

This is an English translation of the original Japanese-language document. Should there be any inconsistency between the translation and the original Japanese text, the latter shall prevail.

Consolidated Financial Results for the 3rd Quarter Ended June 30, 2023 [IFRS]

August 7, 2023

Listed company name FOOD & LIFE COMPANIES LTD. Listed stock exchange: TSE
 Securities code: 3563 URL <http://www.food-and-life.co.jp>
 Representative: President & CEO Koichi Mizutome
 Inquiries Corporate Officer Takeshi Yoshida Phone: 06-6368-1001
 Scheduled filing date to file August 10, 2023 Scheduled date to commence —
 Quarterly Securities Report dividend payment
 Supplementary briefing materials on quarterly financial results prepared: No
 Quarterly financial results presentation meeting held: No

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

1. Consolidated Financial Results for the 3rd Quarter Ended June 30, 2023 (October 1, 2022 to June 30, 2023)

(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	%
3rd Quarter Ended June 30, 2023	218,914	3.3	7,933	(35.9)	7,204	(29.2)	5,902	12.4	5,672	8.1	6,062	(14.4)
3rd Quarter Ended June 30, 2022	211,937	18.6	12,372	(32.2)	10,173	(41.2)	5,252	(50.9)	5,247	(51.3)	7,079	(38.5)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
3rd Quarter Ended June 30, 2023	49.03	48.66
3rd Quarter Ended June 30, 2022	45.33	45.06

(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	%
3rd Quarter Ended June 30, 2023	340,890	68,971	68,716	19.8
Fiscal year ended September 30, 2022	331,982	65,134	65,117	19.3

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, 2022	—	0.00	—	22.50	22.50
Fiscal year ending September 30, 2023	—	0.00	—		
Fiscal year ending September 30, 2023 (forecast)				22.50	22.50

Notes:

Revisions to the most recently announced dividend forecasts: No

3. Consolidated Earnings Forecasts for the Fiscal Year Ending September 30, 2023 (October 1, 2022 to September 30, 2023)

(Percentages indicate year-on-year changes)

	Revenue		Operating profit		Profit before income taxes		Profit for the year		Profit for the year attributable to owners of the parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	
Fiscal year ending September 30, 2023	320,000	13.8	11,000	8.7	9,500	25.6	6,000	65.7	6,000	66.4	Yen 51.87

Note: Revisions to the most recently announced earnings forecasts: No

* Notes:

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

New: 2 (Company name) FOOD & LIFE COMPANIES USA, Corp
FOOD & LIFE COMPANIES USA, LLC

Excluded: -

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

1) Changes in accounting policies required by IFRS: None

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)	3rd quarter ended June 30, 2023	116,069,184 shares	Fiscal year ended September 30, 2022	116,069,184 shares
b. Number of treasury shares at the end of the period	3rd quarter ended June 30, 2023	383,284 shares	Fiscal year ended September 30, 2022	394,448 shares
c. Average number of shares during the period (cumulative from the start of the fiscal year)	3rd quarter ended June 30, 2023	115,679,653 shares	3rd quarter ended June 30, 2022	115,749,718 shares

* 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

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 4 of the attached materials.

Table of contents for attached materials

1. Qualitative Information on Financial Results for the Period Under Review	2
(1) Explanation of operating results	2
(2) Explanation of financial position	4
(3) Explanation of consolidated earnings forecasts and other forward-looking statements	4
2. Condensed Quarterly Consolidated Financial Statements and Important Notes	5
(1) Condensed consolidated statement of financial position	5
(2) Condensed consolidated statement of profit or loss	7
(3) Condensed consolidated statement of comprehensive income	8
(4) Condensed consolidated statement of changes in equity	9
(5) Condensed consolidated statement of cash flows	10
(6) Notes on condensed consolidated financial statements	11
(Notes regarding assumption of a going concern)	11
(Segment information)	11
(Selling, general and administrative expenses)	12
(Earnings per share)	13
(Important subsequent events)	13

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

(1) Explanation of operating results

During the third quarter of the consolidated fiscal year ending September 30, 2023, although a trend of recovery was observed in the movement of people as COVID-19 was downgraded to a Category V infectious disease in May 2023 and restrictions on activity were abolished, the outlook for the Japanese economy remained uncertain due to factors such as the rise in resource prices with the prolonged Russian invasion of Ukraine, the depreciation in the yen, and soaring prices of various commodities.

