COMPANY RESEARCH AND ANALYSIS REPORT

Saint Marc Holdings Co., Ltd.

3395

Tokyo Stock Exchange Prime Market

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Contents

Summary

Modest profit increase forecast for FY3/27, but conservative

Saint Marc Holdings Co., Ltd. <3395> (hereafter, also "the Company") is a major restaurant chain. Based on its management philosophy since its foundation of "We Create the Prime Time for You," the Company is committed to preparing food and drinks within its restaurants and cafes without central kitchens, and accordingly aims to help people cultivate richer minds and lifestyles through food.

1. Mainstay business formats: Pasta, gyukatsu, and cafe

The Company primarily operates directly managed stores nationwide in its Restaurant Business (bakery restaurant business format, pasta business format, gyukatsu business format, and other business formats) and its Cafe Business (cafe business format). The Company's mainstay brands include the Western-style restaurant Bakery Restaurant BAQET; the spaghetti specialty restaurant Kamakura Pasta; gyukatsu (Japanese-style deep-fried beef cutlet) business format restaurants Gyukatsu Kyoto Katsugyu and Gyukatsu Motomura; and the self-service coffee shop Saint Marc Cafe. As of the end of FY3/26, the Group's total number of stores was 868 (814 directly managed stores and 54 franchise stores). Saint Marc Cafe has shifted to a strategy for resuming new store openings and achieving a net increase in store count, as the rationalization of unprofitable stores has largely been completed. The Company's characteristics and strengths consist of its commitment to "in-store cooking" to deliver freshly prepared and baked goods, as well as its approach to sharing its management philosophy with its employees operating on the basis of directly managed stores.

2. Significant operating and ordinary profit growth in FY3/26, surpassing upwardly revised forecasts

For the FY3/26 consolidated results, net sales were ¥88,432mn (up 24.7% year on year (YoY)), operating profit before amortization of goodwill, etc. (operating profit + amortization of goodwill and trademark rights) was ¥7,334mn (up 75.0%), operating profit was ¥5,149mn (up 41.3%), ordinary profit was ¥5,058mn (up 31.8%), and profit attributable to owners of parent was ¥2,705mn (up 6.5%). The Company achieved a significant increase in operating and ordinary profit, outperforming the previous forecast (upwardly revised forecasts on November 13, 2025). In addition to the full-year contribution from the consolidation of the gyukatsu business format (with its P/L consolidated from 4Q in the previous fiscal year), existing store net sales in the existing business formats were stronger than expected, led by Saint Marc Cafe. Price pass-through resulting from product development with added value in the Cafe Business, as well as greater efficiency in store operations, also contributed. The operating profit margin before amortization of goodwill, etc. rose 2.4 percentage points (pp) to 8.3%, while the operating profit margin increased 0.7pp to 5.8%. In the Restaurant Business, the overall operating profit margin declined because the cost-of-sales ratio in the gyukatsu business format was higher than in existing business formats, while the operating profit margin in the Cafe Business increased significantly.

3. Modest profit increase forecast for FY3/27, but conservative

For the FY3/27 consolidated results, the Company forecasts net sales of ¥93,000mn (up 5.2% YoY), operating profit before amortization of goodwill, etc. of ¥7,485mn (up 2.1%), operating profit of ¥5,300mn (up 2.9%), ordinary profit of ¥5,100mn (up 0.8%), and profit attributable to owners of parent of ¥2,900mn (up 7.2%). The assumption for existing store net sales is around 103%. For its store development, the Company plans 40–50 new store openings and 30–35 closures, resulting in a net increase in stores. On the net sales side, the Company expects an increase in net sales driven by the effect of new store openings and strong existing store sales. On the cost side, in the gyukatsu business format, the Company expects a deterioration in the cost-of-sales ratio due to soaring ingredient (beef) prices, as well as increases in logistics costs and rent expenses on land and buildings associated with relocating the head office to Kyoto. Furthermore, taking into account uncertainties in economic trends, the Company conservatively forecasts a modest profit increase in each profit item.

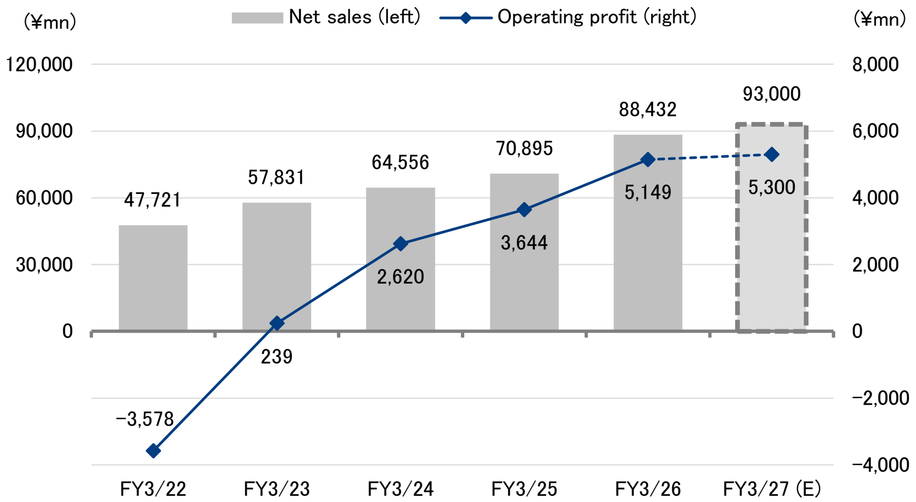
4. Medium-term management plan targets revised upward; Saint Marc Cafe shifts to a store net increase strategy

The Company, regarding its medium-term management plan (FY3/25–FY3/29) formulated in May 2024, in light of M&A in the gyukatsu business format and progress in existing businesses, revised its targets upward as of November 18, 2025 (in connection with the M&A, it changed the profit target from operating profit to operating profit before amortization of goodwill, etc.), setting new targets for FY3/29 of ¥100.0bn in net sales and ¥9.0bn in operating profit before amortization of goodwil, etc. As basic policies, the Company will: 1) maximize the potential of the pasta business format centered on Kamakura Pasta; 2) resume new store openings for Saint Marc Cafe and drive growth through a net increase in the number of stores; and 3) accelerate growth of the gyukatsu business format in Japan and overseas, while continuing to consider new M&A. For Saint Marc Cafe, the Company had previously focused on improving store operating efficiency as key initiatives, but, having concluded that store operations have improved sufficiently, it is shifting its strategy to resume new store openings and achieve a net increase in store count to pursue growth. FISCO thinks the improvement in profitability has been notable and that the Company may have entered a new growth stage.

Key Points

- Mainstay business formats: Pasta, gyukatsu, and cafe
- Significant operating and ordinary profit growth in FY3/26, surpassing upwardly revised targets
- Modest profit increase forecast for FY3/27, but conservative
- Medium-term management plan targets revised upward; Saint Marc Cafe shifts to a store net increase strategy

Results trend



Source: Prepared by FISCO from the Company's financial results

Company profile

Management philosophy of "We Create the Prime Time for You"

1. Company profile

The Company is a major restaurant chain. Based on its management philosophy since its foundation of "We Create the Prime Time for You," the Company is committed to preparing food and drinks within its restaurants and cafes without central kitchens, and accordingly aims to help people cultivate richer minds and lifestyles through food.

At the end of FY3/26, total assets were ¥70,453mn, net assets were ¥31,488mn, the equity ratio was 44.7%, and the number of outstanding shares was 22,941,111 shares (including 1,503,512 treasury shares). In May 2026, the Company transferred part of its head office functions from Okayama Prefecture to Kyoto Prefecture, and now operates with a Kyoto head office (Shimogyo-ku, Kyoto City, Kyoto Prefecture) and an Okayama office (Okayama City, Okayama Prefecture).

