors and more QSC improvements have increased the number of e-mail messages from customers who praise Ohsho restaurants.**

Why does Ohsho use kitchens that customers can see?

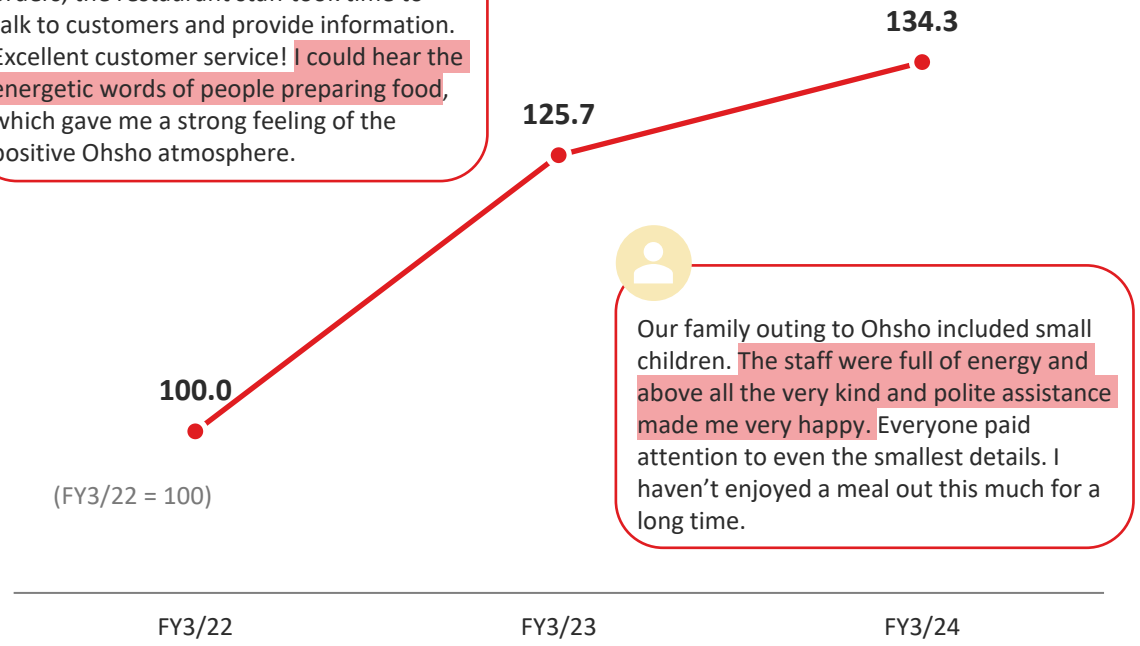
- Restaurants are designed with priority on the kitchen
- Visibility to customers increases the motivation of the kitchen team
- Efficient meal preparation steps due to training and other activities
- Synergy created by meals enjoyed by all five senses and by outstanding hospitality





Number of positive messages from customers and examples

Even though there were many people and orders, the restaurant staff took time to talk to customers and provide information. Excellent customer service! I could hear the energetic words of people preparing food, which gave me a strong feeling of the positive Ohsho atmosphere.



Our family outing to Ohsho included small children. The staff were full of energy and above all the very kind and polite assistance made me very happy. Everyone paid attention to even the smallest details. I haven’t enjoyed a meal out this much for a long time.

Strategy for franchised restaurants

- **Further upgrade QSC at franchised stores by rigorously implementing the Ohsho standard.**
- **Sales of ingredients and supplies shipped to franchised stores increased even during the pandemic and these sales are now increasing even faster.**

The Ohsho standard at franchised restaurants

Even higher food quality

Teach personnel food preparation standards by using training programs at the Ohsho Cooking Dojo (repetition and use) for employees of franchised and all other restaurants.

Use the cooking knowledge training program for franchised restaurants too in order to reinforce the status of staff members who prepare meals.



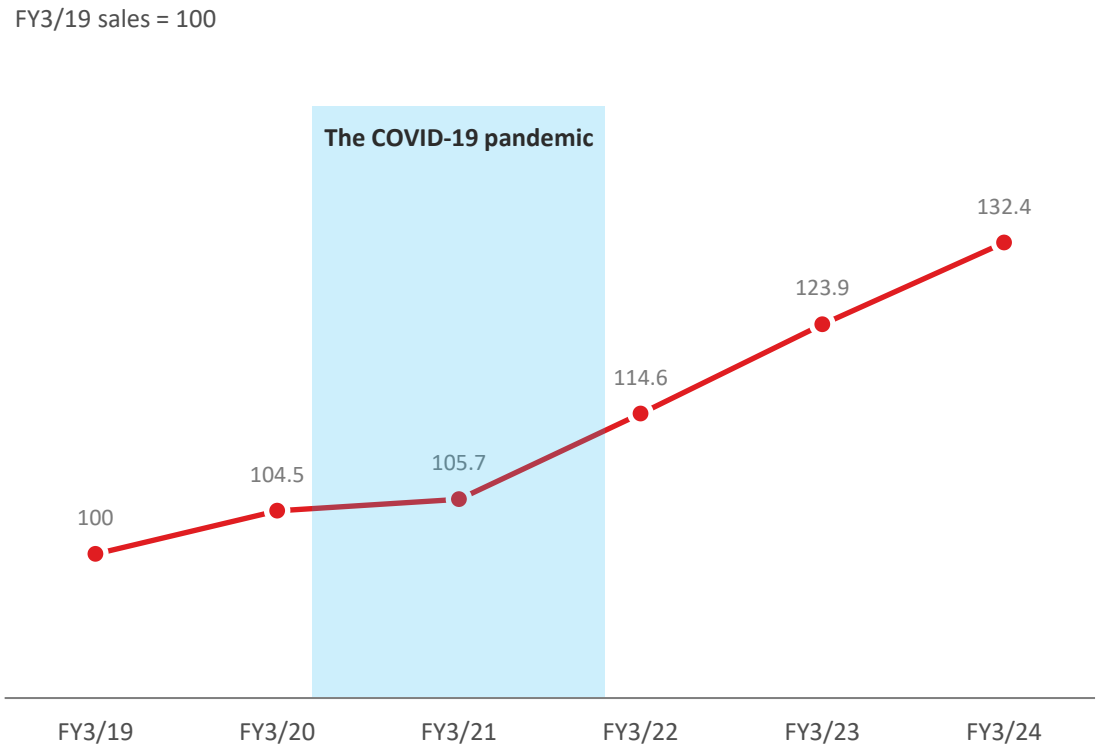
Even better customer service

Use customer service videos and the Customer Service Manual to establish a unified standard for customer service at franchised and all other restaurants.

Rigorously implement hygiene and cleaning procedures at franchised restaurants too.



Sales of ingredients and supplies to franchised restaurants



Many sales activities by using a variety of campaigns

- Campaigns that bring in many people so that even more customers can enjoy Ohsho's delicious menu items.
- Very successful draft beer campaign due partly to downgrade of COVID-19 and hot summer weather.





	2023						Price revisions			2024		
Major campaigns in FY3/24	Apr.	May	Jun.	Jul.	Aug.	Sep.	**Oct.**	Nov.	Dec.	Jan.	Feb.	Mar.
Gyoza Club customer appreciation campaign for 2023	Jan. 16 - Jun.11 →											
Gyoza Club customer appreciation campaign for 2024				Jun. 23 - Dec. 10 →						Jan. 15 - Jun. 9 →		
Gyoza Club "Double stamp campaign"	Apr. 16 - Apr. 30 →	May 16 - May 31 →				Sep. 16 - Sep. 30 →	Oct. 16 - Oct. 31 →					
Stamp campaign for uncooked gyoza					Aug. 1 - Nov. 30 →							
Draft beer discount campaign	Apr. 1 - Apr. 30 →	May 1 - May 15 → ¥100 discount coupon	Jun. 1 - Jun. 30 → ¥100 discount after the second glass of beer	Jul. 1 - Jul. 31 → ¥30 discount	Aug. 1- Aug. 15 → ¥100 discount coupon	Sep. 1 - Sep. 30 → ¥100 discount after the second glass of beer	Oct. 1- Oct. 31 → ¥30 discount	Nov. 1 - Nov. 15 → ¥100 discount coupon	Dec. 1 - Dec. 30 → ¥100 discount after the second glass of beer	Date of operations started - Jan. 31 → ¥30 discount	Feb. 1 - Feb. 15 → ¥100 discount coupon	Mar .1 - Mar. 31 → ¥100 discount after the second glass of beer
Year-end and new-year customer appreciation campaign									Dec. 11, 2023- Jan. 14, 2024 →			

