

Summary of Business Results for the Second Quarter Ending August 31, 2023 [IFRS] (Consolidated)

October 13, 2023

Company **create restaurants holdings inc.** Listed on the TSE
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 Expected date of filing of quarterly report: October 13, 2023 Expected starting date of dividend payment: November 13, 2023
 Preparation of quarterly supplementary financial document: Yes
 Quarterly results briefing: Yes (for institutional investors and analysts)

(Rounded down to million yen)

1. Consolidated business results for the six months ending August 2023 (March 1, 2023 through August 31, 2023)

(1) Consolidated results of operations (Cumulative) (% change from the previous corresponding period)

	Revenue		Operating profit		Profit before taxes		Profit for the period		Profit attributable to owners of parent		Total comprehensive profit for the period	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ending Aug. 2023	72,982	34.1	4,159	-18.2	3,926	-21.9	3,270	-16.0	3,037	-13.5	3,719	-27.8
Six months ending Aug. 2022	54,407	57.7	5,087	-30.4	5,026	-29.9	3,892	-26.1	3,511	-27.2	5,151	-5.9

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ending Aug. 2023	14.45		-	
Six months ending Aug. 2022	16.71		-	

(Reference) Adjusted EBITDA: Six months ending Aug. 2023: 13,439 million yen (-0.0%)

Six months ending Aug. 2022: 13,444 million yen (-11.1%)

(Note 1) "Basic earnings per share" are calculated based on "Profit attributable to owners of parent".

(Note 2) "Diluted earnings per share" are not presented because there are no dilutive securities.

(Note 3) Adjusted EBITDA is disclosed as useful comparative information on the business performance of the Group. For definitions and calculation methods of adjusted EBITDA, please refer to "1. Qualitative Information on Results for the Current Quarter

(1) Qualitative information on the consolidated financial results" on page 2 of the attached document.

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent
	Million yen	Million yen	Million yen	%
As of Aug. 2023	134,913	37,532	30,206	22.4
As of Feb. 2023	133,555	34,443	27,251	20.4

2. Dividends

	Annual dividend				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ending Feb. 2023	-	3.00	-	3.00	6.00
Year ending Feb. 2024	-	3.50	-	-	-
Year ending Feb. 2024 (forecast)	-	-	-	3.50	7.00

(Note) Revisions to dividend forecast for the current quarter: Yes

**3. Forecast of consolidated business results for the fiscal year ending February 2024
(March 1, 2023 through February 29, 2024)**

(% change from the previous corresponding period)

	Revenue		Operating profit		Profit before taxes		Profit for the year		Profit attributable to owners of parent		Basic profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Year ending Feb. 2024	143,000	20.9	7,400	45.6	6,900	51.1	5,500	41.8	5,000	47.7	23.78

(Note) Revisions to business forecast for the current quarter: Yes

(Reference) Adjusted EBITDA: Year ending February 2024 (Forecast): 24,700 million yen (4.4%)

***Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in the scope of consolidation): None

(2) Changes in accounting policies and estimates

- ① Changes in accounting policies required under IFRS : Yes
- ② Changes in accounting policies due to reasons other than ① : None
- ③ Changes in accounting estimates : None

(3) Number of shares outstanding (common stock)

① Number of shares outstanding at the end of period (including treasury stock)

As of August 2023 212,814,284 shares

As of February 2023 212,814,284 shares

② Treasury stock at the end of period

As of August 2023 2,510,851 shares

As of February 2023 2,607,751 shares

③ Average number of stock during period (quarterly cumulative period)

Six months ending August 2023 210,253,771 shares

Six months ending August 2022 210,170,604 shares

(Note) Treasury stocks to be deducted for the calculation of the number of treasury stocks at the end of the period and the average number of stocks during the period (quarterly cumulative period) include the Company's shares held by the Custody Bank of Japan, Ltd. (trust account) as a trust asset related to the Employee Incentive Plan "Trust-type ESOP for Employees".

