



BUSINESS REPORT

Business Report for the 50th Year of Business

July 1, 2023 - June 30, 2024



Business Report for the 50th Year of Business

Management Philosophy

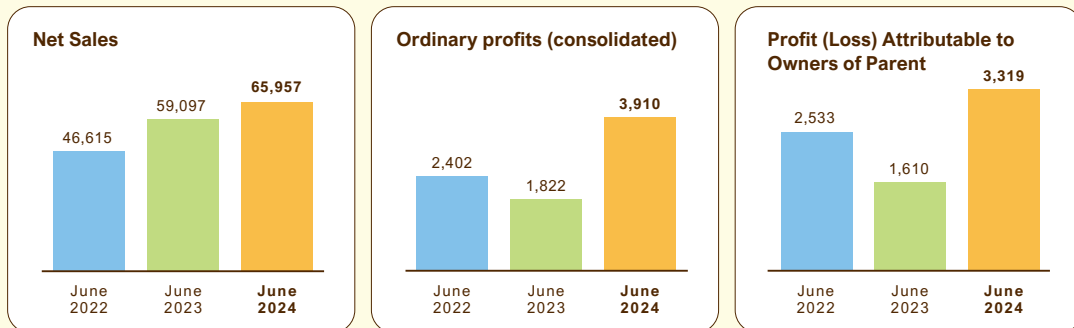
Through our restaurant chain business, we will bring harmony to the spiritual and material well-being of our customers, shareholders, employees, business partners, and the community, and realize their stable advancement.

Our Promise

Under the banner of “Joyfull,” we aim to permanently and stably operate as a store that offers reliable quality and low prices, is open everywhere, all the time, and is a place loved my everyone, where people can feel free to spend time comfortably and pleasantly.

Consolidated Results

(Unit: 1 million yen)



We would like to take this opportunity to thank you for your continued support. The following is our Business Report for the 50th Year of Business (ending June 30, 2024), which we would like to present to you for your review.

During the consolidated financial year under review, the Japanese economy showed signs of gradual recovery as restrictions on social activities due to the COVID 19 pandemic eased. However, the outlook remains uncertain due to the soaring prices of energy and raw materials, the ongoing weakening of the yen, concerns about the slowdown of the Chinese economy, and the prolonged situation in Ukraine.

Similarly, in the restaurant industry, COVID 19 has been reclassified under the Infectious Disease Control Law to class 5 (the lowest class), so demand continues to recover, but the business environment remains challenging due to the soaring prices of energy, labor, and raw materials.

Under these circumstances, in order to realize our medium- to long-term growth strategy for the future, we have been working to improve the performance of the entire Joyfull group, including our subsidiaries, by strengthening not only our existing eat in business but also by increasing our takeout and delivery sales, sales through mass retailers and mail order sites, and the number of independent franchise stores run by former employees.

Regarding product related measures, we continued to fine-tune our existing lineup to improve the quality of products we offer while at the same time, we carefully analyzed customer consumption trends through repeated test marketing. Based on this, we revised our grand menu twice and held six fairs, including the “Founder’s Festival - 48th Anniversary of Establishment” and the “Summer Meal Festival.”

In revising the grand menu, we added new healthy menu items centering around items with Japanese flavors, such as “Steamed Chicken with Sesame Sauce Salad and Kettle-Fried Whitebait Rice Bowl.” We also added some Kyushu specialties unique to Joyfull, such as the “Oita Specialty Dango-jiru Set. Many other new menu items, such as “Demi-glace Hamburger Steak & Fried Prawns” were added to the lineup, and many new menu items such as light meals, set menus, and desserts were renewed. In celebration of our founding, we held a “Founders’ Festival” and offered satiating menu items like our “Mega Mixed Grill” to express our gratitude to our customers for their continued support. In addition, we collaborated with the popular TV anime “Kingdom” twice to sell products such as “Xin’s Unification of Heavenly Generals Grilled Combo” and “General Ou Ki’s Monstrous Bird of Qin Grilled with Chinese Sauce” . In addition, from June, we began selling “Snoopy’s American Hamburger Steak” and other collaboration menu items with PEANUTS.

In sales measures, as a priority initiative, we reviewed work check sheets in

an effort to maintain and improve food quality and thoroughly worked on each operation to ensure that we can consistently provide good quality, visually pleasing, fresh, and tasty food. In addition, we have been remodeling and partially rebuilding stores to strengthen our sales force.