The Group consists of the Company (holding company); consolidated subsidiaries Saint Marc Cafe Co., Ltd., Kamakura Pasta Co., Ltd., Saint Marc Grill Co., Ltd., La Madrague Co., Ltd., Kyoto Katsugyu Co., Ltd., and Gyukatsu Motomura Co., Ltd.; and three non-consolidated subsidiaries (SAINTMARC SOUTH EAST ASIA PTE,LTD., BQ International Foods TWN Inc. (Taiwan), and Saint Marc Farm Co., Ltd.). Note that La Madrague Co., Ltd. has been included in the scope of consolidation since FY3/26. Also, in July 2025, the Company established Saint Marc Farm Co., Ltd., which produces and sells agricultural products.

In addition, to improve management efficiency in the gyukatsu business format that became a subsidiary through M&A, Gyukatsu Motomura absorbed BQ Gourmet Institute Holdings Co., Ltd. and BQ International Co., Ltd. through an absorption-type merger effective April 1, 2025. BQ International Foods TWN Inc. (Taiwan) engages in overseas expansion. Regarding "Gyukatsu Kyoto Katsugyu," the initial plan was to consolidate the mainstay business formats of the three companies in the G-Holdings Group into a newly established Kyoto Katsugyu Co., Ltd., but the policy was changed, and effective October 1, 2025, GOLIP Co., Ltd. absorbed G-Holdings Co., Ltd. and OHANA Co., Ltd. through a merger and changed its trade name to Kyoto Katsugyu Co., Ltd.

2. History

Omoto Saint Marc Co., Ltd. was established in March 1989 for the purpose of restaurant management, and it changed its company name to Saint Marc Co., Ltd. in July 1990. In December 1995, Saint Marc registered its shares on the over-the-counter market of the Japan Securities Dealers Association. In April 2002, Saint Marc was listed on the Second Section of the Tokyo Stock Exchange (TSE), and in March 2003, it was listed on the First Section of the TSE. In November 2005, the Company changed its trade name to Saint Marc Holdings Co., Ltd. In January 2006, Saint Marc was made a wholly owned subsidiary through a share exchange and its shares were listed on the First Section of the TSE (Saint Marc was delisted in December 2005). In March 2006, the structure was changed to a wholly owning holding company structure (Saint Marc's company name was changed to Saint Marc Cafe). In April 2022, the Company's listing was transferred to the Prime Market following the TSE's market restructuring.

In business development, in April 1989, the Company opened its first Bakery Restaurant Saint Marc, which is a Western-style restaurant, and in March 1999, it opened its first Saint Marc Cafe, a self-service coffee shop. Then in November 1999, it opened its first Sushi Hakodate Ichiba high-class kaiten (rotating) sushi restaurant; in October 2002, its first Bakery Restaurant BAQET, which is a Western-style restaurant; in October 2004, its first Kamakura Pasta, which is a restaurant specializing in spaghetti; in September 2006, its first Canton Fried Rice Restaurant, which is a fried rice specialty restaurant; in December 2007, its first Kobe Motomachi Doria restaurant, which is a doria specialty restaurant; and in August 2008, its first Kurashiki Coffee Shop, which is a full-service coffee shop. The Company's M&A initiatives have included the following. In December 2022, the Company made La Madrague Co., Ltd., operator of the Madrague coffee shops in the Kansai region, its subsidiary. In November 2024, it made the three companies of the G-Holdings Group, operator of Gyukatsu Kyoto Katsugyu and other brands, its subsidiaries and sub-subsidiaries. In December 2024, it made the four companies of the BQ Gourmet Institute Group, operator of Gyukatsu Motomura, its subsidiaries and sub-subsidiaries.

History

Year/month	Main events
April 1989	Opened the first "Bakery Restaurant Saint Marc," a Western-style restaurant, in Okayama City, Okayama Prefecture
December 1995	Saint Marc Co., Ltd. registered its shares over-the-counter with the Japan Securities Dealers Association
March 1999	Opened the first Saint Marc Cafe coffee shop in Chuo Ward, Tokyo
November 1999	Opened the first high-class kaiten sushi restaurant "Sushi Hakodate Ichiba" (franchise store) in Kurume City, Fukuoka Prefecture
April 2002	Listed shares on the Second Section of the Tokyo Stock Exchange (TSE)
July 2002	Acquired all shares of Prime Time Co., Ltd.
October 2002	Opened the first Western-style restaurant, "Bakery Restaurant BAQET," in Itami City, Hyogo Prefecture
March 2003	Listed on the First Section of the Tokyo Stock Exchange
October 2004	Opened the first Kamakura Pasta, the spaghetti specialty restaurant in Okayama City, Okayama Prefecture
November 2005	Changed trade name to Saint Marc Holdings Co., Ltd.
March 2006	Completed transition to a holding company structure
September 2006	Opened the first Canton Fried Rice Restaurant in Itami City, Hyogo Prefecture
December 2007	Opened the first doria specialty restaurant "Kobe Motomachi Doria" in Okayama City, Okayama Prefecture
August 2008	Opened the first "Kurashiki Coffee" full-service coffee shop in Minato Ward, Tokyo
April 2022	Transitioned from the First Section of the Tokyo Stock Exchange to the Tokyo Stock Exchange Prime Market
July 2022	Absorbed Saint Marc Co., Ltd., Hakodate Ichiba Co., Ltd., and BAQET Co., Ltd. through mergers
December 2022	Made La Madrague Co., Ltd., which operates cafes in the Kansai region, a subsidiary
March 2023	Established the Sustainability Committee
April 2024	Absorbed Kurashiki Coffee Co., Ltd. through a merger
November 2024	Made three companies of the G-Holdings Group, operator of Gyukatsu Kyoto Katsugyu, subsidiaries and sub-subsidiaries
December 2024	Made four companies of the BQ Gourmet Institute Group that operates Gyukatsu Motomura, subsidiaries and sub-subsidiaries
April 2025	BQ Gourmet Institute Holdings Co., Ltd. and BQ International Co., Ltd. were merged into Gyukatsu Motomura Co., Ltd.
July 2025	Established Saint Marc Farm Co., Ltd.
October 2025	GOLIP Co., Ltd. absorbed G-Holdings Co., Ltd. and OHANA Co., Ltd., and changed its trade name to Kyoto Katsugyu Co., Ltd.
February 2026	Transferred part of Kyoto Katsugyu Co., Ltd.'s business (businesses other than the gyukatsu business format) to ATC Dining Co., Ltd.

Source: Prepared by FISCO from the Company's securities report and website

Business overview

Engagement in the Restaurant Business and Cafe Business

1. Business overview

The Company primarily operates directly managed stores nationwide in its Restaurant Business (bakery restaurant business format, pasta business format, gyukatsu business format, and other business formats) and its Cafe Business (cafe business format). In the Restaurant Business, the Company's mainstay brands include the Western-style restaurants Bakery Restaurant Saint Marc and Bakery Restaurant BAQET; the spaghetti specialty restaurant Kamakura Pasta and its derivative business formats Odashimon and Teppan no Spaghetti; gyukatsu (Japanese-style deep-fried beef cutlet) business format restaurants Gyukatsu Kyoto Katsugyu and Gyukatsu Motomura; doria-specialist restaurant Kobe Motomachi Doria, and high-class kaiten sushi restaurant Sushi Hakodate Ichiba. In the Cafe Business, the Company's mainstay brands include the self-service coffee shop Saint Marc Cafe and the full-service coffee shop Kurashiki Coffee. In addition, in February 2026, the Company transferred a portion of the business operated by Kyoto Katsugyu (11 stores in total) to ATC Dining Co., Ltd.