Similarly, the restaurant sector also continued to face challenging conditions due to the rise in resource prices with the prolonged Russian invasion of Ukraine, the depreciation in the yen, and soaring prices of various commodities.

Under such circumstances, FOOD & LIFE COMPANIES LTD. worked to enhance product development, in-store food preparation, and health and safety initiatives and services with “Discovering new tastiness, Sharing moments of joy” as our Vision, and the desire to surprise and move our customers with delicious sushi.

In addition, store count by business format is as follows.

Group store count by business format

Name of brand	Fiscal year ended September 30 2022	Store openings	Store closures	Nine-month period ended June 30 2023
Japan: Sushiro (TOGO)	644 (18)	18	3 (1)	659 (17)
Japan: Sugidama (FC)	67 (15)	12 (1)	3 (1)	76 (15)
Japan: Kyotaru	155 (—)	3	16	142 (—)
Japan:Kaiten Sushi Misaki/Misakimaru	103 (—)	—	6	97 (—)
Japan: Others	24 (—)	1	2	23 (—)
Japan total	993 (33)	34 (1)	30 (2)	997 (32)
Overseas: Sushiro (TOGO)	87 (2)	33	2 (2)	118 (—)
Overseas: Others	3 (—)	1	—	4 (—)
Overseas total	90 (2)	34	2 (2)	122 (—)
Total	1,083 (35)	68 (1)	32 (4)	1,119 (32)

Figures in parentheses show the number of take out only and FC stores.

As a result, revenue for the 3rd quarter of the current consolidated fiscal year totaled 218,914 million yen (3.3% year on year), operating profit 7,933 million yen (-35.9% year on year), profit before income taxes 7,204 million yen (-29.2% year on year), and profit for the period attributable to owners of the parent 5,672 million yen (+8.1% year on year).

Operating results by segment are as follows.

(Japan Sushiro Business)

In the Japan Sushiro business, changes in the environment surrounding operating companies, including those in the restaurant industry, have been more rapid and significant than ever before, due to factors such as the rising procurement costs for food ingredients, owing to the weak yen and the decline in fishery resources, as well as soaring costs of logistics, rent, personnel, and equipment and construction materials. As of October 1, 2022, we revised prices at all Sushiro stores in Japan.

Under these conditions, in January 2023, prank videos taken in Sushiro stores were posted on social media and went viral. We consider such conduct as a serious matter that threatens food safety and security in providing our customers with safe and reliable sushi. We are cleaning all teacups and replacing soy sauce bottles at targeted stores. In terms of preventive measures for the future, we are replacing the tableware and seasonings provided on tables with ones that have been disinfected if customers feel uncomfortable, and installing acrylic panels at suburban stores nationwide.

As part of efforts to improve business performance, "Sushiro's most ever! Salmon Festival" offered more than 30 types of salmon products, including both standard and limited edition items. "Sushiro's Specialty!!! Sankanmori Festival" offered three pieces of tuna that can be enjoyed on a single plate, including fatty tuna, medium-fatty tuna, and lean tuna, and a three-piece assortment of the best abalone: raw, steamed, and boiled. At the Special Tuna Festival held once a year, customers enjoyed such items as wild Indian fatty tuna and wild Indian tuna backbone wrap.

In addition, on May 31, 2023, based on the theme of "Giving concrete shape to customer feedback," we increased the number of yellow-plate products in the most affordable price band, changed the black plates, which were previously offered for ¥360, ¥370, and ¥390, to new affordable prices of ¥260, ¥270, and ¥290, and introduced white plates with no fixed prices.

" As a result of the above, net sales of the Japan Sushiro Business were 149,718 million yen, (-10.8% year on year) and segment profit was 2,730 million yen (-76.4% year on year).

(Overseas Sushiro Business)

In the overseas Sushiro business, operating restrictions due to COVID-19 were relaxed, and in-store eating and drinking gradually headed toward recovery.

