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Consolidated Financial Results for the 2nd Quarter Ended March 31, 2020 [IFRS]

May 7, 2020

Listed company name: Sushiro Global Holdings Ltd. Listed stock exchange: TSE
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 Scheduled filing date to file: May 8, 2020 Scheduled date to commence: —
 Quarterly Securities Report: dividend payment
 Supplementary briefing materials on quarterly financial results prepared: Yes
 Quarterly financial results presentation meeting held: Yes(for institutional investors and analysts)

(Amounts of less than one million yen are rounded off to the million)

1. Consolidated Financial Results for the 2nd Quarter Ended March 31, 2020 (October 1, 2019 to March 31, 2020)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes)

	Revenue		Operating profit		Profit before income taxes		Profit for the period		Profit for the period attributable to owners of the parent		Total comprehensive income for the period	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
2nd quarter ended March 31, 2020	108,170	12.0	8,235	6.2	7,883	2.9	5,084	2.6	5,087	2.7	5,140	5.8
2nd quarter ended March 31, 2019	96,539	14.0	7,752	33.0	7,657	33.9	4,954	25.6	4,954	25.5	4,858	24.0

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
2nd quarter ended March 31, 2020	43.83	43.72
2nd quarter ended March 31, 2019	42.69	42.62

Reference: Adjusted profit for the period: 2nd quarter ended March 31, 2020: 5,084 million yen (+2.1% year on year)
 2nd quarter ended March 31, 2019: 4,979 million yen

Notes:

- Sushiro Global Holdings Ltd. ("the Company") uses adjusted profit for the period as an important management indicator. For more information about this indicator, refer to (2) and (3) under "Explanation of Proper Use of Financial Forecasts, and Other Special Matters."
- The Company conducted a stock split of its common shares at a ratio of four shares for every one share on April 1, 2020. Basic earnings per share and diluted earnings per share were calculated based on the total number of issued shares after the stock split on the assumption that the stock split was conducted at the start of the previous consolidated fiscal year.

(2) Consolidated financial position

	Total assets	Total equity	Total equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent
	Million yen	Million yen	Million yen	%
2nd quarter ended March 31, 2020	230,457	49,416	49,415	21.4
Fiscal year ended September 30, 2019	136,349	47,367	47,367	34.7

2. Dividends

	Annual dividends				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended September 30, 2019	—	0.00	—	90.00	90.00
Fiscal year ending September 30, 2020	—	0.00			
Fiscal year ending September 30, 2020 (forecast)			—	22.50	22.50

Notes:

(1) Revisions to the most recently announced dividend forecasts: No

(2) The Company conducted a stock split of its common shares at a ratio of four shares for every one share on April 1, 2020.

3. Consolidated Earnings Forecasts for the Fiscal Year Ending September 30, 2020 (October 1, 2019 to September 30, 2020)

The consolidated earnings forecasts are yet to be determined and have not been stated because it is difficult to calculate reasonable earnings forecasts at this stage. Going forward, the Company will announce the forecasts promptly once reasonable calculations are possible. In addition, for more details on the reason, please refer to “(3) Explanation of consolidated earnings forecasts and other forward-looking statements” on page 3 of the attached materials.

* Notes:

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): No

New: –

Excluded: –

(2) Changes in accounting policies, changes in accounting estimates

1) Changes in accounting policies required by IFRS: YES

2) Changes in accounting policy other than 1): None

3) Changes in accounting estimates: None

(3) Total number of issued shares (common shares)

a. Total number of issued shares at the end of the period (including treasury shares)	2nd quarter ended March 31, 2020	116,049,984 shares	Fiscal year ended September 30, 2019	116,049,984 shares
b. Number of treasury shares at the end of the period	2nd quarter ended March 31, 2020	248 shares	Fiscal year ended September 30, 2019	248 shares
c. Average number of shares during the period (cumulative from the start of the fiscal year)	2nd quarter ended March 31, 2020	116,049,736 shares	2nd quarter ended March 31, 2020	116,049,736 shares

Notes:

The Company conducted a stock split of its common shares at a ratio of four shares for every one share on April 1, 2020. The total number of issued shares were calculated based on the assumption that the stock split was conducted at the start of the previous consolidated fiscal year.

* These financial results are outside the scope of quarterly review procedures by certified public accountants or accounting firms.

