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Consolidated Financial Results for the Year Ended March 31, 2023 [Japanese GAAP]

May 12, 2023

Company name: Sagami Holdings Corporation
 Stock exchange listing: Tokyo, Nagoya
 Code number: 9900
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 Scheduled date of Annual General Meeting of Shareholders: June 28, 2023
 Scheduled date of commencing dividend payments: June 29, 2023
 Scheduled date of filing annual securities report: June 28, 2023
 Availability of supplementary briefing material on annual financial results: Yes
 Schedule of annual financial results briefing session: No

(Amounts of less than one million yen are rounded down)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 01, 2022 to March 31, 2023)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2023	26,423	23.8	910	-	1,574	(30.1)	886	(25.7)
March 31, 2022	21,339	4.8	(620)	-	2,253	-	1,192	-

(Note) Comprehensive income: Fiscal year ended March 31, 2023: ¥ 1,029 million [(16.9)%]
 Fiscal year ended March 31, 2022: ¥ 1,240 million [-%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended March 31, 2023	Yen 29.38	Yen -	% 5.7	% 6.5	% 3.4
March 31, 2022	40.46	-	9.0	10.0	(2.9)

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2023: ¥ - million
 Fiscal year ended March 31, 2022: ¥ - million

(Note) Diluted earnings per share are not provided as there are no potential shares with dilutive effect.

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of March 31, 2023	Million yen 24,156	Million yen 15,936	% 65.9	Yen 528.51
March 31, 2022	24,164	15,059	62.3	499.39

(Reference) Equity: As of March 31, 2023: ¥ 15,936 million
 As of March 31, 2022: ¥ 15,058 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended March 31, 2023	Million yen 1,725	Million yen (1,408)	Million yen (1,172)	Million yen 10,725
March 31, 2022	3,014	(708)	1,354	11,574

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2022	-	0.00	-	5.00	5.00	151	12.3	1.0
March 31, 2023	-	0.00	-	7.00	7.00	211	23.8	1.3
Fiscal year ending March 31, 2024 (Forecast)	-	-	-	5.00	5.00		37.8	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 01, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ended September 30, 2023	13,000	1.2	500	(24.8)	510	(61.4)	280	(72.2)	9.28
Full year	26,200	(0.8)	800	(12.1)	820	(47.9)	400	(54.8)	13.26

* Notes:

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

New - (Company name:)

Exclusion: - (Company name:)

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

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

1) Total number of issued shares at the end of the period (including treasury shares):

March 31, 2023: 30,301,784 shares

March 31, 2022: 30,301,784 shares

2) Total number of treasury shares at the end of the period:

March 31, 2023: 17,762 shares

March 31, 2022: 17,655 shares

3) Average number of shares during the period:

Fiscal year ended March 31, 2023: 30,153,374 shares

Fiscal year ended March 31, 2022: 29,476,328 shares

(Note) The Company's shares held by Custody Bank of Japan, Ltd. (Trust Account E) related to the "Board Benefit Trust (BBT)" plan are included in the treasury shares to be deducted in calculating the average number of shares during the period, but not included in the total number of treasury shares at the end of the period above.

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 01, 2022 to March 31, 2023)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2023	2,565	(9.2)	56	(85.6)	68	(85.0)	61	(87.2)
March 31, 2022	2,827	12.6	395	1,095.0	458	208.0	482	-

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2023	2.03	-
March 31, 2022	16.36	-

(Note) Diluted earnings per share are not provided as there are no potential shares with dilutive effect.

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 31, 2023	20,637	16,137	78.1	535.16
March 31, 2022	21,239	16,088	75.7	533.56

(Reference) Equity: As of March 31, 2023: ¥ 16,137 million

As of March 31, 2022: ¥ 16,088 million

* Consolidated financial results reports are outside the scope of audit by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

Financial results forecasts and other forward-looking statements in this document are based on information currently available to the Company and certain assumptions deemed reasonable. Actual performance and other results may be significantly different from the forecasts due to various factors. For details on the assumptions for financial results forecasts and notes on the use of financial results forecasts, etc., please refer to "1. Overview of Operating Results, etc. (4) Outlook" on page 5 of the attachments of this consolidated financial results report.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year under Review