With respect to trends in net sales and operating profit by segment, results in both businesses fell significantly in FY3/21 and FY3/22 because of the impact of COVID-19. Since the pandemic subsided in FY3/23, however, both business segments have held to a growth trajectory amid initiatives that include aggressive efforts to open stores in the core business formats, rationalization of unprofitable stores, M&A in the gyukatsu business format, and cost cutting through improvement of store operations. In FY3/26, net sales were ¥59,969mn in the Restaurant Business (67.8% of total net sales) and ¥28,462mn in the Cafe Business (32.2% of total net sales). Aided by M&A involving the gyukatsu business format, the Restaurant Business increased 2.3-fold from ¥26,257mn in FY3/22, while the Cafe Business expanded 1.3-fold from ¥21,226mn despite rationalizing unprofitable Saint Marc Cafe stores.

Net sales and operating profit by segment

(¥mn)

	FY3/22	FY3/23	FY3/24	FY3/25	FY3/26
Net sales					
Restaurant Business	26,257	33,377	38,022	44,116	59,969
Directly managed store sales	25,607	32,655	37,221	43,251	58,547
Royalty income	87	89	80	115	244
Franchise-related, etc., sales	562	632	720	748	1,178
Cafe Business	21,226	24,453	26,534	26,779	28,462
Directly managed store sales	20,860	24,038	26,035	26,285	27,948
Royalty income	31	36	42	46	50
Franchise-related, etc., sales	334	378	456	448	464
Other businesses	237	-	-	-	-
Consolidated net sales	47,721	57,831	64,556	70,895	88,432
Operating profit					
Restaurant Business	-891	1,441	2,693	3,808	4,468
Cafe Business	-1,265	271	1,615	2,238	3,027
Other businesses	-98	-	-	-	-
Total	-2,255	1,712	4,309	6,046	7,496
Adjustment amount	-1,322	-1,472	-1,688	-2,401	-2,346
Consolidated operating profit	-3,578	239	2,620	3,644	5,149

Notes 1: Other businesses (businesses related to the experimental business format) have been included in the Restaurant Business since FY3/23.
Notes 2: The gyukatsu business format has been included in the Restaurant Business (newly consolidated from Q4 FY3/25).
Source: Prepared by FISCO from the Company's financial results and results briefing materials

As of the end of FY3/26, the Group's total number of stores was 868 stores (814 directly managed stores and 54 franchise stores). By brand, the Restaurant Business has 210 Kamakura Pasta stores, 103 Gyukatsu Kyoto Katsugyu stores, 72 Bakery Restaurant BAQET stores, 55 Saint Marc Grill (Kobe Motomachi Doria, etc.) stores, 36 Gyukatsu Motomura stores, and 35 Bakery Restaurant Saint Marc stores. The Cafe Business has 289 Saint Marc Cafe stores and 48 Kurashiki Coffee stores, among others. The Company addressed the COVID-19 pandemic and other changes in the business environment by curtailing new store openings and rationalizing unprofitable stores, particularly those of Saint Marc Cafe. As the rationalization of unprofitable "Saint Marc Cafe" locations has been largely completed, the Company has shifted to a strategy for resuming new store openings and achieving a net increase in store count starting from FY3/26. In FY3/26, Saint Marc Cafe opened eight new stores and closed four, resulting in a net increase of four stores compared with the end of FY3/25. In addition, the Group total recorded 40 new store openings and 47 closures, resulting in a net decrease of 7 stores; however, this was due to Gyukatsu Kyoto Katsugyu transferring or closing 18 stores in connection with a partial business transfer (February 2026), and excluding this impact, there was an effective net increase of 11 stores.

Trends in store numbers by business format

(stores)

	End of FY3/22	End of FY3/23	End of FY3/24	End of FY3/25	End of FY3/26
Restaurant Business total	417	393	389	529	520
Bakery Restaurant Saint Marc	60	47	45	38	35
Bakery Restaurant BAQET	91	77	69	69	72
Kamakura Pasta	199	195	200	207	210
Saint Marc Grill (Kobe Motomachi Doria, etc.)	58	65	66	59	55
Gyukatsu Kyoto Katsugyu	-	-	-	117	103
Gyukatsu Motomura	-	-	-	30	36
Sushi Hakodate Ichiba	9	9	9	9	9
Cafe Business total	417	395	346	339	343
Saint Marc Cafe	354	333	294	285	289
Kurashiki Coffee	63	62	52	49	48
La Madrague	-	-	-	5	6
Experimental business format	5	5	7	7	5
Group total	839	793	742	875	868
Directly managed	808	769	718	818	814
Franchise	31	24	24	57	54

Notes 1: "Petrichor Bakery and Café," which had been included in the experimental business format, is included in Bakery Restaurant BAQET from the end of FY3/26.
Notes 2: Gyukatsu Kyoto Katsugyu had 12 store openings and 26 store closings, including 11 stores that were transferred.
Notes 3: The number of La Madrague stores has been disclosed retroactively from the end of FY3/26, to the end of FY3/25.
Source: Prepared by FISCO from the Company's financial results and results briefing materials

For domestic all-store net sales and existing store net sales (existing stores are those that have been open for 20 months including the month of opening), in FY3/26, all-store net sales for existing business formats excluding those acquired through M&A were 105.4% YoY, and existing store net sales were 106.5%, while for the business formats acquired through M&A (the business formats operated by Kyoto Katsugyu, Gyukatsu Motomura, and La Madrague), all-store net sales were 113.0% and existing store net sales were 105.0%, showing solid performance. Additionally, regarding existing store net sales for business formats acquired through M&A, April 2026 was 93.6% compared to those of April 2025, marking a decline from the same month of the previous year, but the Company analyzes that the primary cause was a reactionary decline from the previous year's Osaka-Kansai Expo, particularly in the gyukatsu business format.

Monthly sales conditions (compared to the same month in previous year)

		April	May	June	July	August	September	1H	October	November	December	January	February	March	Full year
All stores	FY3/25 [1]	102.6%	102.4%	109.9%	100.7%	106.6%	105.6%	104.6%	98.8%	104.5%	101.8%	101.2%	102.5%	102.3%	103.2%
	FY3/26*1	107.4%	106.4%	102.5%	104.8%	107.8%	101.8%	105.2%	106.8%	106.8%	104.9%	107.7%	104.5%	103.1%	105.4%
	M&A business format*2	126.1%	126.6%	116.6%	107.0%	118.3%	116.5%	118.5%	119.9%	109.0%	107.6%	106.8%	105.5%	101.3%	113.0%
	FY3/27	101.8%	108.2%												
	Existing business format*1	103.7%	111.0%												
	M&A business format*2	94.3%	97.4%												
Existing stores	FY3/25*1	107.1%	106.3%	113.9%	105.2%	110.5%	110.3%	108.8%	103.8%	109.2%	104.9%	104.0%	104.6%	103.2%	106.8%
	FY3/26*1	108.4%	107.9%	104.3%	106.8%	109.3%	103.2%	106.7%	107.2%	107.6%	106.5%	109.5%	104.5%	103.2%	106.5%
	M&A business format*2	112.4%	112.1%	106.4%	100.4%	107.9%	103.7%	107.1%	109.1%	103.4%	103.0%	103.4%	100.4%	99.7%	105.0%
	FY3/27	101.3%	109.0%												
	Existing business format*1	103.1%	111.3%												
	M&A business format*2	93.6%	99.0%												