***Quarterly financial summary is not subject to the quarterly review procedures by certified public accountants or auditing firms.**

***Explanation regarding appropriate use of business forecasts and other special instructions**

- (1) Our Group adopts International Financial Reporting Standards ("IFRS").
- (2) Forecasts regarding future performance in this material are based on information currently available to the Company and certain assumptions deemed to be reasonable at the time this report was prepared. Actual results may differ significantly from the forecasts due to various factors. Please refer to page 3 of the attached material for the assumptions upon which the forecasts are based and the cautionary statements regarding the use of the forecasts.

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1. Qualitative information on results for the current quarter

(1) Qualitative information on the consolidated financial results

During the consolidated cumulative second quarter under review, the Japanese economy continued to normalize due to factors such as the relaxation of action restrictions in response to the slowdown in the spread of COVID-19, and the reduction of the classification of COVID-19 to Class 5 in the Infections Act on May 8, 2023. Private consumption also showed signs of picking up, supported by factors such as the extension of nationwide travel support and the resumption of inbound demand due to an increase in foreign visitors to Japan. However, economic trends remain uncertain due to the continuation of rising raw material and resource prices based on the factors such as the ongoing depreciation of the yen in the foreign exchange market, logistics constraints caused by the 2024 problem, and geopolitical risks associated with the prolonged situation in Russia and Ukraine, in addition to the retention of selective consumption due to the long-term-lasting impact of the COVID-19 and heightened consumer awareness of the need to defend their lives due to the continued dropping of real wages..

In the restaurant industry, while the impact of COVID-19 is expected to converge, the business environment is expected to remain challenging with supply constraints due to shortage of human resources in addition to soaring raw material prices and rising labor costs as the room for sales-price increases approaches its limits due to heightened consumer awareness of the need to defend their lives. In addition, changing customer lifestyles are becoming more established due to the penetration of remote work triggered by COVID-19 and the acceleration of digitization, and we are required to respond flexibly in accordance with this environment.

Against this backdrop, our Group is working to further improve the quality of existing stores, with the aim of establishing a lean cost structure cultivated by responding to changes in the COVID-19 disaster and moving forward with a shift from location business to brand business with the aim of achieving a new stage of growth. Specifically, in the 25 core brands that form the core of our group, we have clarified our concepts and are working to devise high-value-added menus as a strengthening of our expertise. In addition, we are working to improve customer satisfaction and optimize sales prices by further improving the quality of our services and implementing strategic store renovations. Furthermore, as part of our digital transformation (DX) investment, we are executing promotional activities to shift from “defensive” to “offensive” through the introduction of marketing automation, expanding mobile orders, utilizing serving robots, and making back-office operations more efficient and sophisticated.

In terms of new store openings, we has resumed investment in “quality and quantity” with a focus on core brands such as “shabu SAI” (all-you-can-eat), “MACCHA HOUSE, Matcha-kan”, seafood izakaya “Isomaru Suisan”, popular izakaya “Go-no-Go”, goma-soba (sesami soba noodle) “Yuzuru”, Yakiniku “YOROZU-YA”, Bakery “Cent Varie”, and “Tsukemen TETSU”, and further opened a franchisee store in Hong Kong with no investment, as well as contract business stores including golf-course restaurants..

As a consequence, the Group opened 23 new stores, changed the format of 9 stores, and closed 37 stores, mainly closures and unprofitable stores due to the expiration of contracts. As a result, the number of consolidated stores, including contract business stores and other stores, stood at 1,131 at the end of the second quarter.

In addition, the Group-wide Human Resources Project Team, which was established on March 1, 2023, invests in human resources equity to expand employee salary increases, increase hourly wages for crews, enhance training systems, create a comfortable working environment, and strengthen to diversify our recruitment activities.