During the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023), the Japanese economy experienced price increases of all commodity items, including energy and various supplies, which profoundly impacted on both people's daily lives and business activities. These price increases were attributable to soaring global resource prices and supply chain disruptions caused by geopolitical risks, as well as the rapid depreciation of the yen in the exchange market. The economy was also impacted by the infectious disease, as full lifting of the quasi-state of emergency measures in late March 2022 caused temporal resurgence of the infection. Meanwhile, there were signs of improvement in consumer confidence and people's traffic as a result of the government implementing measures to balance the infection control and the promotion of economic activities, driven, for example, by a campaign encouraging travel nationwide.

In the food service industry, although it was temporarily affected by the seventh and the eighth waves of COVID-19 infections after behavioral restrictions were lifted by the government, the gradual increase in people's traffic put the industry in a recovery trend. The trend was further strengthened mainly by improvements in service consumption and inbound consumption, backed by the campaign to encourage nationwide travel and the easing of border restrictions. Meanwhile, the business environment remained challenging, with all costs rising, including food supplies, labor, utilities, and logistics.

Under these circumstances, the Group has given top priority to measures to prevent the spread of the infectious disease from the standpoint of protecting the safety and health of customers and employees. In addition, the Group is implementing the new Medium-term Management Plan, "Challenge to '300'", with firmly keeping viewpoint of putting ourselves in customers' places. In accordance with the Plan, we are continuously striving to improve our basic value of "deliciousness and hospitality" and to pursue "food and health" under the theme of pursuing "sustainability" and realizing "regrowth". In order to meet the needs of various customers, we will continue to flexibly implement sales measures such as developing take-away products, increasing the number of restaurants that offer delivery services or serve during the morning hours, and installing vending machines for frozen food. In this way, we will remain committed to improving the value we provide to our customers and our corporate value.

In addition, from a medium- to long-term perspective, we will promote digital transformation and enhance the use of information technology in various operations, and focus on "what people do = value creation" to further increase productivity in response to the lowering birthrate and aging society, and declining population that will continue to accelerate going forward.

The overview of our business segments is as follows.

Food Service Business

1) Sagami

Sagami held a cooking fair nine times as sales promotion measures in all restaurants.

Furthermore, we executed "Sagami Official Twitter Follow & Retweet Campaign" once in April and October, respectively, "Golden Week Coupon Distribution" once in April, "Father's Day" promotion once in June, "Big Gratitude Summer Fair" once in July, "Distribution of Silver Week Coupons" once in September, "Winter Campaign of Big Thanks Giving Day" once in November, "Year-end and New Year Coupon Distribution" promotion once in December, "JAF Plus Coupon Distribution" promotion once in January, "Distribution of Leaflet with Ehomaki (a rolled sushi) and Hamaguri (clam) Dish Coupon" event once in February, and "Foundation Anniversary Fair" once in March. In addition, as part of the regional sales promotion measures, we held "Invitation to Misono-za Campaign" in June, carried out a joint program with "Central Aichi Symphony Orchestra" on which we handed out a brand promotion leaflet at the performance venue in October and November, each held once, offered "Wajima Natural Fugu-ten (tempura of globefish) and Miso-nikomi (udon noodles stewed with miso)" at specified restaurant in collaboration with Wajima City, Ishikawa Prefecture, and conducted "Senkyowari (Election Day Discount) Campaign" within the restaurants in Aichi Prefecture in February that allowed diners to get a 10% discount from total prices by presenting a voting certificate issued

upon completion of voting. Moreover, we released the Sagami Official App in September.

As a result, sales from existing restaurants increased by 25.0% year on year, the number of customers at existing restaurants increased by 21.0% year on year, and the average spending per customer increased by 3.3% year on year.

As for restaurants, the Company opened “Sagami Handa Inter Restaurant” (in September), “Sagami Kizugawa Shiroyamadai Restaurant” (in December), “Sagami Nagakute Restaurant” (in January), and “Sagami Toyoyama Restaurant” (in March). On the other hand, the Company closed “Sagami Nishiotsu Restaurant” (in May), “Sagami Fujieda Restaurant” (in August), and “Sagami Kagiya Restaurant” (in October).