Note: Existing stores are stores that have been open for at least 20 months, including the month in which they were opened.
*1: Figures represent the number of domestic stores, excluding business formats acquired through M&A.
*2: Effective from April 2025, figures represent the number of domestic stores associated with business formats acquired through M&A (business format of stores operated by Kyoto Katsugyu, Gyukatsu Motomura, and La Madrague).
Source: Prepared by FISCO from the Company's investor relations news releases

Mainstay Kamakura Pasta, Gyukatsu Kyoto Katsugyu, and Saint Marc Cafe stores

2. Mainstay business formats and brands, and their characteristics and strengths

(1) Restaurant Business

Bakery Restaurant Saint Marc, which has been the Company's business format since its foundation, clearly differentiates itself from its competitors, such as family restaurants, by providing the added value of "All-you-can-eat freshly baked bread" and hospitality on a par with that of hotels. Bakery Restaurant BAQET stores are bakery restaurants where customers can enjoy French casual-based cuisine and freshly baked bread that is lovingly prepared in the stores' dedicated ovens. Petrichor Bakery and Cafe stores are cafés and bakeries where customers savor the "aroma" of freshly baked croissants and authentic café lattes. Bakery Restaurant Saint Marc stores are mainly located in roadside and shopping centers (SC) and Bakery Restaurant BAQET stores are mainly located in SC.

Kamakura Pasta stores, which are currently the mainstay business format, are spaghetti-specialist restaurants that use fresh pasta that is cooked upon order. They are designed to be relaxing spaces with a Japanese-style peaceful sensibility, so that customers can enjoy their meals at their leisure. The Company operates them in a wide range of locations, including SC, railway station buildings, shopping districts in front of railway stations, and in shops within commercial buildings.

The Company has positioned Kamakura Pasta as the leading brand in the development of the pasta business format, and it is also strengthening the development and store openings of derivative business formats. Odashimon, which is a derivative business format, offers pasta and Japanese sweets based on "odashi" soup stock prepared in the restaurant, and they are cafe restaurants with the new concept of "odashi pasta and sweets." Their characteristics include that, compared to Kamakura Pasta, many of their customers are female; their average spend per customer is around 10 to 15% higher; the percentage of sales in the period from 2 pm to 5 pm, which tends to be the idle time, is relatively high driven by cafe demand; and that shops can be opened in locations suitable for cafes. Teppan no Spaghetti, which is also a derivative business format, offers a lineup of more than 20 dishes, including the 300g "hearty spaghetti" and its famous "spaghetti with a thick-cut bacon slice," and in addition to being known for dishes that are seasoned with a punch, its characteristics include that openings of small stores are possible (around 80 m^2), their fast serving times and inexpensive prices enable food hall-type openings, and their high percentages of take-outs and deliveries (which means they can cover eat-in customers with only a small number of seats).

As the "only doria (a type of rice gratin) specialist restaurants in the world," Kobe Motomachi Doria offers more than 30 types of doria, including baked omelet doria and gratin. Its original doria rice is prepared in the restaurants every morning, and the various sauces are carefully matched to the rice that is served freshly cooked and piping hot. The Company mainly operates them in SC-type locations. Taiwan Xiao Long Bao, which is the Chinese food business format, are Chinese restaurants characterized by a dim sum menu with the main dish being xiao-long-bao dumplings that are made and hand-wrapped in the restaurant. Sushi Hakodate Ichiba offers hand-pressed nigiri at body temperature using the freshest ingredients from northern Japan.

The gyukatsu business format entails operation of Gyukatsu Kyoto Katsugyu and Gyukatsu Motomura with the aim of establishing this category as a new pillar of business as a Japanese-style specialty format. With respect to distinctive characteristics of the business formats, Gyukatsu Kyoto Katsugyu has a high customer turnover rate and can operate in relatively small stores, making it a high-margin business with an operating profit margin of over 10%. Meanwhile, Gyukatsu Motomura features a single-concept menu while offering the enjoyment of affordable gyukatsu meals (Japanese-style deep-fried beef cutlet) in a luxurious restaurant setting with Japanese-style customer service. Gyukatsu Kyoto Katsugyu and Gyukatsu Motomura rank first and second, respectively, in their shares of the gyukatsu market. Meanwhile, Gyukatsu Kyoto Katsugyu and Gyukatsu Motomura are effectively the only companies seeking expansion as restaurant chains in this market. The Company secured a dominant share of the gyukatsu market by making these two leading companies in that market its subsidiaries.

(2) Cafe Business

The Company's mainstay brand in the Cafe Business, Saint Marc Cafe, is a bakery cafe that focuses on quality refined in the Restaurant Business format and features its signature Choco Cro chocolate croissants. The higher priced Premium Choco Cro series has become a major hit product with options that include Premium Choco Cro Kikyo Shingen Mochi - Brown Sugar Dough & Black Soy Flour Mochi, launched in March 2024 in collaboration with Kikyo Shingen Mochi, a famous confectionery in Yamanashi. Additionally, to continue providing high value-added products through "Premium Choco Cro," starting with the Hokkaido Fair on July 25, 2025, the Company reviewed and extended the replacement period for "Premium Choco Cro." In the past, even when limited-time products were well received, it was not possible to respond by increasing production; by extending the duration of the fair, however, it becomes possible to fully capture demand, leading to higher net sales. It operates these stores across a wide range of locations, including shopping centers, train station buildings, shopping malls in front of train stations, and in-shop locations in commercial buildings. It is also promoting efforts to streamline store operations through initiatives that include installation of self-checkout registers. As the rationalization of unprofitable stores was largely completed by FY3/25, the Company resumed new store openings from FY3/26. The Company will also leverage know-how from its gyukatsu business format, which centers on street-front stores, and shift to a strategy for resuming new store openings and achieving a net increase in store count, including street-front locations. The Company will also begin to roll out a new brand, "Saint Marc Cafe & Cha."

Kurashiki Coffee shops are full-service, authentic coffee shops in which carefully selected coffee beans are brewed using a siphon and served one cup at a time. They also offer a carefully selected range of sweets and a wide variety of light meals with a Japanese flavor. Notably, a female siphonist from the Kurashiki Coffee Aeon Town Shunan Kume location won third place in the finals of the Japan Siphonist Championship held in October 2024. La Madrague, which was made a subsidiary in December 2022, operates directly-managed La Madrague coffee shops in the Kansai area. It is a leading coffee-shop brand in Kyoto, including being selected in Tabelog's 100 Well-known Stores. Note that La Madrague has been included in the scope of consolidation since FY3/26.

(3) Experimental business format

The experimental business format positioned for future commercialization includes RISTRETTO&CROISSANT LABORATORIO croissant specialty stores, Tempura Tensei restaurants specializing in tempura served with a thin crust that brings out the flavor of the ingredients, and Han to Kome offering Korean cuisine and rice boiled in an iron pan.

(4) Characteristics and strengths

Among the Company's characteristics and strengths, its major strengths include that, based on its management philosophy since its foundation of "We Create the Prime Time for You," it does not have central kitchens and instead focuses on preparing meals and drinks in stores, and it is committed to "in-store cooking" that delivers freshly prepared and baked goods. In-store cooking tends to be more expensive in general, but the Company, while being premised on in-store cooking, utilizes its large scale to streamline and structure various operations in order to improve efficiency, and it is focusing on making use of the time this creates to provide high-quality customer services. The Company's basic approach to store development is to operate directly managed stores. This involves sharing its management philosophy with all its employees, including part-time and temporary employees, which leads to improvements in the quality of customer services and store operations.