Record number of Gyoza Club members

- **The number of card users during Gyoza Club customer appreciation campaign for 2023 was an all-time high 1.094 million.**
- **The increase in the users of 7% discount club cards contributed to an increase in the number of the most loyal customers, who eat at Ohsho very frequently.**
- **More exchanges of points for 2024 Ohsho products.**

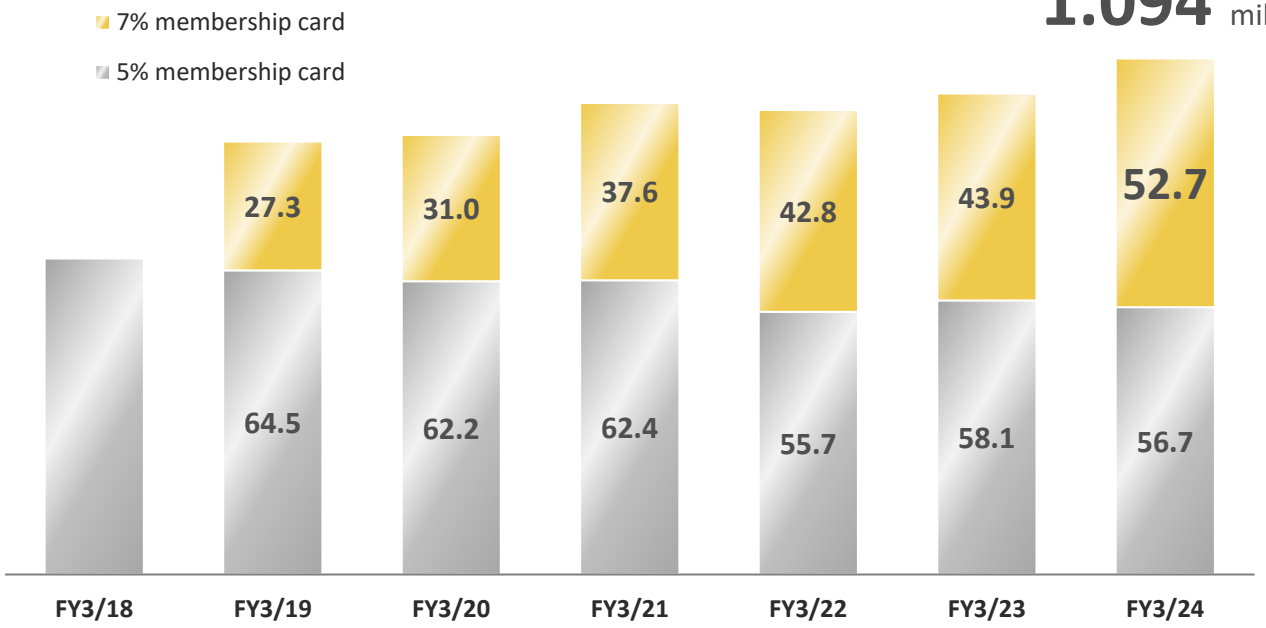
Number of Gyoza Club Cards Users (10 thousand)

5% membership card: Received after accumulating 25 stamps

7% membership card: Given to 5% card holders who accumulate an additional 25 stamps







Record high

1.094 million

Exchanges of points for 2024 Ohsho products
Up 14% YoY (June-December 2023)

Products for 35 points



Noodle utensils

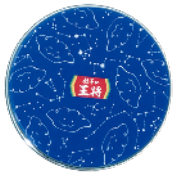


Smart phone case



Towels

Products for 50 points



Wireless charger



Ramen bowl

*Based on point exchanges using the app.

Big investments in human resources to recognize the hard work of employees

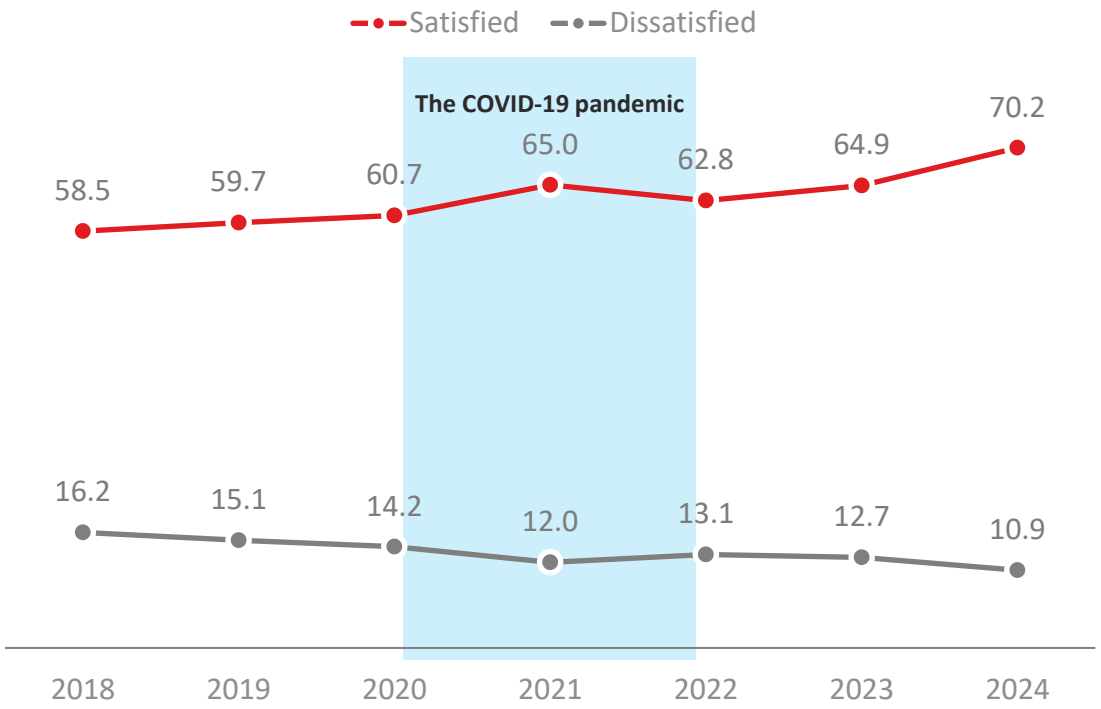
- The average of additions to winter bonus payments per employee in FY3/24 reached a record high.
- Proper recognition of the hard work of employees increases their motivation.

	FY3/23				FY3/24			
	April	July	December	March	April	July	December	March
Standard monthly salary / Bonuses (Request)		Summer bonuses Accepted the labor union's request	Winter bonuses Accepted the labor union's request	Increase of monthly salary Accepted the labor union's request for up ¥20,000		Summer bonuses Accepted the labor union's request for addition of 8.5%	Winter bonuses Accepted the labor union's request for addition of 10.0%	Increase of monthly salary Accepted the labor union's request for up ¥20,220 (5.9%)
Additions (Accepted)	Pandemic assistance payments ¥190 million	Special supplements ¥70 million Addition of 8.5%, a record high	Lifestyle support payments ¥80 million Addition of 10.0%, a record high	Accepted ¥22,000 Wages up 7.0%, a record high	Year-end closing bonus About ¥300 million	Additional bonus ¥70 million Addition of 8.5%	Additional bonus/ Special additional bonus ¥210 million Addition of more than 20% in total, a record high	Accepted ¥39,162 Wages up 11.5%, a record high