The number of Sagami restaurants was 133 at the end of the fiscal year under review.

2) Ajino-Mingei

Ajino-Mingei held a “Cooking Fair” seven times as sales promotion project for all restaurants and “Mother’s Day Fair”, “Father’s Day Fair”, “All-you-can-eat Tenobe Udon (hand-stretched udon noodles)” promotion, “Respect for the Aged Day Fair”, “Japanese Food Day Fair”, “Year-End and New Year Fair”, and “Setsubun (the close of winter day) and Ehomaki Fair” once, respectively.

In addition, “a 10% discount campaign for dining in the restaurant and take-out” was offered along with “Big Gratitude Summer Fair”, “Autumn New Menu Fair”, and “Spring Delicacy Fair” each held once.

As for restaurants, the Company closed “Ajino-Mingei Nishikokubunji Restaurant” (in August).

The number of Ajino-Mingei restaurants, including franchise restaurants, was 51 at the end of the fiscal year under review.

3) Don Don An

Don Don An held a “Cooking Fair” nine times as a sales promotion project for all restaurants. In addition, Don Don An held a “Free Large-sized Noodle Campaign” once in April and a “GO! Don Don An Coupon Campaign” once in May, October, and February, respectively.

As for restaurants, we changed the type of business operation of “Katsutani Ichinomiya Bisai Restaurant” to open “Don Don An Ichinomiya Bisai Restaurant” (in November). Meanwhile, we closed “Don Don An Tobishima Restaurant” (in December).

The number of Don Don An restaurants, including franchise restaurants, was 32 at the end of the fiscal year under review.

4) Other Restaurants

In the Other Restaurants segment, Aiso-Ya held a “Cooking Fair” 12 times. Furthermore, 3 Aiso-Ya restaurants, Tendo, Daijuji, and Togo started serving during morning hours in July. Large-sized, self-service-type Udon noodles restaurant Seimen-Daigaku held a “Cooking Fair” 11 times.

As for restaurants in Japan, we opened “Juwari Soba Second Generation Chosuke Gifu Iwataki Store” in Gifu City, Gifu Prefecture (in May), “Juwari Soba Second Generation Chosuke Inazawa Store” in Inazawa City, Aichi Prefecture (in March), and “Juwari Soba Second Generation Chosuke Noda Store” in Noda City, Chiba Prefecture (in March). On the other hand, we closed “Gochitaku Ajino-Mingei Nerima Heiwadai Restaurant” (in October), “Bubuka Nishidai Restaurant” (in November), “Gochitaku Sagami Moriyama Restaurant” (in December), “Totokura Shonandai Restaurant” (in December), and “JINJIN Sano Restaurant” (in January). We closed “Katsutani Ichinomiya Bisai Restaurant” (in November) and “Aiso-Ya Toyoyama Restaurant” (in February) as well, with the conversion of the type of business operation.

As for restaurants overseas, we opened “SAGAMI Bellinzago Lombardo” (in April), as a franchise restaurant in the suburbs of Milan, Italy. On the other hand, we closed “SAGAMI Siena” (in August) in Italy.

The number of restaurants, including franchise restaurants, was 25 in Japan and 9 overseas, for a total of 34 restaurants at the end of the fiscal year under review.

As a result, for the fiscal year ended March 31, 2023, net sales were ¥26,423 million, operating profit was ¥910 million, ordinary profit was ¥1,574 million, and profit attributable to owners of parent was ¥886 million. In addition, the number of group restaurants was 250 at the end of the fiscal year under review.

(2) Overview of Financial Position for the Fiscal Year under Review

The total assets at the end of the fiscal year under review were ¥24,156 million, a decrease of ¥7 million from the end of the previous fiscal year.

Current assets decreased by ¥681 million from the end of the previous fiscal year to ¥12,469 million. The main factors were a decrease of ¥848 million in cash and deposits and an increase of ¥112 million in accounts receivable - trade.

Non-current assets increased by ¥673 million from the end of the previous fiscal year to ¥11,687 million. The main factors were an increase of ¥389 million in buildings and structures and an increase of ¥140 million in investment securities, and a decrease of ¥27 million in guarantee deposits.

