



Q&A for the Financial Results briefing for the Fiscal Year Ended October 31, 2025

We have provided as a reference for a summary of Q&A session of financial results briefing for the fiscal year ended October 31, 2025, held on December 17, 2025.

Q1: It appears that you implemented a price revision in December 2025. Could you please explain which business formats were affected and by how much prices were raised?

A1: We implemented a price increase of approximately JPY 10 in terms of average customer spend at "Machida Shoten".

Q2: Regarding existing-store sales at directly operated stores, your plan for FY2026 assumes 102.5% YoY. How should we think about this assumption, taking into account the full-year impact of last year's price revisions?

A2: We assume a 1.0% increase driven by higher customer traffic resulting from extended operating hours, including partial 24-hour operations at "Machida Shoten", as well as extended hours at "BUTAYAMA" and "GANSO ABURADO". In addition, we assume 1.5% from higher average customer spend due to the full-year impact of the price revisions implemented in January, March, and December of this fiscal year. Combined, this results in an assumption of 102.5%.

Q3: Regarding the change in shift rules implemented in April this year, while I understand that this has helped control labor costs, has there been any impact on service levels?

A3: Regarding your question about whether the shift optimization implemented in April led to any deterioration in service levels, we have not observed any decline at this point. From around last summer, we had been scheduling excess shifts beyond what was originally appropriate. Rather than tightening shifts, we essentially returned them to an appropriate level. After making this adjustment, we closely monitored serving speed and other metrics on a continuous basis, and have confirmed that there has been no decline in service levels.



Q4: Regarding the extension of operating hours, how many stores are targeted, and during which time periods are you planning to extend hours? Could you give us a sense of the overall scale?

A4: As for your question about extended operating hours, we are primarily considering “BUTAYAMA” stores. Many “BUTAYAMA” locations are near stations where late-night demand is very strong, yet many stores previously closed at 11:00 PM. By extending operations until 2:00 AM, we aim to maximize customer usage. In addition, with an 11:00 PM closing time, staff often faced issues with missing the last train and being unable to return home. By shifting to a 2:00 AM closing time, preparation work can be completed afterward, aligning well with the first train in the morning, which we believe leads to more efficient operations.

Q5: You mentioned that Switzerland has had a strong start. As I am not very familiar with the Swiss market, could you share your current thinking on how many stores you believe could be opened there?

A5: Switzerland has gotten off to a very strong start, with queues forming at our stores. Average customer spend is in the JPY 6,000-plus range, which is roughly five times the level in Japan, while customer traffic is at a level comparable to Japan. As a result, these stores are achieving very high sales and strong profitability. As for how many stores we can open, this will depend on whether the current performance is unique to Zurich or can be replicated in other cities. That said, based on our current assessment, even within Switzerland alone, we believe it may be possible to expand to around 10 stores.

Q6: Regarding China, you also mentioned solid sales performance. I would like to confirm whether there has been any impact from Japan-China relations and at roughly how many stores you expect the business in China to turn profitable.

A6: Regarding China, average sales and profits per store are inevitably lower than in Japan, including differences in pricing levels. As a result, based on our current assumptions, we expect the business to reach profitability at around 10 to 15 stores.

Q7: Regarding existing-store sales, your assumption of 102.5% YoY seems somewhat conservative compared with your historical performance. Considering inflation of around 2% to 3%, and factors, such as extended operating hours and the carryover impact of prior price revisions, is there room for upside beyond this assumption?

A7: Regarding the 102.5% assumption for existing-store sales and our basic policy on price revisions, as you pointed out, including wage increases, a ramen price increase



of around JPY 10 to JPY 30 per year, or roughly 2% to 3%, is certainly possible. However, for this fiscal year, we believe 102.5% is a reasonable assumption. That said, if we do proceed with further price increases, there is potential for upside. On the other hand, while previous price increases had little impact on customer traffic, we may have been somewhat optimistic. Following the price revisions in January and March, we observed a clear decline in customer traffic in parts of the Tohoku region attributable to price increases. Although traffic is now recovering, there are points at which price increases can have a noticeable impact rather than a gradual one. Therefore, we intend to proceed very cautiously, closely monitoring relative pricing trends among other restaurant chains and ramen chains when considering further price revisions.

