

Translation

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Summary of Consolidated Financial Results
For the Nine Months ended December 31, 2022 (FY3/23 Q1-Q3)
(IFRS)

February 14, 2023

Company name: TORIDOLL Holdings Corporation

Stock exchange listing: Tokyo Stock Exchange

Stock code: 3397

URL: <https://www.toridoll.com>

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Date of release of quarterly securities report: February 14, 2023

Starting date of dividend payments: -

Preparation of explanatory materials on quarterly financial results: Yes

Information meetings arranged related to quarterly financial results: No

(Amounts are rounded to the nearest million)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2022

(1) Consolidated Operating Results

(% figures denote year-on-year change)

	Revenue		Business profit		Operating profit		Profit before tax		Profit for the period	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2022	140,866	20.5	6,221	0.1	8,069	(44.4)	8,289	(40.6)	5,134	(44.7)
Nine months ended December 31, 2021	116,922	16.0	6,215	—	14,506	—	13,948	—	9,290	—

	Profit for the period attributable to owners of the parent		Comprehensive income for the period		Earnings per share attributable to owners of the parent (basic)	Earnings per share attributable to owners of the parent (diluted)
	Millions of yen	%	Millions of yen	%	Yen	Yen
Nine months ended December 31, 2022	4,606	(49.5)	10,923	(1.8)	49.65	49.28
Nine months ended December 31, 2021	9,121	—	11,122	—	102.05	101.23

(Reference) EBITDA (*)

Nine months ended December 31, 2022: ¥ 24,692 million (increased 17.0% year-on-year basis)

Nine months ended December 31, 2021: ¥ 21,107 million

Adjusted EBITDA

Nine months ended December 31, 2022: ¥ 25,216 million (increased 13.7% year-on-year basis)

Nine months ended December 31, 2021: ¥ 22,186 million

(*) The Company discloses EBITDA as comparative information.

EBITDA = Operating Profit + Other Operating Expenses - Other Operating Income
+ Depreciation + Amortization

Adjusted EBITDA = EBITDA + Impairment Loss + Extraordinary Expenses

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Equity attributable to owners of parent ratio	Equity per share attributable to owners of parent
	Millions of yen	Millions of yen	Millions of yen	%	Yen
As of December 31, 2022	262,919	79,208	70,727	26.9	812.37
As of March 31, 2022	240,840	69,978	62,024	25.8	714.46

2. Dividends

	Annual dividend per share				
	Q1	Q2	Q3	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal Year ended March 31, 2022	—	0.00	—	7.50	7.50
Fiscal Year ended March 31, 2023	—	0.00	—		
Fiscal Year ending March 31, 2023 (Forecast)				7.50	7.50

3. Consolidated Financial Result Forecasts for the Fiscal Year Ending March 31, 2023

Percentages indicate year-on-year changes

	Revenue		Business profit		Operating profit		Profit before tax		Profit for the period	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year	191,900	25.1	7,300	34.4	7,100	(50.1)	7,500	(46.2)	4,900	(47.0)

	Profit for the period attributable to owners of the parent		Earnings per share attributable to owners of the parent (basic)
	Millions of yen	%	Yen
Fiscal year	4,000	(55.5)	41.57

* Notes

- (1) Changes in significant subsidiaries during the period
(changes in specified subsidiaries resulting in the change in scope consolidation): Yes
New: 1 company (Company name: Toridoll and Heyi Holding Limited)
Excluded: —
- (2) Changes in accounting policies and accounting estimates
 - 1) Changes in accounting policies as required by IFRS: No
 - 2) Changes in accounting policies other than 1) above: No
 - 3) Changes in accounting estimates: No
- (3) Number of shares outstanding (ordinary shares)
 - 1) Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2022	87,906,752 shares
As of March 31, 2022	87,663,352 shares

2) Number of treasury shares at the end of the period

As of December 31, 2022	844,025 shares
As of March 31, 2022	851,372 shares

3) Average number of shares during the period

Nine months ended December 31, 2022	86,901,683 shares
Nine months ended December 31, 2021	86,519,310 shares

*Summary quarterly financial statements are not subject to quarterly review by a public certified accountant or an auditing firm.