* Explanation of Proper Use of Financial Forecasts, and Other Special Matters

(1) Consolidated earnings forecasts

The earnings forecasts and other forward-looking statements presented in this document are based on information currently available to the Company and on certain assumptions deemed to be reasonable. They do not constitute guarantees by the Company of future performance. Furthermore, actual results and performance may differ materially from these forecasts due to various factors. In addition, for more details on earnings forecasts, please refer to “(3) Explanation of consolidated earnings forecasts and other forward-looking statements” under “1. Qualitative Information on Financial Results for the Period Under Review” on page 3 of the attached materials.

(2) The Company calculates adjusted profit for the period using the formula below.

Adjusted profit for the period = Profit for the period + Expenses related to acquisition of subscription rights to shares + others

(3) Adjusted profit for the period is a financial metric that is not a measure of performance under International Financial Reporting Standards (IFRS), but the Company regards it as a useful indicator for investor valuation of the results of the Company and its subsidiaries (“the Sushiro Group”). This financial indicator excludes impact from non-recurring expense items (items deemed not to reflect ordinary operating activities, or items that do not appropriately reflect the earnings of the Sushiro Group relative to competitors).

Note that adjusted profit for the period excludes some items that affect profit for the period and therefore has substantial limitations as an analysis tool. Accordingly, it should not be regarded as a replacement for other indicators that are presented in accordance with IFRS. Adjusted profit for the period at the Sushiro Group is calculated differently from the same or similar metrics used at other sector companies. Consequently, it may not be suitable for comparison with other companies, and therefore have reduced utility.

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1. Qualitative Information on Financial Results for the Period Under Review

(1) Explanation of operating results

During the 2nd quarter of the consolidated fiscal year ending September 30, 2020, the Japanese economy maintained a gradual recovery path backed by improvements in the employment and income environment. However, the economic outlook remained clouded due to the spread of the COVID-19 global pandemic in addition to trade friction between the U.S. and China, problems surrounding the United Kingdom's withdrawal from the EU, and instability in the Middle East.

Despite an uptick in consumer spending, the restaurant sector continued to face a more challenging environment distinguished by competition to secure human resources and rising labor costs driven by chronic labor shortages and the increase in the rate of consumption tax and introduction of the reduced tax rate in October 2019 in addition to requests to stay at home and reduce opening hours in order to prevent the spread of COVID-19.

Under such circumstances, the Sushiro Group worked to enhance product development, in-store food preparation, and health and safety initiatives and services guided by our motto "Tasty sushi for all. Tasty sushi for the heart." and the desire to surprise and move our customers with delicious sushi.

In terms of store development, the Sushiro Group opened 35 new stores (domestic: 23, overseas: 12), bringing the total store count to 600 (domestic: 563, overseas: 37) at the end of the 2nd quarter of the consolidated fiscal year ending September 30, 2020.

As a result, revenue for the 2nd quarter of the current consolidated fiscal year totaled 108,170 million yen (+12.0% year on year), operating profit 8,235 million yen (+6.2% year on year), profit before income taxes 7,883 million yen (+2.9% year on year), and profit for the period attributable to owners of the parent 5,087 million yen (+2.7% year on year).

In addition, adjusted profit for the period came to 5,084 million yen (+2.1% year on year).

Notes: Adjusted profit for the period = Profit for the period + others

(2) Explanation of financial position

1) Assets, liabilities and equity

(Assets)

The balance of total assets increased 94,108 million yen from the end of the previous consolidated fiscal year to 230,457 million yen.

The balance of current assets increased 5,482 million yen from the end of the previous consolidated fiscal year to 21,094 million yen. This mainly reflected a 3,349 million yen increase in cash and a 1,490 million yen increase in trade and other receivables, a 329 million yen increase in inventories and a 304 million yen increase in other current assets.

The balance of non-current assets increased 88,626 million yen from the end of the previous consolidated fiscal year to 209,363 million yen. This mainly reflected an 88,194 million yen increase in property, plant and equipment resulting from the application of IFRS16 etc.

(Liabilities)

Total liabilities increased 92,059 million yen from the end of the previous consolidated fiscal year to 181,041 million yen.

The balance of current liabilities increased 44,683 million yen from the end of the previous consolidated fiscal year to 78,218 million yen. This mainly reflected a 34,589 million yen increase in borrowings, a 10,807 million yen increase in lease liabilities resulting from the application of IFRS16 etc., a 1,325 million yen increase in Income taxes payable, a 822 million yen increase in other current liabilities, a 1,816 million yen decrease in trade and other payables and a 1,065 million yen decrease in provisions.