As a result of the above, net sales for the second quarter cumulative period of the current fiscal year were 72,982 million yen (up 34.1% year-on-year), operating profit was 4,159 million yen (down 18.2% year-on-year), profit before taxes was 3,926 million yen (down 21.9% year-on-year), quarterly profit was 3,270 million yen (down 16.0% year-on-year), and the quarterly profit attributable to owners of parent was 3,037 million yen (down 13.5% year-on-year). Adjusted EBITDA was 13,439 million yen (down 0.0% year-on-year), adjusted EBITDA margin was 18.4% (24.7% in the same period of the previous year), and adjusted ratio of equity attributable to owners of parent (adjusted equity ratio) was 34.5% (31.9% in the same period of the previous year) (Note).

(Note) We use adjusted EBITDA, adjusted EBITDA margin and adjusted ratio of equity attributable to owners of parent (adjusted equity ratio) as useful indicators of our group's performance.

Adjusted EBITDA, adjusted EBITDA margin and adjusted equity attributable to owners of parent (adjusted equity ratio) are

calculated as follows.

- Adjusted EBITDA = operating profit + other operating expenses - other operating revenues (excluding sponsorship income, employment adjustment subsidies, and subsidy for cooperation of shorten operating hours, rent reductions and exemptions, etc.) + depreciation and amortization + non-recurring expense items (advisory expenses related to share acquisition, etc.)
- Adjusted EBITDA margin = adjusted EBITDA/revenue × 100
- Adjusted ratio of equity attributable to owners of parent (adjusted equity ratio): Ratio of equity attributable to owners of parent (equity ratio) excluding the impact of IFRS No. 16.

(2) Qualitative information on consolidated financial position

(1) Assets, liabilities and equity

(Assets)

The balance of current assets at the end of the second quarter of the current fiscal year increased by 378 million yen from the end of the previous fiscal year to 32,645 million yen. This was mainly due to a decrease of 974 million yen in cash and cash equivalents, despite an increase of 1,405 million yen in trade and other receivables.

The balance of noncurrent assets at the end of the second quarter of the current fiscal year increased by 978 million yen from the end of the previous fiscal year to 102,267 million yen. This was mainly due to an increase of 1,104 million yen in property, plant and equipment and assets.

(Liabilities)

The balance of liabilities at the end of the second quarter of the current fiscal year decreased by 1,731 million yen from the end of the previous fiscal year to 97,380 million yen. This was mainly due to increases of 1,489 million yen in lease obligations and 939 million yen in trade and other payables, while there was a decrease of 4,150 million yen in bonds and borrowings.

(Equity)

The balance of total shareholders' equity at the end of the second quarter of the current fiscal year increased by 3,089 million yen from the end of the previous fiscal year to 37,532 million yen. This was mainly due to an increase of 2,412 million yen in retained earnings. The ratio of equity attributable to owners of parent (equity ratio) is 22.4%.

(2) Consolidated results of cash flows

Cash and cash equivalents (hereinafter referred to as "Net cash") at the end of the second quarter of the current fiscal year decreased by 974 million yen from the end of the previous fiscal year to 22,920 million yen. The status of each cash flow and their factors for the second quarter of the current fiscal year are as follows:

(Cash flows from operating activities)

Net cash provided by operating activities at the end of the second quarter of the current fiscal year was 12,089 million yen, down 24.0% year-on-year. This was mainly due to the recording of depreciation of 7,772 million yen and profit before taxes of 3,926 million yen.

(Cash Flows from Investing Activities)

Net cash used in investing activities for the second quarter of the current fiscal year was 1,723 million yen (up 37.6% year-on-year). This was mainly due to purchases of property, plant and equipment assets of 1,489 million yen and payments for guarantee deposits of 178 million yen.

(Cash Flows from Financing Activities)

Net cash used in financing activities for the second quarter of the current fiscal year was 11,459 million yen (up 0.2% year-on-year). This was mainly due to repayments of lease liabilities of 6,584 million yen and repayments of long-term debt of 4,052 million yen.

