



## **Q&A for the Financial Results for the Six Months Ended April 30, 2026**

This document provides responses to anticipated questions regarding the Q2 financial results for the fiscal year ending October 31, 2026 (for the six months ended April 30, 2026) announced today, and is disclosed for your reference.

**Q1: Q2 net sales and profits increased substantially year on year. What were the main reasons?**

**A1:** In Q2, existing-store sales remained strong, supported by continued improvements in QSCA (Quality, Service, Cleanliness, and Atmosphere) at stores and longer operating hours.

On the cost side, the gross profit margin improved substantially as raw material costs declined, reflecting improved manufacturing efficiency at our factories and optimized ingredient procurement methods. Labor costs were also appropriately controlled, as disciplined work shift management based on customer traffic absorbed the rise in unit labor costs caused by wage increases and minimum wage hikes.

As a result, as in Q1, we maintained a high operating profit margin, leading to substantial year-on-year growth in both net sales and profits.

Based on this Q2 progress, performance has been tracking above both the previous fiscal year's results and the previous revised forecasts (announced on March 16, 2026).

Accordingly, we upwardly revised the Full-Year Consolidated Earnings Forecasts. (See pages 3, 5, 6, 7, 14, 15, and 16 of the Financial Results Briefing Materials for more details.)

**Q2: You have upwardly revised the forecasts following Q2. Do you expect second-half performance to remain solid?**

**A2:** In Q2, results exceeded the previous revised forecasts (announced on March 16, 2026), reflecting strong existing-store sales and an improved profit margin. This revision to the earnings forecasts incorporates the Q2 outperformance. For the second half, existing-store sales are also currently trending well, and the securing of properties for new store openings is proceeding smoothly, which is expected to support sales growth.

On the cost side, ingredient prices are currently stable. We have also responded to the impact of the suspension of imports of Spanish pork through alternative procurement and other measures, and are working to reduce ingredient costs, including by improving manufacturing efficiency at our factories. As for labor costs, as in Q1, we are maintaining appropriate control by thoroughly managing work shifts based on customer traffic.



Meanwhile, energy costs (electricity and gas) are expected to rise due in part to developments in the Middle East. However, we will work to minimize the impact by utilizing government subsidies and implementing energy-saving measures.

Overall, we currently do not expect any major downside factors. We aim to further build earnings in the second half, but given uncertainty in the external environment, such as developments in the Middle East, we have left the second-half outlook unchanged in this revision. We will promptly disclose any further revisions if they become necessary after considering the outlook for the business environment and the possibility of upfront investments. (See pages 5, 8, and 14 of the Financial Results Briefing Materials for more details.)

**Q3:** In Q2 (three-month period), the gross profit margin improved compared with Q1 (three-month period), while the operating profit margin declined. Why?

**A3:** This is because the SG&A expense ratio increased in Q2 (three-month period) compared with Q1 (three-month period). This is due to seasonal factors: Q2 is seasonally weaker than Q1, so existing-store sales are relatively lower and fixed costs account for a larger percentage of sales. (See page 17 of the Financial Results Briefing Materials for more details.)

**Q4:** In Q2 (three-month period), growth in average spend per customer at existing stores appears to have weakened compared with Q1 (three-month period). What were the main factors?

**A4:** The main factor was the difference in the positive impact of price revisions on average spend per customer.

In Q1 (three-month period), the effects of price revisions implemented in March and December 2025 were reflected. In Q2 (three-month period), however, the impact of the March 2025 price revision had run its course, and the impact of the price revision implemented in December 2025 was the main factor.

Because the December price revision had a relatively smaller positive impact on average spend per customer than the March price revision, the year-on-year growth rate weakened on a relative basis compared with Q1 (three-month period). (See page 6 of the Financial Results Briefing Materials for more details.)

**Q5:** Operating profit appears to have also exceeded the previous revised forecasts (announced on March 16, 2026). What were the main factors?

**A5:** The main factors were progress in reducing existing-store operating costs (lower ingredient costs at existing stores and control of utility costs), as well as lower-than-planned corporate expenses and new store-related costs.



For existing-store operating costs, this reflected lower raw material costs from improved manufacturing efficiency at our factories and optimized ingredient procurement methods, as well as lower utility costs through energy-saving initiatives.

For corporate expenses, head office labor costs were curbed by improving operational efficiency through DX, and fees and other expenses related to company housing for new graduate employees were below expectations.

For new store-related costs, although the securing of properties is progressing smoothly, pre-opening costs were held down because some store openings were pushed back relative to plan and pre-opening rent was lower than expected. (See page 7 of the Financial Results Briefing Materials for more details.)

**Q6: Please provide an update on progress in the international business.**

**A6: For overseas company-owned and JV stores, we currently have stores in the United States, China, and Switzerland.**

In the United States, the New York No. 3 Store is performing steadily. For the New Jersey store, where there had been a mismatch between location and business format, we have completed measures to address the issues, and sales are gradually improving. Profitability is also on an improving trend, as higher tip income is reducing the store's labor cost burden.

In China, we have established a store-opening format for shopping mall locations, and sales at all stores are performing well. Although profitability per store is gradually improving through multi-store development, we are still at the stage of continuing further store openings to secure procurement scale benefits and cover headquarters expenses, and certain upfront costs are being incurred. Sales have also increased at some stores after we won the Grand Prix at a competition held in Shanghai.

In Switzerland, the first store opened in August 2025 and is achieving high average spend per customer against the backdrop of the country's high price levels. It has contributed to earnings from its first month of operation. We are currently preparing to open the second store.

In the franchise business, the number of stores is steadily increasing in both existing countries and newly entered countries, and profitability is gradually improving. (See pages 9, 10, and 11 of the Financial Results Briefing Materials for more details.)

**Q7: What is the outlook for achieving the store-opening plan for the current fiscal year?**

**A7: Store openings through Q2 are progressing slightly below plan. The plan for FY10/2026 is to open 60 company-owned stores in Japan. At present, we have secured properties for the majority of them, and preparations are progressing steadily toward achieving the plan. (See page 4 of the Financial Results Briefing Materials for more details.)**



Q8: What is the status of your efforts to secure talent?

A8: We are continuously implementing measures to strengthen our recruiting capability and improve retention to secure talent. In January 2026, we implemented an average wage increase of approximately 6%, improving compensation and promoting the development of an employee-friendly work environment. The turnover rate (annualized) in Q2 remained well below the industry average (28.4%). We will continue working to reduce the turnover rate by creating an employee-friendly and rewarding workplace, and to strengthen our recruiting capability by increasing the number of applicants and improving the job-offer rate, thereby reinforcing our talent base that supports sustainable store expansion. (See pages 4 and 20 of the Financial Results Briefing Materials for more details.)

Q9: Is there any impact from developments in the Middle East?

A9: Given uncertainty surrounding developments in the Middle East, we are continuously monitoring potential impacts on the procurement environment for raw materials and supplies, as well as cost increases.

On the procurement side, we have not identified any difficulties in procuring raw materials or supplies at present, and we believe there has been no significant impact on the Group's business activities.

On the cost side, while energy costs and costs of food packaging and containers are expected to increase, we believe we can absorb cost increases arising from developments in the Middle East through measures such as reducing ingredient costs by changing the parts and cuts of ingredients used, lowering gas usage by introducing energy-saving noodle cookers, and utilizing government subsidies for electricity and gas charges.

Overall, we believe the impact on the Group's results is limited at present, but we will continue to monitor the situation carefully. (See page 8 of the Financial Results Briefing Materials for more details.)

End.