In terms of sales promotions, we aired the third TV commercial “2024 Spring & Summer New Grand Menu” in collaboration with celebrity, Ryuji Akiyama (Robert), who was appointed as Joyfull’s Advertising Manager and collaborated with PEANUTS also to make a commercial. We also held a hands-on event titled “Spring New Product Tasting & Fukuoka Factory Tour” for the general public and mass media, offering participants a chance to create a one-of-a-kind original parfait and tour the factory to see how production and delivery are conducted. In addition, we renewed our convenient and discount-filled free smartphone application “Joyful Official App” in line with the app’s 5th anniversary and further enhanced it by distributing half-price coupons for kids’ menu items during the Japanese Obon, year-end, and spring holidays. Furthermore, as part of our investment in technology, we have introduced an in-store QR code order system to all Joyfull stores.

During the consolidated financial year under review, the total number of stores reached 656 (515 directly operated group stores and 141 franchised stores) due to opening five more directly operated group stores, converting 92 stores from directly operated group stores to franchised stores, and closing two directly operated group stores and one franchised store.

As a result of the above efforts, the Joyfull’s operating results for the current consolidated fiscal year were net sales of 65,957 million yen (up 11.6% from the last fiscal year), operating profits of 3,936 million yen (up 127.1% from the last fiscal year), ordinary profits of 3,910 million yen (up 114.6% from the last fiscal year), and net profit attributable to owners of parent was 3,319 million yen (up 106.1% from the last fiscal year).

We sincerely appreciate the continuing understanding and warm support of all our shareholders going forward.



Representative Director and President

穴見くるみ
Kurumi Anami



*Product images (actual servings may look different)

Main Initiatives of the Year Ending June, 2024

TV Anime “Touken Ranbu Kai: Kyoden Moyuru Honnouji” x Joyful Digital Campaign

In order to maximize the effect of the grand menu revision and attract new customers, Joyful conducted a collaboration campaign with the TV animation “Touken Ranbu Kai: Kyoden Moyuru Honnouji” from April 16 to June 11, 2024.

This campaign was digital content using official apps and SNS. By using such digital tools, we were able to strengthen our relationship with customers regardless of location, gender, and age, leading to store visits.

When information about this campaign was released, it became a major topic of conversation on the social media platform X. Going forward, we will continue to plan collaboration projects centered on mascots and other characters, always striving to attract customers and offer products and services from new perspectives.



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Introduction of QR Code Self-Order System at All Joyfull Stores

In April 2024, Joyfull finished introducing a system that allows customers to place orders in store by reading a QR code from their smart phones at their leisure, without having to wait for a waiter to serve them.

This system will improve customer convenience by reducing waiting time. Going forward, we will continue to introduce and utilize digital technology to improve the efficiency of our store operations and increase customer satisfaction.



**“QR code” is a registered trademark of DENSO WAVE INCORPORATED.

Expansion of the Employee Independent Franchise System

In August 2022, Joyful launched an employee independent franchise system as a new way for employees to work, allowing them to become independent as a franchise store representative in a region of their choice by utilizing their accumulated store management know-how. As of January 1, 2024, 97 employees (97 stores) have started their own businesses as franchise store representatives.

Implementing an employee-independent franchise system leads to royalties being paid by the franchise representative to ensure stable management of the head office, and means the franchise representative can open a business in the desired region without having to relocate, while capitalizing on the store they are currently managing. By opening a business using a store that is already in operation, the representative is able to focus on sales using an extremely accurate business plan and with the full backup from the head office.

We aim to franchise approximately 70% of our stores over the next six years, and will promote the realization of a new way of working, in which higher profits for stores and headquarters = higher income for representatives of franchises.

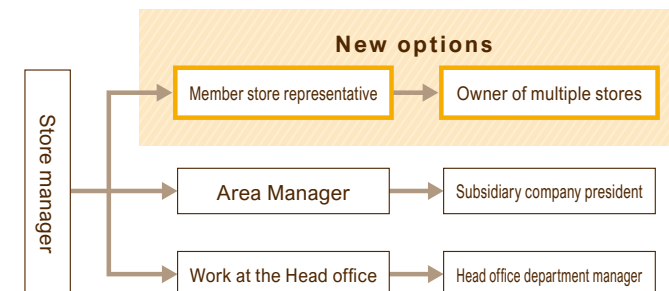


Franchise System

A franchise is a system in which a franchisee (franchise representative) obtains the rights to use stores, services, products, etc. from the franchise headquarters (Joyfull) and manages and operates the stores.

