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Consolidated Financial Results for the 2nd Quarter Ended March 31, 2024 [IFRS]

May 10, 2024

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Scheduled filing date to file May 14, 2024 Scheduled date to commence —
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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, 2024 (October 1, 2023 to March 31, 2024)

(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, 2024	175,989	22.8	12,295	135.0	11,509	150.1	7,589	103.6	7,278	100.8	7,960	188.6
2nd Quarter Ended March 31, 2023	143,298	2.2	5,232	(45.3)	4,602	(49.1)	3,727	(33.3)	3,625	(35.1)	2,758	(57.8)

	Adjusted EBITDA		Basic earnings per share		Diluted earnings per share	
	Million yen	%	Yen		Yen	
2nd Quarter Ended March 31, 2024	18,414	62.1	62.91		62.32	
2nd Quarter Ended March 31, 2023	11,358	(26.7)	31.33		31.11	

(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, 2024	362,227		78,303		77,594		21.0
Fiscal year ended September 30, 2023	351,619		72,659		72,268		20.1

(Note) Figures for the fiscal year ended September 30, 2023 are presented after the retroactive application of IAS 12 (revised) "Income Taxes.

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, 2023	—	0.00	—	22.50	22.50
Fiscal year ending September 30, 2024	—	0.00			
Fiscal year ending September 30, 2024 (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, 2024 (October 1, 2023 to September 30, 2024)

(Percentages indicate year-on-year changes)

	Revenue		Adjusted EBITDA		Operating profit		Profit for the year attributable to owners of the parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	
Fiscal year ending September 30, 2024	360,000	19.3	36,000	40.3	22,000	100.0	13,000	64.6	112.36

Note: Revisions to the most recently announced earnings forecasts: Yes

* Notes:

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

New: 1 (Company name) Beijing Sushiro Restaurants Co., Ltd.

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, 2024	116,069,184 shares	Fiscal year ended September 30, 2023	116,069,184 shares
b. Number of treasury shares at the end of the period	2nd quarter ended March 31, 2024	367,322 shares	Fiscal year ended September 30, 2023	382,884 shares
c. Average number of shares during the period (cumulative from the start of the fiscal year)	2nd quarter ended March 31, 2024	115,693,659 shares	2nd quarter ended March 31, 2023	115,677,199 shares

(4) Formulas for various indicators

Indicator	Formula
Adjusted EBITDA	Operating profit + Depreciation and amortization (excluding depreciation of right-of-use assets) + impairment loss

* 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.

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

(1) Explanation of operating results

During the first half of the consolidated fiscal year ending September 30, 2024, although a trend of recovery was observed in the movement of people as COVID-19 was downgraded to a Category V infectious disease and restrictions on activity were abolished and soaring energy prices and the depreciation of the yen appeared to be stabilizing, the outlook for the Japanese economy remained uncertain due to factors such as the gradual increase in commodity prices and labor costs, the prolonged Russian invasion of Ukraine, and escalating tensions in the Middle East.

Similarly, the restaurant sector also continued to face challenging conditions due to such factors as the gradual increase in commodity prices and labor costs, the prolonged Russian invasion of Ukraine, and escalating tensions in the Middle East.

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 2023	Store openings	Store closures	Six-month period ended March 31 2024
Japan: Sushiro (TOGO)	653 (12)	6	11 (3)	648 (9)
Japan: Sugidama (FC)	79 (17)	6 (2)	4 (3)	81 (16)
Japan: Kyotaru	137 (—)	2	12	127 (—)
Japan:Kaiten Sushi Misaki/Misakimaru	95 (—)	—	1	94 (—)
Japan: Others	22 (—)	—	2	20 (—)
Japan total	986 (29)	14 (2)	30 (6)	970 (25)
Overseas: Sushiro (TOGO)	132 (—)	17	—	149 (—)
Overseas: Others	5 (—)	1	1	5 (—)
Overseas total	137 (—)	18	1	154 (—)
Total	1,123 (29)	32 (2)	31 (6)	1,124 (25)

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

As a result, revenue for the 2nd quarter of the current consolidated fiscal year totaled 175,989 million yen (+22.8% year on year), operating profit 12,295 million yen (+135.0% year on year), profit before income taxes 11,509 million yen (+150.1% year on year), and profit for the period attributable to owners of the parent 7,278 million yen (+100.8% year on year).