The balance of non-current liabilities increased 47,376 million yen from the end of the previous consolidated fiscal year to 102,823 million yen. This was mainly attributable to a 74,012 million yen increase in lease liabilities resulting from the application of IFRS16 etc. and a 26,670 million yen decrease in bonds and borrowings.

(Equity)

Total equity increased 2,049 million yen from the end of the previous consolidated fiscal year to 49,416 million yen. This mainly reflected a 2,611 million yen decrease in retained earnings resulting from cash dividends paid, a 554 million yen decrease in retained earnings resulting from the application of IFRS16 and the booking of 5,087 million yen in profit for the period.

2) Cash flows

During the 2nd quarter of the consolidated fiscal year ending September 30, 2020, cash and cash equivalents (hereinafter "Cash") increased 3,349 million yen from the end of the previous consolidated fiscal year to 13,690 million yen.

The breakdown of cash flows by activities and underlying factors for the 1st quarter of the current consolidated fiscal year is shown below.

(Cash flows from operating activities)

Cash provided by operating activities totaled 10,232 million yen (+37.1% year on year).

This mainly reflected the booking of 7,883 million yen in profit before income taxes, the booking of 7,318 million yen in depreciation and amortization resulting from the application of IFRS16, a 1,769 million yen increase in trade and other payables, an increase of 1,486 million yen in trade and other receivables, an 329 million yen increase in inventories, 287 million yen in interest paid and 1,477 million yen in income tax paid.

(Cash flows from investing activities)

Cash used in investing activities came to 7,286 million yen (- 120.2% year on year).

This was mainly attributable to 6,503 million yen in purchase of property, plant and equipment accompanying store openings and 680 million yen in payments for lease and guarantee deposits.

(Cash flows from financing activities)

Cash gained in financing activities amounted to 373 million yen (Cash used amounted 5,997 million yen for the previous 2nd quarter). This mainly reflected 9,946 million yen in proceeds from issuance of bonds, 2,084 million yen in repayments of long-term borrowings, 4,883 million yen in repayments of lease obligations resulting from the application of IFRS16, and 2,609 million yen in cash dividends paid.

(3) Explanation of consolidated earnings forecasts and other forward-looking statements

It is difficult to make reasonable calculations of the impact from the spread of COVID-19 on the consolidated earnings forecasts at this stage. The Company will not confirm the consolidated earnings forecasts announced on November 8, 2019 for now and will publish the forecasts as soon as it is possible to calculate them. For the details, please refer to "Notice of Revisions to Full-Year Consolidated Earnings Forecasts" published on April 23, 2020.

2. Condensed Quarterly Consolidated Financial Statements and Important Notes

(1) Condensed consolidated statement of financial position

(in millions, JPY)

	Fiscal year ended September 30, 2019	2nd quarter ended March 31, 2020 (From October 1, 2019 to March 31, 2020)
Assets		
Current assets		
Cash and cash equivalents	10,341	13,690
Trade and other receivables	2,678	4,169
Inventories	1,313	1,642
Other financial assets	316	326
Other current assets	963	1,267
Total current assets	15,612	21,094
Non-current assets		
Property, plant and equipment	25,579	113,772
Goodwill	30,371	30,371
Intangible assets	54,560	54,518
Equity method investment	1,816	1,802
Lease and guarantee deposits	7,959	8,466
Other financial assets	6	6
Other non-current assets	446	428
Total non-current assets	120,737	209,363
Total assets	136,349	230,457
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	21,256	19,440
Borrowings	4,149	38,738
Income taxes payable	1,459	2,783
Lease liabilities	809	11,616
Other financial liabilities	508	529
Provisions	2,449	1,384
Other current liabilities	2,906	3,728
Total current liabilities	33,536	78,218
Non-current liabilities		
Trade and other payables	36	31
Bonds and Borrowings	36,622	9,952
Lease liabilities	575	74,587
Other financial liabilities	75	63
Provisions	1,982	2,039
Deferred tax liabilities	16,107	16,107
Other non-current liabilities	49	44
Total non-current liabilities	55,447	102,823
Total liabilities	88,982	181,041
Equity		
Capital stock	100	100
Capital surplus	15,747	15,747
Retained earnings	31,859	33,786
Treasury stock	(0)	(0)
Other components of equity	(339)	(217)
Total equity attributable to owners of the parent	47,367	49,415
Non-controlling interests	—	1
Total equity	47,367	49,416
Total liabilities and equity	136,349	230,457

