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June 14, 2024

## Consolidated Financial Results for the Six Months Ended April 30, 2024 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange  
 Securities code: 9279  
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 Scheduled date to file quarterly securities report: June 14, 2024  
 Scheduled date to commence dividend payments: July 19, 2024  
 Preparation of supplementary material on quarterly financial results: Yes (Japanese only)  
 Holding of quarterly financial results briefing: Yes (for institutional investors and analysts)

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

### 1. Consolidated financial results for the six months ended April 30, 2024 (from November 1, 2023 to April 30, 2024)

#### (1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
April 30, 2024	13,552	26.3	1,545	51.3	1,594	51.6	1,054	45.2
April 30, 2023	10,729	36.0	1,021	32.1	1,051	(12.2)	726	(11.1)

Note: Comprehensive income For the six months ended April 30, 2024: ¥1,089 million [55.2%]  
 For the six months ended April 30, 2023: ¥701 million [(17.0)%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
April 30, 2024	52.85	52.76
April 30, 2023	36.44	36.36

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

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
April 30, 2024	14,086	7,694	54.6
October 31, 2023	12,527	6,772	54.0

Reference: Equity

As of April 30, 2024: ¥7,689 million  
 As of October 31, 2023: ¥6,767 million

**2. Cash dividends**

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended October 31, 2023	–	15.00	–	9.00	–
Fiscal year ending October 31, 2024	–	9.00			
Fiscal year ending October 31, 2024 (Forecast)			–	9.00	18.00

- Notes: 1. Revisions to the forecast of cash dividends most recently announced: None
2. On August 1, 2023, the Company conducted a 2-for-1 share split of its common shares. The dividend per share at fiscal year-end for the fiscal year ended October 31, 2023 is stated after taking into account the effect of this share split. The dividend per share at fiscal year-end for the fiscal year ended October 31, 2023 not taking into account the share split is ¥18 per share, resulting in an annual dividend per share of ¥33.

**3. Consolidated earnings forecasts for the fiscal year ending October 31, 2024 (from November 1, 2023 to October 31, 2024)**

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending October 31, 2024	28,500	24.0	3,000	27.5	3,060	26.2	1,960	22.7	98.20

- Note: Revisions to the consolidated earnings forecasts most recently announced: Yes
- Regarding revisions to the consolidated earnings forecasts, please refer to the “Notice Regarding Revisions to Full-Year Consolidated Earnings Forecasts” released today (June 14, 2024).

**\* Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

Newly included: 1 company (GIFT EUROPE AG), Excluded: None

- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes

Note: For details, please refer to “2. Quarterly consolidated financial statements and significant notes thereto, (4) Notes to quarterly consolidated financial statements, Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements” on page 13 of the attached material.

- (3) Changes in accounting policies, changes in accounting estimates, and restatement

- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None

- (4) Number of issued shares (common shares)

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

As of April 30, 2024	19,960,884 shares
As of October 31, 2023	19,944,584 shares

- (ii) Number of treasury shares at the end of the period

As of April 30, 2024	684 shares
As of October 31, 2023	602 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended April 30, 2024	19,949,449 shares
Six months ended April 30, 2023	19,931,218 shares

Note: On August 1, 2023, the Company conducted a 2-for-1 share split of its common shares. “Total number of issued shares at the end of the period,” “Number of treasury shares at the end of the period” and “Average number of shares outstanding during the period” are calculated assuming that the share split was conducted at the beginning of the previous fiscal year.

- \* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

- \* Proper use of earnings forecasts, and other special matters

The forward looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Actual results, etc. may differ substantially from these forecasts due to various factors. Please refer to “1. Qualitative information on quarterly financial results, (3) Explanation of consolidated earnings forecasts and other forward looking statements” on page 6 of the attached material for the assumptions used in forecasting business results and precautions regarding the use of business results forecasts, etc.

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## 1. Qualitative information on quarterly financial results

### (1) Explanation on operating results

During the six months ended April 30, 2024, the Japanese economy has largely returned to the normal economic activity before the COVID-19 pandemic, with post-Covid lifestyles taking hold, but the situation has continued in an economic environment of ongoing inflation stemming from rising import product prices, coupled with the continued historic depreciation of the yen to over ¥150 per dollar in the foreign exchange environment.