(3) Qualitative information on the consolidated business forecasts

As for the outlook for the current fiscal year, economic activity will continue to recover gradually due to the lowering of the status of COVID-19 to category 5 under the Infectious Diseases Control Law in May 2023, the continued implementation of measures to stimulate tourism demand, and an increase in foreign visitors to Japan due to the significant relaxation of border

control measures, particularly with respect to China. On the other hand, the future of the economy is expected to remain uncertain due to soaring global resource prices accompanying the protracted situation in Russia and Ukraine, the continued depreciation of the yen in the foreign exchange market, and a shrinking workforce caused by the declining birthrate and aging of the population in addition to logistics constraints caused by the 2024 problem as the room for sales-price increases approaches its limits due to heightened consumer awareness of the need to defend their lives..

In this environment, the Group will continue to maintain and strengthen the muscular management structure it has developed in response to the changes in the COVID-19, and at the same time, we will aim for sustainable profitable growth based on the three pillars of our growth strategy: “reviewing the portfolio with an eye toward the Post-Covid”, “further evolving the Group Federal Management”, and “improving productivity and addressing human resource shortages by promoting DX”.

The full-year earnings forecast for the fiscal year ending February 2024 has been revised from the consolidated earnings forecast announced on April 14, 2023. For details, please refer to the “Notice Regarding Revisions of Full-Year Consolidated Earnings Forecasts (Upward Revision), and Recording of Impairment Loss, and Dividends from Surplus (Interim Dividends) and Revision of Dividend Forecasts (Increased Dividend)” announced on October 13, 2023..

2. Condensed quarterly consolidated financial statements and major notes

(1) Condensed quarterly consolidated statements of financial position

(Million yen)

	Previous Fiscal Year (February 28, 2023)	Current Second Quarter (August 31, 2023)
Assets		
Current assets		
Cash and cash equivalents	23,895	22,920
Trade and other receivables	5,240	6,645
Other financial assets	499	522
Inventories	1,054	1,072
Other current assets	1,578	1,484
Total current assets	32,266	32,645
Non-current assets		
Property, plant and equipment	57,584	58,688
Goodwill	23,688	23,605
Intangible assets	6,177	6,205
Other financial assets	9,390	9,255
Deferred tax assets	3,766	3,838
Other non-current assets	681	673
Total non-current assets	101,288	102,267
Total assets	133,555	134,913

(Million yen)

	Previous Fiscal year (February 28, 2023)	Current Second Quarter (August 31, 2023)
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	4,538	5,478
Bonds and borrowings	8,608	8,300
Lease liabilities	10,855	11,413
Other financial liabilities	—	10
Corporate income taxes payable	472	525
Provisions	2,326	2,232
Other current liabilities	10,039	10,077
Total current liabilities	<u>36,841</u>	<u>38,038</u>
Non-current liabilities		
Bonds and borrowings	26,766	22,923
Lease liabilities	29,298	30,229
Obligations for retirement pay	1,162	1,092
Provision	3,045	3,002
Deferred tax liabilities	1,630	1,700
Other non-current liabilities	366	393
Total non-current liabilities	<u>62,270</u>	<u>59,342</u>
Total liabilities	<u>99,112</u>	<u>97,380</u>
Equity		
Capital Stock	50	50
Capital surplus	20,389	20,462
Retained earnings	6,509	8,921
Treasury stock	-1,217	-1,196
Other equity components	1,519	1,968
Total equity attributable to owners of parent	<u>27,251</u>	<u>30,206</u>
Non-controlling equity	7,191	7,326
Total equity	<u>34,443</u>	<u>37,532</u>
Total liabilities and equity	<u>133,555</u>	<u>134,913</u>

(2) Condensed quarterly consolidated statements of income and statements of comprehensive income

Condensed quarterly consolidated statements of income

Consolidated cumulative second quarter

(Million yen)

	Previous Second Quarter (March 1, 2022 - August 31, 2022)	Current Second Quarter (March 1, 2023 - August 31, 2023)
Revenue	54,407	72,982
Cost of sales	-15,321	-20,993
Gross profit	39,086	51,989
Selling, general and administrative expenses	-39,213	-46,578
Other operating revenue	6,263	425
Other operating expenses	-1,048	-1,676
Operating profit	5,087	4,159
Finance income	272	134
Financing cost	-333	-368
Profit before taxes	5,026	3,926
Corporate income tax expense	-1,134	-655
Profit for the period	3,892	3,270
Net profit attributable to		
Owners of parent	3,511	3,037
Non-controlling equity	381	232
Profit for the period	3,892	3,270
Profit per share attributable to owners of parent (yen)		
Basic earnings per share	16.71	14.45
Diluted earnings per share	—	—