(2) Condensed consolidated statement of profit and loss

(in millions, JPY)

	2nd quarter ended March 31, 2019 (From October 1, 2018 to March 31, 2019)	2nd quarter ended March 31, 2020 (From October 1, 2019 to March 31, 2020)
Revenue	96,539	108,170
Cost of sales	(46,691)	(52,048)
Gross profit	49,848	56,122
Selling, general and administrative expenses	(41,965)	(47,529)
Other income	66	108
Other expenses	(197)	(465)
Operating profit	7,752	8,235
Finance income	71	61
Finance expenses	(166)	(413)
Profit before income taxes	7,657	7,883
Income taxes	(2,703)	(2,799)
Profit for the period	4,954	5,084
Profit attributable to:		
Owners of the parent	4,954	5,087
Non-controlling interests	—	△3
Profit for the period	4,954	5,084
Earnings per share		
Basic earnings per share (yen)	42.69	43.83
Diluted earnings per share (yen)	42.62	43.72

(3) Condensed consolidated statement of comprehensive income

(in millions, JPY)

	2nd quarter ended March 31, 2019 (From October 1, 2018 to March 31, 2019)	2nd quarter ended March 31, 2020 (From October 1, 2019 to March 31, 2020)
Profit for the period	4,954	5,084
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(47)	49
Effective portion of changes in fair value of cash flow hedges	(49)	8
Total of items that may be reclassified subsequently to profit or loss	(96)	57
Other comprehensive income after taxes	(96)	57
Total comprehensive income for the period	4,858	5,140
Attributable to:		
Owners of the parent	4,858	5,143
Non-controlling interests	—	△3
Total comprehensive income for the period	4,858	5,140

(4) Condensed consolidated statement of changes in equity
 2nd quarter ended March 31, 2019 (From October 1, 2018 to March 31, 2019)

(in millions, JPY)

	Capital stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
Balance as of October 1, 2018	100	15,863	25,663	(0)	(790)	40,835	–	40,835
Profit for the period			4,954			4,954		4,954
Other comprehensive income					(96)	(96)		(96)
Total comprehensive income	–	–	4,954	–	(96)	4,858	–	4,858
Acquisition of subscription rights to shares					(913)	(913)		(913)
Retirement of subscription rights to treasury shares			(1,333)		1,764	430		430
Share-based payment transactions			8		11	19		19
Dividends		(116)	(2,350)			(2,466)		(2,466)
Total transactions with the owners	–	(116)	(3,676)	–	862	(2,929)	–	(2,929)
Balance as of March 31, 2019	100	15,747	26,941	(0)	(25)	42,763	–	42,763

2nd quarter ended March 31, 2020 (From October 1, 2019 to March 31, 2020)

(in millions, JPY)

	Capital stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
Balance as of October 1, 2019	100	15,747	31,859	(0)	(339)	47,367	–	47,367
Cumulative impact resulting from the change in accounting policy			(554)			(554)		(554)
Balance as of October 1, 2019, reflecting the change in accounting policy	100	15,747	31,304	(0)	(339)	46,812		46,812
Profit for the period			5,087			5,087	(3)	5,084
Other comprehensive income					57	57	0	57
Total comprehensive income	–	–	5,087	–	57	5,143	(3)	5,140
Lapse of subscription rights to shares			6		(6)	–		–
Share-based payment transactions					71	71		71
Dividends			(2,611)			(2,611)		(2,611)
Change in scope of consolidation							3	3
Total transactions with the owners	–	–	(2,605)	–	65	(2,540)	3	(2,537)
Balance as of March 31, 2020	100	15,747	33,786	(0)	(217)	49,415	1	49,416

(5) Condensed consolidated statement of cash flows

(in millions, JPY)

