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Consolidated Financial Results for the Fiscal Year Ended September 30, 2024 [IFRS]

November 8, 2024

Listed company name FOOD & LIFE COMPANIES LTD. Listed stock exchange: TSE
 Securities code: 3563 URL <http://www.food-and-life.co.jp>
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 Scheduled date of annual December 26, 2024 Scheduled date to commence December 27, 2024
 general meeting of shareholders: dividend payment
 Scheduled filing date to file December 27, 2024
 Annual Securities Report
 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 Fiscal Year Ended September 30, 2024 (October 1, 2023 to September 30, 2024)

(1) Consolidated operating results (cumulative)

(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		Total comprehensive income for the period	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended September 30, 2024	361,129	19.7	23,384	112.6	21,653	119.5	15,445	83.7	14,633	81.9	14,740	66.5
Fiscal year ended September 30, 2023	301,747	7.3	11,001	8.7	9,864	30.4	8,406	132.1	8,045	123.0	8,855	55.0

	Adjusted EBITDA		Basic earnings per share	Diluted earnings per share	Return on equity attributable to owners of the parent	Ratio of profit before income taxes to total assets	Ratio of operating profit to revenue
	Million yen	%	Yen	Yen	%	%	%
Fiscal year ended September 30, 2024	37,485	45.7	127.46	126.32	20.1	6.0	6.5
Fiscal year ended September 30, 2023	25,721	1.9	69.54	69.01	11.6	2.9	3.6

Reference: Investment gains/losses by equity method :

Fiscal Year Ended September 30, 2024: — , Fiscal Year Ended September 30, 2023: 52 million yen

(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	Equity per share attributable to owners of the parent
	Million yen	Million yen	Million yen	%	Yen
Fiscal year ended September 30, 2024	365,154	77,837	76,568	20.5	661.48
Fiscal year ended September 30, 2023	351,619	72,659	72,268	20.1	612.24

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

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended September 30, 2024	56,326	(24,066)	(34,322)	48,695
Fiscal year ended September 30, 2023	42,360	(17,888)	(23,876)	51,228

2. Dividends

	Annual dividends					Dividends paid (total)	Payout ratio (consol.)	Dividend on equity (consol.)
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended September 30, 2023	—	0.00	—	22.50	22.50	2,603	32.4	3.8
Fiscal year ended September 30, 2024	—	0.00	—	30.00	30.00	3,394	23.5	4.7
Fiscal Year Ending September 30, 2025 (forecast)	—	0.00	—	27.50	27.50		—	

Breakdown of dividend for fiscal year ended September 30, 2024 Regular dividend : 27.50 yen Commemorative dividend : 2.50 yen

Notes:

For more information, refer to “(4) Basic policy on profit distribution, and dividends in current and next period” under “1. Overview of operating results” on page 5 of the attached materials.

3. Consolidated Earnings Forecasts for the Fiscal Year Ending September 30, 2025 (October 1, 2024 to September 30, 2025)

(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, 2025	408,000	13.0	41,800	11.5	26,000	11.2	15,000	2.5	132.60

* Notes:

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

New:2 Beijing Sushiro Restaurants Co., Ltd.
SUSHIRO MALAYSIA SDN. BHD.

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)	Fiscal year ended September 30, 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	Fiscal year ended September 30, 2024	2,945,764 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)	Fiscal year ended September 30, 2024	114,808,427 shares	Fiscal year ended September 30, 2023	115,681,282 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

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 “(2) Outlook for the next period” under “1. Overview of operating results” on page 3 of the attached materials.

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1. Overview of operating results

(1) Overview of operating results during the period

1) Operating results during the period

During the consolidated fiscal year ended September 30, 2024, the Japanese economy saw a gradual recovery in economic activity due to factors such as an increase in inbound demand resulting from the depreciation in the yen. Meanwhile, the outlook remained uncertain due to global political instability and price increases resulting from the longer-than-expected depreciation in the yen.

The restaurant sector also continued to face challenging conditions due to soaring prices for raw materials and energy, as well as chronic labor shortages.

