



Chikaranomoto Holdings Co., Ltd. (Ticker #: 3561)



February 12, 2021

Q3 FY2020-21 Financial Results Briefing

(Supplementary Explanation Material for Financial Results of Q3 of Fiscal Year Ending 31 March, 2021)

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- **FY2020-21 Q3 Financial Results**
 - **Consolidated P&L**
 - **Results by Quarters**
(Consolidated, Domestic/International)
 - **Segment Highlights**
 - **Details of Extraordinary Losses**
 - **Consolidated Balance Sheet**
 - **Geography of Stores**
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- **Appendix**
 - **Corporate Details**



Financial Results Q3 FY2020-21

Japan
IPPUDO Asakusabashi Hongo
Open Nov 28, 2020

Consolidated P&L



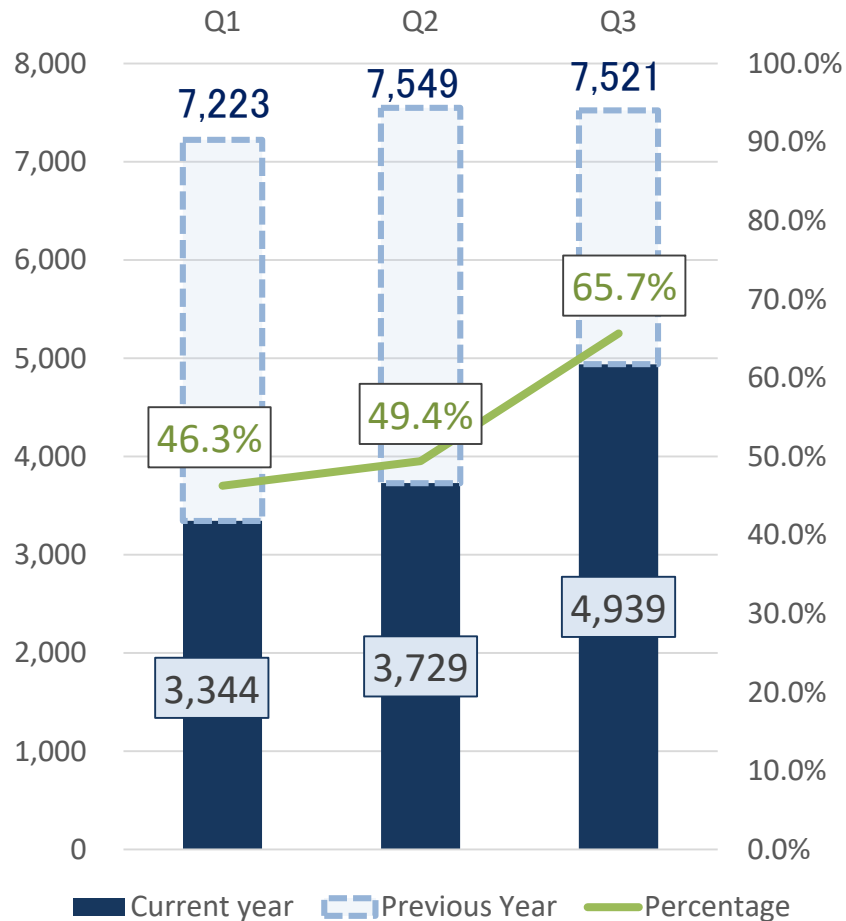
Unit : Million Yen	FY2020-21 Q3 Results	FY20-21 Q3 Plan	Previous FY Q3 Result	vs Plan	vs Previous FY
Revenue	12,010	—	22,293	—	-46.1%
Gross Income	8,268	—	15,791	—	-47.6%
SG&A Expenses	9,199	—	15,086	—	-39.0%
Operating Income	-931	—	704	—	—
Ordinary Income	-980	—	658	—	—
Pre-Tax Income	-2,386	—	634	—	—
Income Attributed to the Company	-2,025	—	530	—	—

Store closures in Q1 (Domestic) and Q2 (International) significantly reduced revenue (53.9% vs same period of the previous year). Fixed expenses related to such closures accounted for as extraordinary loss.

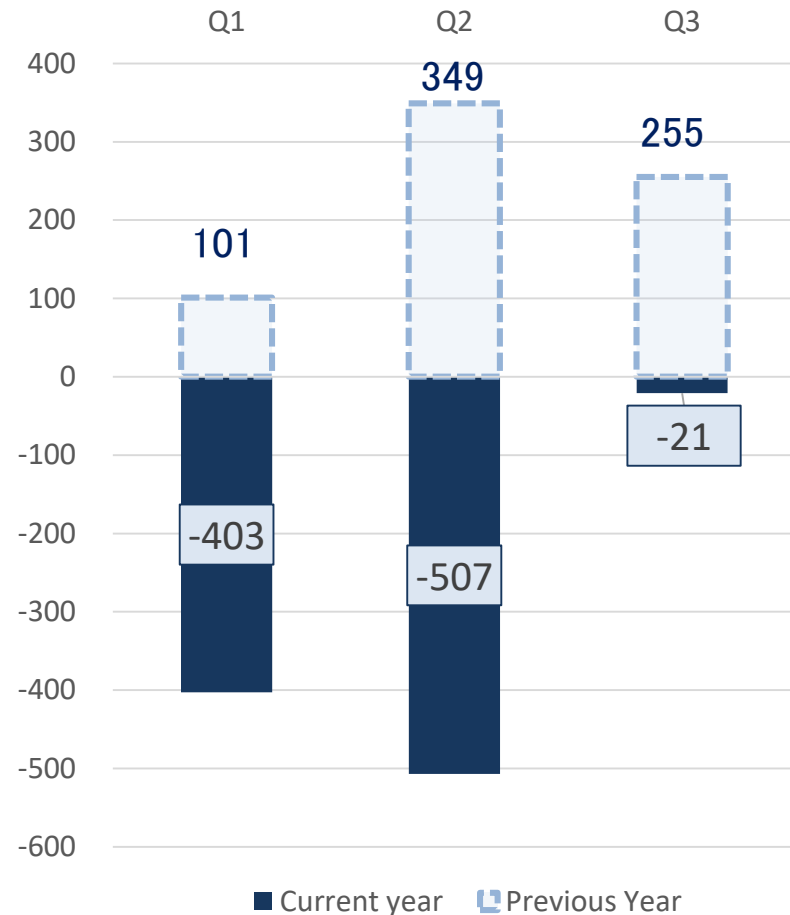
Quarterly Consolidated Revenue and Operating Profit (vs previous year)



