Q&A for the Financial Results for the Three Months Ended January 31, 2026

This document provides responses to questions that are anticipated regarding the Q1 financial results for the fiscal year ending October 2026 (for the three months ended January 31, 2026) announced today, and is disclosed for your reference.

Q1: What are some of the main reasons for the significant increase in sales and profit this first quarter year-on-year?

A1: In the first quarter, existing store sales performed strongly as we continued initiatives to improve QSCA (Quality, Service, Cleanliness, Atmosphere) at our stores. In addition, the gross profit margin improved significantly due to the easing of inflationary pressure on imported ingredients and improved manufacturing efficiency at Company factories.

Personnel expenses were also appropriately controlled. Through strict shift management in line with customer traffic, we were able to absorb increases in labor costs resulting from wage hikes and minimum wage increases. As a result, we secured the highest level of operating profit margin since the COVID-19 pandemic and recorded substantial year-on-year growth in both sales and profit.

Based on the strong progress in the first quarter, business performance has been exceeding our initial plan. Accordingly, we have upwardly revised our second-quarter (interim) and full-year forecasts. (Please refer to pages 3, 5, 6, 11, 12, and 13 of the Results Briefing Materials for more details.)

Q2: The Company made an upward forecast revision for the fiscal year ending October, 2026. Do you expect the second quarter and beyond to also trend well?

A2: In the first quarter, performance exceeded the initial plan, supported by strong existing store sales and improved profit margins. Accordingly, we have revised the initial plan upward by incorporating the upside recorded in the first quarter.

As for the second quarter and beyond, existing store sales have remained firm and no significant negative impact on customer traffic from the recent price revisions has been observed. New store openings are progressing according to plan, and property acquisition remains on track, which is expected to support revenue growth for the full year.

On the cost side, raw material prices have recently stabilized. The impact of the suspension of Spanish pork imports has been addressed through alternative procurement, and the impact on business performance is expected to be limited. Labor costs are expected to increase to a certain extent due to the average wage increase of approximately 6% implemented in January

2026, however we believe this can be absorbed through appropriate staffing allocation and improved operational efficiency. Utility costs are expected to remain elevated due to soaring fuel prices and the reduction of government subsidies, but we will strive to minimize the impact through energy-saving initiatives.

Overall, although uncertainties remain in the external environment, we do not currently anticipate any significant downside risks. While we aim to further accumulate earnings from the second quarter onward, the outlook for the second quarter and beyond remains unchanged in this revision. Should further revisions to the plan become necessary in light of changes in the business environment or potential forward-looking investments, we will promptly disclose them. (Please refer to pages 5 and 11 of the Results Briefing Materials for more details.)

Q3: Any progress on the outside of Japan international business?

A3: We currently operate company-owned stores in the United States, China, and Switzerland.

In the U.S., the New York store No. 3 has performed steadily. The issue of mismatch between location and business format at the New Jersey store has been addressed, and increased tip income has helped reduce the store’s labor cost burden. Although there still is room to improve revenue volume, the operating loss has narrowed and profitability is on an improving trend.

In China, our store format in shopping mall locations has been well received, and all stores are performing well in terms of sales. Profitability is gradually improving as the number of stores increases, and we plan further store openings with the aim of achieving economies of scale in purchasing and recovering head office expenses.

In Switzerland, our first European store opened in August 2025. Supported by the high price level in the market, the store has achieved a high average customer spending and recorded the highest monthly sales within the Group, contributing to profits from the first month of operation.

In the franchise (FC) business, the number of stores is steadily increasing both in existing and new countries. As we plan to open stores in countries with higher price levels during this fiscal year, profitability is expected to improve. (Please refer to pages 7 and 8 of the Results Briefing Materials for more details.)

Q4: It appears that you implemented price revision in December 2025. What are the reasons, scale of the increase, and subsequent impact on customer traffic?

A4: On December 1, 2025, we implemented a price increase of approximately 10 yen on average for Machida Shoten (impact on average customer spend for all stores including other business formats: approximately +0.5%). Following the revision, we have not observed any significant decline in customer traffic, and there has been no noticeable impact on customer visits. The Company operates under the policy of implementing price revisions when necessary to absorb increases in operation costs. This particular revision was carried out to address anticipated increase in store operating costs, including labor costs associated with improvements in employee compensation starting January 2026.

Q5: What is the outlook for achieving this fiscal year's new store opening plan?

A5: New store openings in the first quarter of the current fiscal year have progressed as planned. For the fiscal year ending October 31, 2026, we plan to open 60 company-owned stores in Japan. Currently, we have already secured approximately half of the properties required, and preparations toward achieving the plan are progressing steadily. (Please refer to page 4 of the Results Briefing Materials for more details.)

Q6: How is the situation regarding talent acquisition?

A6: We are continuously implementing initiatives to strengthen recruitment capabilities and improve employee retention in order to secure talent. In January 2026, we implemented an average wage increase of approximately 6%, improving employee compensation while also promoting the development of a more comfortable working environment. The annualized attrition rate for the first quarter increased from 11.9% to 14.0% year-on-year. However, it still remains at a relatively low level compared to industry average. Going forward, we will continue working to reduce attrition rate by balancing ease of working with job satisfaction, while also strengthening our recruitment capabilities by increasing the number of applicants and improving the job offer acceptance rate. Through these efforts, we aim to further reinforce the human resources foundation that supports sustainable store expansion. (Please refer to pages 4 and 17 of the Results Briefing Materials for more details.)

End