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	Nine-month period ended June 30 2024
Japan: Sushiro (TOGO)	653 (12)	13	11 (3)	655 (9)
Japan: Sugidama (FC)	79 (17)	14 (5)	6 (5)	87 (17)
Japan: Kyotaru	137 (—)	3	23	117 (—)
Japan:Kaiten Sushi Misaki/Misakimaru	95 (—)	3	3	95 (—)
Japan: Others	24 (—)	1	5	18 (—)
Japan total	993 (29)	34 (5)	48 (8)	972 (26)
Overseas: Sushiro (TOGO)	132 (—)	45	3	174 (—)
Overseas: Others	3 (—)	5	1	9 (—)
Overseas total	90 (—)	50	4	183 (—)
Total	1,123 (29)	84 (5)	52 (8)	1,155 (26)

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

As a result, revenue for the consolidated fiscal year ended September 30, 2024 totaled 361,129 million yen (+19.7% year on year), operating profit 23,384 million yen (+112.6% year on year), profit before income taxes 21,653 million yen (+119.5% year on year), and profit for the period attributable to owners of the parent 14,633 million yen (+81.9% year on year). Both revenue and profits reached record highs for the consolidated fiscal year.

Operating results by segment are as follows.

(Japan Sushiro Business)

Although we were affected by the issuance of the Nankai Trough emergency information during the Obon summer holiday period and the typhoons that brought record-breaking rainfall across Japan, we worked to improve our performance by continuing our 100 yen (tax included) white plate campaign and intellectual property collaborations. At the Annual Special Tuna Festival, we offered large cuts of albacore tuna carefully selected by Yashima Suisan, a group of professional tuna connoisseurs, for 100 yen per plate, including tax. As part of a collaboration campaign with the hugely popular fighting game Street Fighter, we held the Sushiro SUPER Bargain Festival. In the first phase, we offered large cuts of carefully selected bigeye tuna and salmon. In the second phase, we offered salmon roe, and in the third phase, we offered medium fatty tuna, all for 100 yen (tax included) per plate. These products were very well received by customers. In addition, to coincide with the summer holidays, we held Kodomo Sushiro as a special summer project in collaboration with Tomica Heroes Jobraver Tokusou Gattai Robo and Licca-chan, which are popular among children.

Additionally, last September, as part of our efforts to go one step ahead of Kaiten-sushi, we introduced Digital Sushiro Vision, commonly known as Digi-ro, which combines digital vision with the conveyor belt lanes. By the end of

the fiscal year ended September 30, 2024, we had installed Digi-ro in a total of 19 stores.

As a result of the above, net sales of the Japan Sushiro Business were 238,173 million yen, (+15.7% year on year) and segment profit was 14,217 million yen (191.3% year on year).

(Overseas Sushiro Business)

In July, we opened the first overseas store with Digital Sushiro Vision, commonly known as Digi-ro, in Tianjin in mainland China. In August, we opened the first store with Digi-ro and private rooms in Beijing, which was so successful that there was a 12-hour queue at one point. We opened 13 new stores and closed three unprofitable stores in mainland China during the full year. We continued to open new stores in other regions with eight stores in Taiwan, seven stores in Hong Kong, three stores in Singapore, nine stores in Thailand, four stores in Indonesia, and one store in South Korea with the opening of a Digi-ro store in the urban area of Myeongdong.

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 Red Plate Unatoro campaign in Thailand, which focused on medium fatty tuna and eel, and the Sushiro 5th Anniversary Festival in Hong Kong where customers enjoyed dishes such as large cuts of sesame-salted bigeye tuna and extra large scallops.

As a result of the above, net sales of the Overseas Sushiro Business were 92,138 million yen (+39.3% year on year) and segment profit was 7,194 million yen (+35.9% year on year).

(Kyotaru Business)

At the Kyotaru brand, Kyotaru Traditional Chakin Sushi, the signature product of the take-out sushi specialty store Kyotaru, won the Grand Prix, the highest award, at JAPAN FOOD SELECTION, held by the Japan Food Analyst Association, in August. In addition, during the fourth quarter of the fiscal year, we launched a variety of promotions and limited-time products. In August, we sold a special mountain-like product to coincide with Mountain Day. In September, we offered a celebratory bento box featuring colorful sushi and sashimi for three days only to coincide with Respect for the Aged Day.

The Misaki brand continued to hold Misaki Day, as well as monthly fairs and the Weekly Bargain Festival, which offers different bargain products each week. In July, we held the Misaki Summer Festival with a wide variety of extravagant, luxurious, and rare sushi. In August, we held a limited-time fair where customers enjoyed large cuts and large toppings with large portions of sushi and toppings. In September, we held Super Misaki Day where we sold medium fatty bluefin tuna made with our special red rice for 110 yen (tax included) for a limited period of 10 days.