Revenue



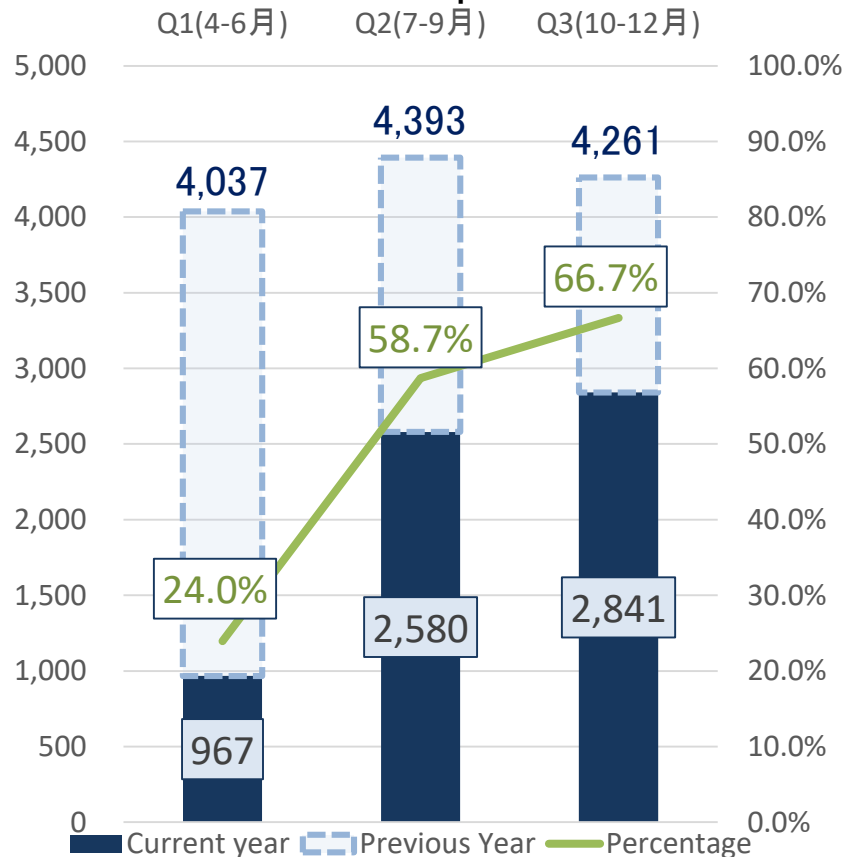
Operating Profit



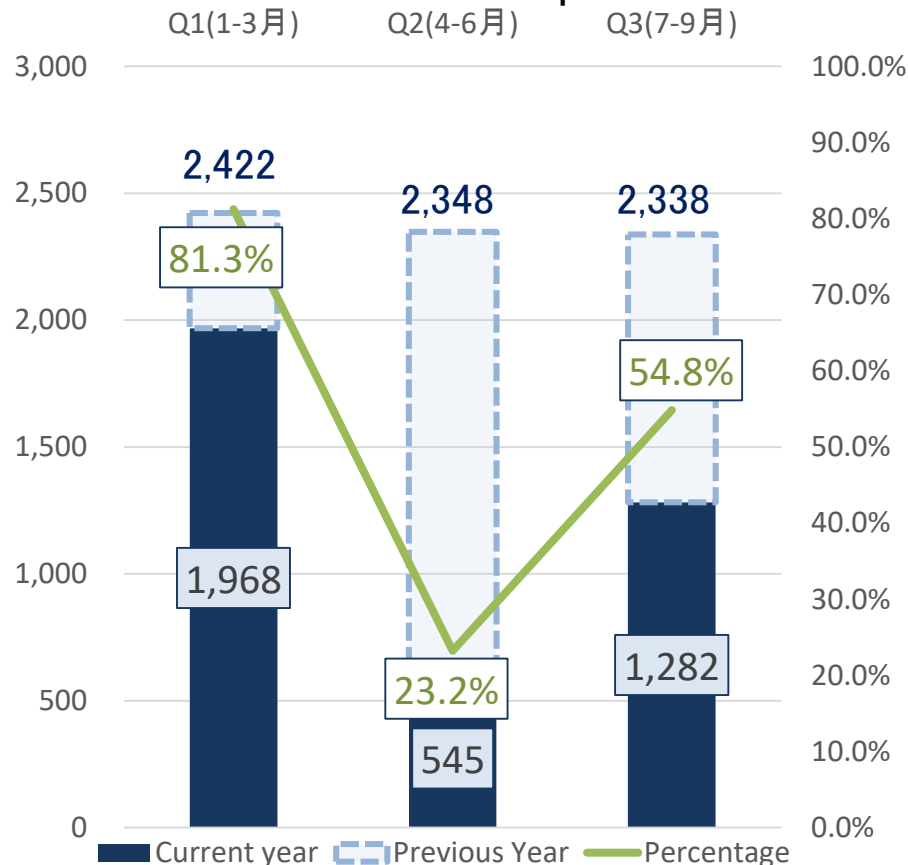
**Revenue recovering from Q3,
Operating Income bottoming out in Q2.**

Quarterly revenue and Operating profit by segment

Domestic Store Operations



International Store Operations

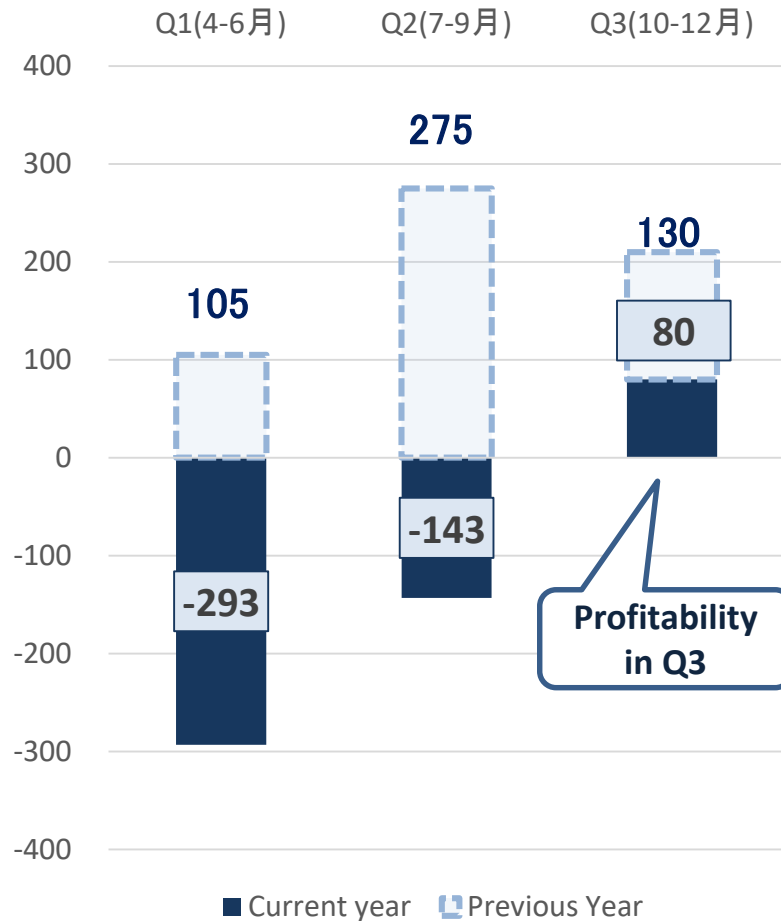


	Q1	Q2	Q3
Japan	State of emergency, stores mostly closed	Operating with limited hours	Revenue recovering, another wave of Covid
Int'l	Many areas under lock-down	Some areas under lock-down	Gradual re-opening area by area

