

Summary of Consolidated Financial Results
for the First Quarter of the Fiscal Year Ending March 31, 2025 (FY3/25)
(Three Months Ended June 30, 2024)

[Japanese GAAP]

Company name: OHSO FOOD SERVICE CORP.	Listing: Tokyo Stock Exchange
Stock code: 9936	URL: https://www.ohsho.co.jp/english/
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Scheduled date of payment of dividend: –	
Preparation of supplementary materials for financial results: None	
Holding of financial results meeting: None	

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the First Quarter (April 1, 2024–June 30, 2024) of FY3/25

(1) Consolidated results of operations (Percentages represent 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	%
Three months ended Jun. 30, 2024	26,421	7.3	2,441	1.1	2,576	2.4	1,702	(20.3)
Three months ended Jun. 30, 2023	24,623	8.9	2,415	10.5	2,517	(17.3)	2,135	14.0

Note: Comprehensive income (millions of yen) Three months ended Jun. 30, 2024: 1,620 (down 30.0%)
 Three months ended Jun. 30, 2023: 2,314 (up 13.0%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2024	90.44	–
Three months ended Jun. 30, 2023	113.54	–

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of Jun. 30, 2024	90,663		68,844		75.9	
As of Mar. 31, 2024	91,462		68,635		75.0	

Reference: Shareholders' equity (millions of yen) As of Jun. 30, 2024: 68,844 As of Mar. 31, 2024: 68,635

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2024	–	70.00	–	75.00	145.00
Fiscal year ending Mar. 31, 2025	–	–	–	–	–
Fiscal year ending Mar. 31, 2025 (forecasts)	–	75.00	–	25.00	–

Notes: 1. Revisions to the most recently announced dividend forecast: None

2. We plan to conduct a 3-for-1 stock split with the effective date of October 1, 2024. The expected year-end dividend for the fiscal year ending March 31, 2025, excluding stock split, will be 75 yen per share and the annual dividend will be 150 yen per share.

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2025 (April 1, 2024–March 31, 2025)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	54,427	9.4	5,542	11.1	5,662	10.6	3,754	(3.6)	199.51
Full year	109,875	8.4	11,196	8.8	11,373	8.4	7,970	0.7	141.16

Notes: 1. Revisions to the most recently announced consolidated forecasts: None

2. We plan to conduct a 3-for-1 stock split with the effective date of October 1, 2024. Expected net income per share for the fiscal year ending March 31, 2025, excluding stock split, will be 423.49 yen.

*** Notes**

(1) Significant changes in the scope of consolidation during the period: None

Newly added: –

Excluded: –

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Restatements: None

(4) Number of outstanding shares (common shares)

1) Number of shares outstanding at the end of the period (including treasury shares)

As of Jun. 30, 2024:	23,286,230 shares	As of Mar. 31, 2024:	23,286,230 shares
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2) Number of treasury shares at the end of the period

As of Jun. 30, 2024:	4,465,666 shares	As of Mar. 31, 2024:	4,465,639 shares
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3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2024:	18,820,577 shares	Three months ended Jun. 30, 2023:	18,805,032 shares
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*** Review of the attached quarterly consolidated financial statements by a certified public accountant or auditing firm:**

None

*** Explanation of appropriate use of earnings forecasts, and other special items**

Forecasts of future performance in this document are based on assumption judged to be valid and information currently available to the Company's management, but are not promises by the Company regarding future performance. Actual results may differ materially from the forecasts for a number of reasons. Please refer to "1. Overview of Results of Operations, Etc., (3) Explanation of Consolidated Forecasts and Other Forward-looking Statements" on page 5 for forecast assumptions and notes of caution for usage.

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1. Overview of Results of Operations

(1) Results of Operations

Summary of consolidated results of operations for the first three months of FY3/25 (April 1, 2024 to June 30, 2024)			
	Amount (millions of yen)	% to sales	YoY change
Net sales	26,421	100.0%	107.3%
Operating profit	2,441	9.2%	101.1%
Ordinary profit	2,576	9.8%	102.4%
Profit attributable to owners of parent	1,702	6.4%	79.7%
<ul style="list-style-type: none"> - Achieved record high net sales for 1Q for three consecutive years. (Updating record high monthly sales for 29 consecutive months.) - Achieved record high operating profit for 1Q for two consecutive years. - Profit attributable to owners of parent decreased mainly due to recording of gain on sale of non-current assets caused by sale of land for the same period a year ago (an increase of 463 million yen in profit). 			