Current liabilities increased by ¥202 million from the end of the previous fiscal year to ¥4,700 million. The main factors were an increase of ¥164 million in notes and accounts payable - trade, an increase of ¥141 million in accounts payable - other, and a decrease of ¥304 million in income taxes payable.

Non-current liabilities decreased by ¥1,087 million from the end of the previous fiscal year to ¥3,519 million. The main factors were a decrease of ¥1,160 million in long-term borrowings, an increase of ¥55 million in provision for share awards, and an increase of ¥15 million in asset retirement obligations.

Net assets increased by ¥877 million from the end of the previous fiscal year to ¥15,936 million. The main factors were an increase of ¥734 million in retained earnings and an increase of ¥138 million in valuation difference on available-for-sale securities.

(3) Overview of Cash Flows for the Fiscal Year under Review

Cash and cash equivalents (hereinafter "cash") at the end of the fiscal year under review amounted to ¥10,725 million, a decrease of ¥848 million from the end of the previous fiscal year.

The status of respective cash flows and underlying factors for the fiscal year under review are as follows:

(Cash flows from operating activities)

Net cash provided by operating activities amounted to ¥1,725 million. The main inflows include ¥1,110 million in profit before income taxes, ¥443 million in impairment losses, and ¥89 million in increase in accounts payable - other, while the main outflow includes ¥547 million in income taxes paid.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥1,408 million. The main inflow includes ¥50 million in proceeds from refund of guarantee deposits, while the main outflow includes ¥1,353 million in purchase of property, plant and equipment.

(Cash flows from financing activities)

Net cash used in financing activities amounted to ¥1,172 million. The main outflows include ¥150 million in dividends paid and ¥1,012 million in repayments of long-term borrowings.

(Reference) Changes in indicators related to cash flow

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Capital adequacy ratio (%)	70.8	67.3	54.4	62.3	65.9
Capital adequacy ratio based on fair value (%)	169.5	171.7	150.9	149.6	160.8
Interest-bearing debt to cash flow ratio (%)	148.8	1,022.5	-	161.7	224.1
Interest coverage ratio (times)	419.9	60.7	-	386.7	270.6

(Notes) Capital adequacy ratio: Equity / Total Assets

Capital adequacy ratio based on fair value: Market capitalization / Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt / Net cash flows from operating activities

Interest coverage ratio: Net cash flows from operating activities / Interest paid

- 1) All indicators were calculated using the consolidated financial statement.
- 2) Market capitalization is calculated by multiplying the closing share price at the end of the period by the number of outstanding shares at the end of the period.
- 3) Net cash flows from operating activities are the figure of net cash provided by (used in) operating activities stated in the Consolidated Statements of Cash Flows. Interest-bearing debt includes all debts stated in the Consolidated Balance Sheets for which interest is paid. Interest paid is the amount of interest paid stated in the Consolidated Statements of

Cash Flows.

- 4) Interest-bearing debt to cash flow ratio and interest coverage ratio for the fiscal year ended March, 31 2021 is not provided as net cash flows from operating activities for the period were negative.

(4) Outlook

The environment surrounding our Group is expected to remain challenging with ongoing concerns about supply chain disruptions caused by geopolitical risks and soaring costs in all aspects such as food supplies, labor, utilities, and logistics, in addition to declining and aging population, competition against other industries, and global price hike in resources along with inflation pushed by the yen depreciation.

The Group is committed to all possible measures from the standpoint of prioritizing the safety of customers and employees. In addition, while firmly keeping the viewpoint of putting ourselves in customers' places as a key principle, we strive to "strengthen our business foundation", "improve profitability", and "promote growth strategies" and advance CSV (Creating Shared Value) management. Specifically, we will evolve our existing CSR initiatives to enhance our efforts in addressing the Sustainable Development Goals (SDGs).

In our existing restaurants, we will expand sales channels by developing take-away products and delivery services while further improving service and quality. As for the opening of new restaurants, we will steadily progress with the opening of our mainstays, Sagami and Ajino-Mingei, as well as small-sized franchise stores within Japan, and SAGAMI in overseas countries, in particular, the ASEAN region.