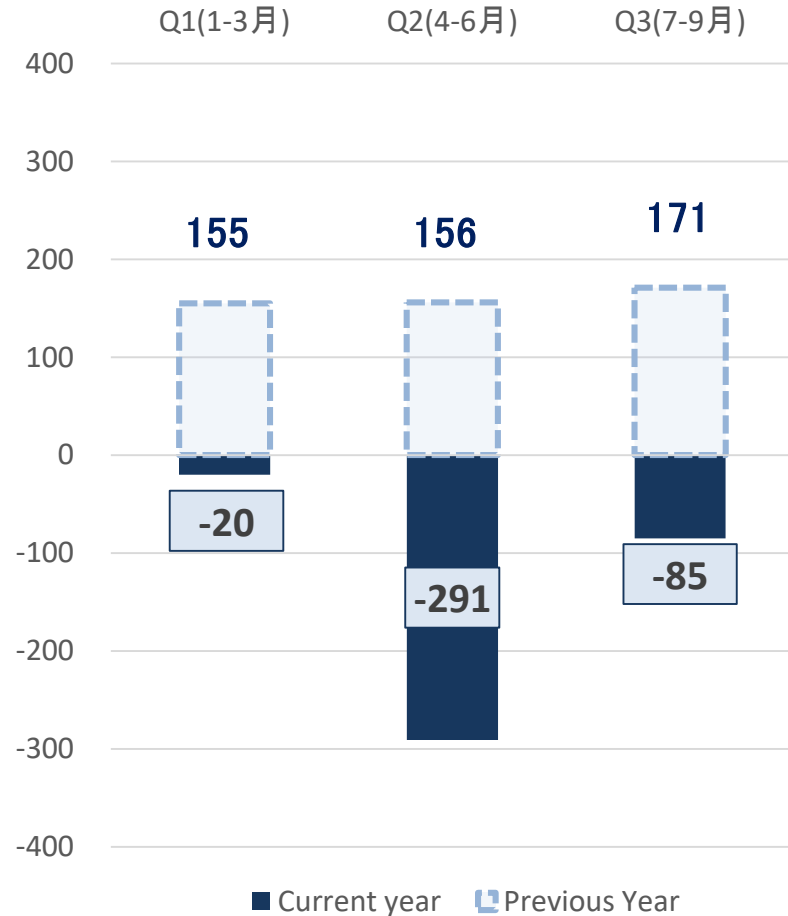
Quarterly operating profit by segment



Domestic Store Operations



International Store Operations



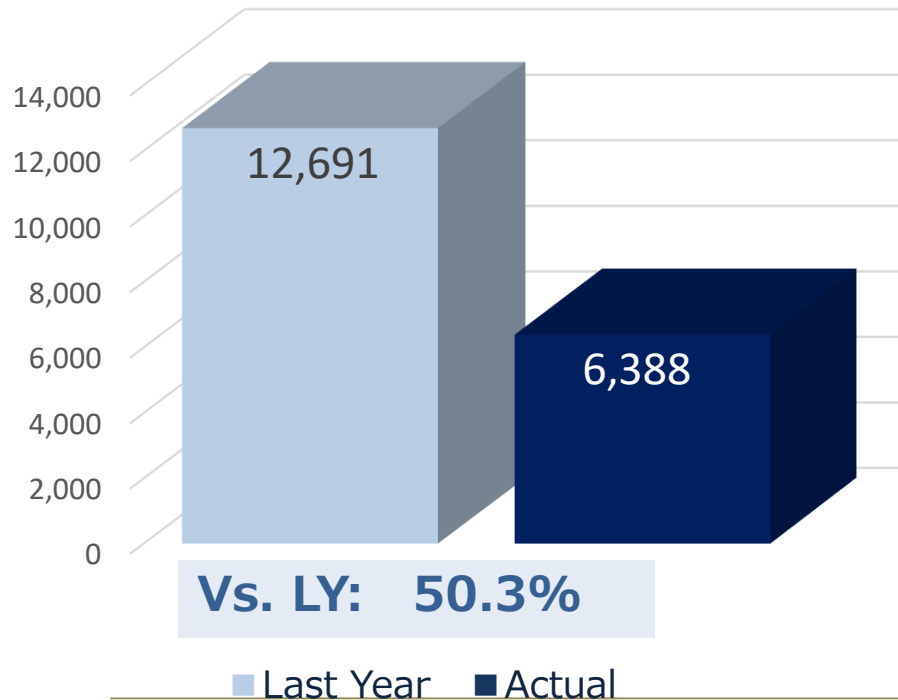
Severe impact of Covid in Q1 (Japan) and Q2 (Int'l)
Cost reduction drive and closure of under performing stores led to achieving quarterly operating income in Japan and Int'l also recovering

Domestic: end of Q3

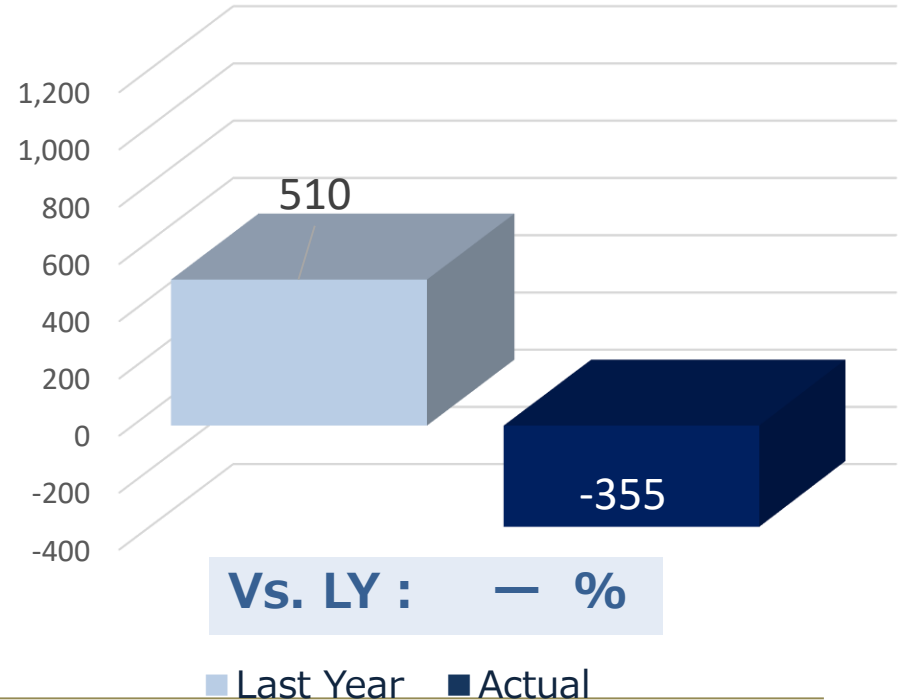


Unit : Million Yen

Revenue



Operating Profit

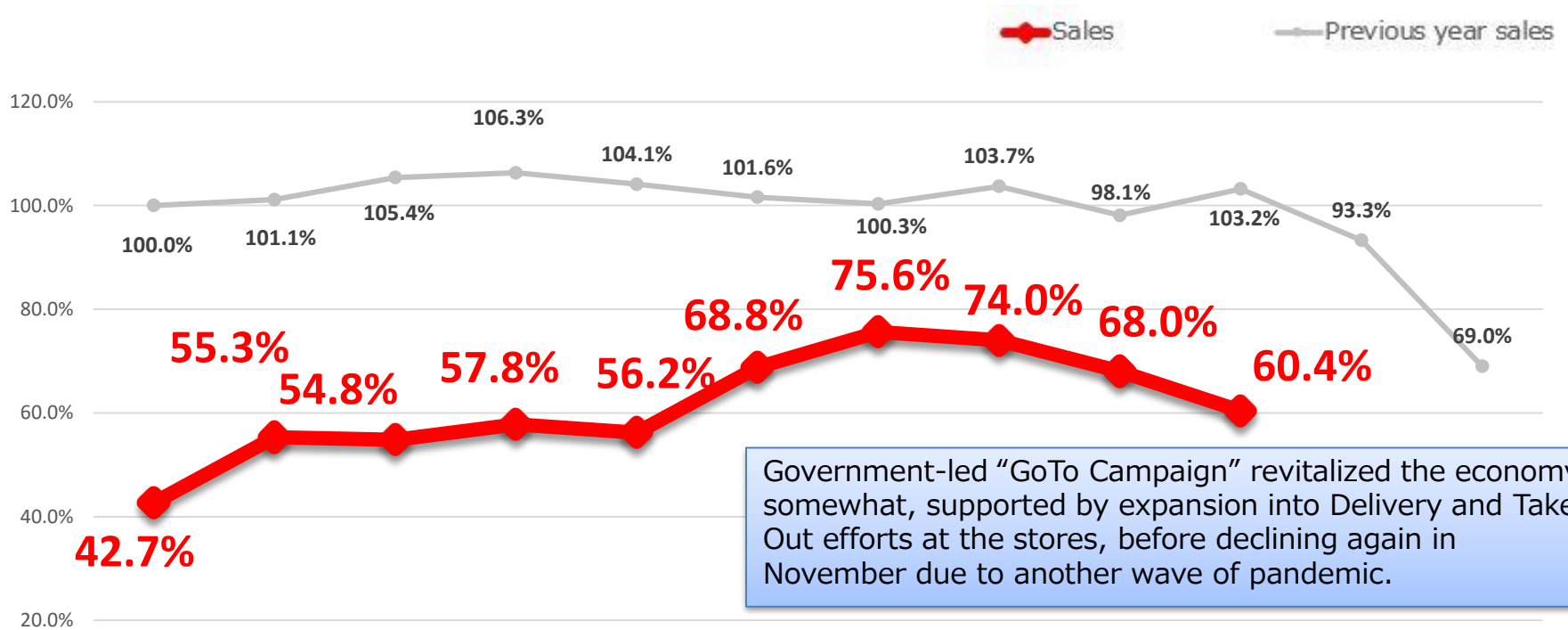


**Revenue at 50.3% due to Covid impact.
Fixed costs such as rent and wages weigh in, resulting in operating loss
(Operating margin of the same period previous year was 4.0%)**