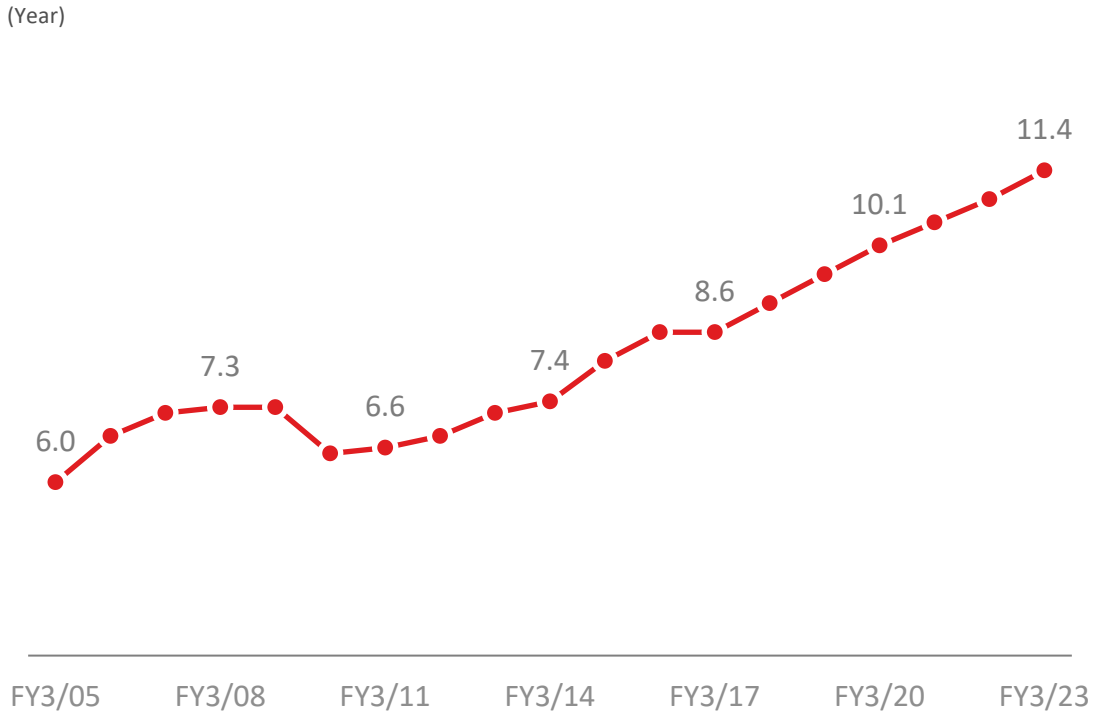
Benefits of big investments in human resources

- **Employee satisfaction is increasing every year and dissatisfaction is declining.**
- **The average length of employment at Ohsho is now about twice as high as in FY3/05.**

Employee satisfaction



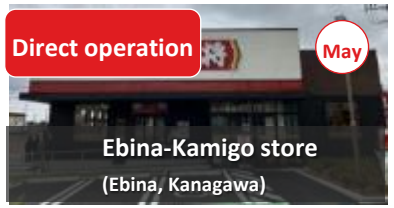
Average length of employment

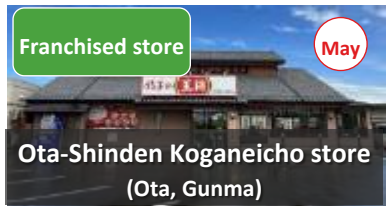


New restaurants

– **Opened 10 locations, renovated 4 locations and converted one location from franchised to directly operated restaurant, and one location from directly operated to franchised restaurant, resulting in 729 restaurants at the end of March 2024.**

New locations
10 stores





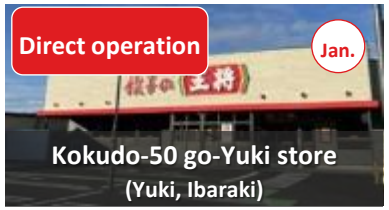




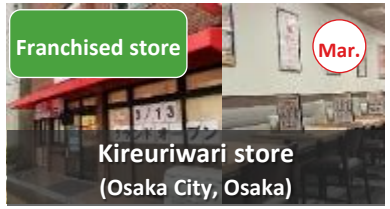








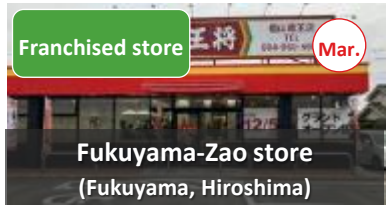




Renovation
4 stores



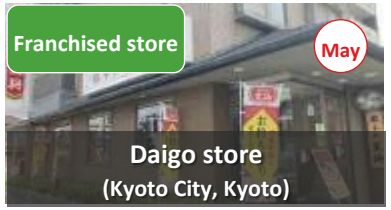






Conversion
Franchise → Direct operation
1 store
Direct operation → Franchise
1 store





Donations of food to help children

– **Ohsho restaurants nationwide donate “Bento for Kids” to children at daycare and other child care facilities.**

– **About 250,000 meals were donated during school holidays in FY3/24.**



Date				No. of facilities	No. of meals
2023	Spring break	March 27 - April 7	12 days	981	69,661
	Summer break	August 2 - 31 (Excluding the Bon holiday period)	20 days	1,342	101,620
	Winter break	December 26 - January 14, 2024 (Excluding year-end and new-year holidays)	13 days	1,154	81,074
2024	Spring break	March 26 - April 6	12 days	1,022	74,090
Total of nine meal distributions, starting in summer 2021				8,600	656,000

Bento for Kids for 2023 winter break

- Two gyoza
- Two pieces of fried chicken fillet
- Two sausages
- One serving of rice
- A can of Calpis Water® (160g)*



*The free meal program includes the support of Asahi Soft Drinks Co., Ltd.

Meals to support earthquake recovery activities

- **Ohsho ran a soup kitchen at a shelter in Nanao City, which was severely damaged by the January 2024 Noto Peninsula Earthquake, to provide those affected with Vegetable Stew Ramen and gyoza.**
- **Ohsho also sold Vegetable Stew Ramen at restaurants with ¥80 of the price donated to support earthquake recovery activities.**

Donations to help Noto Peninsula Earthquake victims

- **770 dishes** of gyoza and **540 bowls** of “Vegetable Stew Ramen”



Earthquake donation menu item



- Following the 2011 Great East Japan Earthquake, Ohsho donated ramen with ginger and generous amounts of vegetables.
- After this initial donation, Ohsho sold this ramen, with some revisions, at restaurants in March every year to support recovery activities.
- To support recovery activities after the Noto Peninsula earthquake, Ohsho added ¥50 to the donation per serving of ramen, resulting in a donation of ¥80 for every order in 2024. Furthermore, the donation period was et for a two-month period, longer than usual. Proceeds were donated to the Japanese Red Cross.

Period	Sales volume	Donation
February 1 - March 31, 2024	765,000 meals	¥61.22 million
Since the start of the donation (June 2011)	3,711,000 meals	¥160.19 million

Growth Strategy for FY3/25 and Beyond

- Goals with a long-term perspective -



Faster investments for growth due to strong sales and earnings

- **Due to the consistently strong performance of restaurants since before the pandemic, Ohsho is stepping up the pace of investments in people and capital expenditures for more growth.**
- **Large investments in people will reinforce the position of the workforce as the key component for further increasing the satisfaction of all stakeholders.**

Sales and earnings growth



Faster investments for growth

Investments for growth

People



Training programs
Constantly working on QSC by using classes on cooking knowledge and techniques and customer service as well as by upgrading what employees learn and how classes are held.



Sound benefits for employees
Salaries, bonuses and other benefits for employees, the source of value that only people can create, further increases their motivation and job satisfaction.

Restau-rants



Strategy for Japan
The goal is to increase sales at existing stores as 10 to 20 new locations are added every year with the aim of a network of 1,000 stores.