	2nd quarter ended March 31, 2019 (From October 1, 2018 to March 31, 2019)	2nd quarter Ended March 31, 2020 (From October 1, 2019 to March 31, 2020)
Cash flows from operating activities		
Profit before income taxes	7,657	7,883
Depreciation and amortization	2,322	7,318
Impairment losses	120	460
Finance income	(71)	(52)
Finance expenses	163	388
Amount of rent offset by lease and guarantee deposits	150	144
Increase/decrease in trade and other receivables, (increase)	(488)	(1,486)
Increase/decrease in inventories, (increase)	(119)	(329)
Increase/decrease in trade and other payables, (decrease)	724	(1,769)
Others	(335)	(562)
Subtotal	10,122	11,995
Interest and dividend income received	1	1
Interest paid	(78)	(287)
Income taxes paid	(2,580)	(1,477)
Net cash from operating activities	7,465	10,232
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,665)	(6,503)
Purchase of intangible assets	(200)	(150)
Payments for lease and guarantee deposits	(479)	(680)
Others	36	47
Cash flows from investing activities	(3,308)	(7,286)
Cash flows from financing activities		
Proceeds from issuance of bonds	—	9,946
Repayments of long-term borrowings	(2,084)	(2,084)
Repayments of lease liabilities	(535)	(4,883)
Payments for commission fees	(4)	(4)
Payment for acquisition of subscription rights to shares	(945)	—
Capital contribution from non-controlling interests	—	3
Cash dividends paid	(2,463)	(2,609)
Others	36	4
Cash flows from financing activities	(5,997)	373
Net increase/decrease in cash and cash equivalents, (decrease)	(1,840)	3,319
Cash and cash equivalents at beginning of year	12,386	10,341
Effect of exchange rate changes on cash and cash equivalents	(19)	30
Cash and cash equivalents at end of year	10,527	13,690

(6) Notes on condensed consolidated financial statements

(Notes regarding assumption of a going concern)

Not applicable.

(Changes in accounting policies)

Important accounting policies applied to these condensed quarterly consolidated financial statements are the same as the accounting policies applied to the consolidated financial statements for the previous consolidated fiscal year, except for the standards shown below.

In addition, income tax expenses for the 2nd quarter of the consolidated fiscal year ending September 30, 2020 were calculated based on the estimated annual effective tax rate.

The Sushiro Group has applied the following standards from the 1st quarter of the consolidated fiscal year ending September 30, 2020.

Standard	Standard name	Summary of new standards and amendments
IFRS16	Leases	Amendments with regard to accounting treatment of leases

Application of IFRS16 “Leases”

The Company determines whether an arrangement is a lease or whether an arrangement contains a lease based on the substance of the arrangement even when it does not take the legal form of a lease.

The Company selected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value assets.

When an arrangement is a lease or contains a lease, the Company recorded right-of-use assets and lease liabilities on the quarterly condensed consolidated statement of financial position at the commencement date, except for short-term leases and leases of low value assets.

The Company adopted the cost model for the measurement of right-of-use assets, which are stated at acquisition cost less accumulated depreciation.

Right-of-use assets are depreciated regularly over the term of the lease. Lease liabilities are measured at the discounted present value of unpaid lease payments. Lease payments are allocated to finance expenses and repayment of lease liabilities based on the effective interest rate. Finance expenses are recognized on the quarterly condensed consolidated statement of profit and loss.

On applying IFRS16, the Company adopted the method which recognizes the cumulative impact due to the application of the standard at the initial application date, which is allowed as a transitional measure. The weighted average of the incremental borrowing rate applied to lease liabilities recognized on the quarterly condensed consolidated statement of financial position as of the initial application date is 0.59%.

When applying IFRS16, the Company selected a practical expedient to determine whether an arrangement contains a lease and carried over judgements under IAS17 “Leases” (“IAS17”) and IFRIC4 “Determining whether an Arrangement Contains a Lease.” Since the initial application date, judgements have been made based on the rules of IFRS16.

The Sushiro Group used the following practical expedients when applying IFRS16.

- Leases with a lease term of 12 months or less from the initial application date are accounted for in the same way as short-term leases.
- A single discount rate is applied to portfolios of leases with reasonably similar characteristics.
- Ex post judgements are used in the calculation of lease terms when an arrangement contains an option to extend or cancel a lease.
- Initial direct costs are excluded from the measurement of right-of-use assets as of the initial application date.

A reconciliation of the disclosed operating lease agreements which applied IAS17 at the end of the previous fiscal year and the lease liabilities recognized on the quarterly condensed consolidated statement of financial position on the initial application date is as follows.