The Company's basic strategy for building its brand portfolio is to develop high-value-added markets by systematically providing high-quality services to its walk-in customers who want higher added value than that provided by existing mature markets. To realize this strategy, it is focusing on developing its own menus to enhance its menu lineup and to improve customer services.

Developing new business and derivative business formats and improving its ability to attract customers by creating new menus

3. Risk factors, and issues and measures in response

The general risk factors in the restaurant industry include declining consumer spending due to economic fluctuations, inflation and other factors, delays in responding to changes in trends and consumer behavior, the decline in the competitiveness of existing stores, the obsolescence of existing business formats, the difficulty in finding locations for new store openings, rising food and energy costs and delays in passing these costs on to customers, the decline in store operating capabilities due to labor shortages, impact of infectious disease outbreaks or bad weather and natural disasters, problems such as those related to customer information management and hygiene management, and government guidance and other legal regulations. To deal with these risks, the Company is actively implementing measures in order to minimize them, like developing and commercializing new business formats and derivative business formats including by utilizing M&A, building stores that provide high-quality menus and services, improving its ability to attract customers by creating new menus and renewing existing ones, improving profitability by revising prices and improving the efficiency of store operations, ensuring hygiene management, maintaining the competitiveness of its existing stores by remodeling them, closing unprofitable stores in which profits cannot be expected to recover, and changing business formats.

Results trends

Significant operating and ordinary profit growth in FY3/26, surpassing upwardly revised targets

1. Overview of FY3/26 consolidated results

For the FY3/26 consolidated results, the net sales were ¥88,432mn (up 24.7% YoY), operating profit before amortization of goodwill, etc. (operating profit + amortization of goodwill and trademark rights) was ¥7,334mn (up 75.0%), operating profit was ¥5,149mn (up 41.3%), ordinary profit was ¥5,058mn (up 31.8%), and profit attributable to owners of parent was ¥2,705mn (up 6.5%). The results exceeded the previous forecast (the upwardly revised figures as of November 13, 2025: net sales ¥88,000mn; operating profit before amortization of goodwill, etc. ¥7,185mn; operating profit ¥5,000mn; ordinary profit ¥4,800mn; profit attributable to owners of parent ¥2,300mn), with a significant increase in net sales and significant increases in operating and ordinary profit. In addition to the full-year contribution from the consolidation of the gyukatsu business format (with its P/L consolidated from 4Q in the previous fiscal year), existing store net sales in the existing business formats were stronger than expected, led by Saint Marc Cafe. Furthermore, price pass-through resulting from product development with value added in the Cafe Business, as well as the impact of greater efficiency in store operations, also contributed.

Overview of FY3/26 consolidated results

(¥mn)

	FY3/25		FY3/26		YoY		Previous forecast		
	Result	% of net sales	Result	% of net sales	Change amount	Change %	Amount	Amount achieved	Achievement rate
Net sales	70,895	-	88,432	-	17,537	24.7%	88,000	432	100.5%
Gross profit	53,209	75.1%	64,733	73.2%	11,523	21.7%	-	-	-
SG&A expenses	49,564	69.9%	59,583	67.4%	10,019	20.2%	-	-	-
Operating profit before amortization of goodwill, etc.	4,189	5.9%	7,334	8.3%	3,145	75.0%	7,185	149	102.1%
Operating profit	3,644	5.1%	5,149	5.8%	1,505	41.3%	5,000	149	103.0%
Ordinary profit	3,839	5.4%	5,058	5.7%	1,219	31.8%	4,800	258	105.4%
Profit attributable to owners of parent	2,540	3.6%	2,705	3.1%	165	6.5%	2,300	405	117.6%

Notes 1: Operating profit before amortization of goodwill, etc. = operating profit + amortization of goodwill and trademark rights
Notes 2: The previous forecast is the upwardly revised target as of November 13, 2025.
Source: Prepared by FISCO from the Company's financial results and results briefing materials

Store development comprised 40 new store openings and 47 closures (including 18 stores transferred or closed in conjunction with the transfer of a portion of the Kyoto Katsugyu business), bringing the Group's total number of domestic stores at the fiscal year end to 868, down 7 stores YoY. Excluding the impact of the business transfer, the net increase is effectively 11 stores. Existing store net sales were strong, with the existing business format at 106.5% and the M&A business format at 105.0%, both exceeding the expectation (around 101%). Various initiatives to enhance the competitiveness of existing stores, such as refining the business format and developing limited-time menus, proved effective, and price pass-through through value-added product development also progressed. Gross profit increased 21.7%, but the gross profit margin declined 1.9pp to 73.2%. In addition to higher ingredient prices, the gyukatsu business format's higher cost-of-sales ratio relative to existing business formats also had an impact. SG&A expenses rose 20.2% due to the increase in personnel expenses and advertising expenses, but the SG&A expense ratio declined 2.5pp to 67.4%. As a result, the operating profit margin before amortization of goodwill, etc. rose 2.4pp to 8.3% and operating profit margin rose 0.7pp to 5.8%, while the ordinary profit margin increased 0.3pp to 5.7%. Profit attributable to owners of parent recorded only a slight increase, as the benefit from recognizing deferred tax assets in the previous fiscal year fell away and the tax burden increased, resulting in a smaller increase than that in operating profit and ordinary profit. Capital expenditure increased 6.2% to ¥3,246mn, mainly for new store openings and existing store renovation. Depreciation decreased 1.5% to ¥2,116mn.

Sharp increase in operating profit margin of the Cafe Business

2. Trends by segment

In the Restaurant Business, net sales increased 35.9% YoY to ¥59,969mn, operating profit climbed 17.3% to ¥4,468mn (before adjustments for Group-wide expenses, etc.), and operating profit margin decreased 1.1pp to 7.5%. Of this, net sales of the gyukatsu business format (with its P/L consolidated from 4Q in the previous fiscal year) were ¥18,020mn, operating profit was ¥1,043mn, and the operating profit margin was 5.8%. Although the cost-of-sales ratio in the gyukatsu business format was higher than in the existing business formats, lowering the overall operating profit margin, the full-year contribution from the consolidation of the gyukatsu business format, together with strong existing store net sales, led to a significant increase in net sales and a substantial increase in operating profit.

In the Cafe Business, net sales increased 6.3% YoY to ¥28,462mn, operating profit increased 35.3% to ¥3,027mn, and the operating profit margin rose 2.2pp to 10.6%. Improvements in store operations also contributed, and the operating profit margin increased significantly. The mainstay Saint Marc Cafe had largely completed the rationalization of unprofitable stores by the previous fiscal year, and in the current fiscal year there were eight store openings and four store closures, resulting in a net increase of four stores at the fiscal year end. Also, existing store net sales were steady, exceeding 100% throughout the year. The Company promoted price pass-through by developing higher value-added products; however, the number of customers hovered around 100%, and no significant impact was observed. Overall, performance remained generally solid.