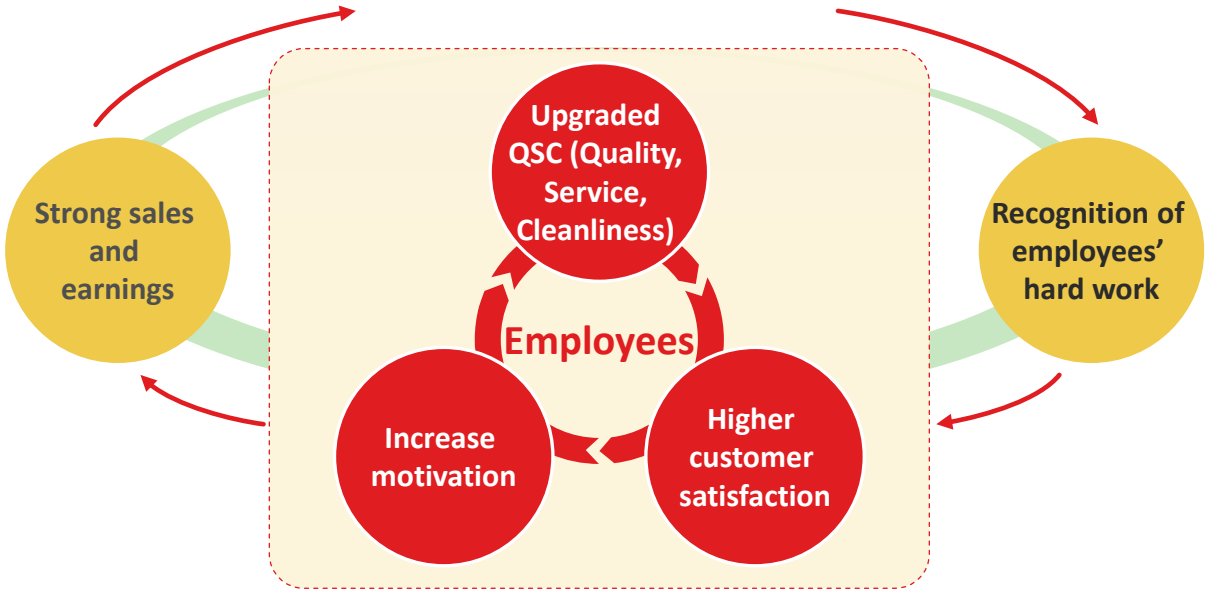
Overseas strategy
Starting preparations to open the third location in Taiwan and considering expansion of overseas operations to more regions of Asia.



Faster growth fueled by growth at existing stores and new restaurants

- Continue the growth of existing store sales by maintaining a virtuous cycle for the constant improvement of QSC.
- Grow even faster by using growth at existing stores as the base and adding new locations

Existing stores



Use a virtuous cycle for improving QSC for the constant growth of existing store sales.

Support for Restaurants

Ohsho Academy (Training programs)

Food Preparation Department



Management Department



Development of new menu items

Restaurant opening

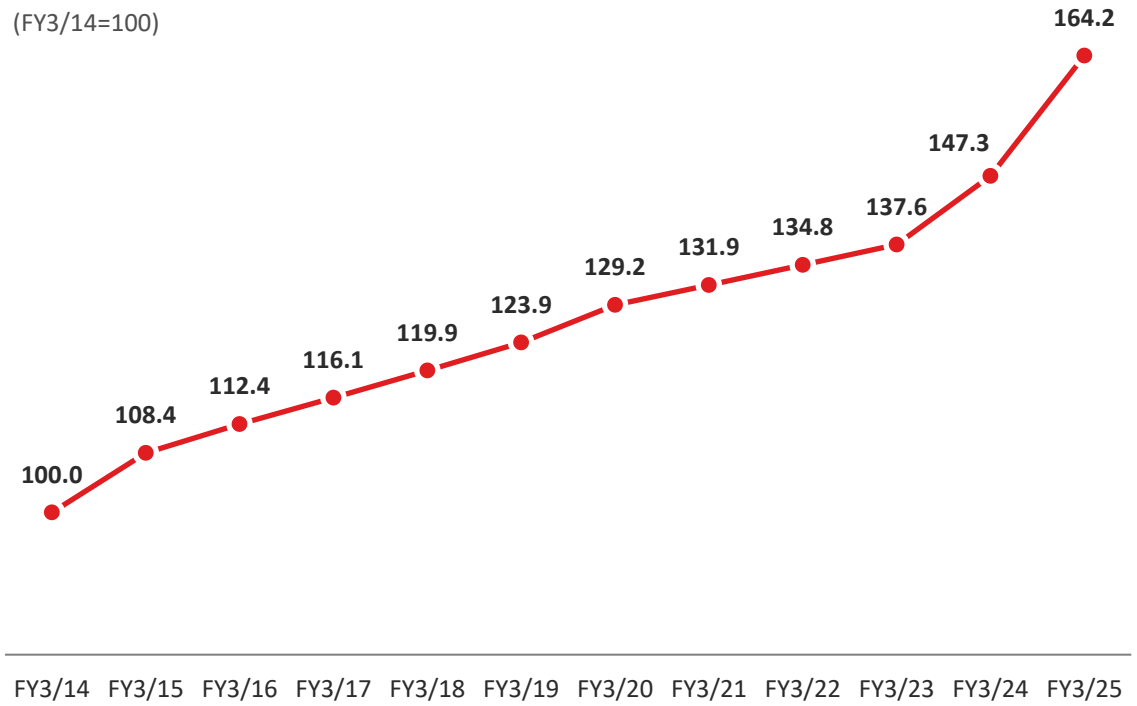
New stores

Starts contributing to growth after one year as an existing store

A firm commitment to rewarding employees for their hard work

- **Employees received an average raise of ¥39,162 per month, the second consecutive year of a record-high raise. The FY3/25 wage increase is 11.5%.**
- **The initial salary for new university graduates joining Ohsho was raised to one of the highest levels in the restaurant industry.**

Wage increases



Initial salary for new university graduates

Increased by ¥52,000/month

¥278,500

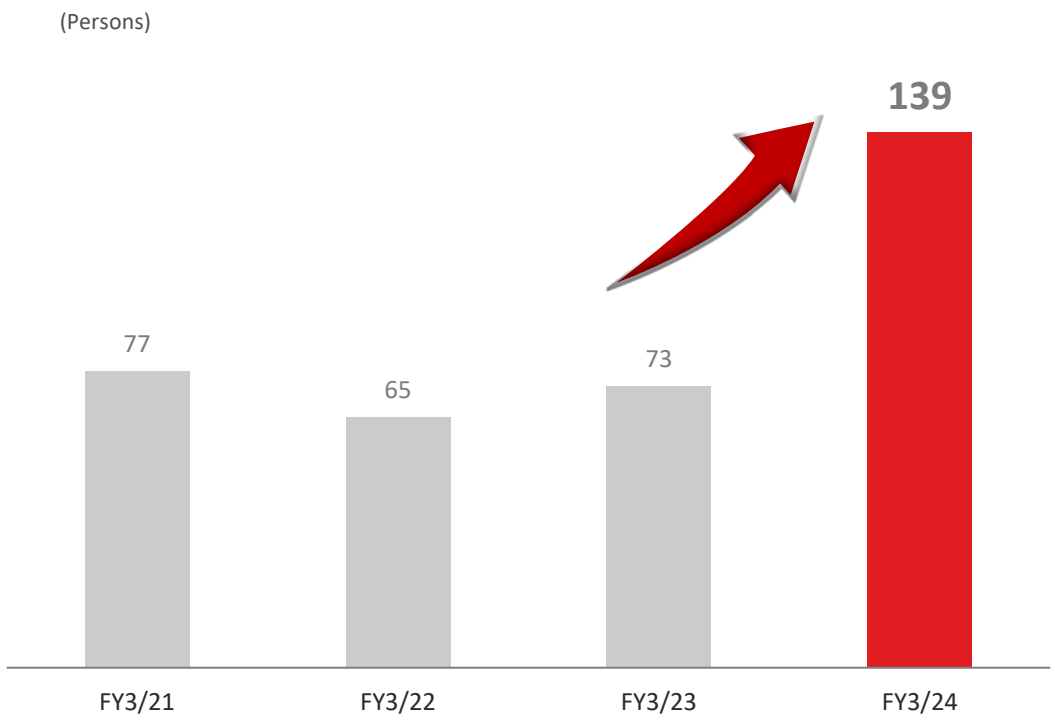
One of the highest initial monthly salaries in Japan's restaurant industry

Many recruiting activities are continuing in order to hire people needed for more growth.