- The franchise representative and the head office work together as business partners to build a mutually beneficial relationship by jointly generating revenue.
- The business model is such that the representative of the franchise is fully backed by the head office. The franchisee can therefore concentrate on improving profits while they pay a portion of the profits to the head office as royalties.

Employee Working Style Image





*Product images (actual servings may look different)

Main Initiatives for the First Half of the Year Ending June, 2025

Diversifying Customer Base and Consumer Needs - Creating Touchpoints with Customers Through a Variety of Measures

Joyfull is taking a variety of measures to create touchpoints with customers in response to diversifying customers and consumer needs.

We have continued to conduct and strengthen promotions with celebrity Ryuji Akiyama as the Joyful Advertising Manager. From July 12 to 15, 2024, a pop-up store was opened at Shibuya PARCO to expand awareness of Joyfull in the Kanto region, attracting many customers.

In addition, the new product , “Ingredients for Joyful's Beef BBQ Rice Bowl” was launched under the “Ouchi de Joyfull” (Joyfull at home) brand of frozen products, which is expanding its sales channels through e-commerce and retail stores.

Then, from June 25 to September 24, 2024, we collaborated with PEANUTS to sell Snoopy themed menu items. The cute collaboration menu items received a great response and project was a great success.

Going forward, we will continue look for touchpoints with our customers and strive to meet their needs so that we can appeal to as many of them as possible with the charm of Joyfull.



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www.snoopy.co.jp



Fukuoka Factory and Distribution Center Tour and New Product Tasting Events

At the Fukuoka Factory and Distribution Center located in Chikujo-machi, Fukuoka Prefecture, we hold tours where participants can view the production and shipping of hamburgers and sauces, make their own original parfaits, and participate in early tasting of new products. We will link these events to the generation of parent-child communication and the enhancement of corporate value.



SDGs Initiatives

As part of our efforts to realize a sustainable society, Joyfull donated food contributed by employees from their homes to the Food Bank Higashi Kyushu, a food bank operator in Oita City. Donated food is provided free of charge to people in need and to welfare facilities. We believe that promoting the creation of a comfortable work environment will lead to increased employee motivation, work productivity, and organizational vitality, and to this end, from 2020 we implemented health promotion and lifestyle-related disease prevention measures, and mental health measures and as a result have been certified as a “Corporation with Excellent Health Management (Large Corporation Category)” every year since March 2021.

In addition, we received Kurumin Certification in 2018 and have continued to be recertified each year since in recognition of our performance as a company that supports employees' child-rearing efforts. Through activities, such as the elimination of plastic straws, which we continue to do, and the introduction of takeout bags made partially using biomass materials, we will continue to promote environmental conservation and the development of society going forward.



Kid's Cafeteria Project Initiatives and Efforts to Support Children

Joyfull cooperates in the Kid's Cafeteria Project as part of our social contribution activities.

We at Joyfull strive to reduce food loss by providing food ingredients for meals served to children, and in today's society, where people are becoming less connected to each other, we are working to nurture children with well-rounded personalities and build new local communities by providing children, who bear the future, with opportunities to share meals with people in the local community.

As part of these efforts, on January 21, 2024, we invited 57 members of the Oita Prefecture Mothers and Widows Welfare Federation to participate in a dinner. It was a warm occasion which encouraged parents and children to communicate with each other, and an event full of smiles for parents and children, and members of the local community alike.



New Store Opens

<Overseas> ■ Taiwan Joyfull New Restaurant Opened (3 July 2024)

*The date in the parenthesis () indicates the opening date

Point

Assets

Total consolidated assets at the end of this fiscal year were 30,422 million yen, an increase of 1,314 million yen compared to those at the end of the previous fiscal year. This was mainly due to an increase of 1,050 million yen in securities, an increase of 221 million yen in cash and deposits, an increase of 211 million yen in accounts receivable, a decrease of 194 million yen in deferred tax assets, an increase of 144 million yen in tools, furniture and fixtures, and a decrease of 126 million yen in machinery, equipment and vehicles.