Operating results by segment are as follows.

(Japan Sushiro Business)

In the Japan Sushiro business, we are trialing a new store model at some Sushiro stores with the aim of realizing a more enjoyable and convenient dining experience. We will provide customers with a new in-store experience with the introduction of Digital Sushiro Vision (commonly known as Digiro), which brings back plates of sushi moving around in a digital lane and also features mini-games in which customers can win prizes.

As part of our efforts to improve business performance, the “Great Big Thankyou Spring Festival” offered Aomori flounder, eel, and a special medium fatty tuna topping for 100 yen per plate. A collaboration with Genshin allowed customers to enjoy an original menu with limited-edition collaboration goods and a social media campaign in which they could win limited-edition collaboration goods.

” As a result of the above, net sales of the Japan Sushiro Business were 118,993 million yen (+20.5% year on year), and segment profit was 7,994 million yen (+314.4% year on year).

(Overseas Sushiro Business)

In the overseas Sushiro business, the number of customers declined, primarily in mainland China, due to import restrictions and reputational damage caused by the release of ALPS treated water, which began in August 2023. We believe that the impact from the release of treated water will be temporary and have been considering effective measures to restore our ability to attract customers.

In this environment, we continued to open new stores with one store in Taiwan, one store in Hong Kong, three stores in Thailand, and one store in Shenzhen in mainland China.

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 Deluxe Festival in mainland China, the Three-Piece Sushi Assortment Festival in South Korea, the New Year Festival in Taiwan, the Crab Festival in Hong Kong, the Salmon Fair in Singapore, and Special Value Toppings and Seared Toppings in Thailand.

As a result of the above, net sales of the Overseas Sushiro Business were 41,561 million yen (+40.1% year on year) and segment profit was 3,206 million yen (+19.5% year on year).

(Kyotaru Business)

In the Kyotaru business, in the takeout business, we offered customers a four-product lineup that included three types of single eho-maki special sushi rolls in addition to one package deal offering for the setsubun end of winter holiday in February. In March, customers enjoyed limited-edition seafood hinachirashi scattered sushi, himechirashi scattered sushi, and hinamatsuri chakin sushi for the Hinamatsuri (Doll’s Festival). We have also been strengthening our online sales rolling out sales of frozen and chilled sushi at various online supermarkets.

In the Misaki brand, sales remained steady due to the popularity of aka-shari and various sales promotions. We also continued the transformation of the brand into “Sushi Misaki.” In addition, we are working to enhance the value of the store experience and strengthen profitability by improving the efficiency of store operations and customer service. As a result of the above, net sales of the Kyotaru Business were 12,335 million yen (-0.9% year on year) and segment loss was 50 million yen.(segment loss was 456 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 10,609 million yen from the end of the previous consolidated fiscal year to 362,227 million yen.

The balance of current assets increased 9,604 million yen from the end of the previous consolidated fiscal year to 81,005 million yen. This mainly reflected, a 4,907 million yen increase in cash and cash equivalents, a 2,255 million yen increase in trade and other receivables, a 1,372 million yen increase in inventory etc...

The balance of non-current assets increased 1,005 million yen from the end of the previous consolidated fiscal year to 281,222 million yen. This mainly reflected a 533 million yen increase in property, plant and equipment resulting from an opening new stores.

(Liabilities)

Total liabilities increased 4,965 million yen from the end of the previous consolidated fiscal year to 283,925 million yen.

The balance of current liabilities decreased 4,418 million yen from the end of the previous consolidated fiscal year to 77,073 million yen. This mainly reflected a 3,918 million yen increase in trade and other payables and a 2,779 million increase in income tax payable, alongside a 15,001 million yen decrease in bonds and borrowings due to the refinancing of a portion of bonds.