Stepping up conversion of part-time workers to full time

- **In November 2023, Ohsho upgraded activities aimed at enabling people working part-time to be hired as regular full-time employees.**
- **This program makes it possible to make students who support Ohsho's value creation stance productive members of restaurant teams quickly.**
- **54 part-time people became full-time employees during about four months. During FY3/24, the number of these conversions to full-time status was 139, far more than in the previous fiscal year.**

Increase in part-time to full-time conversions



Activities for recruiting part-time workers

Ohsho has many activities for converting part-time workers to full-time status. University students working part-time at Ohsho prior to graduation have a direct route to becoming a full-time employee that is not available to other new graduates applying for jobs. People hired using the part-time work channel stay at Ohsho longer and become productive faster.



Part-time worker hiring initiatives

- Special payment when starting full-time status
- Payment to individuals who introduce part-time workers who become full time
- Confirmation of the individual's restaurant assignment

Use digital technologies for raising value that only people can provide

- Large digital technology investments at restaurants started in 2H FY3/23 for improvements in QSC and productivity.
- Higher efficiency due to digital technologies gives restaurant employees more time for customer services and other communications with customers.

Restaurant digital technology investment strategy

POS system replacements

Automatic change units	Partial-automatic payment units	Two POS units
Used at **205 stores**	Used at **163 stores**	Used at **135 stores**

System for takeout/delivery orders

Centralized delivery order system	Order completion notice system
Used at **311 stores**	Used at **6 stores**

Use extra time created by higher efficiency for improving customer services provided by the restaurant staff.

Strategy for digital investments for restaurant operations

Start of shift management support system that uses sales forecasts



Use extra time created by higher efficiency for more communications with customers.

Restaurant network expansion strategy

- Plan to rapidly add new locations in both key areas and areas new to Ohsho
- The plan is to add 10 to 20 stores every year with the goal of 1,000 stores nationwide
- Plan to increase the number of Joy Naho locations too

Directly operated stores

New stores in key areas and areas without an Ohsho restaurant

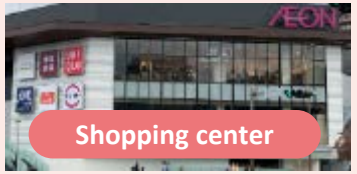
Key areas

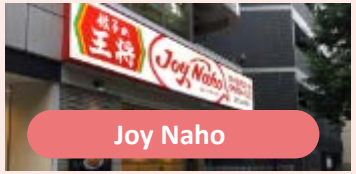
Kanto | Osaka-Kobe-Kyoto | Tokai | Northern Kyushu

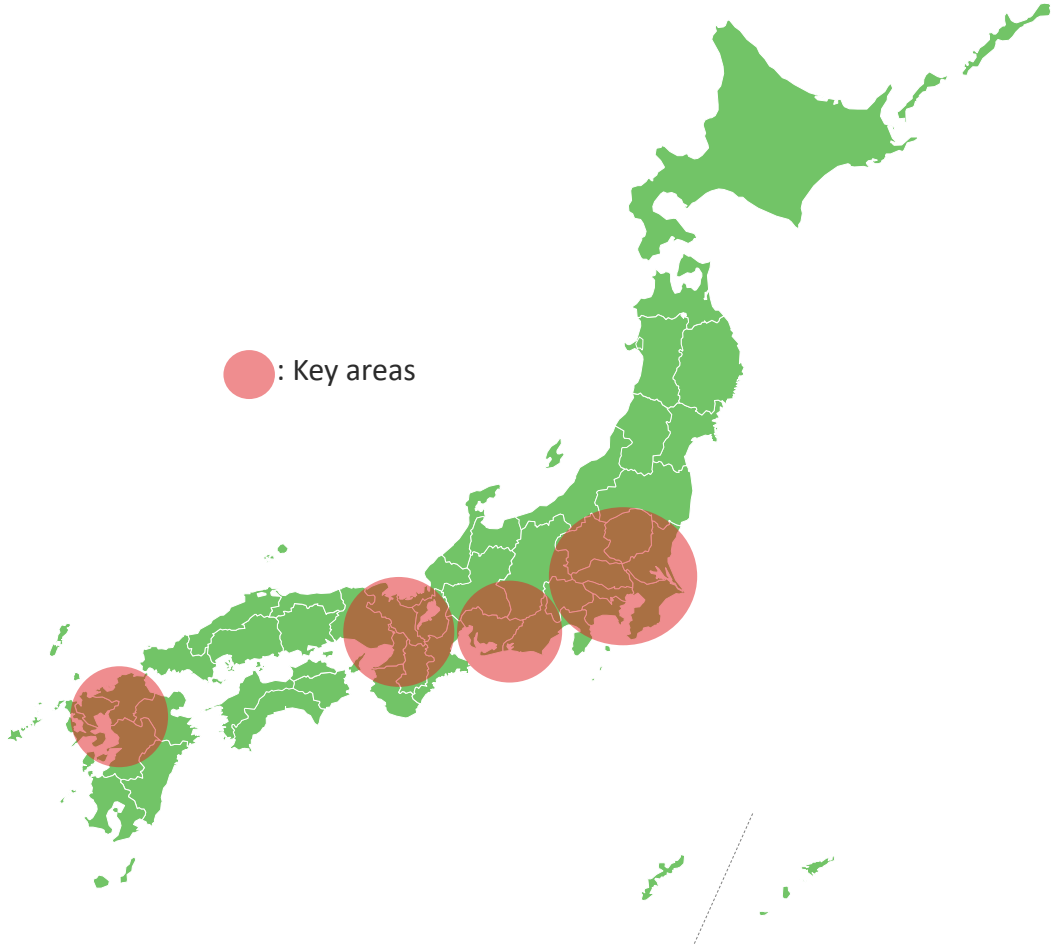
Major formats





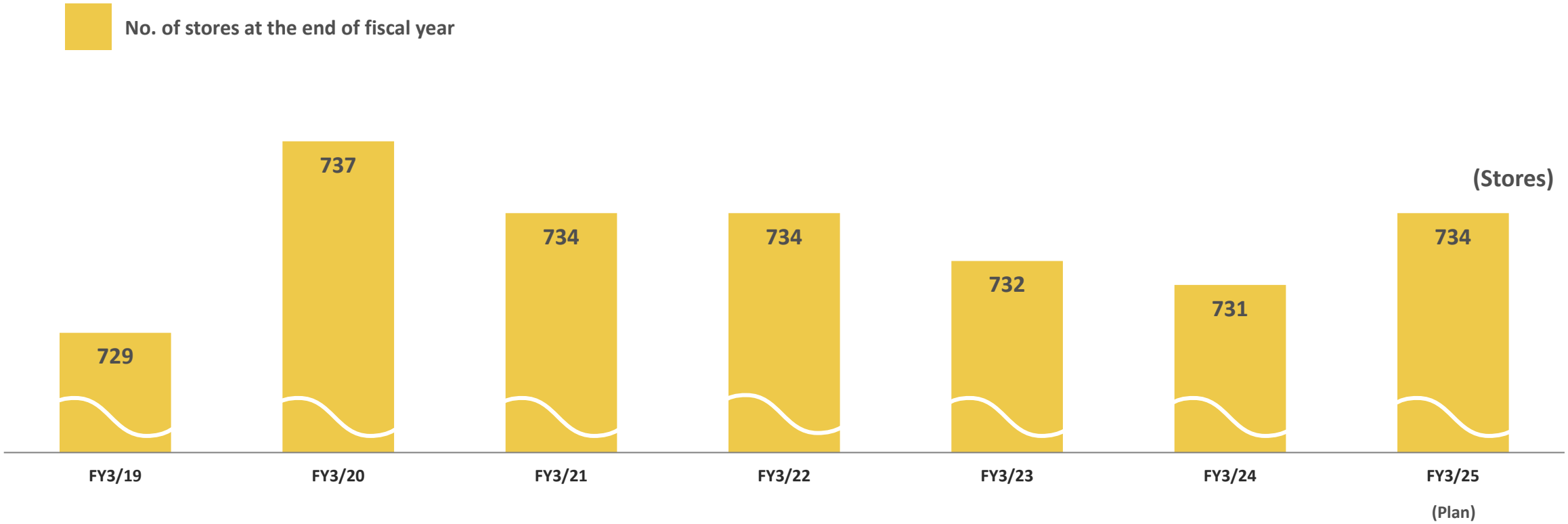






FY3/25 Plan for opening and closing restaurants

- Plan to open 10 locations and close 7 during FY3/25, resulting in an increase of 3 to 734 at the end of March 2025.
- 550 directly operated locations (up 5) and 184 franchised locations (down 2)