Point

Net assets

Consolidated net assets at the end of this fiscal year were 10,427 million yen, an increase of 3,053 million yen compared to those at the end of the previous fiscal year. This was mainly due to an increase of 3,010 million yen in retained earnings.

Point

Operating and Ordinary Profits

Although affected by rising energy and ingredient prices, increased net sales resulted in profits of 3,936 million yen, up 127.1% from the previous year. Ordinary profit amounted to 3,910 million yen due to the increase in operating profits.

Consolidated Balance Sheet (Summary) (Unit: Million yen)

	Previous Fiscal Year (consolidated) (June 30, 2023)	Current Fiscal year (consolidated) (June 30, 2024)
Assets		
Current assets	5,580	7,006
Non-current assets	23,527	23,416
Property, plant and equipment	18,848	19,010
Intangible assets	362	362
Investments and other assets	4,316	4,043
Total assets	29,107	30,422
Liabilities		
Current liabilities	9,356	10,079
Non-current liabilities	12,376	9,915
Total liabilities	21,733	19,994
Net assets		
Shareholders' equity	7,182	10,214
Capital	100	100
Capital surplus	4,248	4,237
Retained earnings	4,406	7,417
Treasury shares	(loss) 1,573	(loss) 1,540
Accumulated other comprehensive income	124	128
Total net assets	7,374	10,427
Total liabilities and net assets	29,107	30,422

Consolidated Statement of Income (Summary) (Unit: Million yen)

	Previous Fiscal Year (consolidated) From July 1, 2022 To June 30, 2023	This Fiscal Year (consolidated) From July 1, 2023 To June 30, 2024
Net Sales	59,097	65,957
Cost of sales	19,872	22,068
Gross profit	39,225	43,889
Selling, general and administrative expenses	37,492	39,953
Operating profit (loss)	1,733	3,936
Total non-operating income	317	200
Total non-operating expenses	227	225
Ordinary profit	1,822	3,910
Extraordinary loss	196	246
Impairment loss	196	246
Income taxes	78	363
Income taxes-current	116	157
Income taxes-deferred	(loss) 38	205
Profit or loss attributable to owners of parent	1,610	3,319

*Amounts are rounded down to the nearest million yen.

Point

Liabilities

Total consolidated liabilities at the end of this fiscal year were 19,994 million yen, a decrease of 1,738 million yen compared to those at the end of the previous fiscal year. This was mainly due to a decrease of 2,477 million yen in long-term borrowings, an increase of 609 million yen in accounts payable-other, an increase of 131 million yen in accrued expenses, a decrease of 121 million yen in the current portion of long-term loans, and a decrease of 96 million yen in retirement benefit liabilities.

Point

Net Sales

As a result of efforts to promote product measures that meet diversifying consumer needs and to improve business conditions from the perspective of creating stores that customers will return to repeatedly, net sales increased by 11.6% from the previous year to 65,957 million yen.

Point

Profit Attributable to Owners of the Parent Company

The profit was 3,319 million yen due to the extraordinary loss incurred from impairment loss.

Point

Cash Flow from Operating Activities

Cash flow from operating activities increased by 2,541 million yen from the previous period to 6,166 million yen. The main components of cash flow from operating activities were profit before income taxes of 3,693 million yen, depreciation of 1,726 million yen, a change in inventories of 149 million yen, and a fluctuation in accounts payable-other of 655 million yen.

Consolidated Cash Flow Statement (Summary) (Unit: Million yen)

	Previous Fiscal Year (consolidated) From July 1, 2022 To June 30, 2023	This Fiscal Year (consolidated) From July 1, 2023 To June 30, 2024
Cash Flow from Operating Activities	3,625	6,166
Cash Flow from Investing Activities	(loss) 1,302	(loss) 1,894
Cash Flows from Financing Activities	(loss) 3,526	(loss) 3,024
Net Increase/Decrease (loss) in Cash and Cash Equivalents	(loss) 1,196	1,271
Cash and Cash Equivalents at Beginning of Period	3,401	2,204
Cash and Cash Equivalents at End of Period	2,204	3,476