The balance of non-current liabilities increased 9,383 million yen from the end of the previous consolidated fiscal year to 206,851 million yen. This mainly reflected a 12,554 million yen increase in bonds and borrowings due to the refinancing of a portion of bonds.

(Equity)

Total equity increased 5,644 million yen from the end of the previous consolidated fiscal year to 78,303 million yen.

This mainly reflected the booking of 7,278 million yen in profit for the period, alongside a 2,603 million yen decrease resulting from cash dividends paid.

2) Cash flows

During the 2nd quarter of the consolidated fiscal year ending September 30, 2024, cash and cash equivalents (hereinafter “Cash”) increased 4,907 million yen from the end of the previous consolidated fiscal year to 56,135 million yen.

The breakdown of cash flows by activities and underlying factors for the 2nd quarter of the current consolidated fiscal year is shown below.

(Cash flows from operating activities)

Cash provided by operating activities totaled 28,766 million yen (+50.0% year on year).

This mainly reflected the booking of 11,509 million yen in profit before income taxes, the booking of 14,721 million yen in depreciation and amortization, a 3,833 million yen increase in trade and other payables, a 1,030 million yen increase in income taxes refund, alongside a 3,257 million yen increase in trade and other receivables, a 1,354 million yen increase in inventories.

(Cash flows from investing activities)

Cash used in investing activities came to 9,364 million yen (+14.2% year on year).

This was mainly attributable to 8,013 million yen in purchase of property, plant and equipment accompanying store openings.

(Cash flows from financing activities)

Cash used in financing activities amounted to 14,618 million yen (+13.0% year on year). This mainly reflected a 20,000 million yen in redemption for bonds, a 19,494 million yen in proceeds from issuance of bonds, a 9,523 million yen in repayments of lease liabilities, a 2,597 million yen in cash dividends paid and a 2,005 million yen in repayments of long-term borrowings.

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

With regard to the consolidated earnings forecast, in light of the business results for the first half of the fiscal year, the Company has revised the full-year consolidated earnings forecasts. Please refer to “Notice concerning the Revision of Revenue and Earnings Forecasts” published on May 10, 2024 for the details.

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, 2023	2nd quarter ended March 31, 2024
Assets		
Current assets		
Cash and cash equivalents	51,228	56,135
Trade and other receivables	12,457	14,712
Inventories	3,965	5,337
Other financial assets	1,389	1,969
Other current assets	2,363	2,853
Total current assets	71,401	81,005
Non-current assets		
Property, plant and equipment	176,615	177,148
Goodwill	30,371	30,371
Intangible assets	56,332	56,521
Equity method investment	52	52
Lease and guarantee deposits	14,257	14,320
Other financial assets	417	653
Deferred tax assets	1,490	1,492
Other non-current assets	682	665
Total non-current assets	280,217	281,222
Total assets	351,619	362,227
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	30,080	33,998
Bonds and Borrowings	24,007	9,006
Income taxes payable	1,070	3,850
Lease liabilities	17,901	18,611
Other financial liabilities	1,362	1,405
Provisions	3,136	4,238
Other current liabilities	3,935	5,967
Total current liabilities	81,491	77,073
Non-current liabilities		
Trade and other payables	23	23
Bonds and Borrowings	64,952	77,507
Lease liabilities	114,689	111,427
Other financial liabilities	111	114
Provisions	4,363	4,440
Deferred tax liabilities	13,330	13,333
Other non-current liabilities	—	8
Total non-current liabilities	197,468	206,851
Total liabilities	278,960	283,925

	Fiscal year ended September 30, 2023	2nd quarter ended March 31,2024
Equity		
Capital stock	100	100
Capital surplus	15,676	15,668
Retained earnings	53,787	58,462
Treasury stock	(1,840)	(1,773)
Other components of equity	4,544	5,137
Total equity attributable to owners of the parent	72,268	77,594
Non-controlling interests	391	708
Total equity	72,659	78,303
Total liabilities and equity	351,619	362,227