* Appropriate use of financial results forecasts and other notes

The forward-looking statements in this report are based upon various assumptions, including, without limitation, business forecasts, management's estimates, assumptions, and projections at the time of publication. These statements do not represent a promise or commitment by the Company to achieve these forecasts. Actual results may differ significantly from these forecasts due to a wide range of factors.

1. Qualitative Information Concerning Financial Results for the Nine Months ended December 31, 2022

1) Explanation of Operating Results

a. Consolidated Business Performance

During the first three quarters of the consolidated fiscal year under review (April 1 to December 31, 2022), the external environment was as follows: In Japan, travel recovered significantly from the level of the same period of last year, when anti-COVID measures were in place (under a state of emergency or quasi emergency), and diners returned to restaurants in increasing numbers. Overseas, the picture was mixed: COVID-related restrictions were ended in Western countries and eased in Taiwan and South East Asia, leading to business recovery in those markets. On the other hand, restrictions remained in China.

Against this backdrop, our business activities were as follows: In Japan, we created compelling products and retail locations and organized campaigns to increase in-store traffic. Overseas, we continued our aggressive store expansion in Asian, European, and North American markets, continued to rebrand for global expansion, and started forging new partnerships (local buddies*¹). The results for the period were as follows: With all segments (Marugame Seimen, Overseas, Other) seeing revenue growth, we achieved consolidated revenue of ¥140,866 million (up 20.5% year-on-year), our highest ever revenue result for the first three quarters of a consolidated fiscal year.

As for profit, although our businesses made efforts to cut sales costs and optimize energy use across the group, these efforts were more than offset by the global rise in raw material costs, labor costs, and utilities expenses. By segment, profit increased slightly in Marugame Seimen, decreased in Overseas, and significantly increased in Other, while intercompany elimination increased. Consequently, consolidated business profit*² amounted to ¥6,221 million, a modest year-on-year increase of 0.1% .

Operating profit*³ totaled ¥8,069 million (down 44.4% year-on-year) and profit for the period attributable to owners of parent totaled ¥4,606 million (down 49.5% year-on-year). A major factor behind these year-on-year decreases was a year-on-year decrease of ¥6,546 million in “other operating income.” In particular, COVID-related subsidy income (which includes a government subsidy provided in return for complying with the request to shorten operating hours) totaled just ¥4,173, compared to ¥8,985 in the same period last year. Another factor was that we recognized in the “other operating expenses” category ¥1,235 million in transitory liquidation expenses connected with business restructuring in China.

(Notes)

1: Comrades around the world who have special knowledge and know-how that works toward exciting experiences

2: Business profit is calculated by deducting the cost of goods sold and selling, general and administrative expenses from revenue.

3: Operating profit is calculated by adding other operating income to and deducting impairment losses and other operating expenses from business

(Millions of yen)

Consolidated	Nine months ended December 31, 2021	Nine months ended December 31, 2022	Year-on-year change	
			Amount	%
Revenue	116,922	140,866	+23,944	+20.5%
Business profit	6,215	6,221	+6	+0.1%
Operating profit	14,506	8,069	(6,438)	(44.4)%
Profit for the period attributable to owners of the parent	9,121	4,606	(4,515)	(49.5)%

b. Business Performance by Segment

(Millions of yen)

Revenue	Nine months ended December 31, 2021	Nine months ended December 31, 2022	Year-on-year change	
			Amount	%
Marugame Seimen	70,944	77,356	+6,412	+9.0%
Overseas	31,002	45,170	+14,168	+45.7%
Other	14,976	18,340	+3,364	+22.5%
Total	116,922	140,866	+23,944	+20.5%

(Millions of yen)

Business profit	Nine months ended December 31, 2021	Nine months ended December 31, 2022	Year-on-year change	
			Amount	%
Marugame Seimen	9,166	9,267	+101	+1.1%
Overseas	2,204	1,508	(695)	(31.6)%
Other	359	2,327	+1,968	+548.2%
Adjustments*	(5,514)	(6,881)	(1,367)	—
Total	6,215	6,221	+6	+0.1%

*Adjustments are corporate expenses that are not allocated to each segment in financial reporting.