In the domestic economy, consumer spending has shown a steady return to pre-Covid levels mainly due to consumers drawing down excess savings accumulated during the pandemic. However, it has been somewhat sluggish due to the effects of the unstoppable depreciation of the yen and the sharp rise in prices represented by import products. Meanwhile, corporate profits remained strong, and the stock market during the six months ended April 30, 2024 showed some positive signs, with the Nikkei Stock Average reaching its highest level in 34 years, set in 1989 before the bubble burst, but the domestic economy as a whole remained generally weak.

On the other hand, as for exports and imports, both exports and imports have exceeded their pre-Covid levels in terms of yen-based amounts due to the ongoing depreciation of the yen in the foreign exchange market. Exports were weak in the manufacturing sector as a whole, due in part to the special circumstances in which a certification fraud problem was discovered at some automobile manufacturers, which led to the suspension of production and shipments by these manufacturers, and had a negative impact. Imports are in a situation where rising resource prices and the effects of higher prices for import products due to a weaker yen are causing import inflation. In this environment, there is increasing pressure to raise wages in various industries, such as the lodging, restaurant and other service industries that are suffering from serious labor shortages. In this year's annual spring wage negotiations between employers and unions, against the backdrop of strong corporate earnings, many companies have decided to significantly raise wages, offering wage increase rates higher than those seen the last year's annual spring wage negotiations, which saw the highest wage increase in 30 years. However, even with this situation of increasing wages, import inflation in the current weak yen environment could lead to a decline in real wages and continue to pose a downside risk to consumer spending.

Under these circumstances, the preliminary gross domestic product (GDP) figure (real seasonally adjusted figure excluding the effects of price fluctuations) for the January-March period of 2024 announced by the Cabinet Office showed a significant decrease, down 0.5% from the previous quarter (2.0% annualized decrease), marking the first negative growth in two quarters. Amid negative growth, inbound (foreign visitors to Japan) consumption made a positive contribution to the preliminary GDP figure. The number of foreign visitors to Japan exceeded 3 million for the first time in March this year, surpassing the previous record of 2.99 million set in July 2019, thereby boosting said consumption. The historical yen depreciation made Japanese prices less expensive for foreign visitors, leading to an increase in spending on travel and lodging. The current weak yen exchange rate environment is expected to lead to a further increase in the number of foreign visitors to Japan, as well as a significant increase in spending on travel and lodging due to higher unit prices for travel and longer stays. In addition, a further increase is expected in the number of Chinese visitors to Japan, who accounted for more than 30% of all foreign visitors to Japan in 2019, as the number has recovered to more than 50% of pre-COVID-19 levels.

At the same time, looking around the world, large-scale conflicts remain unresolved, such as the Russian-Ukrainian war, which still has no end in sight two years after the Russian military invasion, and the military clash between Israel and Hamas, which broke out in October 2023 and continues to cause tensions to this day. Amid this situation, while inflation is rising in the major economies, the economic environment in those economies is somehow being maintained through interest rate hikes by U.S. and European central banks and other measures in response.

In the U.S., the preliminary GDP for the January-March period of 2024 announced by the U.S. Department of Commerce showed significant slowdown from the 3.4% growth rate in the previous quarter, despite positive growth for the seventh consecutive quarter, growing 1.6% on an annualized basis from the previous quarter. Personal consumption, which accounts for nearly 70% of GDP, is slowing down despite still growing with a 2.5% increase over the previous quarter, showing signs of

deceleration. Service consumption, mainly food and beverage, is returning to pre-pandemic levels. A further slowdown in economic activity is expected, however, as the impact of rising interest rates is felt more widely. The FRB remains wary of inflation, which is at a historically high level, and at the Federal Open Market Committee (FOMC) meeting held in April 2024, it was decided to maintain the federal funds (FF) rate guidance target at 5.25% to 5.50%, for six consecutive meetings. Policy rate controls have also been actively put in place to control inflation. However, expectations of a cut in interest rates remain uncertain, mainly due to the downward trend in the GDP growth.

