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## Consolidated Financial Results for the Three Months Ended June 30, 2023 [Japanese GAAP]

August 10, 2023

Company name: Sagami Holdings Corporation

Stock exchange listing: Tokyo, Nagoya

Code number: 9900

URL: <https://www.sagami-holdings.co.jp>

Representative: Hisashi Onishi

President

Contact: Yasufumi Nakajima

Director & Executive Officer in charge of management

Phone: +81-52-737-6000

Scheduled date of filing quarterly securities report: August 10, 2023

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: No

Schedule of quarterly financial results briefing session: No

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

### 1. Consolidated Financial Results for the Three Months Ended June 30, 2023 (April 1, 2023 to June 30, 2023)

#### (1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2023	7,077	13.4	336	(7.8)	355	(52.4)	252	(58.7)
June 30, 2022	6,237	32.9	365	-	748	345.1	612	323.8

(Note) Comprehensive income: Three months ended June 30, 2023: ¥ 294 million [ (55.0)%  
Three months ended June 30, 2022: ¥ 655 million [ 522.4%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2023	8.37	-
June 30, 2022	20.30	-

(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
As of	Millions of yen	Millions of yen	%
June 30, 2023	23,506	16,018	68.1
March 31, 2023	24,156	15,936	65.9

(Reference) Equity: As of June 30, 2023: ¥ 16,018 million  
As of March 31, 2023: ¥ 15,936 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	-	0.00	-	7.00	7.00
Fiscal year ending March 31, 2024	-				
Fiscal year ending March 31, 2024 (Forecast)		0.00	-	5.00	5.00

(Note) Revision to the forecast for dividends announced most recently: No

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024(April 1, 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
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending 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

(Note) Revision to the financial results forecast announced most recently: No

### \* Notes:

#### (1) Changes in significant subsidiaries during the three months ended June 30, 2023

(changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name: )

Exclusion: - (Company name: )

#### (2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

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

1) Changes in accounting policies due to the revision of accounting standards: No

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

3) Changes in accounting estimates: No

4) Retrospective restatement: No

#### (4) Total number of issued shares (common shares)

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

June 30, 2023: 30,301,784 shares

March 31, 2023: 30,301,784 shares

##### 2) Number of treasury shares at the end of the period:

June 30, 2023: 17,812 shares

March 31, 2023: 17,762 shares

##### 3) Average number of shares outstanding during the period:

Three months ended June 30, 2023: 30,153,321 shares

Three months ended June 30, 2022: 30,153,427 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.

\* Quarterly financial results reports are exempt from quarterly review conducted 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. (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” on page 3 of the attachments of this quarterly financial results report.

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## 1. Qualitative Information on Quarterly Financial Results

### (1) Explanation of Operating Results

During the three months ended June 30, 2023 (from April 1, 2023 to June 30, 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. Under the circumstances, there were signs of improvement in consumer confidence and people's traffic as a result of the reclassification of COVID-19's category to Class 5 under the Infectious Diseases Control Act, which removed the legal requirement to refrain from leaving the house, and the measures to economic promotion activities such as a campaign encouraging travel nationwide by the Government and issuance of premium gift vouchers by the local governments.

In the food service industry, we saw a stronger recovery trend, mainly due to increase of domestic consumption and expansion of inbound consumption. Meanwhile, the business environment remained challenging, with all costs rising, including food supplies, labor, utilities, and logistics.

Under these circumstances, the Group is implementing the Medium-term Management Plan, "Together", with firmly keeping viewpoint of putting ourselves in customers' places. In accordance with the Plan, we are striving to improve our basic value of "deliciousness and hospitality" and to "pursue to provide values by food" aiming for good health both in "mind and body" under the theme of pursuing "sustainability" and realizing "regrowth". In addition, we will endeavor to achieve the "material and spiritual richness" of our human resources, our greatest management resource and support employees so that they can feel both "worth living" and "rewarding" in their works. In this way, we will remain committed to improve the value we provide to our customers and our corporate value.

The overview of our business segments is as follows.

### (Overview of business segments)

#### 1) Sagami

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

In addition, we distributed "Golden Week Coupons" and advertising inserts of new menu along with changes in regular items once in April, and carried out a "Father's Day" promotion for a certain period in June to promote items using eel. Furthermore, we conducted "Senkyowari (Election Day Discount)" campaign in April as part of the local sales promotions in some areas.

As a result, sales from existing restaurants increased by 10.8% year on year, the number of customers at existing restaurants increased by 9.3% year on year, and the average spending per customer increased by 1.4% year on year.

As for restaurants, the Company opened "Sagami Kawana Restaurant" (in May).

The number of Sagami restaurants was 134 at the end of the first quarter of the fiscal year under review.

#### 2) Ajino-Mingei

Ajino-Mingei held a "Cooking Fair" three times as sales promotion projects for all restaurants. We offered "Mother's Day Set Meal" in May and held "Father's Day Fair" in which eel products and draft beer were sold at a reasonable price, and "All-you-can-eat Tenobe Udon (hand-stretched udon noodles)" promotion in June, each once, respectively.

As for restaurants, the Company closed "Ajino-Mingei Higashiyamato Restaurant" (in June).

The number of Ajino-Mingei restaurants, including franchise restaurants, was 50 at the end of the first quarter of the fiscal year under review.

### 3) Don Don An

Don Don An held a “Cooking Fair” three times as a sales promotion project for all restaurants and “Don Don Festival Fair” in April.

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

### 4) Other Restaurants

In the Other Restaurants segment, Aiso-Ya held a “Cooking Fair” two times. Large-sized, self-service-type Udon noodles restaurant “Seimen-Daigaku” held a “Cooking Fair” three times. Self-service-type Juwari Soba noodles restaurant “Chosuke” held a “Cooking Fair” at “Kakiage Juwari Soba Chosuke” three times and at “Juwari Soba Second Generation Chosuke” four times.