During the first three months of the fiscal year ending March 31, 2025 (the “period under review”), the Japanese economy saw a gradual recovery trend amid an increase in inbound tourism demand and solid corporate earnings. While upward pressure of prices such as crude oil price hikes caused by weaker yen is strong, an attention is paid to whether the effect of wage increase thanks to the Spring Wage Negotiation (abbreviated as *Shun-to* in Japanese) this year will lead to overcoming of deflation and recovery of personal consumption.

In the restaurant industry, we saw a strong demand in dining out thanks to expansion of inbound tourism demand as well as recovery of foot traffic. Meanwhile business environment remained challenging due to persistent labor shortage, increasing labor costs and energy prices, and chronically soaring raw material prices, as well as an expected increase in distribution expenses arising from the logistics issue 2024.

Under such circumstances, the Group invested business resources in human capital to fulfill our social mission to provide “comfortable dining space,” “heartwarming hospitality,” and “delicious foods” to our customers. In addition, the Group focused on further improvement of a fundamental level of quality, service, and cleanliness (QSC) and continued to implement aggressive sales promotion measures. As a result, customer traffic continued to grow, with a large increase in in-store dining, and our takeout and delivery services also remained strong. The Group achieved the record high monthly sales every month from February 2022, and the record high net sales for the period under review for consecutive three years. We also marked the record high operating profit for the period under review for consecutive two years, while it increased slightly, compared to the same period a year ago.

The following is an overview of our initiatives and achievements during the period under review.

1) Improvement of QSC and revision of prices

Responding to soaring raw material prices, labor costs and logistics costs in recent years, the Company revised prices of some products from June 21, 2024 as a result of our careful consideration. Customer traffic as well as average spending per customer continued to grow even after we revised our prices amid the economic situation where real wages continuously decreased because of rising prices.

This was due to steady improvement of employees’ cooking skills and cooking methods by Ohsho Academy’s in-house and on-line training programs, the cooking knowledge training program and cooking skill tests. In addition, we made strenuous efforts to improve QSC: pursuit of more delicious Gyoza as the first step of “More Delicious Gyoza no Ohsho, Challenge 2024”, learning of hospital customer service, by the customer service training program, which only humans can provide, and a brush-up of cleaning manuals.

To get understanding about our price revision from our customers, we informed them well of the improved and changed points about 13 items whose prices were revised among the grand menu.

Under the slogan, “The power of delicious meals will change the future,” each and every one of our employees will be passionately committed to delivering quality services.

2) Effective sales promotion measures

For sales promotion, we continued our “draft beer campaign” and ran the “Gyoza Club customer appreciation

campaign for 2024,” which resulted in the acquisition of a record number of 1,240,000 Gyoza Club members. We initiated “Gyoza Club customer appreciation campaign for 2025” from June 28, 2024. This campaign enjoys high reputation among customers for its original prizes every year. This time, we have prepared new exclusive goods, including stainless thermos bottles decorated with Ohsho jargon of our menu that our staff use to take and confirm orders, and eco-friendly shopping bags designed by a leading fashion company Adastria.

To commemorate annual net sales exceeding 100 billion yen and express our gratitude to our customers, we held “Great Appreciation Festival” with provision of a double stamp and a discount ticket of 250 yen. These gained positive feedback.

3) Expansion of investment

a. Investment in human capital

We, as a company where people create value, have regarded development of human resources as an important key. During the first quarter, the Company provided all employees with a wide variety of learning opportunities for various training programs, including the above-mentioned programs and e-learning programs.

The Company implemented a pay raise of an average of 39,162 yen per employee (a 11.5% wage increase including a base-up) in the revision of monthly salaries for FY3/25, exceeding the record high monthly salaries of the previous year. Furthermore, to reward our all employees for our strong business performance, the Company fully met the demand (113% of the bonus table) from the labor union for the summer bonus payment in 2024.

In addition, the Company increased the starting salary for new university graduates by 52,000 yen to 278,500 yen, thus actively securing human resources for our future.

b. Investment in equipment

For a central kitchen system, we renewed a conventional production line for noodle to the newest equipment in Kumiya Factory, our main factory. This renewal enabled achieving improvement of production capability, reduction of material losses and labor saving. Furthermore, the renewal enhanced the factory’s product quality and strengthened its product development capability.

