



# Consolidated Financial Report for the Second Quarter of The Fiscal Year Ending March 31, 2025 ( Japanese GAAP )

November 13, 2024  
Tokyo Stock Exchange

Company: Chikaranomoto Holdings Co., Ltd.  
Stock Code: 3561  
URL: <http://www.chikaranomoto.com/>  
Representative: (Title) President and CEO (Name) Tomoyuki Yamane  
Contact: (Title) IR Manager (Name) Yoshitaka Fujisawa Tel: +81-(0)3-6264-3899  
Scheduled Date of Q2 report submission November 13, 2024  
Preparation of Supplementary Explanation Material for Financial Results: Yes  
Presentation Meeting for Financial Results (for institutional investors and analysts): No

1. Q2 Financial Year Ending March 31, 2025 (April 1, 2024 – September 30, 2024) (Rounded down to the nearest Million JPY)

## ( 1 ) Results of Consolidated Operations

(% indicates variance from the previous fiscal year)

	Revenue		Operating Income		Ordinary Income		Income Attributable to the Company	
	Million JPY	%	Million JPY	%	Million JPY	%	Million JPY	%
Q2 FY2024-25	16,611	11.6	1,247	-7.7	1,177	-21.0	772	-25.2
Q2 FY2023-24	14,879	27.3	1,350	68.9	1,491	60.4	1,032	48.7

Note: Comprehensive Income Q2 FY2024-25 1,326 Million JPY ( 2.8% ) Q2 FY2023-24 1,290 Million JPY ( 37.3% )

	Quarterly earnings per share	Quarterly Earnings per share after adjusting for dilution
	JPY	JPY
Q2 FY2024-25	25.63	25.61
Q2 FY2023-24	34.42	34.19

## ( 2 ) Consolidated Financial Position

	Total Assets	Net Equity	Equity Ratio
	Million JPY	Million JPY	%
Q2 FY2024-25	17,668	10,218	57.8
FY2023-24	17,229	9,269	53.8

Reference : Shareholders' Equity Q2 FY2024-25 10,218 Million JPY FY2023-24 9,269 Million JPY

## 2 . Dividends

	Dividends per share (annual)				
	Q1	Q2	Q3	Q4	Total
	JPY	JPY	JPY	JPY	JPY
FY2023-24	-	7.00	-	13.00	20.00
FY2024-25	-	9.00			
FY2024-25 (Forecast)			-	9.00	18.00

Note: Changes from previously announced dividends projection: None

## 3 . Forecast of Consolidated Operating Performance for the FY 2024-25 (April 1, 2024 to March 31, 2025)

(% indicates variance from the previous year)

	Revenue		Operating Income		Ordinary Income		Income Attributable to the Company		Earnings per share
	Million JPY	%	Million JPY	%	Million JPY	%	Million JPY	%	JPY
FY2024-25	35,000	10.1	3,566	8.2	3,678	5.4	2,408	10.2	79.61

Note: Changes from previously announced projection: None

### Notes

- (1) Changes in key subsidiaries during the period (Changes regarding specific companies accompanying changes in the scope of consolidation): None
- (2) Changes in accounting policies, accounting estimates, and restatement of error corrections:
  - 1) Changes in accounting policies arising from revision of accounting standards: Yes
  - 2) Changes in accounting policies due to reasons other than 1): None
  - 3) Changes in accounting estimates: None
  - 4) Restatement of prior period financial statements after error correction: None
- (3) Number of Shares Issued ( Common stock )

① Number of shares issued at the end of the period (including treasury stock)	Q2 FY2024-25	30,308,000 shares	As of March 31, 2024	30,253,000 Shares
② Number of treasury stock at end of period	Q2 FY2024-25	154,349 Shares	As of March 31, 2024	155,781 Shares
③ Average number of shares during the period	Q2 FY2024-25	30,141,548 Shares	Q2 FY2023-24	30,002,210 Shares

Note: The total number of treasury shares at the end of period includes those treasury shares held under the Employee Stock-ownership Program (ESOP) (at the end of Q2 FY2024-25 81,020 shares and at the end of the previous fiscal year 82,540 shares), the Board Benefit Trust (at the end of Q2 FY2024-25 73,100 shares and at the end of the previous fiscal year 73,100 shares). Also, these treasury shares are excluded from the calculation of the average number of shares during the period (at the end of Q2 FY2024-25 155,527 shares and at the end of Q2 FY2023-24 98,315 shares).

These consolidated financial reports (Tanshin) are exempt from the audit procedures by certified public accountants or audit firms.

### Cautionary Statement on the forecast of consolidated financial performance and other notes

(Cautions concerning forward-looking statements)

Performance forecasts presented herein are based on the information available to Chikaranomoto Holdings Co., Ltd. and its subsidiaries (the "Company") as of the date of this document. Accordingly, there remains the possibility that the actual performance results may differ from projections.

(Supplementary Explanation Material)

Supplementary Explanation Material are available via TDnet on the same day.

Qualitative Information regarding the current quarterly financial results: The following forward-looking statements are based on the information available to the Company at the end of the second quarter of the current consolidated financial period.