Q8: Regarding overseas operations, in your medium- to long-term vision, you indicated a strong push overseas in the latter half. From a consolidated performance perspective, when looking at overseas operations alone, when do you expect them to turn profitable?

A8: Regarding overseas profitability, we still expect overseas operations to remain in the red in the current fiscal year. However, some high-performing stores are generating very strong profits, and based on this performance, we believe it is possible for overseas operations to turn profitable as early as the next fiscal year.

Q9: Regarding M&A, recently, we have seen many transactions at rather generous valuations. With non-listed companies, there are no impairment requirements, and issues such as compliance and proper labor cost management can become challenging. When your company considers M&A, what points do you focus on, and how do you position M&A within your growth strategy?

A9: Finally, on M&A, as you noted, valuations have risen significantly, and based on our past M&A experience, aligning corporate culture and managing human resources can be challenging. From a purely numerical perspective, M&A often does not compare favorably with organic store expansion.

That said, from the standpoint of business format development, starting from scratch takes considerable time, and new concepts lack historical track records. In contrast, acquiring well-known local ramen shops, so-called famous single-store operators in regional markets, allows us to replicate what we have done with Yokohama-style lekei ramen by expanding strong local brands nationwide. We would like to pursue this type of M&A proactively.

Accordingly, rather than large-scale acquisitions of JPY 1 billion or more, we are particularly interested in smaller acquisitions in the range of JPY 100 million to JPY 200 million, typically involving well-known operators, with one to five stores.

Q10: My understanding is that your directly operated stores are mainly concentrated in urban and major metropolitan areas, while produced stores are more common in regional areas. Recently, there has been growing discussion about the weakening of regional economies.

Given this environment, do you believe the ramen industry is relatively less affected, and is there still room for further expansion of produced stores in regional areas?

A10: Even among produced stores in regional areas, performance varies depending on operational capabilities, but well-managed stores are performing very strongly. To give an example from our directly operated stores, we recently opened both “GANSO ABURADO” and “Machida Shoten” in Kumamoto, and these stores achieved one of the strongest starts we have ever seen. This reinforces our view that regional areas continue to have solid potential.

As mentioned earlier, the weaker sales we observed in parts of Tohoku were primarily related to roadside locations. Even in regional markets, stores located in downtown areas or high-traffic commercial districts continue to demonstrate strong customer demand.

Accordingly, we believe there remains ample room for further expansion of produced stores.

Q11: In the medium-term management plan, the number of domestic directly operated store openings is assumed to increase from 60 to 70 to 80. Do you have sufficient visibility to support this pace?

A11: We believe these figures are very reasonable. From the perspectives of recruitment, training, and financial capacity, we see no issues in proceeding with store openings at this pace.

Q12: With regard to the results for FY2025, operating profit fell short of plan. How do you view this outcome?

A12: As I explained earlier, there were areas where our control over labor costs was insufficient. However, we were able to address this quickly, and we intend to leverage this experience going forward.

Q13: Regarding trends in the cost of sales, how is the procurement situation for key items, such as rice and meat?

A13: Rice prices appear to have stabilized at a high level. However, if prices rise further, we have identified overseas rice options with very high quality, so we believe we can cover

any additional increases.

As for meat, African swine fever has been detected in wild boars in Spain, and pork imports from Spain are expected to be banned. Spain accounts for about 20% of Japan's pork imports, and we also rely significantly on Spanish pork. We plan to manage this by sourcing from other countries and adjusting cuts as needed, with the aim of absorbing cost increases as much as possible.