As a result of the above, net sales of the Kyotaru Business were 23,986 million yen (-1.9% year on year) and segment loss was 350 million yen (segment loss was 653 million yen in the same period of previous fiscal year).

2) Outlook for the next period

The Company forecasts revenue of 408,000 million yen (+13.0% year on year), adjusted EBITDA of 41,800 million yen (+11.5% year on year), operating profit of 26,000 million yen (+11.2% year on year), and profit for the year attributable to owners of the parent of 15,000 million yen (+2.5% year on year).

(2) Overview of financial position during the period

1) Assets, liabilities and equity

(Assets)

The balance of total assets increased 13,536 million yen from the end of the previous consolidated fiscal year to 365,154 million yen.

The balance of current assets increased 3,254 million yen from the end of the previous consolidated fiscal year to 74,656 million yen. This mainly reflected a 2,547 million yen increase in Inventories.

The balance of non-current assets increased 10,282 million yen from the end of the previous consolidated fiscal year to 290,499 million yen. This mainly reflected a 8,320 million yen increase in property.

(Liabilities)

Total liabilities increased 8,357 million yen from the end of the previous consolidated fiscal year to 287,317 million yen.

The balance of current liabilities decreased 648 million yen from the end of the previous consolidated fiscal year to 80,843 million yen. This mainly reflected a 14,998 million yen decrease in bonds and borrowings, and a 5,489 million yen increase in Other current liabilities.

The balance of non-current liabilities increased 9,005 million yen from the end of the previous consolidated fiscal year to 206,474 million yen. This mainly reflected a 10,562 million yen increase in bonds and borrowings.

(Equity)

Total equity increased 5,179 million yen from the end of the previous consolidated fiscal year to 77,837 million yen.

This mainly reflected a 2,603 million yen resulting from cash dividends paid and a 7,503 million yen resulting from purchase of treasury shares, alongside the booking of 14,633 million yen in profit for the period.

(3) Cash flows during the period

In the consolidated fiscal year ended September 30, 2024, cash and cash equivalents (hereinafter “Cash”) decreased 2,533 million yen from the end of the previous consolidated fiscal year to 48,695 million yen.

The breakdown of cash flows by activities and underlying factors for the consolidated fiscal year ended September 30, 2024 is shown below.

(Cash flows from operating activities)

Cash provided by operating activities totaled 56,326 million yen (+33.0% year on year).

This mainly reflected the booking of 21,653 million yen in profit before income taxes, the booking of 30,760 million yen in depreciation and amortization, 2,192 million yen in impairment losses and a 4,459 million yen increase in trade and other payables, alongside a 2,558 million yen increase in inventories and a 2,580 million yen in income tax paid.

(Cash flows from investing activities)

Cash used in investing activities came to 24,066 million yen (+34.5% year on year).

This was mainly attributable to 19,530 million yen in purchase of property.

(Cash flows from financing activities)

Cash used in financing activities amounted to 34,322 million yen (+43.8% 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 19,716 million yen in repayments of lease liabilities, a 7,504 million yen in purchase of treasury shares.

Reference: Trends in cash flow indicators

	Fiscal year ended September 30, 2022	Fiscal year ended September 30, 2023	Fiscal year ended September 30, 2024
Ratio of equity attributable to owners of the parent (%)	19.3	20.1	20.5
Ratio of equity attributable to owners of the parent on market value basis (%)	77.5	82.7	89.2
Cash flows to interest-bearing debt ratio (%)	725.8	523.0	385.1
Interest coverage ratio (x)	31.6	29.7	28.1

Note:

Ratio of equity attributable to owners of the parent: $\text{Equity attributable to owners of the parent} / \text{Total assets}$

Ratio of equity attributable to owners of the parent on market value basis: $\text{Market capitalization} / \text{Total assets}$

Cash flows to interest-bearing debt ratio: $\text{Interest-bearing debt} / \text{Cash flows}$

Interest coverage ratio: $\text{Cash flows} / \text{Interest payment}$

* All indicators have been calculated using consolidated financial figures based on IFRS.

* Market capitalization is calculated as the share price at the fiscal year-end multiplied by the number of shares outstanding (excluding treasury stock) at the fiscal year-end.