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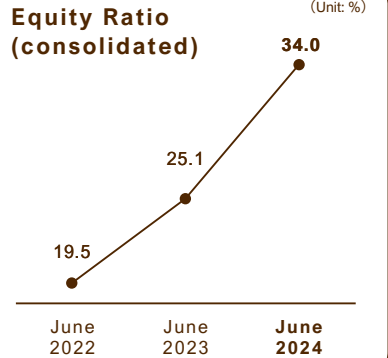
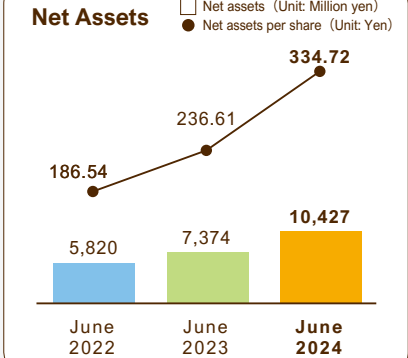
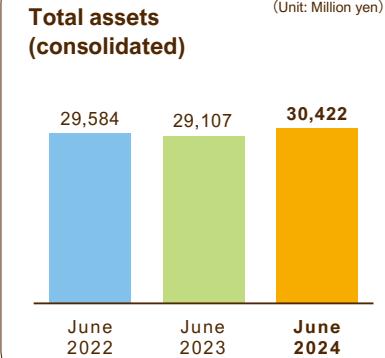
Cash Flow from Investing Activities

Net cash used in investing activities decreased by 592 million yen from the previous year to -1,894 million yen. The main components of cash flows from investing activities were a decrease in funds of -1,950 million yen for purchase of property, plant and equipment and intangible assets, a fall in funds of -36 million yen for payments of leasehold and guarantee deposits, and proceeds from refund of leasehold and guarantee deposits of 54 million yen.

Point

Cash Flows from Financing Activities

Cash flow from financing activities increased by 501 million yen from the previous period to -3,024 million yen. The main components of net cash flow provided by financing activities were proceeds from long-term loans payable of 3,900 million yen, a decrease in funds of -6,498 million yen for repayment of long-term loans, and a fall in funds of -305 million yen for dividends paid.



Information on Shares

Share Status

Total Number of Authorized Shares
120,000,000

Total Number of Issued Shares
31,931,900

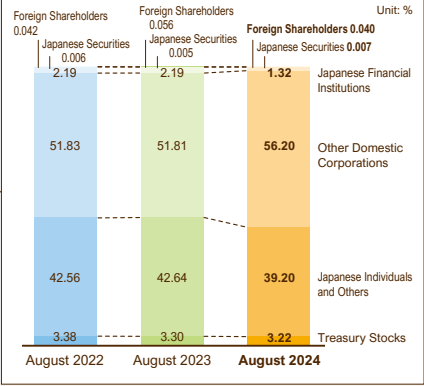
Number of Shareholders
16,826

Status of Shares by Shareholder

	As of August 31, 2022		As of August 31, 2023		As of August 31, 2024	
	No. of Shareholders	No. of Shares	No. of Shareholders	No. of Shares	No. of Shareholders	No. of Shares
Japanese Securities	7	2,050	9	1,867	9	2,405
Foreign Shareholders	18	13,700	20	18,079	20	13,000
Japanese Financial Institutions	5	698,286	5	697,786	3	421,914
Other Domestic Corporations	94	16,548,710	87	16,545,210	91	17,946,464
Japanese Individuals and Others	15,425	13,589,872	15,518	13,616,476	16,702	12,517,329
Treasury Stocks	1	1,079,282	1	1,052,482	1	1,030,788
Total	15,550	31,931,900	15,640	31,931,900	16,826	31,931,900

*The above information is based on the shareholder list as of the record date.

Changes in Stock Ownership Ratio by Type of Shareholder



Note to Shareholders

Business Year July 1 to June 30 Each Year
Ordinary Meeting of Shareholders November each year
Record Date Voting rights at the ordinary general meeting of shareholders/ August 31 each year
Year-end Dividend/ August 31 each year
Interim Dividend/ End of February each year (when an interim dividend is paid)
Unit Number of Shares 100 shares
Administrator of Shareholder List Sumitomo Mitsui Trust Bank, Limited.1-4-1, Marunouchi, Chiyoda-ku, Tokyo
Special Accounts Management Institution Sumitomo Mitsui Trust Bank, Limited.1-4-1, Marunouchi, Chiyoda-ku, Tokyo
Postal Address Stock Transfer Agency DepartmentSumitomo Mitsui Trust Bank, Limited.2-8-4 Izumi, Suginami-ku, Tokyo 168-0063
(Telephone Inquiries) 0120-782-031 (Free Dial)
Agency services are handled by the head office and nationwide branches of Sumitomo Mitsui Trust Bank, Limited.