Under these conditions, we opened a total of 12 stores in mainland China, including our first store in Chengdu, with the aim of aggressive business expansion. We continued to open new stores in other regions with five stores in Taiwan, three stores in Hong Kong, and three stores in Thailand, and have achieved the opening of 100 stores in the overseas Sushiro business.

Furthermore, to maintain and increase the number of customers visiting stores, we continued to implement attractive sales promotion and marketing measures in each region, including the Tabekurabe Fair in mainland China, the Fresh Ingredients Fair in South Korea, the Fifth Anniversary Festival in Taiwan, the Big Big Big Festival in Hong Kong, the Kyushu Fair in Singapore, and the Second Anniversary Festival in Thailand.

As a result of the above, net sales of the Overseas Sushiro Business were 46,955 million yen (+84.9% year on year) and segment profit was 4,126 million yen (+441.0% year on year).

(Kyotaru Business)

In the Kyotaru business, in the takeout business, Yasaka, a limited edition product for Mother's Day, was popular in May, and we launched a Weekly Special Festival in June. In Kyotaru stores, we worked to make on-site improvements, including improving displays and packaging materials. In the out-of-store sales business, sales of frozen sushi expanded at supermarkets and other locations.

In the Misaki brand, sales at refurbished "Sushi Misaki" stores were strong, and we plan to continue store refurbishments. We have also introduced equipment to streamline operations, such as self checkout, and we are working to eliminate staff shortages and appropriately control costs.

As a result of the above, net sales of the Kyotaru Business were 18,423 million yen (+14.7% year on year) and segment loss was 566 million yen.(segment loss was 1,489 million yen in the same period of previous fiscal year).

(2) Explanation of financial position

1) Assets, liabilities and equity

(Assets)

The balance of total assets increased 8,907 million yen from the end of the previous consolidated fiscal year to 340,890 million yen.

The balance of current assets decreased 851 million yen from the end of the previous consolidated fiscal year to 67,141 million yen. This mainly reflected a 4,907 million yen decrease in cash resulting from repayment and capital investment etc...

The balance of non-current assets increased 9,759 million yen from the end of the previous consolidated fiscal year to 273,748 million yen. This mainly reflected a 8,923 million yen increase in property, plant and equipment resulting from an opening new stores.

(Liabilities)

Total liabilities increased 5,071 million yen from the end of the previous consolidated fiscal year to 271,918 million yen.

The balance of current liabilities increased 23,295 million yen from the end of the previous consolidated fiscal year to 77,362 million yen. This mainly reflected a 19,990 million yen increase in bonds transferred from non-current liabilities.

The balance of non-current liabilities decreased 18,225 million yen from the end of the previous consolidated fiscal year to 194,556 million yen. This mainly reflected a 22,973 million yen decrease in bonds and borrowings resulting from transferred to current liabilities and repayment.

(Equity)

Total equity increased 3,837 million yen from the end of the previous consolidated fiscal year to 68,971 million yen.

This mainly reflected a 2,603 million yen decrease resulting from cash dividends paid, alongside the booking of 5,672 million yen in profit for the period.

2) Cash flows

During the 3rd quarter of the consolidated fiscal year ending September 30, 2023, cash and cash equivalents (hereinafter "Cash") decreased 4,907 million yen from the end of the previous consolidated fiscal year to 45,730 million yen.

The breakdown of cash flows by activities and underlying factors for the 3rd quarter of the current consolidated fiscal year is shown below.

(Cash flows from operating activities)

Cash provided by operating activities totaled 27,569 million yen (+15.9% year on year).

This mainly reflected a 3,010 million yen in income tax paid and a 1,520 million yen increase in trade and other receivables, alongside the booking of 7,204 million yen in profit before income taxes, the booking of 19,553 million yen in depreciation and amortization and 2,562 million yen in Impairment loss and a 2,468 million yen in income tax refund.

(Cash flows from investing activities)

Cash used in investing activities came to 13,980 million yen (-1.7% year on year).

This was mainly attributable to 11,511 million yen in purchase of property, plant and equipment accompanying store openings.

(Cash flows from financing activities)

Cash used in financing activities amounted to 18,329 million yen (versus cash gained 15,623 million yen in the 3rd quarter of the previous fiscal year). This mainly reflected a 12,748 million yen in repayments of lease liabilities, a 3,007 million yen in repayments of long-term borrowings and a 2,598 million yen in cash dividends paid.