Current Second Quarter

(Million yen)

	Previous Second Quarter (June 1, 2022 - August 31, 2022)	Current Second Quarter (June 1, 2023 - August 31, 2023)
Revenue	28,163	36,375
Cost of sales	-7,904	-10,482
Gross profit	20,258	25,892
Selling, general and administrative expenses	-20,417	-23,769
Other operating revenue	664	194
Other operating expenses	-585	-1,138
Operating profit (loss)	-79	1,178
Finance income	127	86
Financing cost	-152	-263
Profit (loss) before taxes	-103	1,001
Corporate income tax expense	123	-92
Profit for the period	19	909
Net profit attributable to		
Owners of parent	88	887
Non-controlling equity	-69	22
Profit for the period	19	909
Profit per share attributable to owners of parent (yen)		
Basic earnings per share	0.42	4.22
Diluted earnings per share	—	—

Consolidated statements of comprehensive profit

Consolidated cumulative second quarter

(Million yen)

	Previous Second Quarter (March 1, 2022 - August 31, 2022)	Current Second Quarter (March 1, 2023 - August 31, 2023)
Profit for the period	3,892	3,270
Other comprehensive profit		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation adjustments	1,259	449
Total	1,259	449
Total other comprehensive profit	1,259	449
Comprehensive profit	5,151	3,719
Comprehensive profit attributable to		
Owners of parent	4,770	3,486
Non-controlling equity	381	232
Comprehensive profit	5,151	3,719

Current Second Quarter

(Million yen)

	Previous Second Quarter (June 1, 2022 - August 31, 2022)	Current Second Quarter (June 1, 2022 - August 31, 2022)
Profit for the period	19	909
Other comprehensive profit		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation adjustments	560	281
Total	560	281
Total other comprehensive profit	560	281
Comprehensive profit	580	1,191
Comprehensive profit attributable to		
Owners of parent	649	1,168
Non-controlling equity	-69	22
Comprehensive profit	580	1,191

(3) Condensed Quarterly Consolidated Statements of Changes in Equity

Previous Second Quarter (March 1, 2022 to August 31, 2022)

(Million yen)

	Total equity attributable to owners of parent									
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Other equity components		Total	Total	Non-controlling equity	Total equity
					Foreign currency translation adjustments	Total				
Balance at March 1, 2022	50	20,273	4,381	-1,246	330	330	23,788	6,942	30,730	
Profit for the period	—	—	3,511	—	—	—	3,511	381	3,892	
Other comprehensive profit	—	—	—	—	1,259	1,259	1,259	—	1,259	
Comprehensive profit	—	—	3,511	—	1,259	1,259	4,770	381	5,151	
Dividend	—	—	-630	—	—	—	-630	-93	-724	
Share-based payment transactions	—	85	—	—	—	—	85	—	85	
Other	—	-1	—	14	—	—	13	0	13	
Total transactions with owners	—	84	-630	14	—	—	-531	-93	-624	
Balance at August 31, 2022	50	20,357	7,262	-1,232	1,589	1,589	28,027	7,230	35,258	

Current Second Quarter (March 1, 2023 - August 31, 2023)

(Million yen)

	Total equity attributable to owners of parent									
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Other equity components		Total	Total	Non-controlling equity	Total equity
					Foreign currency translation adjustments	Total				
Balance at March 1, 2023	50	20,389	6,509	-1,217	1,519	1,519	27,251	7,191	34,443	
Profit for the period	—	—	3,037	—	—	—	3,037	232	3,270	
Other comprehensive profit	—	—	—	—	449	449	449	—	449	
Comprehensive profit	—	—	3,037	—	449	449	3,486	232	3,719	
Dividend	—	—	-630	—	—	—	-630	-93	-724	
Increase (decrease) in equity surplus due to change in ownership in consolidated subsidiaries	—	-1	—	—	—	—	-1	1	—	
Share-based payment transactions	—	89	—	2	—	—	91	—	91	
Other	—	-15	5	18	—	—	8	-5	2	
Total transactions with owners	—	72	-625	20	—	—	-532	-97	-629	
Balance at August 31, 2023	50	20,462	8,921	-1,196	1,968	1,968	30,206	7,326	37,532	