(2) Condensed consolidated statement of profit and loss

(in millions, JPY)

	2nd Quarter Ended March 31, 2023 (From October 1, 2022 to March 31, 2023)	2nd Quarter Ended March 31, 2024 (From October 1, 2023 to March 31, 2024)
Revenue	143,298	175,989
Cost of sales	(64,154)	(76,382)
Gross profit	79,144	99,607
Selling, general and administrative expenses	(73,234)	(85,867)
Other income	1,017	294
Other expenses	(1,696)	(1,739)
Operating profit	5,232	12,295
Finance income	52	228
Finance expenses	(733)	(1,014)
Share of profit (loss) of investments accounted for using equity method	52	—
Profit before income taxes	4,602	11,509
Income taxes	(875)	(3,920)
Profit for the period	3,727	7,589
Profit attributable to:		
Owners of the parent	3,625	7,278
Non-controlling interests	103	311
Profit for the period	3,727	7,589
Earnings per share		
Basic earnings per share (yen)	31.33	62.91
Diluted earnings per share (yen)	31.11	62.32

(3) Condensed consolidated statement of comprehensive income

(in millions, JPY)

	2nd Quarter Ended March 31, 2023 (From October 1, 2022 to March 31, 2023)	2nd Quarter Ended March 31, 2024 (From October 1, 2023 to March 31, 2024)
Profit for the period	3,727	7,589
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(969)	371
Total of items that may be reclassified subsequently to profit or loss	(969)	371
Other comprehensive income after taxes	(969)	371
Total comprehensive income for the period	2,758	7,960
Attributable to:		
Owners of the parent	2,655	7,643
Non-controlling interests	103	317
Total comprehensive income for the period	2,758	7,960

(4) Condensed consolidated statement of changes in equity

2nd quarter Ended March 31, 2023 (From October 1, 2022 to March 31, 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
Cumulative impact resulting from the change in accounting policy			766			766	2	767
Balance at beginning of current period reflecting the change in accounting policy	100	15,692	48,345	(1,894)	3,639	65,882	19	65,902
Profit for the period			3,625			3,625	103	3,727
Other comprehensive income					(969)	(969)	1	(969)
Total comprehensive income	—	—	3,625	—	(969)	2,655	103	2,758
Disposal of treasury shares		(12)		28	(2)	14		14
Purchase of treasury shares				(0)		(0)		(0)
Forfeiture of share acquisition rights		11			(11)	—		—
Share-based payment transactions					233	233		233
Dividends			(2,603)			(2,603)		(2,603)
Total transactions with the owners	—	(1)	(2,603)	28	221	(2,355)	—	(2,355)
Balance as of March 31, 2023	100	15,691	49,367	(1,867)	2,891	66,182	123	66,305

2nd quarter ended March 31, 2024 (From October 1, 2023 to March 31, 2024)

(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, 2023	100	15,676	53,787	(1,840)	4,544	72,268	391	72,659
Profit for the period			7,278			7,278	311	7,589
Other comprehensive income					365	365	6	371
Total comprehensive income	—	—	7,278	—	365	7,643	317	7,960
Disposal of treasury shares		(39)		67	(14)	13		13
Purchase of treasury shares				(0)		(0)		(0)
Forfeiture of share acquisition rights		31			(31)	—		—
Share-based payment transactions					274	274		274
Dividends			(2,603)			(2,603)		(2,603)
Total transactions with the owners	—	(8)	(2,603)	67	228	(2,316)	—	(2,316)
Balance as of March 31, 2024	100	15,668	58,462	(1,773)	5,137	77,594	708	78,303

(5) Condensed consolidated statement of cash flows

(in millions, JPY)