We opened Kinkakuji store in May 2024 and Joy-Naho-Akasakamitsuke store in June 2024 during the period under review.

The Kinkakuji store is a newly opened store in Kyoto City for the first time in about eight years. It is located near Kinkaku-ji and along Nishioji-dori, a major artery. It is a roadside store with a parking lot. Many customers such as tourists visiting Kinkaku-ji and nearby university students come to the store by bicycle or on foot as well as by car.

Joy-Naho-Akasakamitsuke store is 3-minute walk from Akasakamitsuke Subway Station. Office buildings are crowded around there. Thus, at the place where lunch demand was highly expected, it opened as the fourth Joy-Naho store. Although the store is narrow, the line of flow for delivery operators and customers is secured. The layout of the kitchen is employee-friendly. It is our policy to open more Joy-Naho stores actively as a new store opening format for urban areas in the future.

c. Investment in digital transformation

We started optimizing IT infrastructure such as renewal of host systems and review of core systems as investments for promotion of digital transformation. Eight stores introduced a *Take-out Mobile Order* system on a trial basis to promote digitalization of store operations. This system enables a take-out reservation to settlement by using the Company’s official application on a smartphone. All directly operated stores are expected to introduce this system until the end of August 2024.

4) Sustainability promotion

Because of the pandemic that lasted for a long time and rising prices, living circumstances around children remain ever-challenging. In view of the matter, the Company supplies “Bento for Kids” (featured with Gyoza and fried chicken) free of charge to “Kodomo Shokudo” or Children’s Cafeteria and other similar organizations all over Japan during the school spring, summer, and winter breaks, which is an ongoing initiative from the summer break of 2021. During the school spring break of this year, marking the ninth time, our stores across the country supplied about 74,000 boxes. The number of participating organizations including “Kodomo Shokudo” increased from 377 in the beginning to about 1,300. With each turn, this initiative was steadily expanded. The cumulative number of boxes we

offered to children so far reached as many as 650 thousand. We supplied 100 boxes of “Bento for Kids” at a maximum from one store per day. We heard many thankful comments from children and administrators of “Kodomo Shokudo” and other organizations. It is those thankful comments that encourage and motivate our employees to participate in this all-hands initiative.

For climate change issues, we have updated equipment leading to GHG emissions in compliance with the recommendations by the TCFD, an international organization that aims to disclose information on climate change. At the same time, following FY3/22 and FY3/23, we calculated CO₂ emissions in our business activities (Scope 1 and 2) and in our supply chain (Scope 3) in FY3/24.

In response to the logistics issue in 2024, first, as a store effort, we reduced delivery work hours. Second, we reduced the number of delivery-destination stores per truck, promoted division of delivering and picking operations, and made conveyance loss of internal logistics visible. As a result of these efforts, we are confident that our delivery system is fully sustainable now.

As a result, we achieved the record high monthly sales for consecutive 29 months from February 2022 and net sales for the period under review increased 1,798 million yen or 7.3% year-on-year to the record high 26,421 million yen.

Operating profit increased 25 million yen or 1.1% year-on-year to a record high 2,441 million yen. This was due to an increase in sales, in spite of soaring raw material prices and transportation costs and rising labor costs.

Ordinary profit increased 59 million yen or 2.4% year-on-year to 2,576 million yen.

Profit attributable to owners of parent for the period under review decreased 433 million yen or 20.3% year-on-year because there was a special factor of gain on sale of non-current assets due to sale of land (an increase of 463 million yen in profit) that had been recorded for the same period a year ago.

Regarding the store network during the period under review, we opened two directly operated stores and one franchised store, and closed two directly operated stores and one franchised stores. The result was a total network of 545 directly operated stores and 186 franchised stores, totaling 731 stores at the end of the period under review.

(2) Financial Position

Assets

The balance of total assets at the end of the period under review was 90,663 million yen, down 798 million yen or 0.9% from the end of the previous fiscal year. The main factors for the change are as follows.

Current assets decreased 1,083 million yen or 2.7% to 39,524 million yen. This was mainly due to a decrease in cash and deposits.

Non-current assets increased 284 million yen or 0.6% to 51,139 million yen. This was mainly due to an increase in buildings and structures.

Liabilities

The balance of total liabilities at the end of the period under review was 21,819 million yen, down 1,007 million yen or 4.4% from the end of the previous fiscal year. The main factors for the change are as follows.