Overview of FY3/26 results by segment

(¥mn)

	FY3/25		FY3/26		YoY	
	Result	Breakdown and profit margin	Result	Breakdown and profit margin	Change amount	Change %
Net sales	70,895	-	88,432	-	17,537	24.7%
Restaurant Business	44,116	62.2%	59,969	67.8%	15,853	35.9%
Directly managed store sales	43,251	61.0%	58,547	66.2%	15,295	35.4%
Royalty income	115	0.2%	244	0.3%	128	110.5%
Franchise-related, etc., sales	748	1.1%	1,178	1.3%	430	57.5%
Of which, gyukatsu business format	4,251	6.0%	18,020	20.4%	13,769	323.9%
Cafe Business	26,779	37.8%	28,462	32.2%	1,683	6.3%
Directly managed store sales	26,285	37.1%	27,948	31.6%	1,662	6.3%
Royalty income	46	0.1%	50	0.1%	3	8.2%
Franchise-related, etc., sales	448	0.6%	464	0.5%	16	3.7%
Operating profit	3,644	5.1%	5,149	5.8%	1,505	41.3%
Restaurant Business	3,808	8.6%	4,468	7.5%	659	17.3%
Of which, gyukatsu business format	394	9.3%	1,043	5.8%	649	164.7%
Cafe Business	2,238	8.4%	3,027	10.6%	789	35.3%
Adjustment amount	-2,401	-	-2,346	-	-	-

Notes 1: Segment net sales constitute sales to external customers.
Notes 2: The gyukatsu business format is included in the Restaurant Business. Only 4Q results are available for FY3/25.
Notes 3: Operating profit is before adjustment for Group-wide expenses, etc.
Source: Prepared by FISCO from the Company's financial results and results briefing materials

Maintaining financial soundness

3. Financial position

From a financial perspective, the Company's total assets at the end of FY3/26 decreased ¥1,008mn compared to the end of the previous fiscal year to ¥70,453mn. Mainly, cash and deposits increased ¥625mn and accounts receivable - trade increased ¥472mn, while goodwill decreased ¥1,732mn due to amortization and trademark rights decreased ¥452mn. Total liabilities decreased ¥1,640mn to ¥38,965mn. Mainly, accounts payable - trade increased ¥282mn, accounts payable - other increased ¥344mn, and income taxes payable increased ¥292mn, while the total balance of short- and long-term borrowings decreased ¥2,445mn to ¥20,554mn. Total net assets increased ¥631mn to ¥31,488mn. Treasury shares (deduction) rose ¥1,101mn, mainly reflecting share buybacks, while retained earnings increased ¥1,573mn. As a result, the equity ratio rose 1.5pp to 44.7%.

In conjunction with a large-scale M&A in the gyukatsu business format, the Company undertook a total of ¥22,500mn in short- and long-term borrowings, so the equity ratio declined as of the end of FY3/25, but not to a level of particular concern, and in FY3/26, progress in loan repayments caused the equity ratio to rise. FISCO thinks that the financial soundness of the Company is being maintained given ongoing stability of the Company's operating cash flow.

Balance sheet and statements of cash flows (simplified)

(¥mn)

	End of FY3/22	End of FY3/23	End of FY3/24	End of FY3/25	End of FY3/26	Change
Total assets	48,021	48,804	49,016	71,461	70,453	-1,008
Current assets	19,715	20,838	22,662	21,097	22,284	1,186
Non-current assets	28,306	27,966	26,354	50,364	48,168	-2,195
Total liabilities	16,873	18,453	18,867	40,605	38,965	-1,640
Current liabilities	5,651	6,915	7,888	16,349	13,673	-2,676
Non-current liabilities	11,222	11,537	10,978	24,255	25,291	1,035
Total net assets	31,147	30,350	30,149	30,856	31,488	631
Shareholders' equity	31,127	30,330	30,107	30,884	31,360	475
Equity ratio	64.8%	62.2%	61.5%	43.2%	44.7%	1.5pp

	FY3/22	FY3/23	FY3/24	FY3/25	FY3/26
Cash flows from operating activities	5,587	3,513	5,073	5,751	8,579
Cash flows from investing activities	-990	-2,151	-2,801	-22,748	-3,231
Cash flows from financing activities	-3,972	-1,268	-1,342	14,581	-4,759
Cash and cash equivalents at fiscal year end	15,640	15,734	16,663	14,247	14,872

Source: Prepared by FISCO from the Company's financial results

Outlook

Modest profit increase forecast for FY3/27, with a conservative plan factoring in higher costs and other factors

● Overview of FY3/27 consolidated results forecasts

For the FY3/27 consolidated results, the Company forecasts net sales of ¥93,000mn (up 5.2% YoY), operating profit before amortization of goodwill, etc. of ¥7,485mn (up 2.1%), operating profit of ¥5,300mn (up 2.9%), ordinary profit of ¥5,100mn (up 0.8%), and profit attributable to owners of parent of ¥2,900mn (up 7.2%). The underlying assumption for existing store net sales is around 103%. For its store development, the Company plans 40–50 new store openings, mainly for Kamakura Pasta, Gyukatsu Kyoto Katsugyu, Gyukatsu Motomura, and Saint Marc Cafe, and 30–35 closures, resulting in a net increase in stores. Capital expenditures are planned at ¥4,395mn, up 35.4%, and depreciation is planned at ¥2,375mn, up 12.2%.

Overview of FY3/27 consolidated results forecasts

(¥mn)

	FY3/26		FY3/27		YoY		1H forecast	2H forecast
	Result	% of net sales	Forecast	% of net sales	Change amount	Change %		
Net sales	88,432	-	93,000	-	4,567	5.2%	45,200	47,800
Operating profit before amortization of goodwill, etc.	7,334	8.3%	7,485	8.0%	151	2.1%	3,292	4,192
Operating profit	5,149	5.8%	5,300	5.7%	150	2.9%	2,200	3,100
Ordinary profit	5,058	5.7%	5,100	5.5%	41	0.8%	2,100	3,000
Profit attributable to owners of parent	2,705	3.1%	2,900	3.1%	194	7.2%	1,000	1,900

Note: Operating profit before amortization of goodwill, etc. = operating profit + amortization of goodwill and trademark rights
Source: Prepared by FISCO from the Company's financial results and results briefing materials

On the net sales side, the Company expects an increase in net sales driven by the effect of new store openings and strong existing store sales. On the cost side, particularly in the gyukatsu business format, the Company expects a deterioration in the cost-of-sales ratio due to soaring ingredient (beef) prices, as well as increases in logistics costs and in rent expenses on land and buildings associated with relocating the head office to Kyoto (an increase totaling approximately ¥0.24bn, comprising approximately ¥0.17bn in ongoing costs from the next fiscal year onward and approximately ¥0.07bn in one-off costs). Furthermore, taking into account uncertainties in economic trends, the Company conservatively forecasts a modest profit increase in each profit item. The Company's projections on a semiannual basis are as follows. For 1H FY3/27, the Company forecasts net sales of ¥45,200mn, operating profit before amortization of goodwill, etc. of ¥3,292mn, operating profit of ¥2,200mn, ordinary profit of ¥2,100mn, and profit attributable to owners of parent of ¥1,000mn. For 2H FY3/27, the Company forecasts net sales of ¥47,800mn, operating profit before amortization of goodwill, etc. of ¥4,192mn, operating profit of ¥3,100mn, ordinary profit of ¥3,000mn, and profit attributable to owners of parent of ¥1,900mn, with the plan weighted toward 2H. For 1H, the Company has taken into account the pullback from the previous year's Osaka-Kansai Expo, among other factors, but in 2H, that impact is expected to have run its course, and the effect of new store openings is also expected to contribute. Taking into account the marked improvement in the profitability of Saint Marc Cafe and the policy to shift to a full-fledged strategy for resuming new store openings and achieving a net increase in store count, FISCO thinks that robust results can be expected through active business development.