Same-store-sales recovered until November, then another wave of Covid pandemic



■ FY2020-21 Domestic Year-Over Year Sales/Number of Customers/Average Check



	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
Sales	42.7%	55.3%	54.8%	57.8%	56.2%	68.8%	75.6%	74.0%	68.0%	60.4%			63.2%
Number of Customers	44.2%	55.7%	56.8%	58.8%	57.4%	70.5%	74.8%	72.8%	67.6%	59.8%			63.7%
Average Check	96.7%	99.3%	96.6%	98.2%	97.9%	97.6%	101.1%	101.7%	100.6%	101.1%			99.2%

Highlights: Domestic Store Operations



◆ Sales

- Store closures in Q1 due to Covid pandemic, even after re-opening, significant impact on store performance due to restricted operating hours, etc.,
- Preventive measures installed at stores, introduced seasonal items and delivery, take-out services, leading to recovery in same store sales until November, when another wave of pandemic struck

◆ Operating income

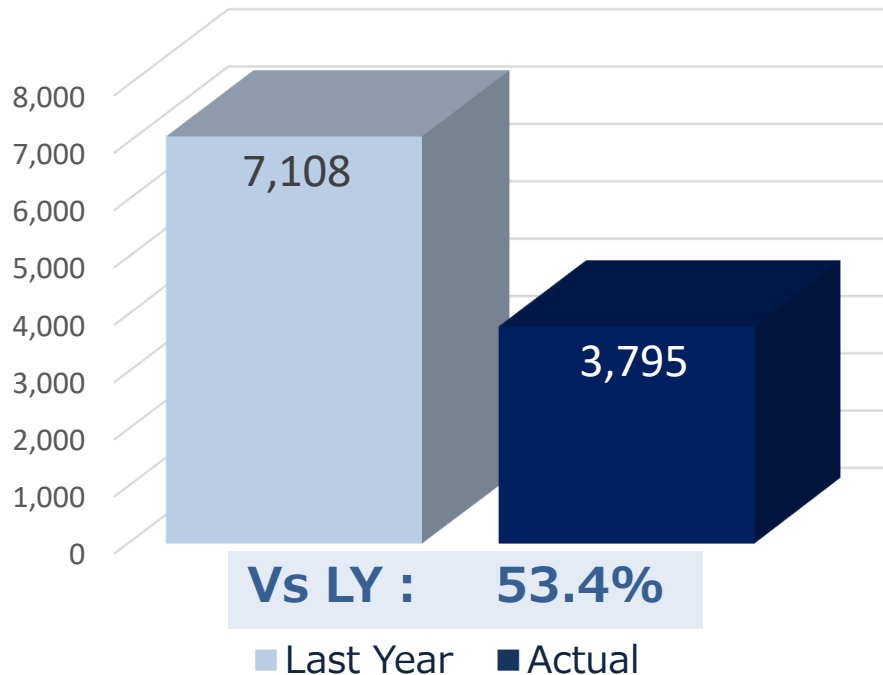
- Reduced sales resulting in losses in Q1 and Q2, sales recovery and optimizing operations, as well as permanent closure of under-performing stores leading to Q3 profit
- Regional management style leading to reduction in working hours and travel expenses