In China, the preliminary GDP for the January-March period of 2024 announced by the National Bureau of Statistics of China showed 5.3% year-on-year growth on a real annualized basis adjusted for price changes. Despite the pickup in consumption of services, such as dining out, entertainment, and tourism after the COVID pandemic, we are still in a situation where the strong pre-Covid economic growth has not been achieved, which can be attributed to stagnant consumer spending and a deteriorating real estate market. Also, due to the Chinese government's emphasis on avoiding expansion of central and local government debt, it has shown reluctance to undertake large-scale fiscal expansion and economic growth has slowed.

In this economic environment, the restaurant industry, to which the Group belongs, is moving to a situation with an economic tailwind as service consumption, such as travel, lodging, and food and beverage, is steadily recovering amid the shift in people's lives to a post-Covid lifestyle. In particular, the number of foreign visitors to Japan has been recovering rapidly due to the government's removal of various immigration restrictions in conjunction with its shift to post-Covid, and further expansion of inbound demand is expected going forward. Given that the current trend of the depreciation of the yen is continuing, it can be said that a situation has emerged which offers a great business opportunity. At the same time, the current employment situation has created a severe labor crunch, and in face-to-face service industries, especially in the restaurant industry, wage increases have become inevitable in order to resolve the labor shortage. The hourly wages of non-regular workers (part-time workers) are also on the rise.

In this business environment surrounding the restaurant industry, the Group saw strong results in existing store sales compared to before the COVID-19 pandemic. In addition, management's decision to keep opening new stores even during the pandemic without slowing down has yielded good results, and coupled with the effects of the new store openings, business is steadily expanding. In particular, Tokyo Ramen Yokochō, which was opened as a ramen complex facility in the Yaesu underground shopping mall of Tokyo Station in June 2022, featuring seven different brands of ramen stores, has demonstrated the success of the priority investment strategy implemented over the past several years during the pandemic, with each store still setting new monthly sales records even during the six months ended April 30, 2024. Thus, the Group, led by the product development team, is constantly enhancing its brand development capabilities, which have led to the successful opening of multiple stores in the facility. We will continue to create a large number of competitive brands and open new stores in multiple brands in developing area for new stores. Whether the business environment is during the pandemic or post-Covid, the Group has been steadily expanding business. While constantly developing the next business and brand, not only for competitive business and brands such as "Machida Shoten" (EAK ramen brand), "BUTAYAMA" (wild pork mountain ramen brand) and "GANSO ABURADO" (soupless ramen brand), the Group will also further enhance its growth trajectory by vigorously seeking new store locations in various genres, including those near train stations, on roadsides, and in shopping complexes. In particular, the Group will leverage the restaurant succession agreement covering as many as 21 restaurants concluded with KOURAKUEN HOLDINGS CORPORATION in the six months ended April 30, 2024 as a tailwind to accelerate the opening of new stores. While advancing these various initiatives to expand our business in this way, we had to reconsider the prices of products offered at Company-owned stores in response to price hikes in operating costs such as labor cost during the six months ended April 30, 2024, and we passed minimized cost onto customers (part of price increase) to ensure profitability. However, while the negative impact of these price hikes is not known at this time, they are producing good results more favorable than expected, without causing a decrease in the number of customers visiting existing stores, even in the current situation of aggressive new store openings.

In addition, from the comprehensive viewpoint, including business efficiency and business continuity planning (BCP), we have been strategically reviewing our production system, including production

location and items produced, for the supply system for the Group's Company-owned stores and produced stores over the past several years. As part of the efforts, the Kamisu factory (Kamisu City, Ibaraki Prefecture), which started operation during the current fiscal year, is steadily increasing its production volume in the six months ended April 30, 2024. As a result, the six-factory system in Japan, including four noodle factories, one chasiu factory, and one soup factory, is becoming more robust. In addition, the Group has been making significant improvements in the efficiency, cost and lead time in logistics from a strategic SCM (Supply Chain Management) perspective, and by the previous year had deployed distribution centers in the Kanto, Chukyo, and Kansai regions. Furthermore, through the continuous review of our production and logistics systems, including the opening of a new distribution center for Kitakanto and Tohoku regions, we have been able to establish an efficient logistics support system for Company-owned and produced stores. Furthermore, we have been gradually switching to induction heaters at stores with the aim of stabilizing the quality of products offered, and actively renovating stores to improve store operations and customer comfort.