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 first quarter of the fiscal year under review.

As a result, for the three months ended June 30, 2023, net sales were ¥7,077 million, operating profit was ¥336 million, ordinary profit was ¥355 million, and profit attributable of owners of parent was ¥252 million. In addition, the number of group restaurants was 250 at the end of the first quarter of the fiscal year under review.

## (2) Explanation of Financial Position

The total assets at the end of the first quarter of the fiscal year under review were ¥23,506 million, a decrease of ¥650 million from the end of the previous fiscal year. Current assets decreased by ¥826 million from the end of the previous fiscal year to ¥11,642 million, while non-current assets increased by ¥175 million to ¥11,863 million. Current liabilities decreased by ¥551 million from the end of the previous fiscal year to ¥4,148 million, while non-current liabilities decreased by ¥180 million to ¥3,338 million. Net assets increased by ¥82 million from the end of the previous fiscal year to ¥16,018 million.

## (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

No revisions have been made to the consolidated financial results forecasts for the fiscal year ending March 31, 2024, from the forecasts which were announced on May 12, 2023.

## 2. Quarterly Consolidated Financial Statements and Principal Notes

### (1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2023	As of June 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	10,725,470	9,889,986
Accounts receivable - trade	693,270	577,200
Merchandise and finished goods	148,159	177,459
Raw materials and supplies	401,068	430,427
Other	501,235	567,912
Total current assets	12,469,205	11,642,985
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,138,535	2,310,076
Machinery, equipment and vehicles, net	382,679	407,923
Land	6,442,133	6,442,133
Other, net	251,124	258,291
Total property, plant and equipment	9,214,472	9,418,424
Intangible assets		
Other	94,603	91,653
Total intangible assets	94,603	91,653
Investments and other assets		
Investment securities	712,077	746,578
Long-term loans receivable	43,017	41,760
Guarantee deposits	1,414,253	1,384,124
Deferred tax assets	129,853	111,589
Other	79,284	69,274
Total investments and other assets	2,378,485	2,353,327
Total non-current assets	11,687,561	11,863,404
Total assets	24,156,766	23,506,390

(Thousands of yen)

	As of March 31, 2023	As of June 30, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	772,579	709,657
Current portion of long-term borrowings	1,160,629	1,100,629
Accounts payable - other	1,841,692	1,540,353
Income taxes payable	124,524	78,202
Contract liabilities	98,248	68,157
Provision for bonuses	246,107	100,060
Provision for bonuses for directors (and other officers)	49,970	49,970
Provision for loss on store closings	10,711	10,293
Other	396,001	491,330
Total current liabilities	4,700,464	4,148,655
Non-current liabilities		
Long-term borrowings	2,681,188	2,488,114
Long-term accounts payable - other	165,952	165,952
Provision for share awards	84,511	85,936
Asset retirement obligations	477,123	484,758
Long-term guarantee deposits	69,129	72,778
Other	41,835	41,404
Total non-current liabilities	3,519,739	3,338,943
Total liabilities	8,220,204	7,487,598
Net assets		
Shareholders' equity		
Share capital	9,090,653	9,090,653
Capital surplus	6,192,923	6,192,923
Retained earnings	633,337	673,886
Treasury shares	(184,531)	(184,594)
Total shareholders' equity	15,732,382	15,772,868
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	204,695	247,044
Foreign currency translation adjustment	(515)	(1,121)
Total accumulated other comprehensive income	204,179	245,923
Total net assets	15,936,562	16,018,791
Total liabilities and net assets	24,156,766	23,506,390



(2) Quarterly Consolidated Statements of Income and Comprehensive Income  
Quarterly Consolidated Statements of Income (For the three months)

(Thousands of yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Net sales	6,237,504	7,077,620
Cost of sales	1,926,484	2,322,256
Gross profit	4,311,019	4,755,363
Selling, general and administrative expenses	3,945,674	4,418,538
Operating profit	365,345	336,824
Non-operating income		
Interest income	157	147
Dividend income	15,611	13,414
Foreign exchange gains	64,877	964
Insurance claim income	19,511	1,217
Subsidy income	280,432	-
Miscellaneous income	4,603	4,803
Total non-operating income	385,193	20,548
Non-operating expenses		
Interest expenses	1,785	1,447
Miscellaneous losses	2	155
Total non-operating expenses	1,787	1,602
Ordinary profit	748,751	355,770
Extraordinary income		
Gain on sale of investment securities	-	2,433
Total extraordinary income	-	2,433
Extraordinary losses		
Loss on retirement of non-current assets	0	1,179
Impairment losses	19,268	26,001
Loss on sale of investment securities	-	1,201
Loss on midterm cancellation of contracts	35,168	-
Total extraordinary losses	54,436	28,382
Profit before income taxes	694,314	329,821
Income taxes - current	79,903	63,991
Income taxes - deferred	2,077	13,292
Total income taxes	81,981	77,283
Profit	612,332	252,537
Profit attributable to owners of parent	612,332	252,537

Quarterly Consolidated Statements of Comprehensive Income (For the three months)

(Thousands of yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Profit	612,332	252,537
Other comprehensive income		
Valuation difference on available-for-sale securities	64,879	42,349
Foreign currency translation adjustment	(22,079)	(605)
Total other comprehensive income	42,799	41,743
Comprehensive income	655,132	294,280
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	654,990	294,280
Comprehensive income attributable to non-controlling interests	141	-

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in case of significant changes in shareholders' equity)

Not applicable.