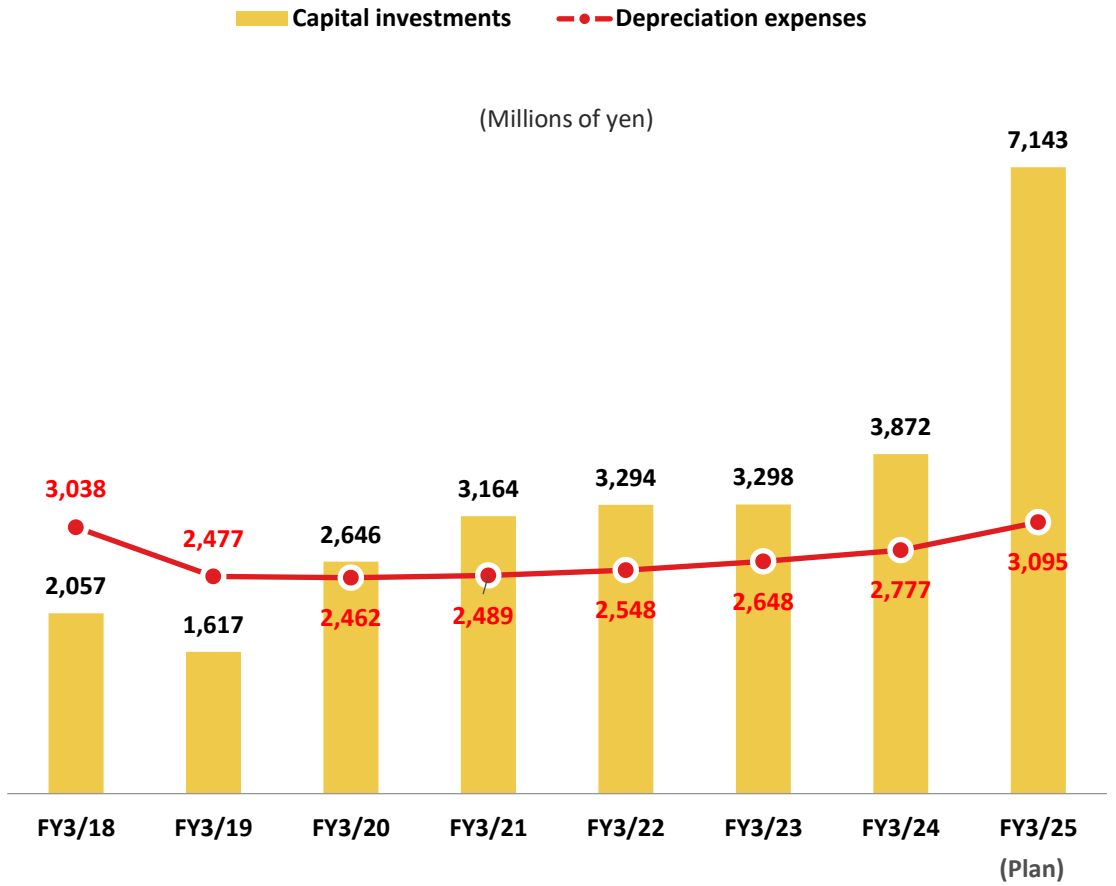


Capital expenditures and depreciation

- Planning on substantial investments in FY3/25 with capital expenditures of ¥7,100 million.
- A significant increase in investments for central kitchens for future growth
- A large volume of expenditures for opening new locations and renovating existing restaurants.

Capital expenditures

(Millions of yen)	FY3/24 Results	FY3/25 Plan
Opening of new stores	957	1,711
Renovation of existing stores	2,375	2,778
Central kitchens	476	1,903
Others	64	749
Total	3,872	7,143



Benefits of restaurant relocations

Fukuyama-Zao store

- A store on a major highway was relocated to a location on a smaller road convenient for residents of a residential area.
- The store interior was renovated and, for higher efficiency, the kitchen design was revised.

Before relocation



Relocation





Relocation



Store sales: Up 116%*
Takeout sales: Up 141%*

Kawauchihanazono-eki-mae store

- The store was relocated from a back street to a location in front of the railway station.
- The kitchen was expanded to enable a further increase in the volume of takeout/delivery sales.

Before relocation



Relocation





Relocation



Store sales: Up 131%*
Takeout sales: Up 264%*

*Jan-Mar 2024 sales vs. Jan-Mar 2023 sales before the use of POS system

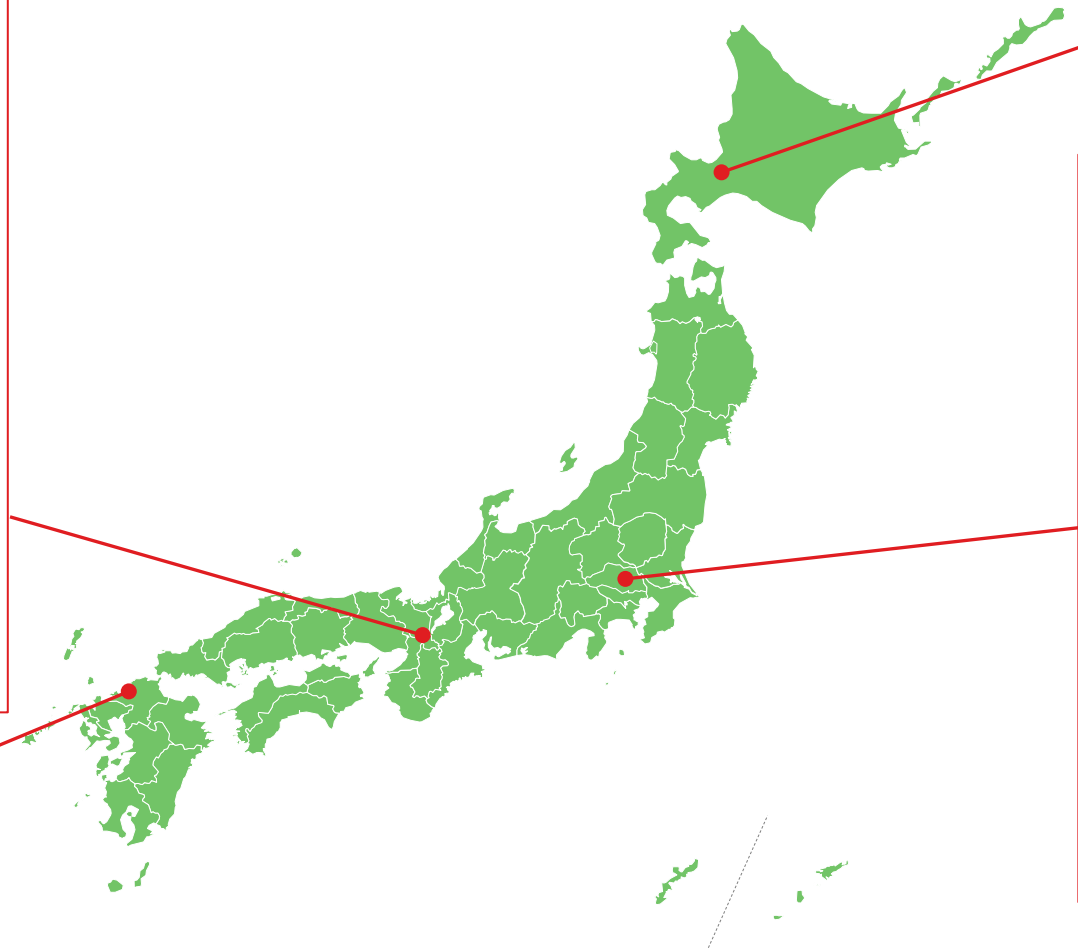
Factory strategy

- **Planning on capital expenditures mainly at the Kumiyama Plant and Higashimatsuyama Plant to raise quality and productivity and increase output capacity**
- **Build a next-generation production and logistics infrastructure capable of supporting the strategy of opening stores rapidly in the future**

Kumiyama Plant

Considering investments to increase output for supporting a larger number of restaurants in the Tokai and Osaka-Kobe-Kyoto regions.