As described above, the Group, which has been working on strengthening its capabilities as a Group in its production and distribution systems without focusing solely on its new store opening strategy for Company-owned stores and produced stores, has been able to secure employment for its employees, aggressively open new stores, and conduct other business activities that set it apart from other food service providers in today's post-Covid business environment following the lifting of restrictions. As a result, the Group has secured robust results. During the six months ended April 30, 2024, the Group has been able to expand sales by increasing the number of both Company-owned and produced stores in Japan.

As a result of the above, net sales was ¥13,552,736 thousand (up 26.3% year-on-year), operating profit was ¥1,545,642 thousand (up 51.3% year-on-year), ordinary profit was ¥1,594,904 thousand (up 51.6% year-on-year), while profit attributable to owners of parent reached ¥1,054,304 thousand (up 45.2% year-on-year).

Since the Group has a single-segment business, the business overview by segment for the six months ended April 30, 2024 is presented by business division as follows.

#### Company-owned store business division

In the Company-owned domestic store business division, the Group continued to aggressively open new stores throughout the six months ended April 30, 2024, and although we opened 14 new Company-owned stores, we had a net increase of 12 stores due to the withdrawal of two existing stores that were forced to vacate because of the building being demolished, etc. During the period, we achieved a good balance in store openings, with six new Company-owned stores for our main brand "Machida Shoten" (EAK ramen brand), two stores for "BUTAYAMA" (wild pork mountain ramen brand), four stores for "GANSO ABURADO" (soupless ramen brand), and two stores for another brand.

During the six months ended April 30, 2024, we opened four roadside stores and two stores near a train station for the "Machida Shoten" brand. For the roadside stores, one store each was opened in Kashiwa City, Chiba Prefecture, Saitama City, Saitama Prefecture, Sendai City, Miyagi Prefecture, and Joetsu City, Niigata Prefecture. In addition, for the stores near a train station, one was opened near Shinyurigaoka Station on the Odakyu Line, and the other near Nakayama Station, where the JR Yokohama Line and the Yokohama Municipal Subway intersect. Since these stores have opened, they have made a good start as ramen stores that are well received by local customers.

For our wild pork mountain ramen brand "BUTAYAMA," our second brand after "Machida Shoten," the Group opened one roadside store and one store near a train station during the six months ended April 30, 2024. The roadside store was opened in Yono-Honmachi, Saitama City, Saitama Prefecture. We started opening new "BUTAYAMA" roadside stores in the previous fiscal year, and as a full-fledged wild pork mountain ramen brand from roadside stores complete with parking lots, all of the stores have been evaluated favorably to a certain degree, indicating that we have uncovered new customer needs. For the store near a train station, we were able to open it near Kitasenju Station, a major terminal station.

Furthermore, during the six months ended April 30, 2024, the Group opened four new stores for the soupless ramen brand "GANSO ABURADO" in areas near train stations located in the Tokyo

metropolitan area. “GANSO ABURADO,” which is subject to relatively fewer restrictions on restaurant infrastructure when opening new stores, is establishing its position as the Group’s third brand. As for the location of the stores opened, one store each was opened near Kamiyacho Station on the Tokyo Metro Hibiya Line, near Ebisu Station, where the JR Line and the Tokyo Metro Hibiya Line intersect, near Fujisawa Station where the JR Line, the Odakyu Line, and the Enoshima Electric Railway (Enoden Line) run, and near JR Tamachi Station. Since the “GANSO ABURADO” brand is based on a different concept than those of the EAK ramen brand and wild pork mountain ramen brand, for which the Group has opened many Company-owned stores and produced stores, it is relatively easier to make adjustments when opening new stores and this brand has sufficient competitiveness for in-building stores. Therefore, “GANSO ABURADO” is becoming a strong brand for aggressively opening new stores in the 23 wards of Tokyo and other Tokyo metropolitan areas in which we had previously faced restrictions on opening new stores.