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

There are no changes to the consolidated earnings forecasts published on November 4, 2022. The consolidated earnings forecasts are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual results may differ materially from these forecasts due to various factors including economic trends.

2. Condensed Quarterly Consolidated Financial Statements and Important Notes

(1) Condensed consolidated statement of financial position

(in millions, JPY)

	Fiscal year ended September 30, 2022	3rd quarter ended June 30, 2023
Assets		
Current assets		
Cash and cash equivalents	50,637	45,730
Trade and other receivables	11,397	12,522
Inventories	3,534	4,227
Other financial assets	457	2,104
Other current assets	1,967	2,558
Total current assets	67,993	67,141
Non-current assets		
Property, plant and equipment	162,490	171,414
Goodwill	30,371	30,371
Intangible assets	55,968	56,301
Equity method investment	178	52
Lease and guarantee deposits	13,420	14,065
Other financial assets	541	541
Deferred tax assets	191	192
Other non-current assets	830	813
Total non-current assets	263,990	273,748
Total assets	331,982	340,890
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	27,435	28,516
Bonds and Borrowings	4,009	23,999
Income taxes payable	189	530
Lease liabilities	15,650	17,233
Other financial liabilities	963	1,269
Provisions	2,347	2,184
Other current liabilities	3,473	3,631
Total current liabilities	54,067	77,362
Non-current liabilities		
Trade and other payables	23	23
Bonds and Borrowings	88,923	65,950
Lease liabilities	105,624	110,104
Other financial liabilities	100	103
Provisions	4,012	4,253
Deferred tax liabilities	14,092	14,121
Other non-current liabilities	5	—
Total non-current liabilities	212,781	194,556
Total liabilities	266,848	271,918

	Fiscal year ended September 30, 2022	3rd quarter ended June 30, 2023
Equity		
Capital stock	100	100
Capital surplus	15,692	15,676
Retained earnings	47,579	50,649
Treasury stock	(1,894)	(1,841)
Other components of equity	3,639	4,131
Total equity attributable to owners of the parent	65,117	68,716
Non-controlling interests	18	256
Total equity	65,134	68,971
Total liabilities and equity	331,982	340,890

(2) Condensed consolidated statement of profit and loss

(in millions, JPY)

	3rd Quarter Ended June 30, 2022 (From October 1, 2021 to June 30, 2022)	3rd Quarter Ended June 30, 2023 (From October 1, 2022 to June 30, 2023)
Revenue	211,937	218,914
Cost of sales	(98,372)	(98,041)
Gross profit	113,566	120,873
Selling, general and administrative expenses	(101,673)	(111,278)
Other income	4,142	1,085
Other expenses	(3,663)	(2,746)
Operating profit	12,372	7,933
Finance income	513	279
Finance expenses	(702)	(1,060)
Share of profit (loss) of investments accounted for using equity method	(2,011)	52
Profit before income taxes	10,173	7,204
Income taxes	(4,922)	(1,302)
Profit for the period	5,252	5,902
Profit attributable to:		
Owners of the parent	5,247	5,672
Non-controlling interests	4	230
Profit for the period	5,252	5,902
Earnings per share		
Basic earnings per share (yen)	45.33	49.03
Diluted earnings per share (yen)	45.06	48.66

(3) Condensed consolidated statement of comprehensive income

(in millions, JPY)

	3rd Quarter Ended June 30, 2022 (From October 1, 2021 to June 30, 2022)	3rd Quarter Ended June 30, 2022 (From October 1, 2022 to June 30, 2023)
Profit for the period	5,252	5,902
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	1,828	160
Total of items that may be reclassified subsequently to profit or loss	1,828	160
Other comprehensive income after taxes	1,828	160
Total comprehensive income for the period	7,079	6,062
Attributable to:		
Owners of the parent	7,075	5,824
Non-controlling interests	4	238
Total comprehensive income for the period	7,079	6,062

(4) Condensed consolidated statement of changes in equity

3rd quarter Ended June 30, 2022 (From October 1, 2021 to June 30, 2022)