Q14: You have introduced trial 24-hour operations, and I would like to confirm how effective this has been. Also, regarding the earlier discussion about extending BUTAYAMA's hours until 2:00 AM, should we understand that all "BUTAYAMA" stores have extended their hours to 2:00 AM?

A14: Regarding 24-hour operations, we converted a store located along an industrial road in Atsugi City to a 24-hour format. In terms of sales, the results indicate that it is certainly worth trying.

That said, the time period from around 2:00 AM to 6:00 AM tends to be quite weak. Considering the impact on staff working conditions, we intend to proceed cautiously. However, in locations with strong customer-drawing power, we do believe it is something we should pursue, and we plan to expand the trial to a few more stores. As for "BUTAYAMA," demand varies by location. Some stores have strong late-night demand, while others do not. At present, we are considering extending operating hours until 2:00 AM at approximately half of all "BUTAYAMA" stores.

Q15: When will the extension of BUTAYAMA's operating hours begin?

A15: We have already started the rollout at some locations this month. We plan to proceed gradually and aim to convert around 20 stores by February or March, which would be within H1 of this year.

Q16: Including produced stores, you are opening a large number of stores, so I would like to ask whether you will need to secure new production sites or whether expansions at existing facilities will be sufficient to cover the next two to three years.

A16: In terms of factory capacity, the area where we most urgently need to expand next is our chashu factory. Demand from produced stores has exceeded our expectations, and the transition is progressing rapidly. As a result, we need to secure a location within the current fiscal year and build, or establish, a new facility by around H1 of the next fiscal year.

For other facilities, we will continue to expand them gradually, but none are at a stage where immediate expansion is required this fiscal year. Looking ahead, we are planning to add roughly one facility per year, in the next and following fiscal years.



Q17: On the page outlining the medium-term management plan, you mention the use of AI within DX initiatives. Could you provide some concrete examples of what you are doing?

A17: As part of building an AI-driven management framework, we have begun introducing AI cameras. The purpose is to determine in real-time whether stores are operating in line with our ideal operational standards.

For example, we consider serving times exceeding 10 minutes to be an error. If such cases occur a certain number of times, the system triggers an alert. This allows us to immediately determine whether the cause is insufficient staffing or some other operational issue, enabling area managers to take prompt action.

At “BUTAYAMA,” where soup is prepared on-site at all stores using fresh pork bones, the flavor can fluctuate easily. We are now able to assess soup quality based on factors, such as color and boiling conditions. When deterioration is detected, an alert is triggered, allowing us to visit the store, provide guidance, and analyze root causes. We intend to utilize this as a core management tool.

Q18: Could you comment on brand-by-brand trends over the full year?

A18: Among our three main brands, “Machida Shoten” and “BUTAYAMA” were largely flat overall. “GANSO ABURADO” was the most solid performer on a YoY basis, and this trend has continued.

Q19: How do you assess the current status and challenges of the overseas business?

A19: In the United States, the third store is performing very well, while the second store is roughly breakeven. The New Jersey store is expected to post a loss, and reproducibility remains a challenge.

In contrast, China is still one step short in terms of customer traffic, but we believe the model has strong reproducibility. Maximizing traffic and profitability, and ensuring reproducibility in store expansion, are key challenges. To that end, talent development and site selection analysis are critical issues we are addressing.

Q20: How do you view the increasing M&A activity in the ramen industry?

A20: We believe competition among larger players in the ramen industry will continue to intensify. That said, we have strengths in analyzing ramen businesses across a wide range, from individual shops to large chains. We believe this positions us well to compete effectively in this environment.



Q21: When do you expect renovations to be completed?

A21: Renovations related to the introduction of IH equipment are scheduled to be fully completed in the current fiscal year. While renovations will be required again as facilities age, most of the necessary work has been completed over the past three to four years, so we believe the next major cycle will be around 10 years from now.

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