Highlights : International Store Operations

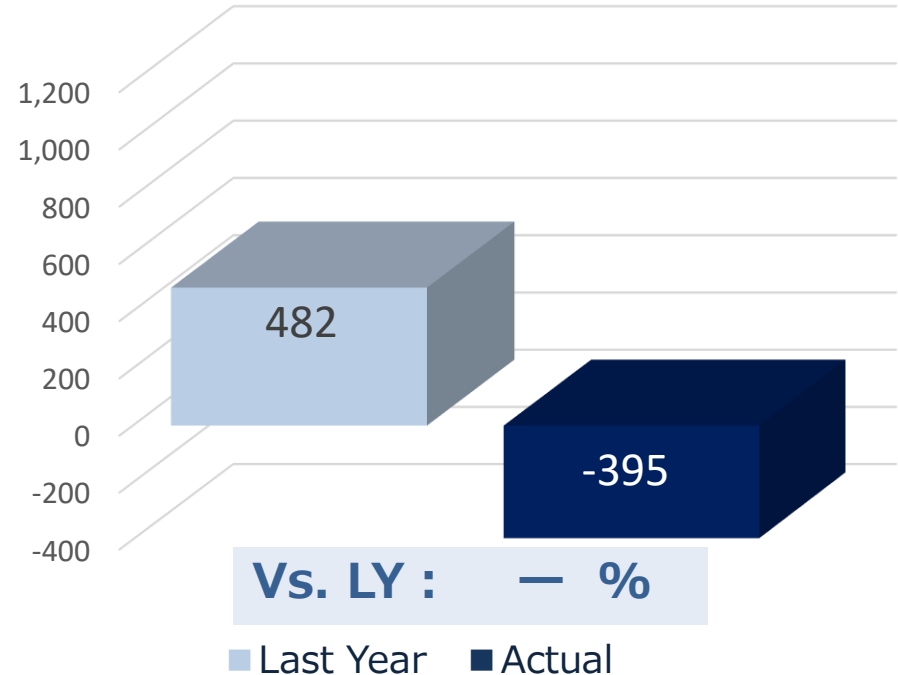


Unit : Million Yen

Revenue



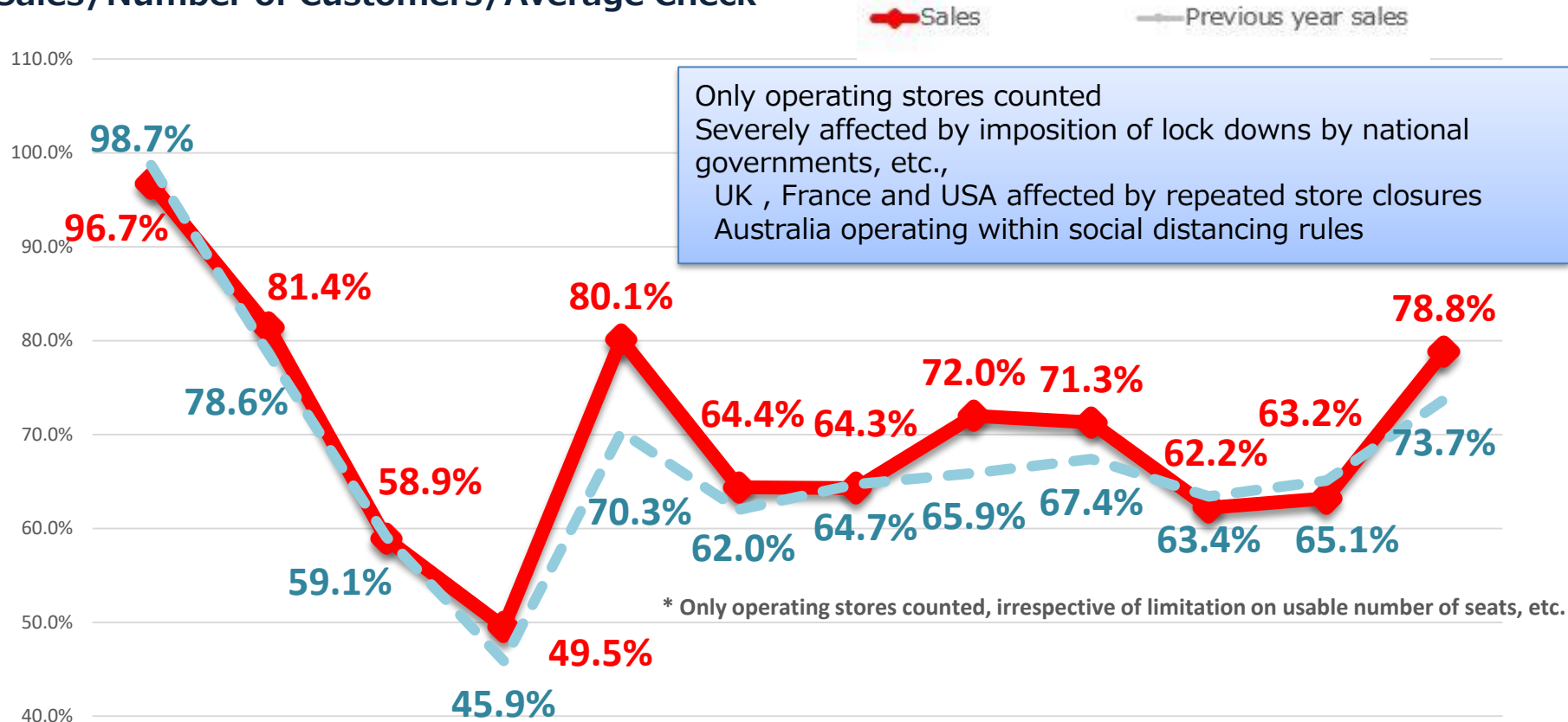
Operating Profit



Many areas under lock down in Q1. Even after re-openings, many areas in Europe and USA under second or third lock downs.
Total revenue at 53.4% vs previous year
Previous year's operating margin at 6.8%

SSS at 72.3%

□ FY2020-21 International Year-Over-Year Sales/Number of Customers/Average Check



◆ Revenue

- Most stores faced temporary closures and operational limitations after March 2020 when national governments imposed various preventive measures. Some stores operating only for delivery and take outs
- Some areas started E-commerce of frozen ramen

◆ Operating income

- Significant revenue reduction led to operating losses
- Various support funds from national governments are accounted under extraordinary income, not affecting operating margins

Domestic Production & Merchandizing, Others and Corporate Overhead



Product&Merchandizing

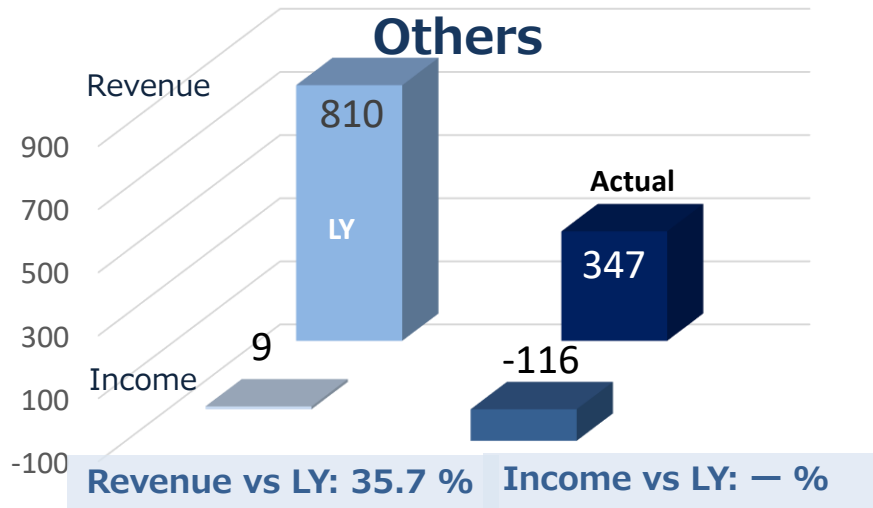
Covid equally significant, revenue reduced but operating margin improved thanks to E-commerce. New site, "Men(noodle)'s Market launched

Others

Stores mostly closed, revenue and income significantly reduced

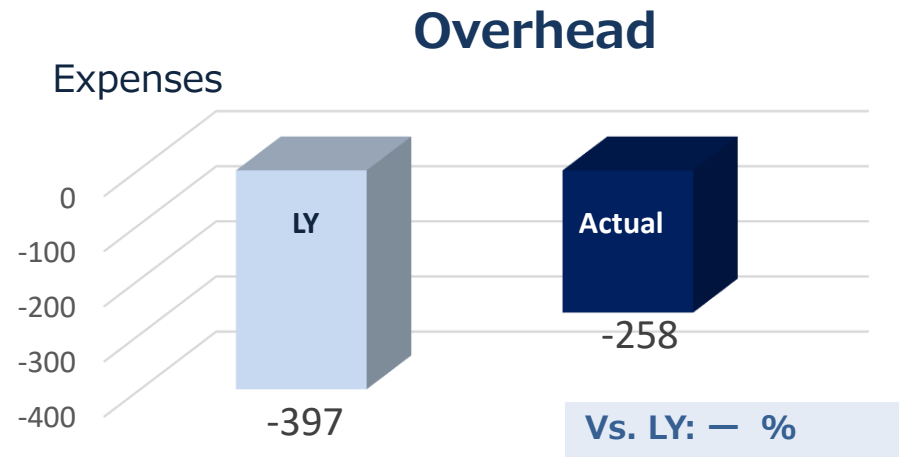
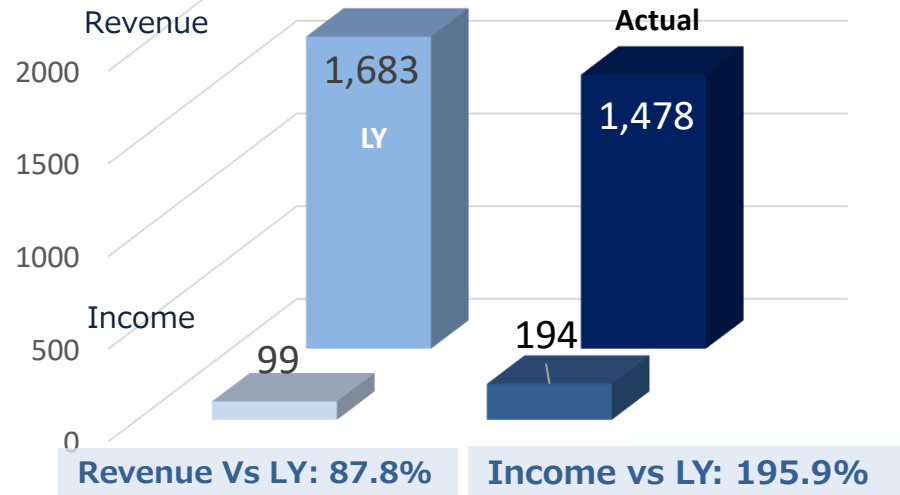
Overhead

