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September 28, 2023

Consolidated Financial Results for the Six Months Ended August 20, 2023 (Under Japanese GAAP)



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 Listing: Tokyo Stock Exchange
 Securities code: 8276
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 Scheduled date to file quarterly securities report: September 29, 2023
 Scheduled date to commence dividend payments: November 1, 2023
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: Yes (for institutional investors and securities analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the six months ended August 20, 2023 (from February 21, 2023 to August 20, 2023)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended August 20, 2023	207,960	2.3	6,386	32.3	6,916	24.2	4,129	38.5
August 20, 2022	203,210	—	4,825	—	5,567	—	2,982	—

Note: Comprehensive income For the six months ended August 20, 2023: ¥4,734 million [8.9%]
 For the six months ended August 20, 2022: ¥4,348 million [-%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended August 20, 2023	78.74	—
August 20, 2022	56.87	—

Note: The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and other standards from the beginning of the first quarter of the previous fiscal year. Figures for the six months ended August 20, 2022 reflect these accounting standards, and year-on-year percentage changes are not provided.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of August 20, 2023	311,089	185,837	59.1
February 20, 2023	300,422	182,297	60.0

Reference: Equity

As of August 20, 2023: ¥183,853 million
 As of February 20, 2023: ¥180,380 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended February 20, 2023	—	19.00	—	23.00	42.00
Fiscal year ending February 20, 2024	—	19.00			
Fiscal year ending February 20, 2024 (Forecast)			—	23.00	42.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated financial result forecasts for the fiscal year ending February 20, 2024 (from February 21, 2023 to February 20, 2024)

(Percentages indicate year-on-year changes.)

	Operating revenue		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
Full year	427,000	2.7	13,000	15.3	14,100	7.9	8,300	10.4	158.25

Note: Revisions to the financial result forecast most recently announced: None

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in change in scope of consolidation): None

Newly included: –

Excluded: –

(2) Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements: Yes

Note: For details, please see “2. Quarterly Consolidated Financial Statements and Principal Notes (4) Notes to Quarterly Consolidated Financial Statements (Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements)” on page 8 of the attachments.

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

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

Note: For details, please see “2. Quarterly Consolidated Financial Statements and Principal Notes (4) Notes to Quarterly Consolidated Financial Statements (Changes in accounting policies)” on page 8 of the attachments.

(4) Number of issued shares (common shares)

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

As of August 20, 2023	52,546,470 shares
As of February 20, 2023	52,546,470 shares

(ii) Number of treasury shares at the end of the period

As of August 20, 2023	98,191 shares
As of February 20, 2023	98,019 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended August 20, 2023	52,448,415 shares
Six months ended August 20, 2022	52,448,692 shares

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Explanation regarding proper use of earnings forecasts and other special matters

Forward-looking statements such as earnings forecasts in this document are based on information currently available to the Company and certain assumptions deemed reasonable, and are not intended to guarantee that the Company will achieve them. Actual operating results may differ substantially from these forecasts due to a variety of factors.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

During the six months under review (from February 21, 2023 to August 20, 2023), the Japanese economy was expected to recover following the reclassification of the category of COVID-19 to Class 5. However, consumers are becoming more conscious than ever before of protecting their daily lives due to concerns over persistently high energy prices and inflation, and as a result, the economic situation remains uncertain.

In the retail and restaurant industries in Japan, as restrictions were eased in the wake of the reclassification of COVID-19, operating revenue grew in line with a recovery in demand for going out, an increase in the number of customers, and a rise in unit prices due to continuous price hikes. Furthermore, profits increased as selling and administrative expenses were controlled due to effective use of advertising expenses and the impact of productivity improvement on personnel expenses, in addition to efforts to reduce the utility costs and a less-than-expected rise in fuel adjustment costs.

As a result of the foregoing, the operating results for the six months under review were operating revenue of ¥207,960 million (up 2.3% year on year), operating profit of ¥6,386 million (up 32.3% year on year), ordinary profit of ¥6,916 million (up 24.2% year on year), and profit attributable to owners of parent of ¥4,129 million (up 38.5% year on year).

(2) Explanation of Financial Position

Total assets as of the end of the second quarter under review increased by ¥10,667 million from the end of the previous fiscal year to ¥311,089 million. The main factors included increases in cash and deposits of ¥4,732 million, property, plant and equipment of ¥4,629 million and notes and accounts receivable - trade, and contract assets of ¥1,625 million.

Liabilities increased by ¥7,127 million from the end of the previous fiscal year to ¥125,252 million. The main factors included increases in short-term borrowings of ¥7,564 million, notes and accounts payable - trade of ¥3,077 million, and other current liabilities of ¥3,501 million, which were partially offset primarily by a decrease in long-term borrowings of ¥7,204 million.

Net assets increased by ¥3,540 million from the end of the previous fiscal year to ¥185,837 million. The main factors included an increase in retained earnings of ¥2,915 million.