Sapporo Plant

Higashimatsuyama Plant

This plant has sufficient production capacity to supply an even larger number of restaurants in the Tokyo area.



Kyushu Plant

Overseas expansion

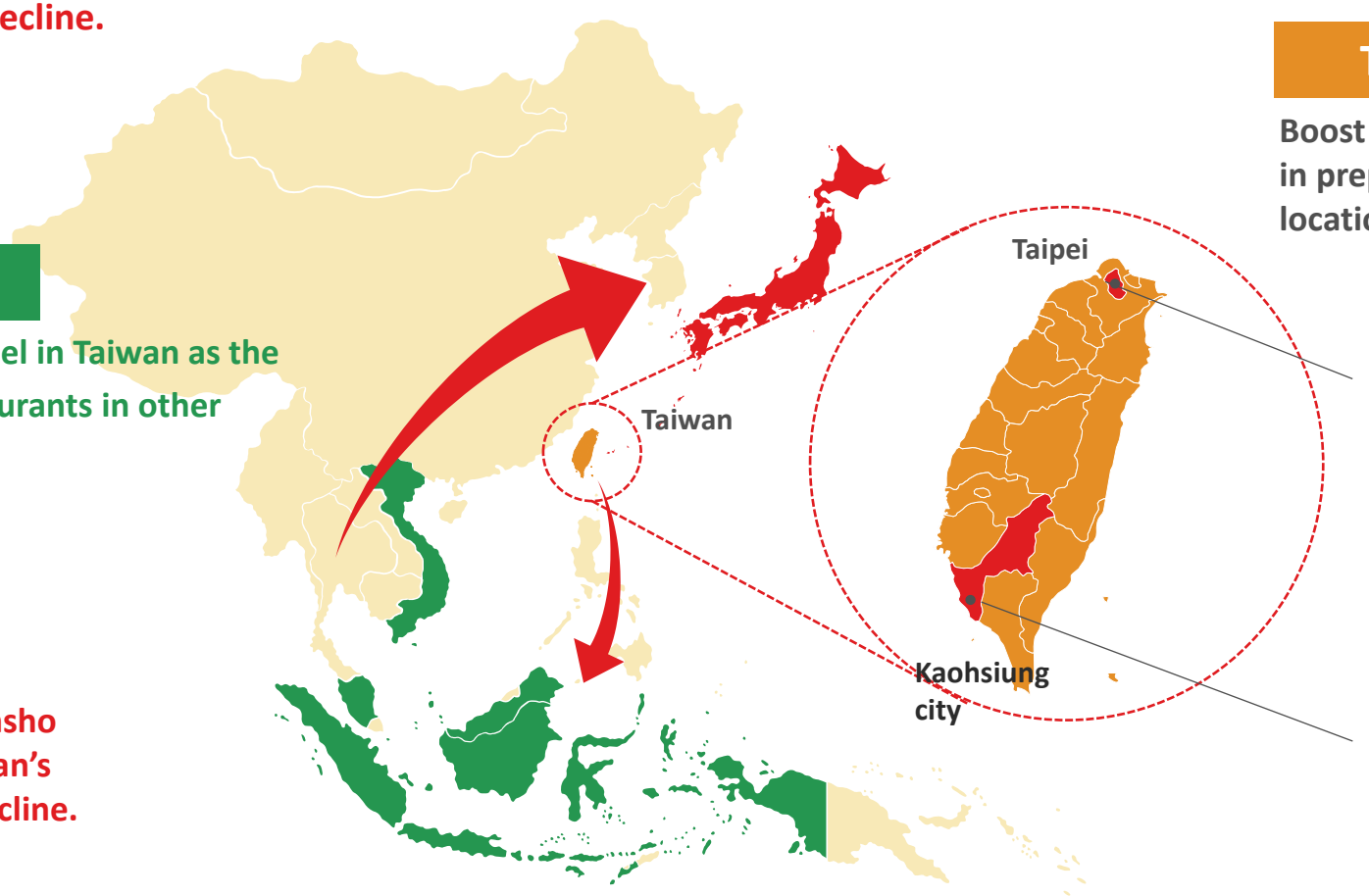
- In preparation for the opening of a third location in Taiwan, the plan is to increase efficiency in order to support expansion to more business sectors
- Long-term activities may include starting operations in other regions of Asia or bringing people from Asia to restaurants in Japan as Japan's population continues to decline.

Our vision (1)

Use the operating model in Taiwan as the basis for opening restaurants in other regions of Asia.

Our vision (2)

Use people from Asia at Ohsho restaurants in Japan as Japan's population continues to decline.



The next step

Boost the efficiency of existing restaurants in preparation for the opening of a third location in Taiwan



GYOZA OHSHO at Uni-President Department Store Taipei



Gyoza no Ohsho Kaohsiung Hanshin Arena Shopping Plaza

The 2024 slogan

餃子の王将
日本を美味しく

Goals with a long-term perspective

Passion is the most powerful driver of progress.

The power of delicious meals will change the future.