	2nd Quarter Ended March 31, 2023 (From October 1, 2022 to March 31, 2023)	2nd Quarter Ended March 31, 2024 (From October 1, 2023 to March 31, 2024)
Cash flows from operating activities		
Profit before income taxes	4,602	11,509
Depreciation and amortization	12,693	14,721
Impairment losses	1,541	503
Finance income	(52)	(228)
Finance expenses	733	1,014
Increase (decrease) in provision for bonuses	22	724
Amount of rent offset by lease and guarantee deposits	131	136
Share of loss (profit) of entities accounted for using equity method	(52)	—
Increase/decrease in trade and other receivables, (increase)	(1,779)	(3,257)
Increase/decrease in inventories, (increase)	(551)	(1,354)
Increase/decrease in trade and other payables, (decrease)	2,193	3,833
Others	(940)	2,092
Subtotal	18,541	29,692
Interest and dividend income received	37	68
Interest paid	(665)	(872)
Income taxes paid	(1,207)	(1,153)
Income taxes refund	2,466	1,030
Net cash from operating activities	19,171	28,766
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,068)	(8,013)
Proceeds from sale of property, plant and equipment	652	8
Purchase of intangible assets	(446)	(600)
Payments into time deposits	(780)	(1,102)
Proceeds from withdrawal of time deposits	—	661
Payments for lease and guarantee deposits	(1,394)	(471)
Purchase of investment securities	—	(235)
Others	834	388
Cash flows from investing activities	(8,202)	(9,364)
Cash flows from financing activities		
Redemption of bonds	—	(20,000)
Proceeds from issuance of bonds	—	19,494
Repayments of long-term borrowings	(2,005)	(2,005)
Repayments of lease liabilities	(8,358)	(9,523)
Payments for commission fees	(1)	(8)
Purchase of treasury shares	(0)	(0)
Proceeds from exercise of share acquisition rights	14	13
Cash dividends paid	(2,596)	(2,597)
Others	6	6
Cash flows from financing activities	(12,939)	(14,618)
Net increase/decrease in cash and cash equivalents, (decrease)	(1,970)	4,784
Cash and cash equivalents at beginning of year	50,637	51,228
Effect of exchange rate changes on cash and cash equivalents	(580)	123
Cash and cash equivalents at end of year	48,087	56,135

(6) Notes on condensed consolidated financial statements

(Notes regarding assumption of a going concern)

Not applicable.

(Changes in Accounting Policies)

The significant accounting policies applied in the Condensed consolidated financial statements are the same as those applied in the consolidated financial statements for the previous fiscal year, except for the following.

The Group adopted the following standards from the first quarter of the consolidated fiscal year ending September 30, 2024.

Standard	Standard Name	Outline of newly established/revised standard
IAS 12 (Revision)	Income Taxes	Revision due to initial recognition exemption of deferred tax assets and liabilities
IAS 12 (Revision)	Income Taxes	Disclosure of income taxes resulting from tax laws enacted or substantially enacted to introduce the International Tax Reform - Pillar Two Model Rules

The application of IAS 12 (revised) "Income Taxes" (revised May 2021) clarifies the accounting treatment at initial recognition for transactions that give rise to an equal amount of taxable and deductible temporary differences at the time of the transaction, such that deferred tax liabilities and deferred tax assets are recognized respectively in the consolidated statement of financial position for the taxable and deductible temporary differences.

As a result of the adoption of this standard, the consolidated financial statements for the previous fiscal year have been retroactively revised. As a result, "deferred tax assets" increased by 937 million yen, "deferred tax liabilities" increased by 23 million yen, "retained earnings" increased by 912 million yen, and "non-controlling" interests increased by 3 million yen in the Condensed consolidated statement of financial position at the end of the previous fiscal year.

As a result of reflecting the cumulative impact of the adoption of this standard, the beginning balance of "retained earnings" and the beginning balance of "non-controlling interests" increased by 766 million yen and 2 million yen, respectively, for the first quarter of the fiscal year ended September 30, 2023 in the Condensed consolidated statement of changes in equity.

(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.