* Cash flow figures reflect the cash flows from operating activities included in the consolidated statement of cash flows. Interest-bearing debt reflects debts subject to interest payments recorded on the consolidated statement of financial position. In addition, interest payments refer to interest payments recorded on the consolidated statement of cash flows.

(4) Basic policy on profit distribution, and dividends in current and next period

The Company regards the return of profits to its shareholders as an important management issue. Our basic policy is to continuously enhance performance and provide ongoing, appropriate profit distribution in line with performance.

Based on the above basic policy, and taking into consideration FY24-26 Medium-term Management Plan released in November 2023 and business conditions during the current consolidated fiscal year, the Board of Directors has discussed and decided to increase the dividend per share by 5.00 yen from 22.50 yen to 27.50 yen, in order to strengthen shareholder returns while securing sufficient retained earnings for the Group's growth strategy.

In addition to the regular dividend of 27.50 yen per share, commemorative dividend of 2.50 yen per share will be paid for the fiscal year ended September 30, 2024.

In the next fiscal year, the Company plans an annual dividend per share of 27.50 yen assuming the outlook for the next period described on page 3 of the attached materials is achieved.

For more information, refer to 「Notice Regarding the Change in Return to Shareholders Policy, Dividends of Surplus (Fiscal Year-End Dividend & Increased Dividend incl. Commemorative Dividend) and, FY25/9 Dividend Forecast」 released on November 8, 2024 on our website.

2. Basic thinking on selection of accounting standards

The Sushiro Group has adopted the International Financial Reporting Standards (IFRS) since the year ended September 30, 2016 with the aim of enhancing the international comparability of its financial information in capital markets as well as overall convenience.

3. Consolidated Financial Statements and Important Notes

(1) Consolidated statement of financial position

(in millions, JPY)

	Fiscal Year Ended September 30, 2023	Fiscal Year Ended September 30, 2024
Assets		
Current assets		
Cash and cash equivalents	51,228	48,695
Trade and other receivables	12,457	13,882
Inventories	3,965	6,512
Other financial assets	1,389	2,940
Other current assets	2,363	2,627
Total current assets	71,401	74,656
Non-current assets		
Property, plant and equipment	176,615	184,936
Goodwill	30,371	30,371
Intangible assets	56,332	57,016
Equity method investment	52	52
Lease and guarantee deposits	14,257	14,766
Other financial assets	417	1,232
Deferred tax assets	1,490	1,552
Other non-current assets	682	574
Total non-current assets	280,217	290,499
Total assets	351,619	365,154
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	30,080	35,569
Bonds and Borrowings	24,007	9,009
Income taxes payable	1,070	4,710
Lease liabilities	17,901	19,523
Other financial liabilities	1,362	1,006
Provisions	3,136	5,275
Other current liabilities	3,935	5,750
Total current liabilities	81,491	80,843
Non-current liabilities		
Trade and other payables	23	22
Bonds and Borrowings	64,952	75,514
Lease liabilities	114,689	112,838
Other financial liabilities	111	105
Provisions	4,363	4,730
Deferred tax liabilities	13,330	13,264
Total non-current liabilities	197,468	206,474
Total liabilities	278,960	287,317

	Fiscal Year Ended September 30, 2023	Fiscal Year Ended September 30, 2024
Equity		
Capital stock	100	100
Capital surplus	15,676	15,734
Retained earnings	53,787	65,818
Treasury stock	(1,840)	(9,156)
Other components of equity	4,544	4,073
Total equity attributable to owners of the parent	72,268	76,568
Non-controlling interests	391	1,269
Total equity	72,659	77,837
Total liabilities and equity	351,619	365,154

(2) Consolidated statement of profit and loss

(in millions, JPY)

	Fiscal Year Ended September 30, 2023 (From October 1, 2022 to September 30, 2023)	Fiscal Year Ended September 30, 2024 (From October 1, 2023 to September 30, 2024)
Revenue	301,747	361,129
Cost of sales	(134,229)	(155,796)
Gross profit	167,518	205,334
Selling, general and administrative expenses	(152,437)	(179,848)
Other income	1,313	1,084
Other expenses	(5,393)	(3,186)
Operating profit	11,001	23,384
Finance income	325	461
Finance expenses	(1,514)	(2,191)
Share of profit (loss) of investments accounted for using equity method	52	—
Profit before income taxes	9,864	21,653
Income taxes	(1,458)	(6,209)
Profit for the year	8,406	15,445
Profit attributable to:		
Owners of the parent	8,045	14,633
Non-controlling interests	362	811
Profit for the year	8,406	15,445
Earnings per share		
Basic earnings per share (yen)	69.54	127.46
Diluted earnings per share (yen)	69.01	126.32