(in millions, JPY)

Operating lease agreements disclosed at September 30, 2019	4,752
Discounted operating lease agreements disclosed at September 30, 2019	3,890
Finance lease obligations (September 30, 2019)	1,384
Minority leased assets	(7)
Cancellable operating lease agreements	76,831
Lease liabilities (October 1, 2019)	82,098

As a result, right-of-use assets increased 80,159 million yen and lease liabilities increased 80,714 million yen and retained earnings decreased 554 million yen at the start of the 1st quarter ended December 31, 2019 compared with the application of the previous accounting standard.

In addition, lease obligations which included in “Other financial liabilities” presented on the consolidated statement of financial position in past fiscal years has been presented as “Lease liabilities” from the 1st quarter ended December 31, 2019 and “Repayments of lease obligations” presented in “Cash flows from financing activities” on the consolidated statement of cash flows in past fiscal years has been presented as “Repayments of lease liabilities” from the 1st quarter ended December 31, 2019.

There are no other material impacts on the quarterly condensed consolidated financial statements due to the application of IFRS16.

(Segment information)

Segment-specific revenue, income/loss and other items are omitted as the Sushiro Group operates in a single segment.

(Selling, general and administrative expenses)

The breakdown of selling, general and administrative expenses is as shown below.

	2nd quarter ended March 31, 2019 (From October 1, 2018 to March 31, 2019)	2nd quarter ended March 31, 2020 (From October 1, 2019 to March 31, 2020)
Employee benefits	26,261	29,539
Depreciation and amortization	2,280	7,281
Utilities expenses	2,090	2,221
Other	11,335	8,489
Total	41,965	47,529

Note: The financial materiality of “Rents” listed in the breakdown by type of selling, general and administrative expenses in the 2nd quarter ended March 31, 2019 decreased significantly due to the application of IFRS16 “Leases” and has therefore been included in “Other” from the 1st quarter ended December 31, 2019. “Rents” amounted to 4,273 million yen in the 2nd quarter ended March 31, 2019. Additionally, a 4,574 million yen increase in “Depreciation and amortization” compared with the 2nd quarter ended March 31, 2019 is likewise due to the application of IFRS16 “Leases.”

(Earnings per share)

	2nd quarter ended March 31, 2019 (From October 1, 2018 to March 31, 2019)	2nd quarter ended March 31, 2020 (From October 1, 2019 to March 31, 2020)
Profit for the period attributable to common shareholders of the parent (million yen)	4,954	5,087
Profit for the period attributable to common shareholders used in calculations for basic earnings per share (million yen)	4,954	5,087
Profit for the period attributable to common shareholders used in calculations for diluted earnings per share (million yen)	4,954	5,087
Average number of shares during the period	116,049,736	116,049,736
Increase in number of common shares used in calculation for diluted earnings per share	197,185	307,240
Average number of common shares during the period after dilution	116,246,921	116,356,976
Basic earnings per share (yen)	42.69	43.83
Diluted earnings per share (yen)	42.62	43.72
Outline of potentially dilutive shares excluded from the calculation of diluted earnings per share due to the absence of dilutive effects	—	A kind of subscription rights to shares (Common shares 28 thousand shares)

Note. The Company conducted a stock split of its common shares at a ratio of four shares for every one share on April 1, 2020. Basic earnings per share and diluted earnings per share were calculated based on the total number of issued shares after the stock split on the assumption that the stock split was conducted at the start of the previous consolidated fiscal year.

(Important subsequent events)

(Stock Split)

The meeting of the Board of Directors held on February 20, 2020 resolved to conduct a stock split and to partially amend the Articles of Incorporation in conjunction with the stock split.

(1) Objective of the Stock Split

The Company aims to enhance the liquidity of its shares and further broaden its investor base by reducing its share-trading unit.

(2) Overview of the Stock Split

1) Overview of the Stock Split

Each of the shares of the Company's common shares held by shareholders recorded in the final register of shareholders as of the record date of March 31, 2020 will be split into four shares.

2) Increase in Number of Shares due to the Stock Split

Total number of issued shares before the stock split: 29,012,496 shares

Increase in number of shares due to the stock split: 87,037,488 shares

Total number of issued shares after the stock split: 116,049,984 shares

Total number of authorized shares after the stock split: 436,000,000 shares

3) Schedule for the Stock Split

Public notice of record date: March 13, 2020

Record date: March 31, 2020

Effective date: April 1, 2020

4) Impact on Per Share Information

The impact on per share information is stated in the relevant section.