For the fiscal year ending March 31, 2024, we forecast net sales of ¥26,200 million, operating profit of ¥800 million, ordinary profit of ¥820 million, and profit attributable to owners of parent of ¥400 million, on a consolidated basis.

2. Basic Policy on Selection of Accounting Standards

The Group adopts Japanese generally accepted accounting principles (Japanese GAAP) because its business is currently centered around Japan. However, we intend to consider adopting the International Financial Reporting Standards (IFRS) by taking into consideration the changes in our foreign shareholders' ratio and the trend of IFRS adoption among other Japanese companies.

3. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheets

(Thousand yen)

	As of March 31,2022	As of March 31,2023
Assets		
Current assets		
Cash and deposits	11,574,143	10,725,470
Accounts receivable - trade	580,614	693,270
Merchandise and finished goods	119,494	148,159
Raw materials and supplies	437,045	401,068
Other	439,511	501,235
Total current assets	13,150,809	12,469,205
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,638,991	14,111,675
Accumulated depreciation and impairment	(11,890,081)	(11,973,140)
Buildings and structures, net	1,748,909	2,138,535
Machinery, equipment and vehicles	3,330,673	3,417,765
Accumulated depreciation and impairment	(2,967,823)	(3,035,086)
Machinery, equipment and vehicles, net	362,849	382,679
Tools, furniture and fixtures	975,252	971,472
Accumulated depreciation and impairment	(923,953)	(893,667)
Tools, furniture and fixtures, net	51,299	77,805
Leased assets	350,583	357,123
Accumulated depreciation and impairment	(330,350)	(336,938)
Leased assets, net	20,232	20,184
Land	6,442,133	6,442,133
Construction in progress	5,951	153,134
Total property, plant and equipment	8,631,375	9,214,472
Intangible assets		
Other	102,248	94,603
Total intangible assets	102,248	94,603
Investments and other assets		
Investment securities	571,339	712,077
Long-term loans receivable	77,688	43,017
Guarantee deposits	1,442,245	1,414,253
Deferred tax assets	104,131	129,853
Other	84,769	79,284
Total investments and other assets	2,280,174	2,378,485
Total non-current assets	11,013,798	11,687,561
Total assets	24,164,607	24,156,766

(Thousand yen)

	As of March 31,2022	As of March 31,2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	608,127	772,579
Current portion of long-term borrowings	1,012,296	1,160,629
Accounts payable - other	1,700,443	1,841,692
Income taxes payable	428,702	124,524
Contract liabilities	110,765	98,248
Provision for bonuses	212,830	246,107
Provision for bonuses for directors (and other officers)	-	49,970
Provision for loss on store closings	-	10,711
Other	424,652	396,001
Total current liabilities	4,497,817	4,700,464
Non-current liabilities		
Long-term borrowings	3,841,817	2,681,188
Long-term accounts payable - other	171,107	165,952
Provision for share awards	28,903	84,511
Asset retirement obligations	461,529	477,123
Long-term guarantee deposits	69,044	69,129
Other	35,217	41,835
Total non-current liabilities	4,607,619	3,519,739
Total liabilities	9,105,437	8,220,204
Net assets		
Shareholders' equity		
Share capital	9,090,653	9,090,653
Capital surplus	6,192,923	6,192,923
Retained earnings	(101,395)	633,337
Treasury shares	(184,400)	(184,531)
Total shareholders' equity	14,997,781	15,732,382
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	66,249	204,695
Foreign currency translation adjustment	(5,556)	(515)
Total accumulated other comprehensive income	60,692	204,179
Non-controlling interests	696	-
Total net assets	15,059,170	15,936,562
Total liabilities and net assets	24,164,607	24,156,766

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Thousand yen)