(3) Consolidated statement of comprehensive income

(in millions, JPY)

	Fiscal Year Ended September 30, 2023 (From October 1, 2022 to September 30, 2023)	Fiscal Year Ended September 30, 2024 (From October 1, 2023 to September 30, 2024)
Profit for the period	8,406	15,445
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net gain (loss) on revaluation of finance assets measured at fair value through other comprehensive income	(81)	(143)
Total of items that will not be reclassified to profit or loss	(81)	(143)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	530	(561)
Total of items that may be reclassified subsequently to profit or loss	530	(561)
Other comprehensive income after taxes	449	(704)
Total comprehensive income for the year	8,855	14,740
Attributable to:		
Owners of the parent	8,484	13,863
Non-controlling interests	372	878
Total comprehensive income for the year	8,855	14,740

(4) Consolidated statement of changes in equity

(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 year			8,045			8,045	362	8,406
Other comprehensive income					439	439	10	449
Total comprehensive income	—	—	8,045	—	439	8,484	372	8,855
Disposal of treasury shares		(27)		55	(8)	19		19
Purchase of treasury shares				(0)		(0)		(0)
Forfeiture of share acquisition rights		11			(11)	—		—
Share-based payment transactions					485	485		485
Dividends			(2,603)			(2,603)		(2,603)
Total transactions with the owners	—	(16)	(2,603)	55	466	(2,098)	—	(2,098)
Balance as of September 30, 2023	100	15,676	53,787	(1,840)	4,544	72,268	391	72,659
Profit for the year			14,633			14,633	811	15,445
Other comprehensive income					(771)	(771)	67	(704)
Total comprehensive income	—	—	14,633	—	(771)	13,863	878	14,740
Disposal of treasury shares		(130)		184	(40)	14		14
Purchase of treasury shares		(2)		(7,500)		(7,503)		(7,503)
Forfeiture of shares		190			(190)	—		—
Share-based payment transactions					529	529		529
Dividends			(2,603)			(2,603)		(2,603)
Total transactions with the owners	—	58	(2,603)	(7,317)	300	(9,562)	—	(9,562)
Balance as of September 30, 2024	100	15,734	65,818	(9,156)	4,073	76,568	1,269	77,837

(5) Consolidated statement of cash flows

(in millions, JPY)

	Fiscal Year Ended September 30, 2023 (From October 1, 2022 to September 30, 2023)	Fiscal Year Ended September 30, 2024 (From October 1, 2023 to September 30, 2024)
Cash flows from operating activities		
Profit before income taxes	9,864	21,653
Depreciation and amortization	26,586	30,760
Impairment losses	4,975	2,192
Finance income	(325)	(461)
Finance expenses	1,498	2,191
Increase (decrease) in provision for bonuses	658	2,040
Amount of rent offset by lease and guarantee deposits	282	540
Share of loss (profit) of entities accounted for using equity method	(52)	—
Increase/decrease in trade and other receivables, (increase)	(2,295)	(2,535)
Increase/decrease in inventories, (increase)	(389)	(2,558)
Increase/decrease in trade and other payables, (decrease)	2,580	4,459
Others	914	1,411
Subtotal	44,298	59,691
Interest and dividend income received	102	139
Interest paid	(1,428)	(2,008)
Income taxes paid	(3,026)	(2,580)
Income taxes refund	2,414	1,083
Net cash from operating activities	42,360	56,326
Cash flows from investing activities		
Purchase of property, plant and equipment	(15,755)	(19,530)
Proceeds from sales of property, plant and equipment	655	14
Purchase of intangible assets	(957)	(1,196)
Payments into time deposits	(1,413)	(3,207)
Proceeds from withdrawal of time deposits	796	1,796
Payments for lease and guarantee deposits	(1,733)	(1,642)
Purchase of investment securities	—	(1,035)
Others	519	734
Cash flows from investing activities	(17,888)	(24,066)
Cash flows from financing activities		
Redemption of bonds	—	(20,000)
Proceeds from issuance of bonds	—	19,494
Repayments of long-term borrowings	(4,009)	(4,009)
Repayments of lease liabilities	(17,297)	(19,716)
Payments for commission fees	(6)	(15)
Purchase of treasury shares	(0)	(7,504)
Proceeds from exercise of share acquisition rights	19	14
Cash dividends paid	(2,598)	(2,599)
Others	15	12
Cash flows from financing activities	(23,876)	(34,322)
Net increase/decrease in cash and cash equivalents, (decrease)	596	(2,062)
Cash and cash equivalents at beginning of year	50,637	51,228
Effect of exchange rate changes on cash and cash equivalents	(4)	(471)
Cash and cash equivalents at end of year	51,228	48,695