(Location)

Number of Locations	Marugame Seimen		Overseas		Other		Total
	Company-owned	Company-owned	Franchise and etc.*1	Company-owned	Franchise and etc.		
At the end of March 2022	832	254	390	236	8	1,720	
Opening in FY3/23 Q1-Q3	4	70	67	24	0	165	
Closure in FY3/23 Q1-Q3	9	11	77	33	2	132	
At the end of Dec. 2022	827	313	380	227	6	1,753	

(Notes)

1: This includes locations other than company-owned stores, including locations operated by franchisees or joint ventures.

2: From this quarter, 17 Toridoll and Heyi Holding Limited locations have been switched from “Franchise, etc.” to “Company-owned” locations. This means 17 franchise locations were closed and opened as company-owned locations.

Marugame Seimen Segment

The segment retained its strong performance. This was partly thanks to a recovery in travel from the level of the same period last year, when stricter anti-COVID measures were in place. It was also a result of Marugame Seimen's idiosyncratic hybridization of product development and branding. Another factor was the strategy of merging offline (in-store) marketing with online marketing (TV ads, digital marketing, social media strategy).

To improve brand communication, we launched a marketing campaign in June 15 with a new catchphrase, "We'll amaze you with udon!" The new campaign emphasized the great taste of freshly prepared udon and its handmade, artisanal brand values. The campaign created more brand empathy and attracted more fans.

For seasonal fair menus, we further improved the popular items. As well as enhancing their quality, we invested in differentiating the food materials and taste of these items from those of the popular items, thereby encouraging more repeat business and a stronger awareness of the series.

On August 30, we enhanced the quality of the tartar sauce for our Bukkake Udon and Chicken Tempura with Tartar Sauce; and offered, for the first time in two years, Bukkake Udon with Chicken Tempura and Spicy Tartar Sauce. Both items proved popular, with 2.68 million portions sold. One factor behind the popularity was that, for both items, diners were given a choice between three or four pieces of chicken tempura.

In November, Marugame Seimen commemorated its the 22nd anniversary food festival ("Handmade, fresh udon thank you festival"). In conjunction with this event, we ran a TV ad in October and November, highlighting the artisanal, handmade quality and the great taste of kamaage udon. The purpose was to create synergy between our branding and promotion.

On November 29, we launched two items branded Oretachi (means "our"): Oretachi Udon with Tonjiru (pork and vegetable soup) and Oretachi Udon with Tonjiru (pork and vegetable soup) with butter and chives. Both items were jointly developed with Masahiro Matsuoka, a member of Tokio. inc, our co-creation partner. With our commitment to finding the optimum Tonjiru recipe for udon, Matsuoka's unique ideas, and our strengths in product development and marketing, Oretachi Udon with Tonjiru proved a hit, with 1.68 million portions sold as of the end of December despite the relatively high price of ¥790.

For New Year's Eve, Marugame Seimen stores offered takeout items Ultra-premium prawn tempura and Prawn kakiage (mixed vegetables and prawn tempura). These one-day items, combined with optimum retail management (in terms of staffing, purchasing, and in-store operation), resulted in a daily record for takings.

Thanks to the above, and thanks in part to some sales price hikes on October 25, the segment posted revenue of ¥77,356 million (up 9.0% year-on-year). However, business profit was just ¥9,267 (up 1.1% year-on-year), because the bottom line was harmed by higher raw materials prices and higher utilities costs.