2nd Quarter Ended March 31, 2023 (October 1, 2022 to March 31, 2023)

(Unit: Millions of yen)

	Reportable segment				Total	Total adjustments	Consolidated total
	Japan Sushiro Business	Overseas Sushiro Business	Kyotaru Business	Other			
Revenue							
External revenue	98,749	29,663	12,333	2,553	143,298	—	143,298
Intersegment revenue	—	—	116	7	123	(123)	—
Total	98,749	29,663	12,448	2,560	143,421	(123)	143,298
Segment profit (loss) Notes 1	1,929	2,683	(456)	(203)	3,953	1,279	5,232
Other Items							
Depreciation and amortization	7,957	3,331	820	310	12,418	275	12,693
Impairment loss	1,175	98	116	152	1,541	—	1,541

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

2. Adjustment of 1,279 million yen in segment profit (loss) is mainly for corporate expenses not attributable to any reportable segment.

2nd Quarter Ended March 31, 2024 (October 1, 2023 to March 31, 2024)

(Unit: Millions of yen)

	Reportable segment				Total	Total adjustments	Consolidated total
	Japan Sushiro Business	Overseas Sushiro Business	Kyotaru Business	Other			
Revenue							
External revenue	118,993	41,561	12,325	3,110	175,989	—	175,989
Intersegment revenue	—	—	9	33	42	(42)	—
Total	118,993	41,561	12,335	3,143	176,032	(42)	175,989
Segment profit Notes 1	7,994	3,206	50	37	11,286	1,009	12,295
Other Items							
Depreciation and amortization	8,061	5,056	851	343	14,312	409	14,721
Impairment loss	259	162	57	24	503	—	503

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

2. Adjustment of 1,009 million yen in segment profit 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.

	2nd Quarter Ended March 31, 2023 (From October 1, 2022 to March 31, 2023)	2nd Quarter Ended March 31, 2024 (From October 1, 2023 to March 31, 2024)
Employee benefits	40,213	47,987
Depreciation and amortization	12,661	14,687
Utilities expenses	4,295	4,015
Commission expenses	2,988	3,557
Other	13,078	15,621
Total	73,234	85,867

(Earnings per share)

	2nd Quarter Ended March 31, 2023 (From October 1, 2022 to March 31, 2023)	2nd Quarter Ended March 31, 2024 (From October 1, 2023 to March 31, 2024)
Profit for the period attributable to common shareholders of the parent (million yen)	3,625	7,278
Profit for the period attributable to common shareholders used in calculations for basic earnings per share (million yen)	3,625	7,278
Profit for the period attributable to common shareholders used in calculations for diluted earnings per share (million yen)	3,625	7,278
Average number of shares during the period	115,677,199	115,693,659
Increase in number of common shares used in calculation for diluted earnings per share	831,977	1,093,930
Average number of common shares during the period after dilution	116,509,176	116,787,589
Basic earnings per share (yen)	31.33	62.91
Diluted earnings per share (yen)	31.11	62.32
Outline of potentially dilutive shares excluded from the calculation of diluted earnings per share due to the absence of dilutive effects	3 kinds of subscription rights to shares (Common shares 172 thousand shares)	4 kinds of subscription rights to shares (Common shares 284 thousand shares)

(Important subsequent events)

Acquisition of Treasury Stock

A meeting of the Board of Directors held on May 10, 2024 approved a resolution on the acquisition of treasury stock pursuant to Article 459, Paragraph 1 of the Companies Act of Japan and Article 36 of the Company's Articles of Incorporation.

1. Reasons for Acquisition of Treasury Stock

In order to improve capital efficiency and implement a flexible capital policy.

2. Details of Matters Related to the Acquisition

(1) Class of shares to be acquired	Common shares of the Company 3.3 million shares (maximum)
(2) Total number of shares to be acquired	(Percentage of the total number of issued shares (excluding treasury stock): 2.85%)
(3) Total acquisition cost of shares	7.5 billion yen (maximum)
(4) Acquisition period	From May 13, 2024 to September 30, 2024
(5) Acquisition method	Purchase in the market through the Tokyo Stock Exchange