(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, 2021	100	15,755	46,584	(0)	1,130	63,569	4	63,573
Profit for the period			5,247			5,247	4	5,252
Other comprehensive income					1,828	1,828	0	1,828
Total comprehensive income	—	—	5,247	—	1,828	7,075	4	7,079
Exercise of subscription rights to shares (Disposal of treasury shares)		(42)		106	(13)	50		50
Purchase of treasury shares		(20)		(2,000)		(2,020)		(2,020)
Share-based payment transactions					319	319		319
Dividends			(2,612)			(2,612)		(2,612)
Total transactions with the owners	—	(62)	(2,612)	(1,894)	305	(4,263)	—	(4,263)
Balance as of June 30, 2022	100	15,692	49,220	(1,894)	3,263	66,381	9	66,390

3rd quarter ended June 30, 2023 (From October 1, 2022 to June 30, 2023)

(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, 2022	100	15,692	47,579	(1,894)	3,639	65,117	18	65,134
Profit for the period			5,672			5,672	230	5,902
Other comprehensive income					152	152	8	160
Total comprehensive income	—	—	5,672	—	152	5,824	238	6,062
Disposal of treasury shares		(27)		54	(8)	19		19
Purchase of treasury shares				(0)		(0)		(0)
Forfeiture of share acquisition rights		11			(11)	—		—
Share-based payment transactions					359	359		359
Dividends			(2,603)			(2,603)		(2,603)
Total transactions with the owners	—	(16)	(2,603)	54	340	(2,225)	—	(2,225)
Balance as of June 30, 2023	100	15,676	50,649	(1,841)	4,131	68,716	256	68,971

(5) Condensed consolidated statement of cash flows

(in millions, JPY)

	3rd Quarter Ended June 30, 2022 (From October 1, 2021 to June 30, 2022)	3rd Quarter Ended June 30, 2023 (From October 1, 2022 to June 30, 2023)
Cash flows from operating activities		
Profit before income taxes	10,173	7,204
Depreciation and amortization	16,802	19,553
Impairment losses	3,289	2,562
Finance income	(229)	(279)
Finance expenses	702	1,060
Increase (decrease) in provision for bonuses	(1,873)	(262)
Amount of rent offset by lease and guarantee deposits	196	194
Share of loss (profit) of entities accounted for using equity method	2,011	(52)
Increase/decrease in trade and other receivables, (increase)	5,990	(1,520)
Increase/decrease in inventories, (increase)	(605)	(661)
Increase/decrease in trade and other payables, (decrease)	1,246	1,174
Others	(2,122)	91
Subtotal	35,582	29,064
Interest and dividend income received	13	57
Interest paid	(590)	(1,010)
Income taxes paid	(11,222)	(3,010)
Income taxes refund	—	2,468
Net cash from operating activities	23,783	27,569
Cash flows from investing activities		
Purchase of property, plant and equipment	(11,473)	(11,511)
Proceeds from sale of property, plant and equipment	0	650
Purchase of intangible assets	(1,664)	(839)
Payments into time deposits	—	(1,394)
Payments for lease and guarantee deposits	(1,034)	(1,160)
Others	(57)	274
Cash flows from investing activities	(14,227)	(13,980)
Cash flows from financing activities		
Proceeds from long-term borrowings	34,000	—
Repayments of long-term borrowings	(3,007)	(3,007)
Repayments of lease liabilities	(10,681)	(12,748)
Payments for commission fees	(3)	(4)
Purchase of treasury shares	(2,000)	(0)
Proceeds from exercise of share acquisition rights	33	19
Cash dividends paid	(2,609)	(2,598)
Others	(110)	9
Cash flows from financing activities	15,623	(18,329)
Net increase/decrease in cash and cash equivalents, (decrease)	25,178	(4,740)
Cash and cash equivalents at beginning of year	29,367	50,637
Effect of exchange rate changes on cash and cash equivalents	889	(167)
Cash and cash equivalents at end of year	55,435	45,730

(6) Notes on condensed consolidated financial statements

(Notes regarding assumption of a going concern)

Not applicable.

(Segment information)

(1) Overview of Reportable Segments

The major brands included in each reportable segment are as follows.