#### Summary of Operating Results:

During the second quarter of the current fiscal year (1 April to 30 September, 2024), the global economy still faces concerns of economic slowdown due to rising raw material and energy prices caused by the situation in Russia and Ukraine and the situation in Israel and Palestine, and rising labor costs due to wage hikes and a shrinking work force, among others. The future of the economy remains uncertain.

In the restaurant industry, to which our group belongs, while economic activity in Japan is gradually picking up with the expansion of personal consumption due to the recovery of human flow and the growth of inbound tourism, the economy continues to be challenging due to the rising prices of raw materials and energy, rising labor costs, the long-term effects of the weak yen, and concerns about an economic slowdown caused by soaring prices. Overseas, raw material and energy prices continue to rise amid geopolitical instability. Although monetary tightening due to inflation is easing, the situation continues to require close monitoring as in Japan.

Under these circumstances, the Group stays true to its principle of "Keep Changing to Remain Unchanged," domestically, the Group has been opening new restaurants, sales at existing restaurants have remained strong, sales of seasonal products such as "futo tsukemen" and increased media exposure have attracted more customers. Continued efforts in DX measures, such as the introduction of mobile ordering and tablet ordering, have improved profit margins. In addition, from February to May 2024, the Group opened a store for a limited time at the Shin-Yokohama Ramen Museum, in which Ippudo opened a shop in 1994, which helped it become known throughout Japan, and sold limited edition products and collaborative products.

Overseas, we have been selling new products and seasonal products, holding events, and revising our grand menu to attract customers, while at the same time implementing price revisions and cost reviews to cope with rising costs of raw materials and labor, but it was not enough. We will continue to consider and execute various initiatives to improve profitability.

In the Merchandising segment, the Group continue to strengthen B2B sales of Ippudo related products in Japan, while overseas, we are working to expand export sales of "Plant Base Shiromaru/Akamaru" dry noodle type and other products that respond to dietary diversity.

At the end of the second quarter of the current fiscal year, the total number of our Group stores, including licensed stores, reached a record high 293 (149 domestic and 144 overseas; an increase of 4 domestic and 2 overseas stores from the end of the previous period).

As such, the revenue for the first two quarter was 16,611 million yen (an increase of 11.6% from the same period of the previous year), operating profit 1,247 million yen (a decrease of 7.7%), ordinary profit 1,177 million yen (a decrease of 21.0%) which was affected by exchange rates, and the profit attributable to owners of parent of 772 million yen (decrease of 25.2%).

## Segment Results

### (Domestic Store Operations)

In the domestic store operation business, the Group opened nine Ippudo-brand stores, while closing three Ippudo-brand stores, one Ramen Express-brand store, and one Inaba Udon-brand store. As a result, the number of stores at the end of the current consolidated accounting period was 149 (an increase of 4 stores from the end of the previous period). In addition, one restaurant under the "RAMEN EXPRESS" brand was converted to the "Ippudo" brand.

The normalization of the economy has led to a recovery in human flow and increased consumption due to an increase in inbound travel, which contributed to sales. Steady existing store sales, the launch of seasonal products such as "Thick Tsukemen," "Spicy Tsukemen," and "Gutsu Maze Men," as well as the store-only product "Tonkotsu Shoyu" and increased media exposure attracted more customers.

As such, the revenue for the first two quarter totaled 7,530 million yen (an increase of 13.9% from the same period of the previous year), operating profit 718 million yen (an increase of 18.0%).

### (International Store Operations)

There were 4 openings in Taiwan, 1 store in the U.S., 1 store in Vietnam, and 1 store in Thailand, while closing 2 stores in Taiwan, 1 store in the U.S., 1 store in Singapore, and 1 store in Hong Kong, resulting in 144 stores at the end of the period (up 2 stores from the end of the previous period).

During the the consolidated financial period (1 January 2024 to 30 June 2024), the segment has been hit by soaring raw material prices and rising costs such as wages and rent due to the effects of inflation. In response, we are revising prices and reviewing costs, but we have not been able to respond to the cost increases in time. In addition, the number of customers is on a downward trend compared to the previous year due to the end of consumption spree after Covid-19 restrictions were lifted, a decrease in population in office areas with the remote work becoming a new norm, the economic downturn caused by inflation, and concerns about the economic outlook which might be affected by the presidential elections in the countries and areas with our existing stores. Furthermore, the operating income was affected by the start-up costs associated with our expanding into new countries or areas, and expenses caused by delays in new store opening that had been planned.

As such, revenue for the first two quarter of the current fiscal year totaled 7,303 million yen (an increase of 8.8% from the same period of the previous year) and operating profit 473 million yen (a decrease of 36.4%).

### (Merchandising segment)

In this segment domestically, Ippudo Plant-Based Ramen "Pla-ton," which has been used for in-flight meals on international flights since December 2022, maintained strong sales in Japan, and new products such as Ippudo Clear Noodle, which is low in sugar and high in protein, and Juwari Soba were launched. The Group will continue its efforts to expand the lineup and sales channels for its mainstay Ippudo related products.