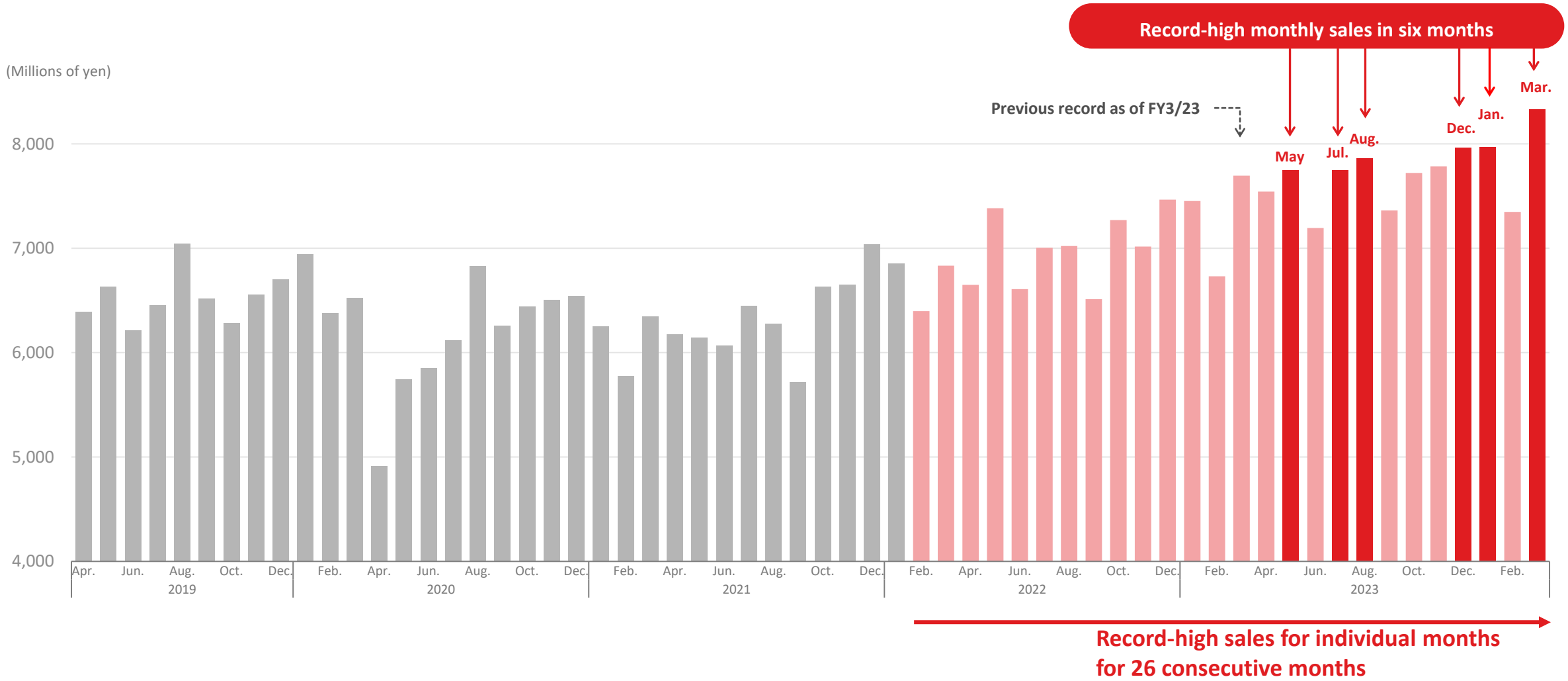
06

Appendix

Record-high monthly sales in six months of FY3/24

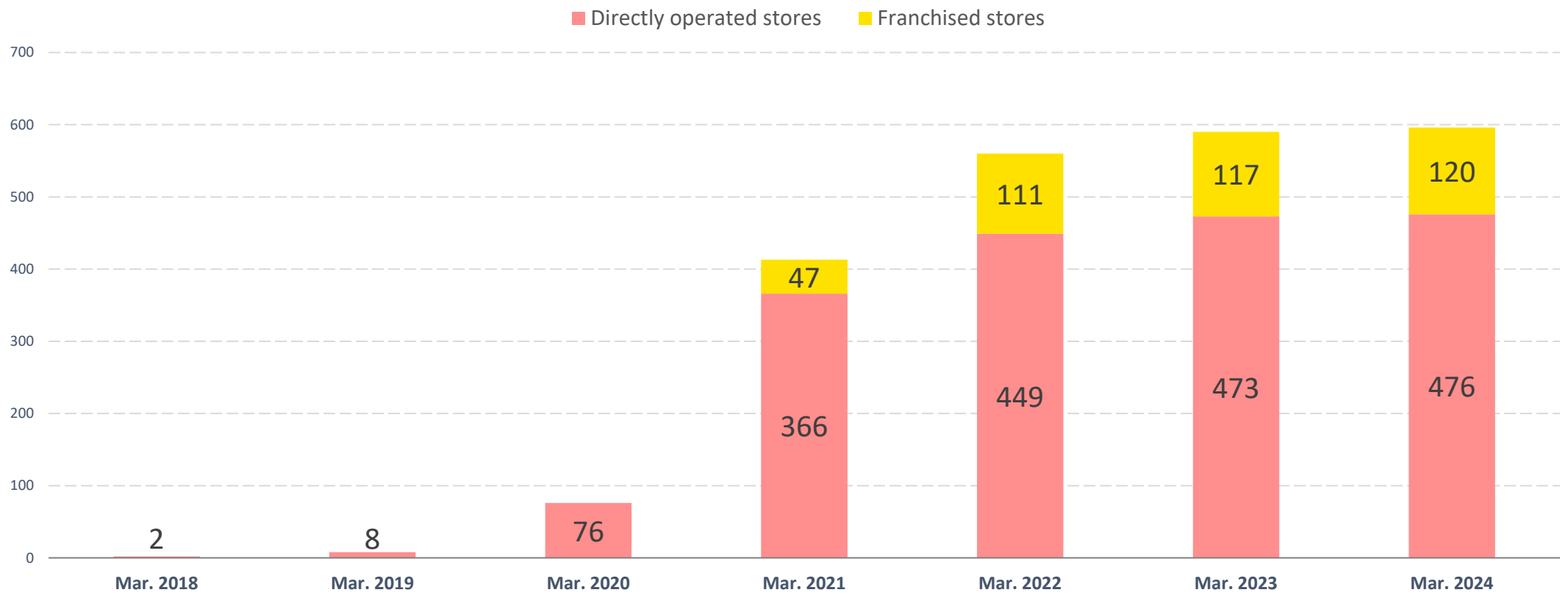
– **Monthly sales at all restaurants, including franchised locations, have set a new record for each month for 26 consecutive months.**

– **Sales in May, July, August and December 2023, and January and March in 2024 set new records for a single month.**



Restaurants with a delivery service

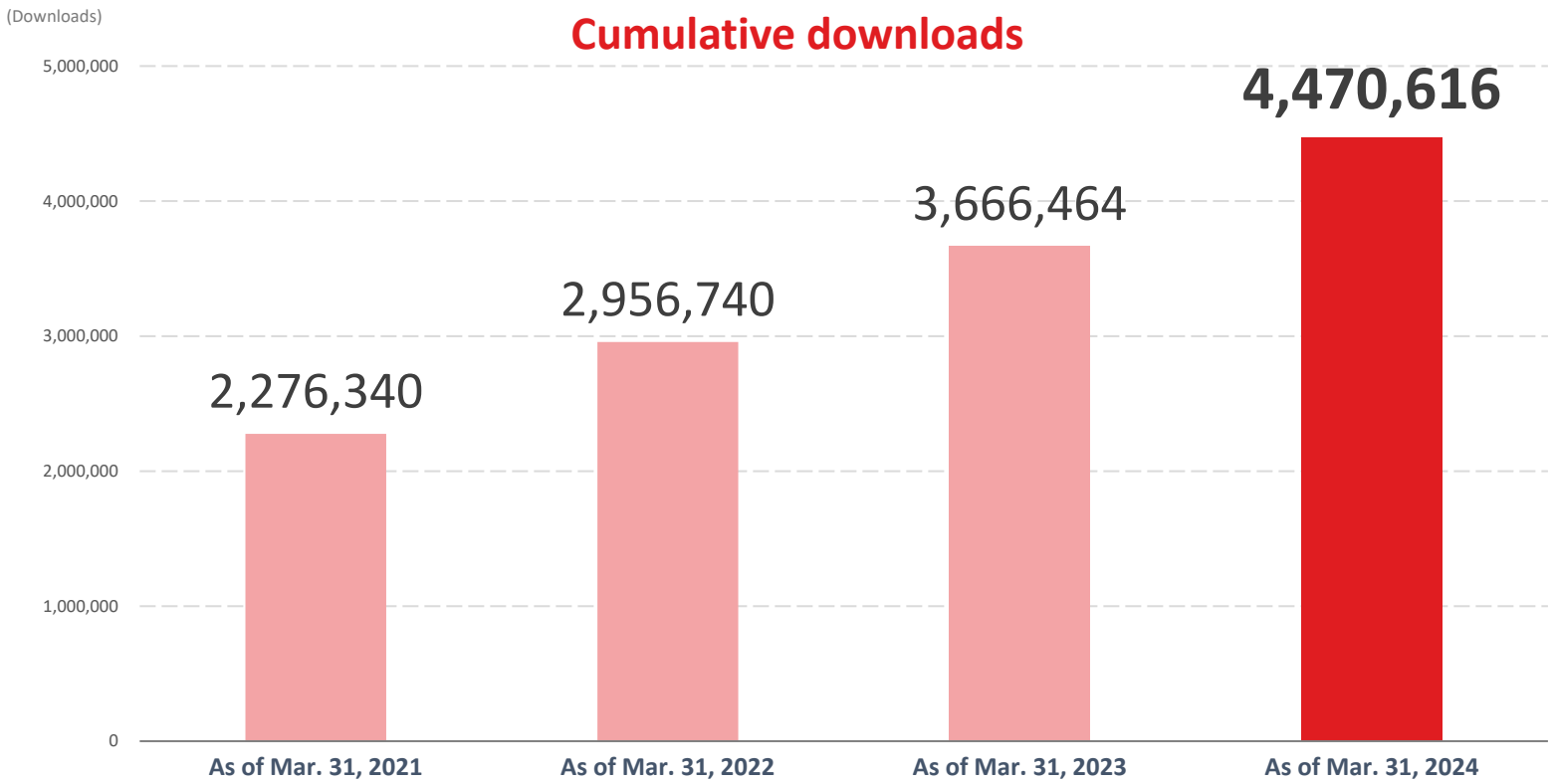
- **The number of locations with a delivery service started increasing rapidly in 2020. As of the end of March 2023, about 90% of directly operated restaurants have a delivery service.**
- **Takeout/delivery sales were high at 25.6% of FY3/24 sales as restaurants shifted to a new sales structure to meet the needs of customers.**



Sales activities using the Ohsho app

- The app functions as a Gyoza Club card, distributes coupons and has other benefits for bringing people to restaurants more often.
- More than 4.47 million downloads as of March 31, 2024.





- Forward-looking statements are based on goals and forecasts and are not promises or guarantees regarding business operations in the future.
- Actual results of operations may differ from these forward-looking statements.

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