(4) Condensed quarterly consolidated statement of cash flows

	(Million yen)	
	Previous Second Quarter (March 1, 2022 - August 31, 2022)	Current Second Quarter (March 1, 2023 - August 31, 2023)
Cash flows from operating activities		
Profit before taxes	5,026	3,926
Depreciation and amortization	7,618	7,772
Impairment loss	881	1,556
Interest income	-7	-18
Interest expenses	289	294
Loss (gain) on sale of fixed assets	-6	-1
Loss on retirement of fixed assets	20	64
Decrease (increase) in inventories	-92	-9
Decrease (increase) in trade and other receivables	-184	-1,475
Increase (decrease) in trade and other payables	2,055	718
Increase (decrease) in net retirement benefit liability	-28	-69
Increase (decrease) in provision	-528	-58
Other changes	1,297	213
Sub-total	16,341	12,913
Interest and dividend received	4	19
Interest expenses paid	-142	-126
Corporate income taxes paid	-632	-1,062
Corporate income taxes refunded	327	345
Cash flows from operating activities	15,898	12,089
Cash flow from investing activities		
Payments into time deposits	-30	-6
Proceeds from withdrawal of time deposits	15	3
Purchase of property, plant and equipment	-886	-1,489
Proceeds from sales of property, plant and equipment	11	7
Payments for asset retirement obligations	-211	-84
Purchase of intangible asset	-23	-105
Payment for guaranty deposit	-192	-178
Proceeds from collection of guarantee deposit	92	204
Others	-26	-75
Cash flow from investing activities	-1,252	-1,723

	(Million yen)	
	Previous Second Quarter (March 1, 2022 - August 31, 2022)	Current Second Quarter (March 1, 2023 - August 31, 2023)
Cash flow from financing activities		
Repayment of long-term loans payable	-4,303	-4,052
Redemption of bonds	-135	-100
Repayments of lease liabilities	-6,281	-6,584
Cash dividends paid	-629	-629
Dividends paid to non-controlling interests	-93	-93
Cash flow from financing activities	-11,442	-11,459
Effect of exchange rate change on cash and cash equivalents	203	119
Net increase (decrease) in cash and cash equivalents	3,408	-974
Cash and cash equivalents at beginning of period	21,502	23,895
Cash and cash equivalents at period-end	24,911	22,920

(5) Notes on the Condensed Quarterly Consolidated Financial Statements

(Notes on the going concern assumptions)

None

(Material Accounting Policies)

The important accounting policies applied by our group in the condensed quarterly consolidated financial statements, with the exception of the following new standards, are identical to the accounting policy applied in the consolidated financial statements for the previous fiscal year. The corporate income tax for the first quarter of the current fiscal year is calculated based on the estimated annual effective tax rate. The group, beginning with 1Q of the current fiscal year, has adopted the following standards.

Statement of Standards	Standard name	Outline of New Establishment and Revision
IAS No. 1	Presentation of Financial Statements	• Require disclosure of material accounting policies rather than significant accounting policies
IAS No. 8	Changes in accounting policies, estimates and errors	• Clarify how changes in accounting policies should be distinguished from changes in accounting estimates
IAS No. 12	Corporate income tax	• Clarify accounting for deferred taxes on transactions that recognize both assets and liability, such as leasing and abandonment obligations • Introduction of temporary exceptions to income tax accounting and disclosure requirements resulting from tax laws enacted to introduce the second pillar model rule published by the Organization for Economic Co-operation and Development

The adoption of the aforementioned pronouncements did not have a material impact on the condensed quarterly consolidated financial statements.