In addition, the Group, led by the product development division, has been actively working on various themes for the development of new products and new brands, and in the six months ended April 30, 2024, opened the second store for the miso ramen brand “ITOI,” which has a successful store that is highly regarded in Tokyo Ramen Yokochō. In addition, the Group is vigorously developing a fourth competitive brand for other businesses.

In the Company-owned foreign store business division, we are currently developing the business only in New York State, U.S. under the “E.A.K. RAMEN” brand, and opened our third New York store in November 2022 in a food court in Pennsylvania Station for a total of three stores. Although both of the first two New York stores were roadside stores, this store was the Group’s first store opening in a food court. The food court is located in Pennsylvania Station, the busiest train station in the U.S., with a 20,000-seat sports arena a 5,000-seat theater and other facilities located nearby. In addition, since it is a high-footfall site located near Madison Square Garden, where professional basketball and ice hockey games are held, this store has become a successful store with sales already surpassing those of the two existing roadside stores. The success of this store opening serves as a base for development of the Company-owned store business in the U.S. going forward, leading to high expectations for future business expansion. As a result of the above, the number of the Group’s stores at the end of the second quarter of the current fiscal year totaled 209, including 200 Company-owned stores (197 in Japan and three overseas) and nine outsourced stores. Net sales of the Company-owned store business division totaled ¥11,360,001 thousand.

#### Produced store business division

In the domestic produced store business division, we continued to open new stores in areas where we have already opened stores, making detailed adjustments between produced stores and Company-owned stores in accordance with rules for opening stores based on estimates of potential demand in the trade area. In areas where we have not yet opened stores, we have been vigorously seeking new owners in areas where we do not plan to open Company-owned stores. Existing produced stores showed a remarkable business recovery with the changes in the business environment accompanying the shift to post-Covid, despite a decline in the number of customers and sales during the pandemic, and each existing produced store achieved strong results in the six months ended April 30, 2024. This is the result of the detailed support rooted in our successful expertise involving the Group’s Company-owned stores that we have provided. There has also been an increase in the number of situations where owners of existing produced stores are considering to expand using new brands we developed. In addition to the existing produced business centering on the EAK ramen brand, we started a franchise business under our brand name in the previous fiscal year. Thus, in the produced store business division, we have been making various preparations to enhance our business lineup and make it possible to develop proposals with higher added value.

In the foreign produced store business division, we have been considering areas in which to open new stores while confirming existing owners’ willingness to open new stores, and we have been supporting the opening of new stores even amid the spread of COVID-19. In addition, in the previous fiscal year, the Group began full-scale development of the franchise business under the “Machida Shoten” name. In particular, there has been high demand for opening new “Machida Shoten” stores in Southeast Asia, and the Group has been approaching franchisees to open stores with discussing locations strategically. As a result, we have opened one store in Thailand, three stores in Vietnam, one store in Cambodia and



one store in Philippines to date. Thus, since the franchise business has made such a successful start in Southeast Asia and franchise agreements are also being concluded with franchisees in various countries, we will continue to proactively conduct sales activities related to the franchise business, focusing on the “Machida Shoten” brand in regions including North America and Asia.

As a result, the number of the Group’s produced stores increased by a net of 16 during the six months ended April 30, 2024, resulting in a total of 564 stores (537 produced stores in Japan and 14 foreign stores, and seven franchise stores in Japan and six foreign stores). Net sales of the produced store business division totaled ¥2,192,735 thousand.

## **(2) Explanation of financial position**

### Assets

Total assets as of April 30, 2024 increased by ¥1,558,992 thousand from the end of the previous fiscal year to ¥14,086,462 thousand. This was mainly due to increases of ¥1,165,538 thousand in property, plant and equipment such as buildings and structures, and ¥160,147 thousand in leasehold and guarantee deposits.

### Liabilities

Liabilities as of April 30, 2024 increased by ¥636,335 thousand from the end of the previous fiscal year to ¥6,391,757 thousand. This was mainly due to increases of ¥150,709 thousand in income taxes payable and ¥293,054 thousand in long-term borrowings (including current portion).