Overseas Segment

The Overseas segment faced a mixed environment. Restrictions were largely scrapped in Western countries amid a reduction in COVID cases, and they were eased in Hong Kong and Taiwan despite cases remaining high there. However, the food industry continued to face restrictions in China, which remained committed to the Zero-COVID policy.

The results for the Overseas segment were as follows: During the period under review, Hong Kong-based spicy noodle chain Tam Jai opened 36 locations and posted gradual revenue

growth following the relaxation of social distancing measures and despite poor business efficiency in Mainland China amid the country's tough restrictions.

Regarding Marugame Udon, the Hawaii locations continued performing well as did the new US locations. The Taiwanese locations achieved a further improvement in takings after a successful promotional campaign. During the third quarter, Marugame Udon opened three new locations in the UK, bringing the number of UK locations to nine. Marugame Udon's brand awareness in the UK increased thanks to coverage in local news media and the winning of an award.

Thanks to the strong performance of Tam Jai and Marugame Udon, coupled with revenue growth in other brands including Monster Curry, the segment posted sizeable revenue growth of ¥45,170 million (up 45.7% year-on-year). However, the segment posted business profit of just ¥1,508 (down 31.6% year-on-year). The bottom line was affected by the higher raw materials costs and labor costs. Another factor was that the brands invested in marketing investment in tandem with their global expansion.

Other Segment

This segment covers an assortment of businesses, including the following: Kona's Coffee, Nikuno Yamaki Shoten, Butaya Tonichi, Toridoll, Nagata Honjyouken, Tempura Makino, Zundoya, and Banpaiya.

Ramen Zundoya, izakaya chain Banpaiya, and Toridoll all posted revenue and profit growth, reflecting an improvement in the external environment from the situation in the same period last year, when restaurants had to close or reduce hours in compliance with anti-COVID measures (under a state of emergency or quasi emergency). Particularly impressive was Ramen Zundoya, which drove much of the segment's overall growth. During the period under review, Ramen Zundoya, a Himeji-based brand of ramen in brothy pork-bone soup, opened 19 locations, resulting in sizeable top-line growth. It also boosted business profit significantly by keeping down cost of sales and labor costs.

Top- and bottom-line growth were also achieved by Kona's Coffee, a brand that aims to deliver a Hawaiian dining experience "closest to you." Kona's Coffee introduced limited items on its fair menu and organized events to great success. In October 2022, it opened a location in Tama New Town. The new location's performance, in terms of customer numbers and other metrics, rivalled that of the brand's flagship Makuhari location.

Also posting top- and bottom-line growth was Nikuno Yamaki Shoten. The brand won loyal customers by narrowing down its menu so it could provide handmade, grilled meat rice bowls and deli items at prices that encourage repeat visits. Alongside this, a new location, opened in November 2022, achieved strong repeat business.

The segment as a whole posted revenue of ¥6,412 million, a sizeable year-on-year increase of 22.5%. The segment's business profit was ¥2,327 (up 548.2% year-on-year), reflecting, alongside the revenue growth, lower cost of sales and SG&A thanks to less food waste and more efficient staff deployment.

2) Note on forward-looking statements in consolidated forecasts

Since performance in the period under review was generally in line with expectations, the full-year forecasts remain unchanged from the revised figures announced on November 11, 2022.