As such, the revenue for the first two quarter of the current fiscal year totaled 1,777 million yen (an increase of 14.2% from the same period of the previous year), operating profit 203 million yen (an increase of 4.4%).

## Quarterly Consolidated Financial Statements

### (1) Consolidated Balance Sheet

	As of March 31, 2024	As of September 30, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	5,917,540	6,077,641
Notes and accounts receivable - trade	925,886	853,389
Inventories	476,402	533,081
Other	1,253,249	1,155,362
Allowance for doubtful accounts	△873	△489
Total current assets	8,572,205	8,618,985
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,257,513	4,483,829
Machinery, equipment and vehicles, net	221,119	215,301
Land	659,411	636,855
Leased assets, net	5,395	4,497
Construction in progress	136,997	299,857
Other, net	304,639	327,637
Total property, plant and equipment	5,585,077	5,967,978
Intangible assets		
Goodwill	93,748	89,536
Other	48,010	45,011
Total intangible assets	141,759	134,548
Investments and other assets		
Investment securities	154,447	154,270
Long-term loans receivable	11,300	11,300
Deferred tax assets	700,074	568,036
Leasehold and guarantee deposits	1,833,892	1,999,506
Other	244,691	227,848
Allowance for doubtful accounts	△13,992	△13,992
Total investments and other assets	2,930,414	2,946,969
Total non-current assets	8,657,251	9,049,496
Total assets	17,229,456	17,668,481

(Thousands of yen)

	As of March 31, 2024	As of September 30, 2024
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	833,061	837,279
Short-term borrowings	140,000	140,000
Current portion of long-term borrowings	981,220	979,991
Lease liabilities	1,797	1,514
Accounts payable - other	904,864	962,689
Income taxes payable	509,214	309,991
Provision for share awards	2,397	5,150
Reserve for interlocking type of monetary benefit	-	1,518
Provision for bonuses	2,454	65,568
Provision for shareholder benefit program	12,273	14,878
Asset retirement obligations	95,703	73,885
Other	1,345,380	1,074,888
Total current liabilities	4,828,367	4,467,356
Non-current liabilities		
Long-term borrowings	1,590,908	1,343,241
Lease liabilities	3,598	2,982
Provision for share awards for directors (and other officers)	54,569	65,483
Provision for share awards	50,216	54,870
Reserve for interlocking type of monetary benefit	5,635	18,155
Retirement benefit liability	177,364	179,799
Asset retirement obligations	1,016,143	1,090,709
Other	232,926	227,249
Total non-current liabilities	3,131,363	2,982,490
Total liabilities	7,959,730	7,449,847
<b>Net assets</b>		
Shareholders' equity		
Share capital	3,141,103	3,148,390
Capital surplus	2,972,131	2,979,419
Retained earnings	2,785,486	3,164,609
Treasury shares	△251,145	△249,590
Total shareholders' equity	8,647,575	9,042,828
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	23,149	14,432
Foreign currency translation adjustment	599,001	1,161,372
Total accumulated other comprehensive income	622,150	1,175,805
Total net assets	9,269,725	10,218,633
Total liabilities and net assets	17,229,456	17,668,481

(2) Consolidated Statement on Profit and Loss and Comprehensive Income Consolidated Statement of Income

(Thousands of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales	14,879,956	16,611,109
Cost of sales	4,356,725	4,942,109
Gross profit	10,523,230	11,669,000
Selling, general and administrative expenses	9,172,249	10,421,777
Operating profit	1,350,981	1,247,222
Non-operating income		
Interest income	2,264	13,313
Dividend income	1,180	1,524
Foreign exchange gains	134,812	-
Lease income	63,250	78,658
Other	32,017	25,035
Total non-operating income	233,525	118,532
Non-operating expenses		
Interest expenses	30,404	9,468
Foreign exchange losses	-	96,251
Rental costs	56,392	66,814
Other	6,579	15,562
Total non-operating expenses	93,376	188,097
Ordinary profit	1,491,129	1,177,657
Extraordinary income		
Gain on sale of non-current assets	209	9,404
Gain on reversal of asset retirement obligations	3,499	-
Total extraordinary income	3,709	9,404
Extraordinary losses		
Loss on sale of non-current assets	-	553
Loss on retirement of non-current assets	627	267
Impairment losses	48,608	35,264
Other	-	88
Total extraordinary losses	49,235	36,174
Profit before income taxes	1,445,603	1,150,888
Income taxes - current	318,454	244,378
Income taxes - deferred	94,549	134,099
Total income taxes	413,003	378,478
Profit	1,032,600	772,409
Profit attributable to owners of parent	1,032,600	772,409

# Consolidated Statement of Comprehensive Income

(Thousands of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	1,032,600	772,409
Other comprehensive income		
Valuation difference on available-for-sale securities	16,766	△8,716
Foreign currency translation adjustment	240,912	562,371
Total other comprehensive income	257,678	553,655
Comprehensive income	1,290,279	1,326,064
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,290,279	1,326,064
Comprehensive income attributable to non-controlling interests	-	-