(Segment Information)

The description is omitted because the Group's business is categorized as restaurant business and there are no segments to be classified.

(Per-Stock Information)

(Million yen)

	Previous Second Quarter (March 1, 2022 - August 31, 2022)	Current Second Quarter (March 1, 2023 - August 31, 2023)
Profit attributable to owners of parent	3,511	3,037
Weighted average number of common shares outstanding (shares)	210,170,604	210,253,771
Basic earnings per share (yen)	16.71	14.45

- (Note) 1. Based on the calculation of “Basic earnings per share”, we include our stock owned by “Trust-Type ESOP for Employees” in the calculation of the mean number of stocks during the period (The previous second quarterly consolidated cumulative period: 1,977,128 shares, and the current second quarterly concatenated period: 1,920,492 shares).
2. Diluted earnings per share are not presented because there are no dilutive securities.

(Million yen)

	Previous Second Quarter (June 1, 2022 - August 31, 2022)	Current Second Quarter (June 1, 2023 - August 31, 2023)
Profit attributable to owners of parent	88	887
Weighted average number of common shares outstanding (shares)	210,178,961	210,288,081
Basic earnings per share (yen)	0.42	4.22

- (Note) 1. Based on the calculation of “Basic earnings per share”, we include our stock owned by “Trust-Type ESOP for Employees” in the calculation of the mean number of stocks during the period (The previous second quarterly consolidated cumulative period: 1,968,771 shares, and the current second quarterly concatenated period: 1,912,714 shares).
2. Diluted earnings per share are not presented because there are no dilutive securities.

(Significant subsequent events)

Subscription to the tender offer for treasury stock by SFP Holdings Co., Ltd. and sale of shares of subsidiaries

As SFP Holdings Co., Ltd. (hereinafter referred to as “SFP Holdings”), a consolidated subsidiary of the Company, decided to make a tender offer for its own shares (hereinafter referred to as the “Tender Offer”) at the Board of Directors meeting held on July 20, 2023, the Company resolved at the Board of Directors meeting held on July 20, 2023 to accept the Tender Offer for the shares of SFP Holdings common stock held by the Company and sold the shares of its subsidiaries on September 12, 2023.

(1) Overview of Subscriptions to the Tender Offer

① Application at the end of the period	SFP Holdings common stock 3,000,000 shares
② Purchase price	1,980 yen per share
③ TOB period	From July 21, 2023 to August 21, 2023
④ Settlement start date	September 12, 2023

(2) The reason for the tender offer;

With regard to the review of the market classification of the Tokyo Stock Exchange, which was implemented on April 4, 2022, based on the resolution of the Board of Directors meeting held on December 23, 2021, we submitted an application to the Tokyo Stock Exchange for selecting the prime market. As of the transition record date, our secondary share ratio was 31.5%, and we did not satisfy the secondary share ratio of 35.0% or more of the maintenance standards for listing on the prime market. Accordingly, we announced the “Plan for Compliance with the Listing Maintenance Standards for New Market Segments” on that date.

In order to comply with this standard, SFP Holdings approached us, the parent company, with the requirement to acquire a portion of the common stock held by us at a certain discount to the market price by way of a tender offer.

Based on the recognition that the continued listing of SFP Holdings' common stock on the prime market is important for the company's sustainable growth and the realization of medium- to long-term improvements in corporate value, the two companies held discussions. Subsequently, it accepted the tender offer for shares of SFP Holdings' common stock held by us.

(3) The status of shares held before and after the subscription to the tender offer;

① Number of shares held prior to the subscription	16,435,500 shares (63.73% of voting rights)
② The number of shares tendered in the Tender Offer;	3,000,000 shares (Note)
③ Number of shares held after subscription	13,435,500 shares (58.96% of voting rights)

(Note) As the total number of shares, etc. offered in this tender offer does not exceed the planned number of shares to be purchased, it is equal to the number of shares initially subscribed.

(4) Impact on future results

The tender offer has no effect on the consolidated financial results for the current fiscal year.