Method of Public Notices
Electronic delivery of public notices. However, if such electronic delivery of public notice is unavailable because of accidents or any inevitable reasons, the notice shall be published in Nihon Keizai Shimbun.
URL for Public Notices <http://www.joyfull.co.jp/>
Securities Exchange Fukuoka Stock Exchange
●**Requests for Change of Address and Purchases of Shares of Less than One Unit**
Please contact the securities company where you have your account to conduct activities such as changing your address or purchasing shares of less than one unit. Shareholders who opened a special account because they do not have an account at a securities company, please contact Sumitomo Mitsui Trust Bank, Limited, directly.
●**Inquiries about the Shareholders' Meeting Electronic Delivery System:**
Please contact the securities company with which you conduct transactions or Sumitomo Mitsui Trust Bank, Limited.
Dedicated Call Center: 0120-533-600
Office Hours: 9:00 - 17:00 (Excluding Saturdays, Sundays, Public holidays, and Dec. 31 to Jan. 3)

Company and Store Information

List of Group Stores

(As of the end of June 2024)

656 stores

Of the above, 141 are franchise stores.
*Franchise stores are indicated in parentheses.
*Including stores in new business categories and stores in Taiwan.

Kyushu and Okinawa Area
336 stores
*Including stores in new business categories

[329 Joyfull Stores]
Fukuoka 97 (16) Oita 48 (21)
Saga 22 (8) Miyazaki 36 (4)
Nagasaki 22 (21) Kagoshima 52 (14)
Kumamoto 45 (12) Okinawa 7 (7)

Taiwan
13 stores

Chugoku Area
83 stores

[83 Joyfull Stores]
Tottori 4 Hiroshima 15 (2)
Shimane 7 (2) Yamaguchi 35 (6)
Okayama 22 (1)

Chubu Area
57 stores

[57 Joyfull Stores]
Gifu 11 (1) Aichi 28 (5)
Shizuoka 12 (3) Mie 6

Hokuriku Area
11 stores

[11 Joyfull Stores]
Toyama 6 Ishikawa 5

Tohoku Area
11 stores

[11 Joyfull Stores]
Miyagi 10 (1)
Fukushima 1

Kanto Area
41 stores
*Including stores in new business categories

[40 Joyfull Stores]
Ibaraki 6 Saitama 11
Tochigi 4 (1) Chiba 7
Gunma 8 (1) Tokyo 4 (1)

Kinki Area
65 stores
*Including stores in new business categories

[39 Joyfull Stores]
Shiga 6 Hyogo 15 (2)
Kyoto 3 Nara 5
Osaka 3 Wakayama 7

Shikoku Area
39 stores

[39 Joyfull Stores]
Tokushima 5 Ehime 12 (8)
Kagawa 12 (2) Kochi 5 (2)

Company Outline (As of June 30, 2024)

Established June 1965 Capital 100 million yen
Founded May, 1976
Main Business Activity “Joyfull” chain of family restaurants
Company Name Joyfull Co., Ltd.
Oita Head Office 1-1-45 Mitsugawashinmachi, Oita City, Oita Prefecture
Fukuoka Factory and Distribution Center 186-1 Hinago, Chikujo-Machi, Chikujo-Gun, Fukuoka Prefecture
Kumamoto Factory and Distribution Center 445-4 Kesao, Kikuchi City, Kumamoto Prefecture
Aichi Factory 1-17 Sawakihama 3 Gochi, Mito-Cho, Toyokawa City, Aichi Prefecture

Affiliated Companies
Joyfull Kitanihon Co., Ltd./ Joyfull Tokai Co., Ltd./ Joyfull Kansai Co., Ltd./ Joyfull Chugoku Co., Ltd./ Joyfull Shikoku Co., Ltd./ Joyfull Kitakyushu Co., Ltd./ Joyfull Nakakyushu Co., Ltd./ Joyfull Higashikyushu Co., Ltd./ Joyfull Nishikyushu Co., Ltd./ Joyfull Minamikyushu Co., Ltd./ Friendly Corporation/ Taiwan Joyfull Restaurant Co., Ltd./ Joyfull Service Co., Ltd./ Joinus Co., Ltd./ Joyfull Trading Company Co., Ltd.