Reduction of JPY138M vs previous year. Details in the next page

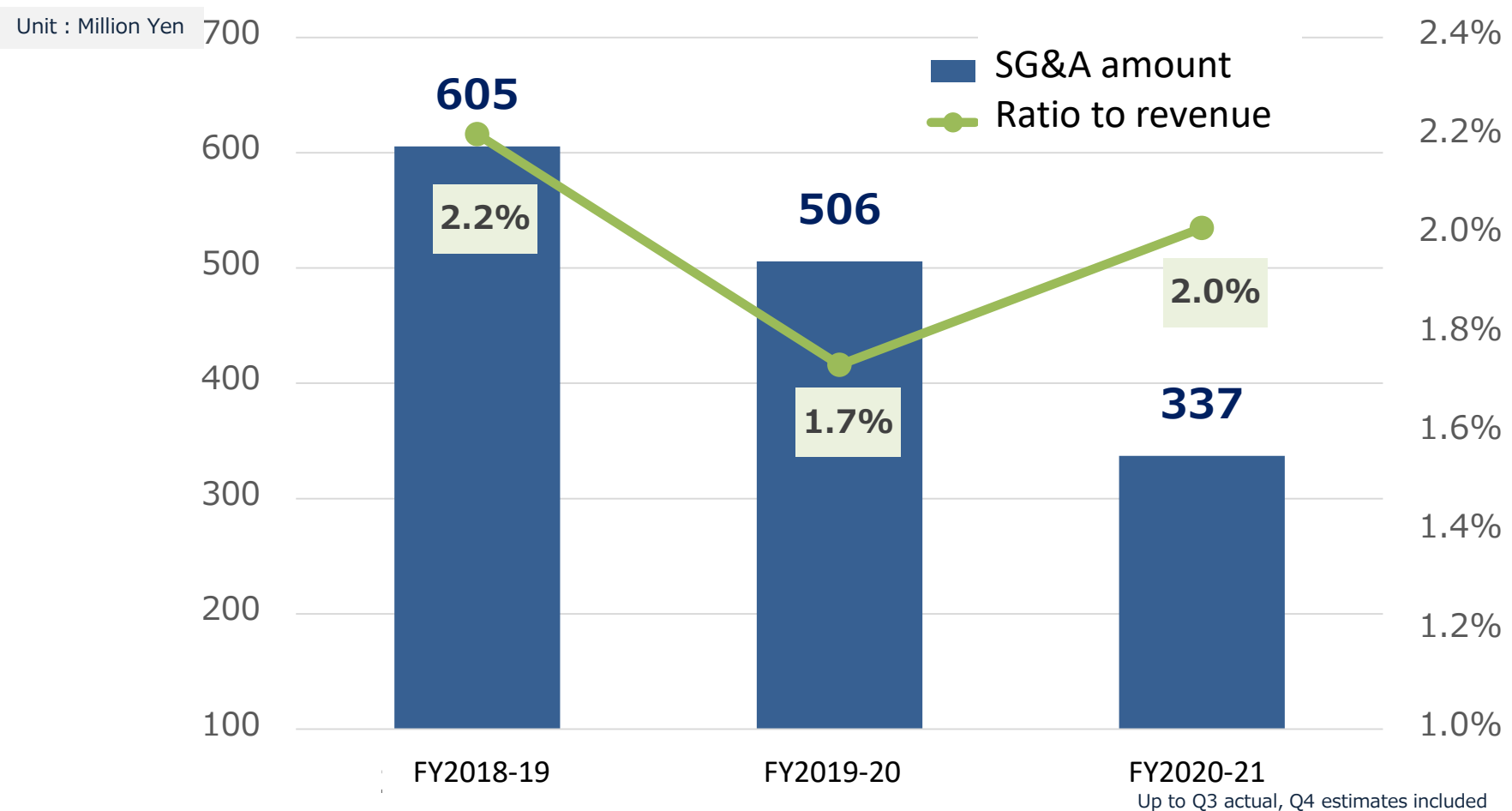


Unit : Million Yen

Domestic Production & Merchandizing



Overhead details (SG&A expenses) by fiscal years



Supply chain revamp, POS systems modernization, optimization of work flow, organizational restructuring and other measures undertaken since FY2018-19 contributing to significant cost reduction. Ratio to revenue temporarily up, due to declined sales this fiscal year.

Extraordinary losses details (up to Q3)



Details	Amount (Million yen)
Temporary Closures due to Covid-19	1,475
Fixed costs related to store closed upon directions and requests from national and regional governments	Japan : 977 Int'l : 497
Strategic relocation and permanent closures	427
Closures 21 Renovation and Relocation 3	
Relocation of offices, etc.	32
POS systems overhaul, etc.	23
Total	1,958

Consolidated Balance Sheet



Unit : Million Yen

	March 2020	December 2020	GAP
Current Assets (cash and deposits)	5,424 (3,759)	5,621 (3,742)	-196 (-17)
Tangible Fixed Assets	7,181	7,124	-56
Intangible Fixed assets	277	232	-45
Investments & Others	2,510	2,767	256
Non-Current Assets	9,969	10,124	155
Total Assets	15,393	15,745	352
Total Liabilities	11,580	14,016	2,436
Equity	3,677	1,675	-2,001
Accumulated Other Comprehensive Income	130	53	-76
Non-controlling interest	5	-	-5
Total Net Assets	3,813	1,729	-2,084
Total Liabilities and Net Assets	15,393	15,745	352

■ Assets

• Deferred tax assets	+422
• Receivables	+214
• Cash and cash equivalents	-17
• Tangible fixed assets	-56
• Investment securities	-50
• Deposits and guarantees	-86

■ Liabilities

• Interest-bearing loans	+2,155
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■ Equity

• Net loss for the period	-2,025
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※Equity Ratio 11.0%
(March 2020: 24.7%)

Net losses booked, cash position largely unchanged thanks to financing

281 Stores in 15 countries and regions

(-7 since the end of previous FY)

Domestic 149, International 132

Europe (7)

UK	4
France	3

North America (13)

U.S.A	13
<5 stores in West coast under Joint Venture>	

Asia (101)

Singapore	10
Malaysia <License>	7
Thailand <License>	19
Philippines <License>	10
Indonesia	6
China/Hong Kong <License>	31
Taiwan	14
Myanmar <License>	2
Vietnam <License>	2

Japan (149)

IPPUDO	90
RAMEN EXPRESS	35
PANDA EXPRESS	8
Others	7
Sub-total Domestic	140
Ichika Bachika	1
Inaba-Udon	8
Sub-total Others	9

Oceania (10)

Australia	9
<including 2 License stores>	
New Zealand	2
<License>	

Main Accomplishments



Preventive measures against Covid-19

お客様に安心してお食事いただけるよう、
感染予防対策を徹底しています。



消毒を徹底しています。

- ・従業員の手洗い・アルコール消毒
- ・店頭でのお客様用アルコール消毒液の設置
- ・店内設備のこまめな消毒



体調管理を徹底しています。

- ・37.5度以上の出勤制限、および店舗での検温実施



換気を徹底しています。

- ・空調の換気システムにより、数分単位で空気を入れ替え
- ・1時間に1回5分間の入口開放



飛沫・接触感染の防止を徹底しています。

- ・従業員マスク着用の徹底
- ・お客様によるアプリのクーポン消し込みのお願い
- ・手書き伝票廃止による接触機会の軽減
- ・パーティションの設置



サービス品のご提供方法を変更いたします。

- ・辛もやし、高菜、紅しょうが等をご希望されるお客様は
お手数ですがスタッフまでお声がけください

今後も感染拡大の状況を踏まえて、逐次適切な対策に努めてまいります。
お客様のご理解とご協力のほど、何卒よろしくお願い申し上げます。



株式会社チカラノモトホールディングス

**Store sanitation, social distance, ventilation,
monitoring of employees' health, etc.**

Seasonal products

「一風堂からか麺」リニューアル!

1989年に大名本店に初登場した当時の製法を復活させ、さらに味変アイテム“胡麻ばくだん”も新登場! より辛く、より旨く、より楽しくなった“極 からか麺”、ぜひ一度お召し上がりください!

極 からか麺

創業35周年記念ラーメン

辛さが選べます!!
特辛 (HOT)
普通 (NORMAL)

850円 (+税)
特製極 からか麺 1,090円 (+税)
[チャーシュー2枚、のり3枚、玉子入り]

With you, IPPUDO. 35th Anniversary.