Current liabilities decreased 533 million yen or 3.6% to 14,442 million yen. The main reason was a decrease in income taxes payable.

Non-current liabilities decreased 474 million yen or 6.0% to 7,376 million yen. The main reason was a decrease in long-term borrowings. The balance of borrowings at the end of the period under review was 6,500 million yen.

Net assets

Net assets at the end of the period under review increased 209 million yen or 0.3% to 68,844 million yen. This increase was mainly attributable to the recording of profit attributable to owners of parent of 1,702 million yen, while there was the dividend payment of 1,411 million yen. As a result, the equity ratio was 75.9%.

Cash flows

Cash and cash equivalents (hereinafter, “net cash”) at the end of the period under review amounted to 35,156 million yen, down 1,140 million yen from the end of the previous fiscal year.

Cash flows from operating activities

Net cash provided by operating activities decreased 1,335 million yen or 40.8% year-on-year to 1,938 million yen. The main reason was an increase in income taxes payable.

The main factors include profit before income taxes of 2,554 million yen and depreciation of 729 million yen, which were partially offset by income taxes paid of 1,639 million yen.

Cash flows from investing activities

Net cash used in investing activities increased 759 million yen or 185.9% year-on-year to 1,168 million yen. This was mainly due to a decrease in proceeds from sale of property, plant and equipment.

The main factors include purchase of property, plant and equipment of 1,060 million yen.

Cash flows from financing activities

Net cash used in financing activities increased 1 million yen or 0.1% year-on-year to 1,911 million yen. This was mainly due to an increase in the dividend payment.

The main factors include repayments of long-term borrowings of 500 million yen and dividends paid of 1,411 million yen.

(3) Explanation of Consolidated Forecasts and Other Forward-looking Statements

We maintain the first-half and full-year consolidated forecasts of the fiscal year ending March 31, 2025 released in “Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2024” dated May 15, 2024.

2. Quarterly Consolidated Financial Statements and Notes**(1) Quarterly Consolidated Balance Sheets**

	(Millions of yen)	
	FY3/24 (As of Mar. 31, 2024)	First quarter of FY3/25 (As of Jun. 30, 2024)
Assets		
Current assets		
Cash and deposits	36,296	35,156
Accounts receivable-trade	2,890	2,535
Merchandise and finished goods	147	151
Raw materials	395	561
Other	876	1,119
Total current assets	40,607	39,524
Non-current assets		
Property, plant and equipment		
Buildings and structures	59,406	59,990
Accumulated depreciation	(45,611)	(45,883)
Buildings and structures, net	13,795	14,106
Machinery, equipment and vehicles	7,226	7,303
Accumulated depreciation	(5,535)	(5,664)
Machinery, equipment and vehicles, net	1,690	1,638
Tools, furniture and fixtures	7,375	7,601
Accumulated depreciation	(5,390)	(5,534)
Tools, furniture and fixtures, net	1,985	2,067
Land	19,902	19,902
Construction in progress	375	264
Total property, plant and equipment	37,750	37,980
Intangible assets	145	189
Investments and other assets		
Investment securities	4,166	4,145
Guarantee deposits	4,702	4,697
Other	4,104	4,140
Allowance for doubtful accounts	(14)	(14)
Total investments and other assets	12,959	12,969
Total non-current assets	50,854	51,139
Total assets	91,462	90,663

	(Millions of yen)	
	FY3/24 (As of Mar. 31, 2024)	First quarter of FY3/25 (As of Jun. 30, 2024)
Liabilities		
Current liabilities		
Accounts payable-trade	2,612	2,762
Current portion of long-term borrowings	2,000	2,000
Income taxes payable	1,927	962
Provision for bonuses	1,034	530
Other	7,400	8,186
Total current liabilities	14,975	14,442
Non-current liabilities		
Long-term borrowings	5,000	4,500
Asset retirement obligations	2,010	2,037
Other	840	839
Total non-current liabilities	7,851	7,376
Total liabilities	22,827	21,819
Net assets		
Shareholders' equity		
Share capital	8,166	8,166
Capital surplus	9,459	9,459
Retained earnings	61,096	61,387
Treasury shares	(10,593)	(10,593)
Total shareholders' equity	68,129	68,419
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,340	2,325
Revaluation reserve for land	(2,526)	(2,526)
Foreign currency translation adjustment	(1)	(0)
Remeasurements of defined benefit plans	693	625
Total accumulated other comprehensive income	505	424
Total net assets	68,635	68,844
Total liabilities and net assets	91,462	90,663