2. Condensed Quarterly Consolidated Financial Statements

Condensed Quarterly Consolidated Statements of Financial Position

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	53,463	65,776
Trade and other receivables	5,518	7,767
Inventories	502	735
Other current assets	1,605	2,215
Total current assets	61,087	76,493
Non-current assets		
Property, plant and equipment	31,783	35,107
Right-of-use assets	80,430	80,474
Intangible assets and goodwill	42,838	46,328
Investments accounted for using the equity method	3,819	4,496
Other financial assets	13,146	13,079
Deferred tax assets	6,276	5,353
Other non-current assets	1,460	1,589
Total non-current assets	179,752	186,426
Total assets	240,840	262,919

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
Liabilities		
Current liabilities		
Trade and other payables	10,773	12,706
Short-term loans payable	4,024	4,030
Current portion of long-term loans payable	12,555	15,193
Lease liabilities	14,936	16,027
Income taxes payable	2,438	2,168
Provisions	1,171	1,120
Other current liabilities	4,816	5,675
Total current liabilities	50,713	56,919
Non-current liabilities		
Bonds payable	—	3,962
Long-term loans payable	43,884	45,981
Lease liabilities	68,435	67,331
Provisions	4,761	5,295
Deferred tax liabilities	1,556	1,604
Other non-current liabilities	1,514	2,619
Total non-current liabilities	120,150	126,791
Total liabilities	170,862	183,710
Equity		
Equity attributable to owners of the parent		
Capital stock	4,498	4,662
Capital surplus	11,877	11,631
Other equity instruments	10,847	10,847
Retained earnings	31,338	34,916
Treasury shares	(1,020)	(1,005)
Other components of equity	4,483	9,676
Total equity attributable to owners of the parent	62,024	70,727
Non-controlling interests	7,954	8,482
Total equity	69,978	79,208
Total liabilities and equity	240,840	262,919

Condensed Quarterly Consolidated Statements of Income

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Revenue	116,922	140,866
Cost of sales	(28,984)	(35,963)
Gross profit	87,938	104,904
Selling, general and administrative expenses	(81,723)	(98,683)
Impairment loss	(1,078)	(481)
Other operating income	11,294	4,748
Other operating expenses	(1,924)	(2,418)
Operating profit	14,506	8,069
Finance income	422	935
Finance costs	(856)	(799)
Finance income (costs), net	(434)	136
Share of profit (loss) of investments accounted for using the equity method	(124)	84
Profit before tax	13,948	8,289
Income tax expense	(4,658)	(3,155)
Profit for the period	9,290	5,134
Profit for the period attributable to		
Owners of the parent	9,121	4,606
Non-controlling interests	169	528
Profit for the period	9,290	5,134
Earnings per share attributable to owners of the parent (yen)		
Basic earnings per share	102.05	49.65
Diluted earnings per share	101.23	49.28

Condensed Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Profit for the period	9,290	5,134
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translating foreign operations	1,590	5,107
Share of other comprehensive income of investments accounted for using the equity method	243	682
Other comprehensive income	1,832	5,789
Comprehensive income for the period	11,122	10,923
Comprehensive income for the period attributable to		
Owners of the parent	10,832	9,728
Non-controlling interests	290	1,195

Condensed Quarterly Consolidated Statements of Changes in Equity

For the nine months ended December 31, 2021

(Millions of yen)

	Equity attributable to owners of the parent								Total	Non-controlling interests	Total equity
	Capital stock	Capital surplus	Other equity instruments	Retained earnings	Treasury shares	Other components of equity					
						Exchange differences on translating foreign operations	Subscription rights to shares	Total			
As of April 1, 2021	4,208	2,348	10,847	23,131	(1,026)	(519)	473	(46)	39,461	478	39,940
Profit for the period				9,121				—	9,121	169	9,290
Other comprehensive income						1,711		1,711	1,711	121	1,832
Total comprehensive income for the period	—	—	—	9,121	—	1,711	—	1,711	10,832	290	11,122
Issuance of new shares (exercise of subscription rights)	256	256					(116)	(116)	396		396
Share-based payment transactions							112	112	112		112
Purchase and disposal of treasury shares		(5)			4			—	(1)		(1)
Dividends				(389)				—	(389)		(389)
Distribution to owners of other equity instruments				(388)				—	(388)		(388)
Change in ownership interests in subsidiaries without loss of control		9,321				(125)		(125)	9,195	6,648	15,844
Other		58		(53)				—	5		5
Total transaction amount with owners	256	9,629	—	(830)	4	(125)	(5)	(130)	8,930	6,648	15,578
As of December 31, 2021	4,464	11,977	10,847	31,422	(1,022)	1,067	468	1,535	59,223	7,416	66,640