### Net assets

Net assets as of April 30, 2024 increased by ¥922,656 thousand from the end of the previous fiscal year to ¥7,694,704 thousand, resulting in an equity-to-asset ratio of 54.6%. This was mainly due to a decrease in retained earnings of ¥179,495 thousand as a result of dividend payments, and an increase in retained earnings due to the posting of ¥1,054,304 thousand in profit attributable to owners of parent.

## **(3) Explanation of consolidated earnings forecasts and other forward-looking statements**

We have revised the full-year earnings forecasts announced on December 15, 2023. For details, please refer to the “Notice Regarding Revisions to Full-Year Consolidated Earnings Forecasts” released today (June 14, 2024).

## 2. Quarterly consolidated financial statements and significant notes thereto

### (1) Quarterly consolidated balance sheet

(Thousands of yen)

	As of October 31, 2023	As of April 30, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	2,220,324	2,299,480
Accounts receivable - trade	547,470	589,412
Merchandise and finished goods	277,669	333,627
Raw materials and supplies	90,424	106,008
Other	416,617	480,085
Total current assets	3,552,505	3,808,615
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,966,831	6,856,080
Accumulated depreciation	(1,518,318)	(1,724,869)
Buildings and structures, net	4,448,513	5,131,210
Land	141,782	141,782
Other	2,352,770	2,947,133
Accumulated depreciation	(935,797)	(1,047,319)
Other, net	1,416,972	1,899,813
Total property, plant and equipment	6,007,268	7,172,806
Intangible assets		
Goodwill	198,937	180,573
Other	72,332	79,184
Total intangible assets	271,269	259,758
Investments and other assets		
Leasehold and guarantee deposits	1,427,726	1,587,874
Other	1,268,699	1,257,407
Total investments and other assets	2,696,426	2,845,281
Total non-current assets	8,974,964	10,277,846
Total assets	12,527,470	14,086,462

(Thousands of yen)

	As of October 31, 2023	As of April 30, 2024
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	697,890	808,650
Short-term borrowings	25,216	132,162
Current portion of long-term borrowings	699,876	833,820
Income taxes payable	367,914	518,624
Provision for bonuses	150,478	166,174
Provision for shareholder benefit program	8,464	8,269
Other	1,827,751	1,778,111
Total current liabilities	3,777,592	4,245,812
Non-current liabilities		
Long-term borrowings	1,574,908	1,734,018
Asset retirement obligations	400,956	409,961
Other	1,965	1,965
Total non-current liabilities	1,977,829	2,145,944
Total liabilities	5,755,422	6,391,757
<b>Net assets</b>		
Shareholders' equity		
Share capital	797,304	816,006
Capital surplus	1,049,431	1,044,295
Retained earnings	4,761,588	5,636,397
Treasury shares	(829)	(1,062)
Total shareholders' equity	6,607,494	7,495,636
Accumulated other comprehensive income		
Foreign currency translation adjustment	160,019	194,069
Total accumulated other comprehensive income	160,019	194,069
Non-controlling interests	4,534	4,998
Total net assets	6,772,048	7,694,704
Total liabilities and net assets	12,527,470	14,086,462

**(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income****Quarterly consolidated statement of income (cumulative)**

(Thousands of yen)

	Six months ended April 30, 2023	Six months ended April 30, 2024
Net sales	10,729,297	13,552,736
Cost of sales	3,444,066	4,367,295
Gross profit	7,285,230	9,185,441
Selling, general and administrative expenses	6,263,735	7,639,798
Operating profit	1,021,495	1,545,642
Non-operating income		
Interest income	16,054	25,596
Foreign exchange gains	–	2,826
Subsidy income	2,442	297
Compensation income	–	25,963
Other	18,397	1,076
Total non-operating income	36,895	55,759
Non-operating expenses		
Interest expenses	1,863	2,697
Foreign exchange losses	2,113	–
Other	2,562	3,800
Total non-operating expenses	6,539	6,497
Ordinary profit	1,051,850	1,594,904
Extraordinary income		
Gain on sale of non-current assets	23,889	114
Total extraordinary income	23,889	114
Extraordinary losses		
Loss on retirement of non-current assets	7,733	44,573
Other	1,034	–
Total extraordinary losses	8,768	44,573
Profit before income taxes	1,066,972	1,550,445
Income taxes	340,710	495,083
Profit	726,262	1,055,361
Profit (loss) attributable to non-controlling interests	(89)	1,057
Profit attributable to owners of parent	726,351	1,054,304