(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 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 Current financial 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 consolidated statement of financial position at the end of the previous fiscal year.

In the consolidated statement of profit and loss and the consolidated statement of comprehensive income, the change in income tax expense increased "net income" by 147 million yen.

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 fiscal year ended September 30, 2023 in the Condensed consolidated statement of changes in equity.

(Segment information)

(1) Overview of Reportable Segments

The Group's reportable segments consist mainly of business 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.

Fiscal Year Ended September 30, 2023 (October 1, 2022 to September 30, 2023)

(Unit: Millions of yen)

	Reportable segment				Total	Total adjustments (Notes 2)	Consolidated total
	Japan Sushiro Business	Overseas Sushiro Business	Kyotaru Business	Other			
Revenue							
External revenue	205,906	66,132	24,329	5,380	301,747	—	301,747
Intersegment revenue	—	—	117	44	161	(161)	—
Total	205,906	66,132	24,446	5,423	301,908	(161)	301,747
Segment profit (loss) (Notes 1)	4,881	5,293	(653)	(380)	9,140	1,861	11,001
Other Items							
Depreciation and amortization	16,070	7,571	1,659	642	25,942	645	26,586
Impairment loss	3,904	337	382	353	4,975	—	4,975

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

2. Adjustment of 1,861 million yen in segment profit (loss) is mainly for corporate expenses not attributable to any reportable segment.

Fiscal Year Ended June 30, 2024 (October 1, 2023 to September 30, 2024)

(Unit: Millions of yen)

	Reportable segment				Total	Total adjustments (Notes 2)	Consolidated total
	Japan Sushiro Business	Overseas Sushiro Business	Kyotaru Business	Other			
Revenue							
External revenue	238,173	92,138	23,939	6,880	361,129	—	361,129
Intersegment revenue	—	—	47	91	139	(139)	—
Total	238,173	92,138	23,986	6,971	361,268	(139)	361,129
Segment profit (loss) (Notes 1)	14,217	7,194	(350)	205	21,267	2,116	23,384
Other Items							
Depreciation and amortization	16,401	11,010	1,738	728	29,876	885	30,760
Impairment loss	582	1,179	400	30	2,192	—	2,192

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

2. Adjustment of 2,116 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.

	Fiscal Year Ended September 30, 2023 (From October 1, 2022 to September 30, 2023)	Fiscal Year Ended September 30, 2024 (From October 1, 2023 to September 30, 2024)
Employee benefits	83,619	99,672
Depreciation and amortization	26,524	30,686
Utilities expenses	8,465	9,020
Other	33,829	40,471
Total	152,437	179,848

(Earnings per share)

	Fiscal Year Ended September 30, 2023 (From October 1, 2022 to September 30, 2023)	Fiscal Year Ended September 30, 2024 (From October 1, 2023 to September 30, 2024)
Profit for the period attributable to common shareholders of the parent (million yen)	8,045	14,633
Profit for the period attributable to common shareholders used in calculations for basic earnings per share (million yen)	8,045	14,633
Profit for the period attributable to common shareholders used in calculations for diluted earnings per share (million yen)	8,045	14,633
Average number of shares during the period	115,681,282	114,808,427
Increase in number of common shares used in calculation for diluted earnings per share	888,514	1,032,418
Average number of common shares during the period after dilution	116,569,796	115,840,845
Basic earnings per share (yen)	69.54	127.46
Diluted earnings per share (yen)	69.01	126.32
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 228 thousand shares)	4 kinds of subscription rights to shares (Common shares 293 thousand shares)

(Important subsequent events)

Not applicable.