	For the fiscal year ended March 31,2022	For the fiscal year ended March 31,2023
Net sales	21,339,433	26,423,094
Cost of sales	6,649,677	8,490,260
Gross profit	14,689,755	17,932,833
Total selling, general and administrative expenses	15,310,069	17,022,483
Operating profit	(620,314)	910,350
Non-operating income		
Interest income	760	686
Dividend income	16,448	27,866
Foreign exchange gains	25,381	38,937
Insurance claim income	10,114	19,670
Subsidy income	2,804,252	566,950
Miscellaneous income	43,448	46,138
Total non-operating income	2,900,405	700,249
Non-operating expenses		
Interest expenses	8,053	6,376
Share issuance costs	1,988	-
Bad debt expenses	13,465	29,124
Miscellaneous losses	3,417	412
Total non-operating expenses	26,924	35,913
Ordinary profit	2,253,166	1,574,686
Extraordinary income		
Gain on sale of investment securities	26	-
Gain on sale of shares of subsidiaries and associates	74,967	-
Compensation income	-	34,216
Other	131	-
Total extraordinary income	75,125	34,216
Extraordinary losses		
Loss on retirement of non-current assets	2,782	1,339
Impairment losses	779,817	443,107
Loss on liquidation of subsidiaries and associates	-	18,296
Loss on midterm cancellation of contracts	-	35,168
Total extraordinary losses	782,599	497,912
Profit before income taxes	1,545,691	1,110,990
Income taxes - current	410,548	250,848
Income taxes - deferred	(57,646)	(26,010)
Total income taxes	352,902	224,837
Profit	1,192,789	886,153
Profit attributable to owners of parent	1,192,789	886,153

Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the fiscal year ended March 31,2022	For the fiscal year ended March 31,2023
Profit	1,192,789	886,153
Other comprehensive income		
Valuation difference on available-for-sale securities	50,279	138,446
Foreign currency translation adjustment	(2,697)	4,924
Total other comprehensive income	47,582	143,371
Comprehensive income	1,240,371	1,029,524
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,239,473	1,029,640
Comprehensive income attributable to non-controlling interests	898	(115)

(3) Consolidated Statements of Changes in Equity

For the fiscal year ended March 31, 2022

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,873,917	4,976,188	(1,294,184)	(184,296)	11,371,625
Changes during period					
Issuance of new shares	1,216,735	1,216,735			2,433,470
Dividends of surplus					-
Profit attributable to owners of parent			1,192,789		1,192,789
Purchase of treasury shares				(103)	(103)
Net changes in items other than shareholders' equity					-
Total changes during period	1,216,735	1,216,735	1,192,789	(103)	3,626,155
Balance at end of period	9,090,653	6,192,923	(101,395)	(184,400)	14,997,781

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	15,969	(1,960)	14,008	9,550	691	11,395,875
Changes during period						
Issuance of new shares						2,433,470
Dividends of surplus						-
Profit attributable to owners of parent						1,192,789
Purchase of treasury shares						(103)
Net changes in items other than shareholders' equity	50,279	(3,596)	46,683	(9,550)	5	37,139
Total changes during period	50,279	(3,596)	46,683	(9,550)	5	3,663,294
Balance at end of period	66,249	(5,556)	60,692	-	696	15,059,170

For the fiscal year ended March 31,2023

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	9,090,653	6,192,923	(101,395)	(184,400)	14,997,781
Changes during period					
Issuance of new shares					-
Dividends of surplus			(151,420)		(151,420)
Profit attributable to owners of parent			886,153		886,153
Purchase of treasury shares				(131)	(131)
Net changes in items other than shareholders' equity					-
Total changes during period	-	-	734,732	(131)	734,600
Balance at end of period	9,090,653	6,192,923	633,337	(184,531)	15,732,382

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	66,249	(5,556)	60,692	-	696	15,059,170
Changes during period						
Issuance of new shares						-
Dividends of surplus						(151,420)
Profit attributable to owners of parent						886,153
Purchase of treasury shares						(131)
Net changes in items other than shareholders' equity	138,446	5,040	143,487	-	(696)	142,790
Total changes during period	138,446	5,040	143,487	-	(696)	877,391
Balance at end of period	204,695	(515)	204,179	-	-	15,936,562