味増 白丸

「ポカポカ」あったまる、一風堂の味噌とんこつ

20-21 IPPUDO WINTER

冬季限定 890円 (+税)
販売期間: 2020年11月27日(金) START!!

※一風堂の味噌とんこつは、大豆由来の味噌を使用しています。

PLANT-BASED RAMEN プラントベース 赤丸

2021 2.1 (MON) 期間限定 発売!

1,000円 [税込1,100円]

このおいしさ 初体験。

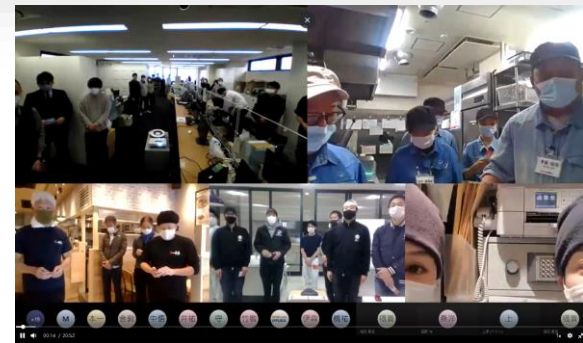
コシ強い大豆乳+昆布だしのスープ、卵不使用の食物繊維入り全粒粉麺、豆ペーストの代替肉チャーシュー。進化した未来志向の赤丸を、まずは一度お試しください!

NO TONKOTSU
NO MEAT
NO EGG

植物由来の原料で作られた未来志向のラーメン。

とんこつのように、とんこつじゃない。

New seasonal items, and an introduction of Plant-Based Ramen, aiming at new customer acquisition and retention of the existing client base



New Men(noodle)'s Market E-commerce site launched. Launched delivery and take-away services. Annual anniversary event adjusted in accordance with new preventive measures. Online "Chorei" (In-house briefing session) to ensure consistent communication .

New business model (new stores from next year onwards in Japan)



Previous store economics		
	Amount ('000)	Ratio
Sales	12,000~15,600	
Variable Expenses	7,622~9,588	61.5% ~63.5%
Fixed expenses	2,981~3,667	23.5% ~24.8%
Operating profit	1,397~2,345	11.6% ~15.0%
Capex	65,000~75,000	—
EBITDA	1,758~2,762	14.7% ~17.7%
BEP	8,171~9,515	—

New store economics		
	Amount ('000)	Ratio
Sales	5,600~9,100	
Variable Expenses	3,654~5,702	62.7% ~65.3%
Fixed expenses	1,119~1,922	20.0% ~21.1%
Operating profit	827~1,476	14.8% ~16.2%
Capex	25,000~40,000	—
EBITDA	966~1,698	17.2% ~18.7%
BEP	3,220~5,148	—

Economy in Japan expected to diffuse out into regional cities, rather than heavy concentration in metropolitan areas. Accordingly, new stores will be planned in more suburban regional areas, road-side locations along key routes, as opposed to previously A-list locations. Lower capital expenditure allowing for quicker return on investment. Already tried out in Asakusabashi Hongo store as well as upcoming Kameari store.

Forecast for FY2020-21



New Zealand
IPPUDO NEW ZEALAND Sylvia Park
Grand Open Nov 12, 2020

Full year forecast



Unit : Million Yen	FY2020 -21 Q1	FY2020 -21 Q2	FY2020- 21 Q3	Full year Forecast	Previous year actual	Ratio
Revenue	3,343	7,072	12,010	16,322	29,106	-43.9%
Operating income	-403	-910	-931	-1,079	697	—
Ordinary income	-412	-946	-980	-1,178	623	—
Net profit (loss)	-913	-1,922	-2,025	-2,305	-214	—

Major impact of Covid-19 and related closures and restrictions. Revenue at 16,322M (56.1% of the previous full year). Operating loss at 1,079M and (decline of 1,776M from the previous year)

Appendix



China
IPPUDO CHINA Nanjing KINGMO
Grand Open Dec 11, 2020

■ Founding Principle ■

We will continuously create new values through food, and communicate those values to the world with Smile and Arigato

Keep changing to remain unchanged.



*Despite the challenges posed by Covid, with hopes of further growth, the founding principles were slightly revised on its 36th anniversary, October 16, 2020.

Chikaranomoto Holdings Co., Ltd. (Ticker#:3561)

Address	Daimyo 1-13-14, Chuo ward, Fukuoka city, Fukuoka, Japan	
Date of Establishment	30 th October, 1986	
Capital Stock	1,305,950,000JPY (The number of issued shares : 24,023,000 shares)	
Fiscal Term	March	
Number of Employee	32 (consolidation 554)	※Excluding temporary employees
List of Directors		

President and Representative Director	Mr. Shigemi Kawahara
Director	Mr. Toru Nakao
Director and Chief Strategy Officer	Mr. Tomoyuki Yamane
Director (Audit Committee)	Mr. Yasuyoshi Suzuki
Director (Audit Committee, Independent)	Mr. Tetsuya Tsuji
Director (Audit Committee, Independent)	Mr. Shinji Tanabe

Signature Products

白丸元味
原点の一杯



Shiromaru Classic

Keeping in line with the founding recipe, the *Classic* soup is cooked for over 18 hours and a day of maturation, silky yet high in flavors and fragrance. Ultra-thin noodles, typical of Hakata, accentuates this IPPUDO product.

赤丸新味
革新の一杯



Akamaru Modern

A modern take on the *Classic*, *Akamaru* adds a slightly spicy mixed *Miso* paste and fragrant oil, to give the senses a gentle kick. Slightly thicker noodles match perfectly with a bowl full of flavors.

極からか麺



Kiwami Karaka

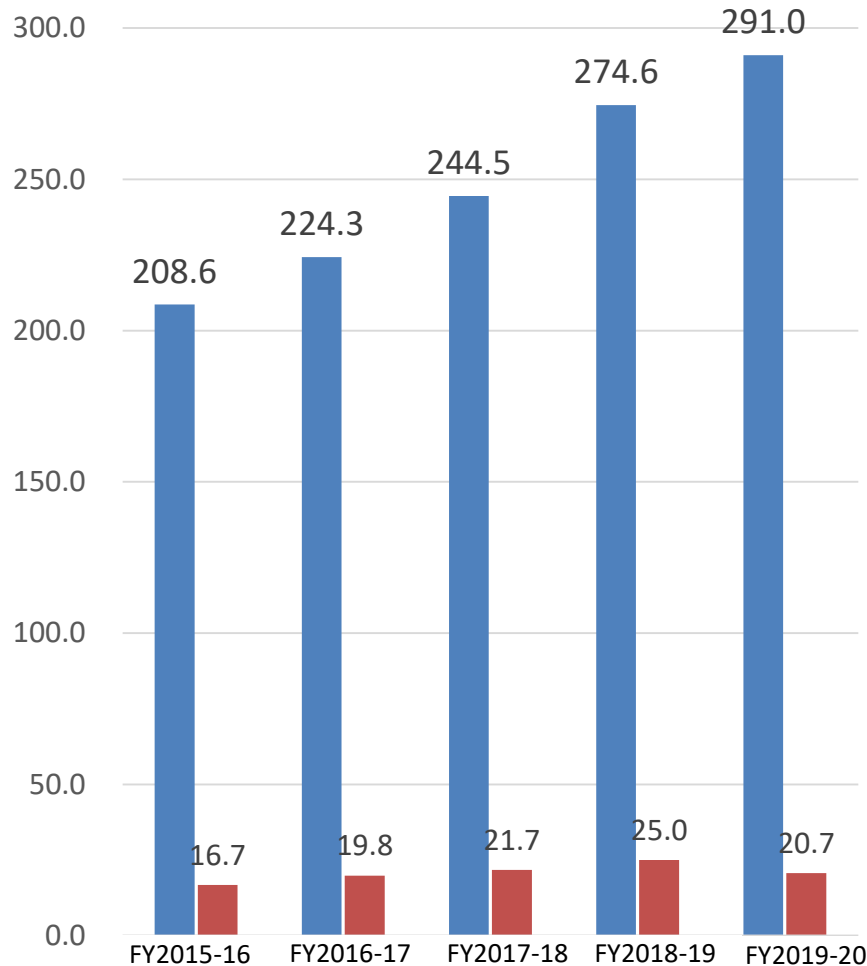
A spicy take on the Silky Tonkotsu soup, with house-made spicy Rayu oil and fragrant garlic oil together with a few spices mixed into Miso. Special seasoning deep fried Tempura dough and Sesame Bomb (grated sesame topping) converts this bowl into a popular Tantanmen-like flavors.