For the nine months ended December 31, 2022

(Millions of yen)

	Equity attributable to owners of the parent								Total	Non-controlling interests	Total equity
	Capital stock	Capital surplus	Other equity instruments	Retained earnings	Treasury shares	Other components of equity					
						Exchange differences on translating foreign operations	Subscription rights to shares	Total			
As of April 1, 2022	4,498	11,877	10,847	31,338	(1,020)	3,976	507	4,483	62,024	7,954	69,978
Profit for the period				4,606				—	4,606	528	5,134
Other comprehensive income						5,122		5,122	5,122	667	5,789
Total comprehensive income for the period	—	—	—	4,606	—	5,122	—	5,122	9,728	1,195	10,923
Issuance of new shares (exercise of subscription rights)	164	164					(74)	(74)	254		254
Share-based payment transactions							149	149	149		149
Purchase and disposal of treasury shares		3			15			—	18		18
Dividends				(651)				—	(651)	(671)	(1,322)
Distribution to owners of other equity instruments				(385)				—	(385)		(385)
Change in ownership interests in subsidiaries without loss of control		(482)						—	(482)	3	(479)
Other		69		8			(5)	(5)	72		72
Total transaction amount with owners	164	(246)	—	(1,029)	15	—	71	71	(1,025)	(667)	(1,692)
As of December 31, 2022	4,662	11,631	10,847	34,916	(1,005)	9,098	578	9,676	70,727	8,482	79,208

Condensed Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Cash flows from operating activities		
Profit before tax	13,948	8,289
Depreciation and amortization	15,971	18,953
Impairment loss	1,078	481
Interest income	(127)	(364)
Interest expenses	736	790
Share of loss (profit) of investments accounted for using the equity method	124	(84)
Decrease (increase) in trade and other receivables	(557)	(924)
Decrease (increase) in inventories	(129)	(195)
Increase (decrease) in trade and other payables	(1,101)	1,608
Other, net	(929)	895
Subtotal	29,014	29,449
Interest income received	120	276
Interest expenses paid	(729)	(775)
Income taxes paid	(768)	(3,105)
Net cash provided by (used in) operating activities	27,636	25,845
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,248)	(8,623)
Purchase of intangible assets	(56)	(21)
Collection of long-term loans receivable	2,018	211
Payments for lease and guarantee deposits	(366)	(666)
Proceeds from collection of lease and guarantee deposits	573	400
Payments of construction assistance fund receivables	(14)	(33)
Collection of construction assistance fund receivables	388	381
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(131)
Purchase of investments accounted for using the equity method	(1,200)	—
Other, net	82	(837)
Net cash provided by (used in) investing activities	(3,823)	(9,318)
Cash flows from financing activities		
Proceeds from issuance of bonds	—	3,981
Net increase (decrease) in short-term loans payable	(3,000)	—
Proceeds from long-term loans payable	12,075	14,960
Repayments of long-term loans payable	(12,054)	(10,225)
Repayments of lease liabilities	(11,882)	(13,924)
Proceeds from share issuance to non-controlling shareholders	15,403	428
Cash dividends paid	(389)	(651)
Distribution to owners of other equity instruments	(560)	(555)
Other, net	396	(416)
Net cash provided by (used in) financing activities	(10)	(6,402)
Net increase (decrease) in cash and cash equivalents	23,803	10,124
Cash and cash equivalents at beginning of period	24,969	53,463
Effect of exchange rate change on cash and cash equivalents	478	2,189
Cash and cash equivalents at end of period	49,250	65,776