(2) Quarterly Consolidated Statements of Income and Comprehensive Income**Quarterly Consolidated Statements of Income
(For the Three-month Period)**

	(Millions of yen)	
	First three months of FY3/24 (Apr. 1, 2023–Jun. 30, 2023)	First three months of FY3/25 (Apr. 1, 2024–Jun. 30, 2024)
Net sales	24,623	26,421
Cost of sales	7,837	8,345
Gross profit	16,785	18,076
Selling, general and administrative expenses	14,369	15,635
Operating profit	2,415	2,441
Non-operating income		
Interest income	0	0
Dividend income	64	70
Franchise chain accession fee	29	27
Rental income from land and buildings	14	14
Miscellaneous income	55	71
Total non-operating income	164	184
Non-operating expenses		
Interest expenses	7	7
Rental expenses	39	22
Miscellaneous losses	15	18
Total non-operating expenses	62	48
Ordinary profit	2,517	2,576
Extraordinary income		
Gain on sale of non-current assets	346	–
Total extraordinary income	346	–
Extraordinary losses		
Loss on retirement of non-current assets	15	21
Total extraordinary losses	15	21
Profit before income taxes	2,848	2,554
Income taxes-current	703	826
Income taxes-deferred	9	25
Total income taxes	713	852
Profit	2,135	1,702
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	2,135	1,702

Quarterly Consolidated Statements of Comprehensive Income
(For the Three-month Period)

	(Millions of yen)	
	First three months of FY3/24 (Apr. 1, 2023–Jun. 30, 2023)	First three months of FY3/25 (Apr. 1, 2024–Jun. 30, 2024)
Profit	2,135	1,702
Other comprehensive income		
Valuation difference on available-for-sale securities	233	(14)
Foreign currency translation adjustment	0	1
Remeasurements of defined benefit plans, net of tax	(54)	(68)
Total other comprehensive income	179	(81)
Comprehensive income	2,314	1,620
Comprehensive income attributable to:		
Owners of parent	2,314	1,620
Non-controlling interests	–	–

(3) Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	First three months of FY3/24 (Apr. 1, 2023–Jun. 30, 2023)	First three months of FY3/25 (Apr. 1, 2024–Jun. 30, 2024)
Cash flows from operating activities		
Profit before income taxes	2,848	2,554
Depreciation	659	729
Increase (decrease) in allowance for doubtful accounts	(0)	(0)
Decrease (increase) in retirement benefit asset	(82)	(112)
Interest and dividend income	(64)	(71)
Interest expenses	7	7
Loss (gain) on sale of non-current assets	(346)	–
Loss on retirement of non-current assets	15	21
Decrease (increase) in trade receivables	250	356
Decrease (increase) in inventories	(35)	(169)
Increase (decrease) in trade payables	5	149
Increase (decrease) in accrued consumption taxes	114	(119)
Other, net	66	167
Subtotal	3,438	3,515
Interest and dividends received	64	71
Interest paid	(7)	(7)
Income taxes paid	(222)	(1,639)
Net cash provided by (used in) operating activities	3,273	1,938
Cash flows from investing activities		
Purchase of property, plant and equipment	(796)	(1,060)
Proceeds from sale of property, plant and equipment	504	–
Loan advances	(9)	(10)
Proceeds from collection of loans receivable	11	12
Payments of guarantee deposits	(92)	(30)
Other, net	(26)	(79)
Net cash provided by (used in) investing activities	(408)	(1,168)
Cash flows from financing activities		
Repayments of long-term borrowings	(500)	(500)
Purchase of treasury shares	(0)	(0)
Dividends paid	(1,410)	(1,411)
Net cash provided by (used in) financing activities	(1,910)	(1,911)
Effect of exchange rate change on cash and cash equivalents	0	1
Net increase (decrease) in cash and cash equivalents	954	(1,140)
Cash and cash equivalents at beginning of period	32,029	36,296
Cash and cash equivalents at end of period	32,983	35,156

(4) Notes to Quarterly Consolidated Financial Statements

Segment Information

The Group does not provide segment information because it has only a single business segment, which is the Chinese food business.

Significant Changes in Shareholders' Equity

Not applicable.

Going Concern Assumption

Not applicable.

This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.