Japan Sushiro Business: Sushiro and takeout specialty stores operating in Japan

Overseas Sushiro Business: Sushiro and takeout specialty stores operating overseas

Kyotaru Business: All brands managed by KYOTARU CO., LTD. (major brands: Kyotaru, Kaiten Sushi Misaki, and Kaisen Misakiko)

Other Businesses: All brands managed by FOOD & LIFE INNOVATIONS LTD. (major brand: Sugidama)

(2) Reportable segment revenues and operating results

Revenues and operating results for the Group's reportable segments are as follows.

3rd Quarter Ended June 30, 2022 (October 1, 2021 to June 30, 2022)

(Unit: Millions of yen)

	Reportable segment				Total	Total adjustments	Consolidated total
	Japan Sushiro Business	Overseas Sushiro Business	Kyotaru Business	Other			
Revenue							
External revenue	167,754	25,398	15,844	2,941	211,937	—	211,937
Intersegment revenue	68	—	222	—	290	(290)	—
Total	167,822	25,398	16,067	2,941	212,227	(290)	211,937
Segment profit (loss) Notes 1	11,559	763	(1,489)	(406)	10,428	1,945	12,372
Other Items							
Depreciation and amortization	11,870	3,097	1,240	304	16,510	292	16,802
Impairment loss	1,705	542	878	164	3,289	—	3,289

Notes 1. Segment profit (loss) is reconciled with operating profit on the consolidated statement of profit and loss.

2. Adjustment of 1,945 million yen in segment profit (loss) is mainly for corporate expenses not attributable to any reportable segment.

3rd Quarter Ended June 30, 2023 (October 1, 2022 to June 30, 2023)

(Unit: Millions of yen)

	Reportable segment				Total	Total adjustments	Consolidated total
	Japan Sushiro Business	Overseas Sushiro Business	Kyotaru Business	Other			
Revenue							
External revenue	149,718	46,955	18,308	3,933	218,914	—	218,914
Intersegment revenue	—	—	116	12	128	(128)	—
Total	149,718	46,955	18,423	3,945	219,042	(128)	218,914
Segment profit (loss) Notes 1	2,730	4,126	(566)	(249)	6,041	1,892	7,933
Other Items							
Depreciation and amortization	12,072	5,316	1,231	476	19,095	457	19,553
Impairment loss	2,095	103	165	199	2,562	—	2,562

Notes 1. Segment profit (loss) is reconciled with operating profit on the consolidated statement of profit and loss.

2. Adjustment of 1,892 million yen in segment profit (loss) is mainly for corporate expenses not attributable to any reportable segment.

(Selling, general and administrative expenses)

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

	3rd Quarter Ended June 30, 2022 (From October 1, 2021 to June 30, 2022)	3rd Quarter Ended June 30, 2023 (From October 1, 2022 to June 30, 2023)
Employee benefits	57,400	61,212
Depreciation and amortization	16,728	19,505
Utilities expenses	4,881	6,278
Commission expenses	3,669	4,530
Other	18,995	19,752
Total	101,673	111,278

(Earnings per share)

	3rd Quarter Ended June 30, 2022 (From October 1, 2021 to June 30, 2022)	3rd Quarter Ended June 30, 2023 (From October 1, 2022 to March 31, 2023)
Profit for the period attributable to common shareholders of the parent (million yen)	5,247	5,672
Profit for the period attributable to common shareholders used in calculations for basic earnings per share (million yen)	5,247	5,672
Profit for the period attributable to common shareholders used in calculations for diluted earnings per share (million yen)	5,247	5,672
Average number of shares during the period	115,749,718	115,679,653
Increase in number of common shares used in calculation for diluted earnings per share	705,284	872,939
Average number of common shares during the period after dilution	116,455,002	116,552,592
Basic earnings per share (yen)	45.33	49.03
Diluted earnings per share (yen)	45.06	48.66
Outline of potentially dilutive shares excluded from the calculation of diluted earnings per share due to the absence of dilutive effects	2 kinds of subscription rights to shares (Common shares 95 thousand shares)	3 kinds of subscription rights to shares (Common shares 200 thousand shares)

(Important subsequent events)

Not applicable.