(4) Consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended March 31,2022	For the fiscal year ended March 31,2023
Cash flows from operating activities		
Profit before income taxes	1,545,691	1,110,990
Depreciation	395,802	385,011
Impairment losses	779,817	443,107
Amortization of goodwill	100,658	-
Bad debt expenses	13,465	29,124
Foreign exchange losses (gains)	(25,381)	(38,937)
Loss (gain) on sale of investment securities	(26)	-
Loss (gain) on sale of shares of subsidiaries and associates	(74,967)	-
Increase (decrease) in provision for bonuses	11,208	33,276
Increase (decrease) in provision for bonuses for directors (and other officers)	-	49,970
Increase (decrease) in provision for share awards	5,767	55,607
Increase (decrease) in retirement benefit liability	723	-
Increase (decrease) in provision for loss on store closings	(4,940)	10,711
Interest and dividend income	(17,209)	(28,552)
Subsidy income	(2,804,252)	(566,950)
Interest expenses	8,053	6,376
Share issuance costs	1,988	-
Loss on retirement of non-current assets	2,782	1,339
Loss (gain) on liquidation of subsidiaries and associates	-	18,296
Decrease (increase) in trade receivables	(95,888)	(112,566)
Decrease (increase) in inventories	(116,654)	7,561
Increase (decrease) in trade payables	108,805	164,284
Increase (decrease) in accounts payable - other	189,427	89,654
Other, net	230,710	(20,699)
Subtotal	255,582	1,637,605
Interest and dividends received	16,517	27,934
Interest paid	(7,793)	(6,376)
Subsidies received	2,804,252	566,950
Income taxes paid	(53,957)	(547,204)
Income taxes refund	-	47,041
Net cash provided by (used in) operating activities	3,014,600	1,725,951
Cash flows from investing activities		
Purchase of property, plant and equipment	(646,545)	(1,353,858)
Proceeds from sale of property, plant and equipment	131	-
Proceeds from sale of investment securities	132	-
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	21,645	8,264
Payments of guarantee deposits	(37,449)	(19,179)
Proceeds from refund of guarantee deposits	56,360	50,969
Other, net	(103,048)	(94,544)
Net cash provided by (used in) investing activities	(708,774)	(1,408,348)

(Thousand yen)

	For the fiscal year ended March 31,2022	For the fiscal year ended March 31,2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(500,000)	-
Proceeds from long-term borrowings	500,000	-
Repayments of long-term borrowings	(1,058,986)	(1,012,296)
Purchase of treasury shares	(103)	(131)
Dividends paid	(41)	(150,682)
Repayments of lease liabilities	(8,639)	(9,600)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	2,421,931	-
Net cash provided by (used in) financing activities	1,354,160	(1,172,711)
Effect of exchange rate change on cash and cash equivalents	31,592	6,435
Net increase (decrease) in cash and cash equivalents	3,691,579	(848,672)
Cash and cash equivalents at beginning of period	7,882,563	11,574,143
Cash and cash equivalents at end of period	11,574,143	10,725,470

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Changes in accounting policies)

The Company has applied the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021; hereinafter “Fair Value Measurement Guidance”) from the beginning of the fiscal year under review, and will prospectively apply the new accounting policies stipulated by the Fair Value Measurement Guidance in accordance with the transitional treatment provided in Paragraph 27-2 of the Fair Value Measurement Guidance. This application has no impact on the consolidated financial statements.

(Segment information, etc.)

(Segment information)

The Group’s only business segment is “food services”. Since other business segments are considered to be immaterial, segment information is omitted.

(Per share information)

Items	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net assets per share	¥499.39	¥528.51
Basic earnings per share	¥40.46	¥29.38

(Notes) 1) Diluted earnings per share are not provided as there are no potential shares with dilutive effect.

2) The Company’s shares held by Custody Bank of Japan, Ltd. (Trust Account E) related to the “Board Benefit Trust (BBT)” plan are included in the treasury shares to be deducted in calculating the average number of shares during the period for the purpose of calculating basic earnings per share. The average number of treasury shares during the period that was deducted for the purpose of calculating basic earnings per share was 130,700 shares. The number of treasury shares at the end of the period that was deducted for the purpose of calculating net assets per share was 130,700 shares.

3) The basis for the calculation of basic earnings per share is as follows:

Items	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Basic earnings per share	40.46	29.38
Profit attributable to owners of parent (Thousand yen)	1,192,789	886,155
Profit not attributable to common shareholders (Thousand yen)	-	-
Profit attributable to owners of parent relating to common shares (Thousand yen)	1,192,789	886,155
Average number of common shares during the period (Thousand shares)	29,476	30,153

(Significant subsequent events)

Not applicable.