**Quarterly consolidated statement of comprehensive income (cumulative)**

(Thousands of yen)

	Six months ended April 30, 2023	Six months ended April 30, 2024
Profit	726,262	1,055,361
Other comprehensive income		
Foreign currency translation adjustment	(24,297)	34,119
Total other comprehensive income	(24,297)	34,119
Comprehensive income	701,964	1,089,481
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	701,974	1,088,355
Comprehensive income attributable to non-controlling interests	(9)	1,125

**(3) Quarterly consolidated statement of cash flows**

(Thousands of yen)

	Six months ended April 30, 2023	Six months ended April 30, 2024
<b>Cash flows from operating activities</b>		
Profit before income taxes	1,066,972	1,550,445
Depreciation	276,365	373,349
Amortization of goodwill	14,147	18,363
Increase (decrease) in allowance for doubtful accounts	53	–
Interest and dividend income	(16,054)	(25,596)
Interest expenses	1,863	2,697
Subsidy income	(2,442)	(297)
Loss (gain) on sale of non-current assets	(23,889)	(114)
Loss on retirement of non-current assets	7,733	44,573
Decrease (increase) in trade receivables	(80,980)	(41,684)
Decrease (increase) in inventories	(209,103)	(71,349)
Increase (decrease) in trade payables	164,901	109,017
Increase (decrease) in provision for bonuses	10,162	15,695
Compensation income	–	(25,963)
Increase (decrease) in contract liabilities	12,353	30,534
Other, net	272,821	(221,438)
Subtotal	1,494,903	1,758,232
Interest and dividends received	16,054	25,596
Interest paid	(1,938)	(3,015)
Income taxes paid	(494,643)	(351,957)
Proceeds from subsidy income	2,442	297
Proceeds from compensation	–	25,963
Net cash provided by (used in) operating activities	1,016,818	1,455,115
<b>Cash flows from investing activities</b>		
Payments into time deposits	(353,218)	(376,197)
Proceeds from withdrawal of time deposits	–	380,951
Purchase of property, plant and equipment	(828,835)	(1,478,989)
Proceeds from sale of property, plant and equipment	25,545	114
Loan advances	(400,000)	(10,517)
Payments of leasehold and guarantee deposits	(94,180)	(157,064)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(77,634)	–
Other, net	(116,969)	49,558
Net cash provided by (used in) investing activities	(1,845,292)	(1,592,145)

(Thousands of yen)

	Six months ended April 30, 2023	Six months ended April 30, 2024
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(7,547)	105,193
Proceeds from long-term borrowings	760,000	670,000
Repayments of long-term borrowings	(302,453)	(376,946)
Proceeds from share issuance to non-controlling shareholders	3,978	–
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	–	(24,500)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	1,060	409
Dividends paid	(151,677)	(179,290)
Other, net	(265)	(232)
Net cash provided by (used in) financing activities	303,096	194,633
Effect of exchange rate change on cash and cash equivalents	5,710	9,280
Net increase (decrease) in cash and cash equivalents	(519,667)	66,885
Cash and cash equivalents at beginning of period	2,007,344	1,855,272
Cash and cash equivalents at end of period	1,487,676	1,922,157

**(4) Notes to quarterly consolidated financial statements**

**Notes on premise of going concern**

Not applicable.

**Notes on significant changes in the amount of shareholders' equity**

Not applicable.

**Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements**

Calculation of tax expenses

Tax expenses are calculated by reasonably estimating the effective tax rate after applying tax effect accounting to profit before income taxes for the fiscal year, including the second quarter of the current fiscal year, and multiplying profit before income taxes by the estimated effective tax rate.

**Significant subsequent events**

Not applicable.