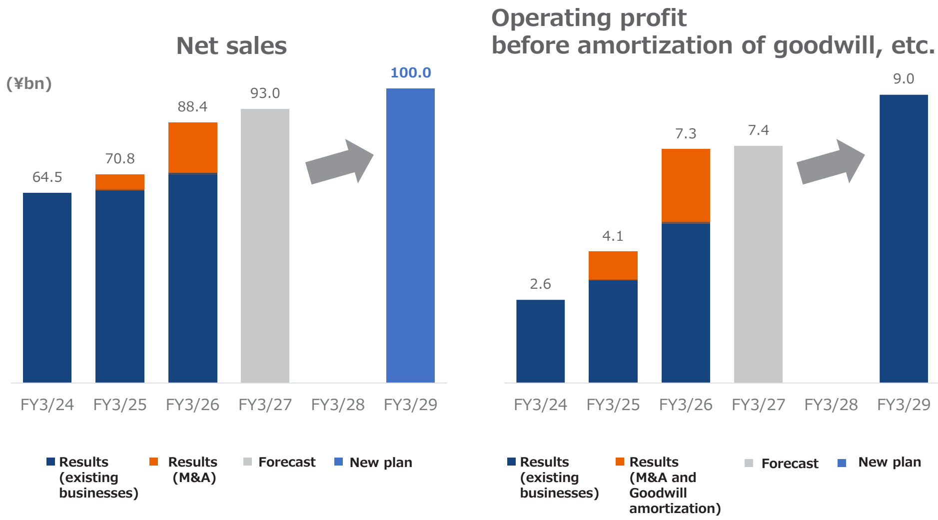
Growth strategy

Medium-term management plan targets revised upward

1. Medium-term management plan (FY3/25 to FY3/29) targets revised upward

The Company formulated a medium-term management plan (FY3/25–FY3/29) in May 2024, setting interim targets for FY3/26 of ¥66.0bn in net sales and ¥3.8bn in operating profit, and final fiscal year targets for FY3/29 of ¥80.0bn in net sales and ¥6.5bn in operating profit; however, in light of the M&A in the gyukatsu business format and progress in existing businesses, it revised the targets upward as of November 18, 2025 (in connection with the M&A, it changed the profit target from operating profit to operating profit before amortization of goodwill, etc.) and set new targets for FY3/29 of ¥100.0bn in net sales and ¥9.0bn in operating profit before amortization of goodwill, etc.

Medium-term management plan targets



Source: The Company's results briefing materials

The basic policies are to 1) maximize the potential of the pasta business format centered on Kamakura Pasta (unchanged from the previous plan), 2) resume new store openings for Saint Marc Cafe and drive growth through a net increase in the number of stores, and 3) accelerate growth of the gyukatsu business format in Japan and overseas, while continuing to consider new M&A.

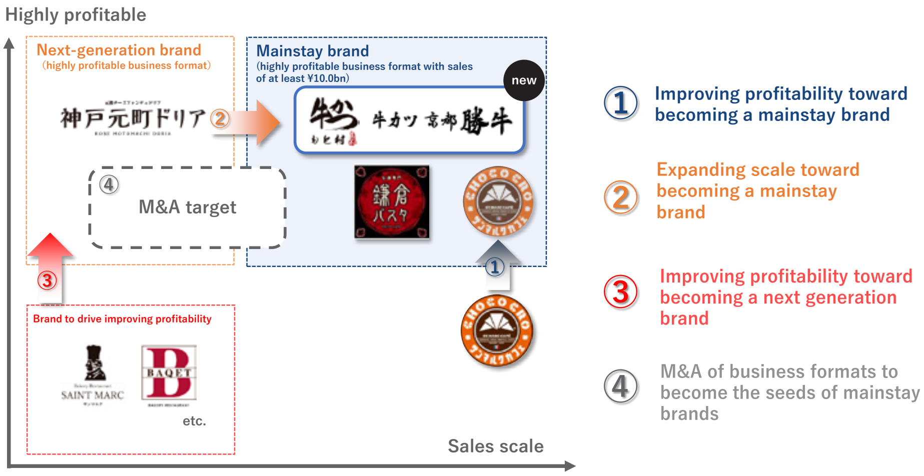
Regarding the Kamakura Pasta business format, with improvement measures such as revisions to the grand menu and store refurbishments proving effective, it is maintaining healthy growth; as the core business format of the Restaurant Business, the Company aims for further growth through continued store openings and various PR initiatives, including rebranding. The Company will also expand store openings for its derivative business formats, “Odashimon” and “Teppan no Spaghetti.”

For Saint Marc Cafe, the Company had previously focused on improving store operating efficiency as key initiatives, but the rationalization of unprofitable stores was largely completed by FY3/25. Furthermore, a pricing strategy driven by creating products with high added value, such as Premium Choco Cro, progressed more than expected, and average monthly sales per store, indexed with FY3/20 set at 100.0, reached 129.2 in FY3/26, representing a substantial increase even compared with the pre-COVID-19 period. Furthermore, efficiency improvements in store operations also progressed, and store operations were sufficiently improved (the operating profit margin of the Cafe Business improved 2.2pp YoY to 10.6% in FY3/26), and the Company will shift to a full-fledged strategy for resuming new store openings and achieving a net increase in store count to pursue growth. The Company expects more efficient store development through collaboration with its gyukatsu business format, and targets increasing the store count from 289 at end-FY3/26 to approximately 370 in FY3/29, and to 500 in the medium to long term including franchise stores.

Regarding accelerating growth of the gyukatsu business format, the Company views it as a Japanese-specialty business format that can capture inbound demand and pursue overseas expansion, positions it as a growth driver, and will promote store openings and the recruitment of franchisees in Japan and overseas. Gyukatsu Kyoto Katsugyu transferred certain businesses and reorganized to concentrate management resources on the gyukatsu business format. The Company assumes that, in the domestic market, approximately 150–200 store openings are possible (as of the end of FY3/26, the number of stores is 62 for Gyukatsu Kyoto Katsugyu and 30 for Gyukatsu Motomura, total of 92 stores). Overseas expansion is conducted through franchising, and as of the end of FY3/26, there are 25 Gyukatsu Kyoto Katsugyu stores (1 store in South Korea, 8 in Taiwan, 1 in Hong Kong, 3 in Thailand, 6 in Indonesia, 2 in the Philippines, 1 in Canada, 2 in Singapore, and 1 in Australia), and 2 Gyukatsu Motomura stores (both in Taiwan). The Company plans to center its overseas expansion on the ASEAN and Oceania regions for the time being. Spurred by opening a “Gyukatsu Kyoto Katsugyu” store at the Osaka-Kansai Expo, the Company has seen a surge in inquiries from overseas about gyukatsu franchise (FC) opportunities. Additionally, in May 2026, the Company relocated part of its head office functions to Kyoto City, also aiming to generate an “omotenashi” effect for overseas companies interested in a gyukatsu franchise (FC).

With regard to its image of the brand portfolio over the long term including M&A, the Company is promoting basic strategies looking toward scaling up sales and improving profitability. These basic strategies consist of 1) improving profitability toward becoming a mainstay brand, 2) scaling up toward becoming a mainstay brand, 3) improving profitability toward becoming a next-generation brand, and 4) M&A of business formats to become the seeds of mainstay brands. For the time being, the Company positions Kamakura Pasta, Saint Marc Cafe, Gyukatsu Kyoto Katsugyu, and Gyukatsu Motomura as its mainstay brands and aims for further growth, including through new M&A.