Historical Performance



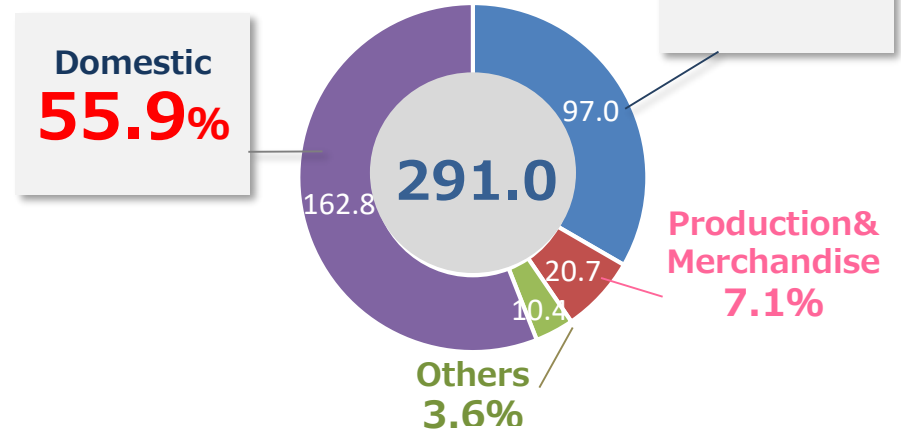
Consolidated Revenue

■ Consolidated
■ Non-Consolidated
(in JPY 100 million)



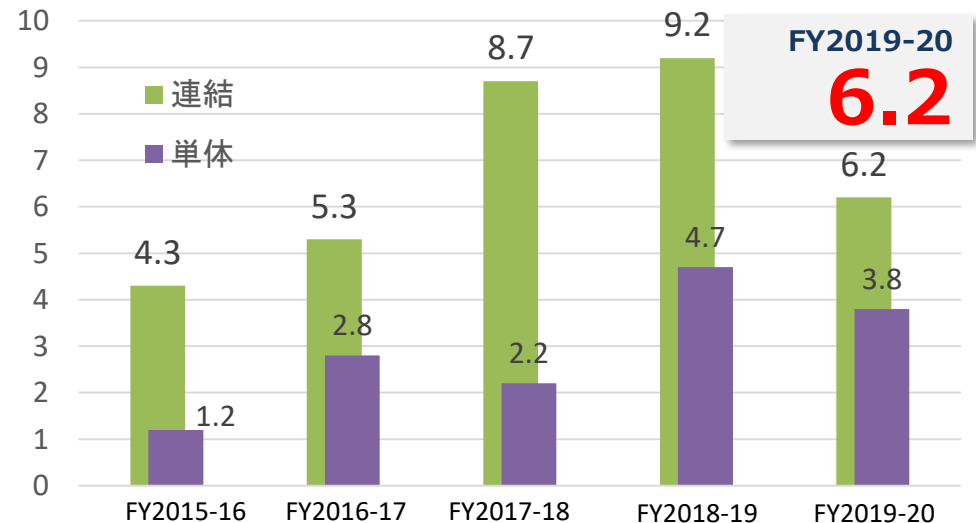
Revenue by Segment

FY2019-20 (in JPY 100 million)

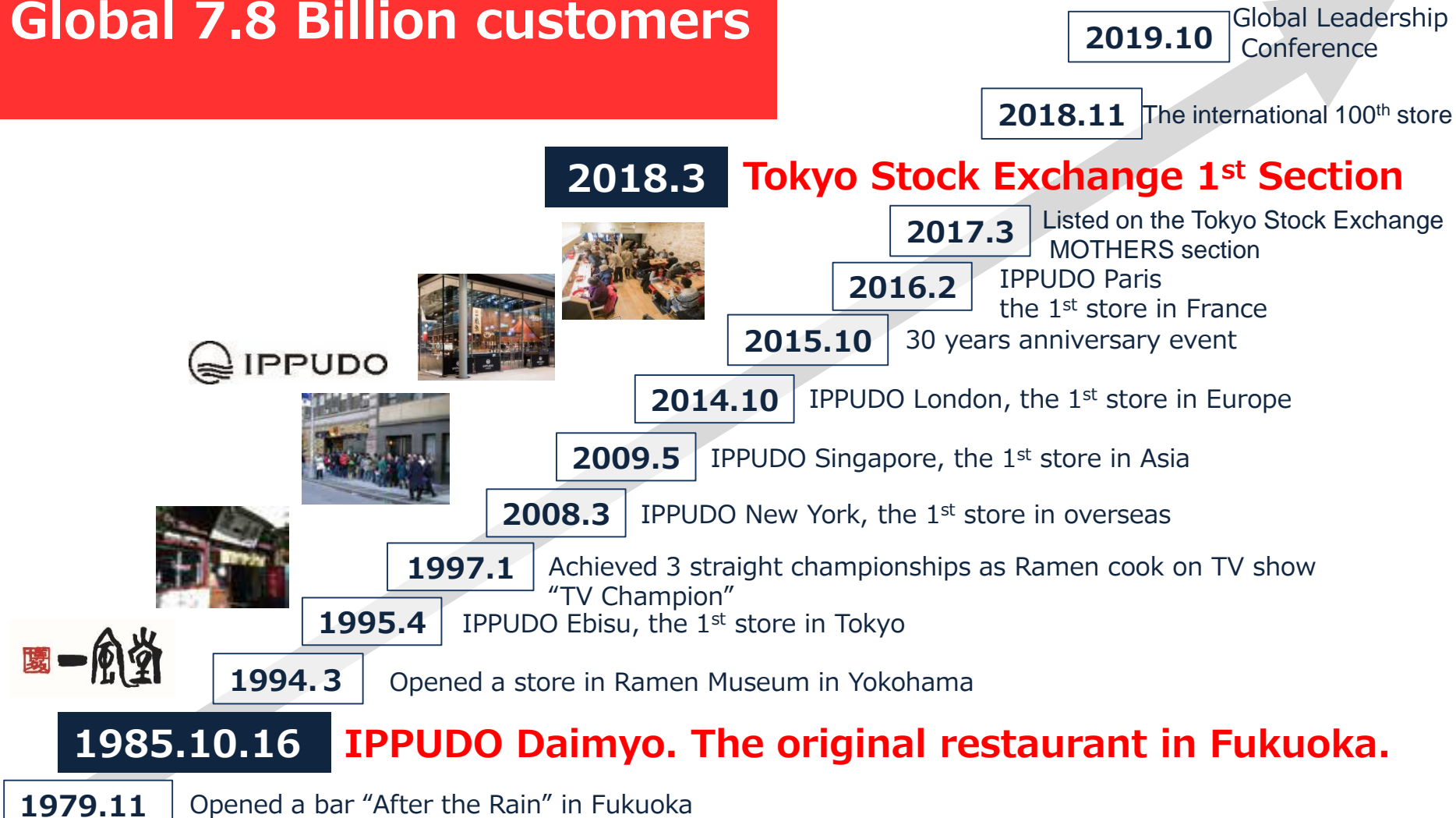


Ordinary Income

(in JPY 100 million)



2025
Global 7.8 Billion customers



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