M&A policy

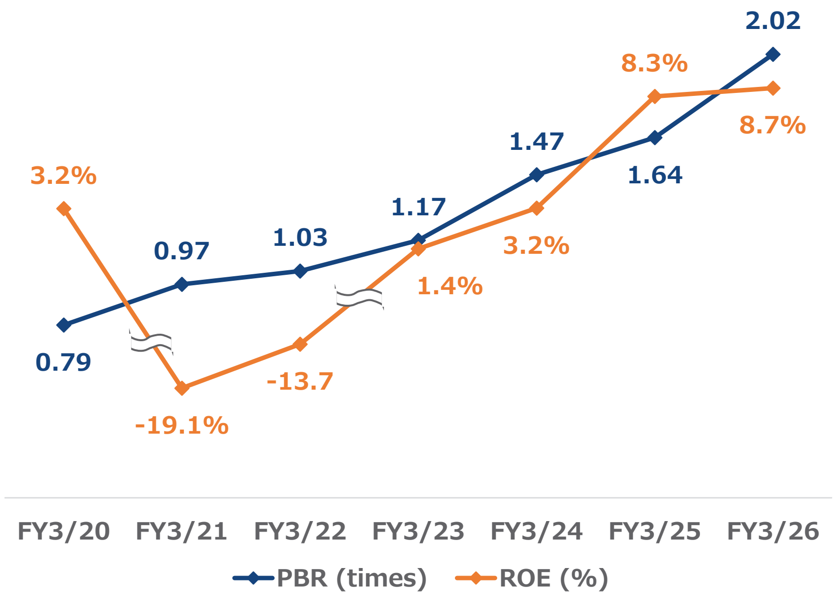


Source: The Company's results briefing materials

Regarding capital allocations toward FY3/29, the Company partially reviewed them and plans a total of ¥78.0bn (vs. at least ¥42.0bn in the previous plan), comprising ¥6.0bn for shareholder returns (dividends; assuming an increasing dividend trend with a lower limit of ¥50 per share, up from the previously planned ¥5.0bn), ¥7.5bn for share buybacks (completed), ¥10.0bn for repayment of borrowings and interest payments related to M&A, ¥22.0bn for M&A in the gyukatsu business format (completed), ¥4.5bn in capital expenditures for the gyukatsu business format, ¥17.0bn in capital expenditures for existing business formats (unchanged), and ¥11.0bn in cash and deposits required as working capital (roughly two months of monthly sales, increased from ¥10.0bn in view of sales growth from M&A). If additional M&A transactions arise, the Company expects to finance them with borrowings.

Regarding management conscious of the cost of capital and share price, the price-to-book ratio (PBR) has remained above 1.0 times, and return on equity (ROE) was 8.3% in FY3/25 and 8.7% in FY3/26, achieving a level above 8%. The Company will continue to strive to increase its corporate value by strengthening its IR activities in part by appropriately disclosing information and engaging in constructive dialogue with its shareholders and other investors, then providing feedback to management on such dialogue. Regarding the status of dialogue with shareholders and investors, the number of IR meetings increased from 40 in FY3/25 to 80 in FY3/26. Investor interest in the progress of the Company's profitability improvement appears to be increasing. For sustainability management, the Company established the Sustainability Committee in March 2023. In order to both realize a sustainable society through resolving social issues and to improve the Group's corporate value over the medium- to long-term, it aims to reflect responses to sustainability issues in various management strategies and plans and to promote Group-wide sustainability measures.

PBR and ROE trends



Source: The Company's results briefing materials

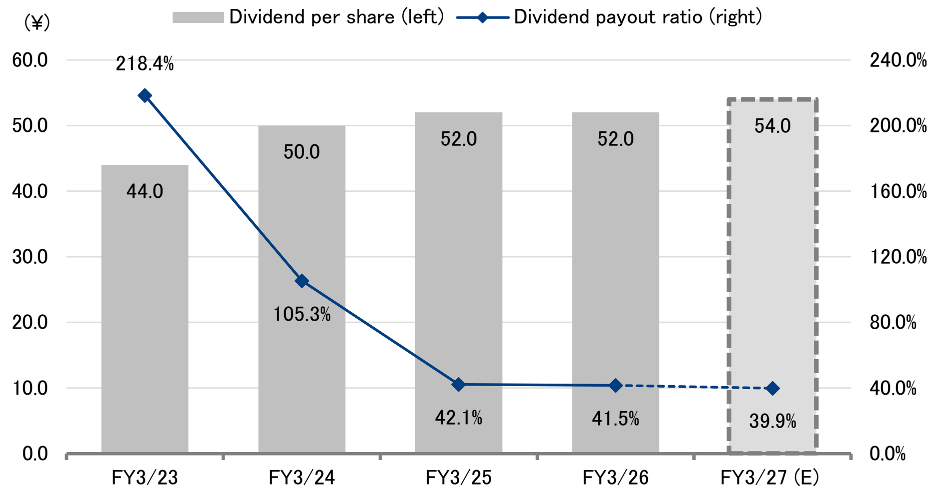
For shareholder returns, targets a consolidated dividend payout ratio of 35% and also continues a shareholder benefits program

2. Shareholder return policy

The Company's basic policy on shareholder returns is to comprehensively consider factors such as the Group's results trends and the dividend payout ratio, and then continue to provide stable dividends to shareholders in line with profit growth, while working to strengthen retained earnings to contribute to future profits through business expansion within the Group. Based on this, and taking into consideration the future profit growth of the Group, it targets a dividend payout ratio of 35% on a consolidated basis over the medium term, while taking into account factors such as dividend on equity ratio (DOE). In accordance with this policy, in FY3/26, the dividend was set at ¥52.0 (2Q-end dividend ¥26.0, FY-end dividend ¥26.0), the same as the previous fiscal year. The dividend payout ratio is 41.5%. The Company also forecasts a dividend of ¥54.0 for FY3/27 (¥27.0 at 2Q-end, ¥27.0 at FY-end), up ¥2.0 YoY. The forecast dividend payout ratio is 39.9%. The Company expects to increase its dividend going forward, with a lower limit of ¥50.0. It also implements a shareholder benefits program. To shareholders holding at least 100 shares on March 31 of each year, it presents its complimentary card for shareholders that can be used for discount purchases at the Group's stores (can be used repeatedly during its period of validity).

In February 2025, the Company issued 4,163,741 new shares upon exercise of share acquisition rights. Meanwhile it also acquired 480,600 treasury shares in November 2024, acquired 2,822,400 treasury shares in February 2025, canceled 4,000,000 treasury shares in March 2025, and acquired 477,300 treasury shares in August 2025.

Dividend per share and dividend payout ratio



Source: Prepared by FISCO from the Company's financial results

Improved profitability opens up the possibility of a new stage of growth

3. FISCO's view

The Company pursued key initiatives to restore results after the COVID-19 pandemic, including rationalizing unprofitable stores, refining its business formats, achieving price pass-through through value-added product development, enhancing service quality, and improving the efficiency of store operations, and as a result, for the cafe business format Saint Marc Cafe, it achieved a substantial improvement in profitability and shifted to a full-fledged strategy for resuming new store openings and achieving a net increase in store count. In addition, the steady performance of Kamakura Pasta and contributions from a large-scale M&A in the gyukatsu business format have led the Company to revise upward the targets in its medium-term management plan, indicating marked improvement in profitability, and FISCO thinks it may have entered a new growth stage. Therefore, FISCO continues to focus on progress in executing the basic policies of the Company's growth strategy: maximizing the potential of the Kamakura Pasta business format, achieving growth through a net increase in Saint Marc Cafe stores, and accelerating growth of the gyukatsu business format in Japan and overseas.

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