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

Please refer to “Notice Regarding Revisions to Financial Results Forecast” disclosed on September 22, 2023 for the financial results forecast for the fiscal year ending February 20, 2024.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of February 20, 2023	As of August 20, 2023
Assets		
Current assets		
Cash and deposits	32,011	36,744
Notes and accounts receivable - trade, and contract assets	7,365	8,991
Merchandise and finished goods	18,426	18,300
Raw materials and supplies	157	184
Other	6,959	6,286
Allowance for doubtful accounts	(77)	(82)
Total current assets	64,842	70,424
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	87,296	91,146
Land	96,024	96,975
Other, net	11,979	11,807
Total property, plant and equipment	195,300	199,929
Intangible assets		
Goodwill	673	640
Leasehold interests in land	5,524	5,551
Other	4,337	4,276
Total intangible assets	10,536	10,468
Investments and other assets		
Investment securities	3,553	3,726
Leasehold and guarantee deposits	18,545	18,555
Deferred tax assets	4,960	4,962
Other	3,079	3,453
Allowance for doubtful accounts	(395)	(430)
Total investments and other assets	29,742	30,266
Total non-current assets	235,579	240,665
Total assets	300,422	311,089

	As of February 20, 2023	As of August 20, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	28,811	31,888
Short-term borrowings	12,445	20,009
Income taxes payable	1,926	2,496
Provision for bonuses	1,438	1,493
Contract liabilities	10,822	10,870
Refund liabilities	7,791	7,706
Provision for loss on interest repayment	44	34
Provision for loss on shop close	1,021	945
Provision for bonuses for directors (and other officers)	24	—
Provision for loss on guarantees	48	—
Other	16,834	20,335
Total current liabilities	81,207	95,780
Non-current liabilities		
Long-term borrowings	14,980	7,775
Retirement benefit liability	8,573	8,541
Asset retirement obligations	4,390	4,438
Leasehold and guarantee deposits received	8,468	8,381
Deferred tax liabilities	62	61
Other	441	273
Total non-current liabilities	36,917	29,471
Total liabilities	118,124	125,252
Net assets		
Shareholders' equity		
Share capital	11,614	11,614
Capital surplus	19,748	19,748
Retained earnings	145,505	148,420
Treasury shares	(197)	(198)
Total shareholders' equity	176,670	179,585
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	603	771
Foreign currency translation adjustment	3,115	3,447
Remeasurements of defined benefit plans	(9)	48
Total accumulated other comprehensive income	3,710	4,268
Non-controlling interests	1,917	1,983
Total net assets	182,297	185,837
Total liabilities and net assets	300,422	311,089

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income
Six Months Ended August 20

(Millions of yen)

	For the six months ended August 20, 2022	For the six months ended August 20, 2023
Operating revenue		
Net sales	186,199	190,825
Operating revenue	17,010	17,134
Total operating revenue	203,210	207,960
Cost of sales	130,301	132,449
Gross profit	55,897	58,376
Operating gross profit	72,908	75,511
Selling, general and administrative expenses	68,082	69,125
Operating profit	4,825	6,386
Non-operating income		
Interest income	138	100
Commission income	299	284
Receipt subsidy	77	77
Other	259	221
Total non-operating income	775	683
Non-operating expenses		
Burden charge payment	2	44
Interest expenses	11	15
Cost of repairs	6	2
Compensation expense	0	1
Provision of allowance for doubtful accounts	—	75
Other	12	12
Total non-operating expenses	34	153
Ordinary profit	5,567	6,916
Extraordinary income		
Reversal of asset retirement obligations	49	4
Gain on sale of non-current assets	132	0
Grant income	129	—
Reversal of provision loss on store closing	221	10
Gain on sale of investment securities	120	4
Other	43	1
Total extraordinary income	696	19
Extraordinary losses		
Loss on sale of non-current assets	9	—
Loss on retirement of non-current assets	176	308
Impairment losses	729	13
Provision for loss on stores closing	424	52
Loss on valuation of investment securities	—	69
Other	128	36
Total extraordinary losses	1,469	479
Profit before income taxes	4,794	6,456
Income taxes	1,823	2,277
Profit	2,970	4,179
Profit (loss) attributable to non-controlling interests	(12)	49
Profit attributable to owners of parent	2,982	4,129

Quarterly Consolidated Statements of Comprehensive Income

Six Months Ended August 20

(Millions of yen)

	For the six months ended August 20, 2022	For the six months ended August 20, 2023
Profit	2,970	4,179
Other comprehensive income		
Valuation difference on available-for-sale securities	35	168
Foreign currency translation adjustment	1,343	329
Remeasurements of defined benefit plans, net of tax	(1)	58
Total other comprehensive income	1,377	555
Comprehensive income	4,348	4,734
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,290	4,668
Comprehensive income attributable to non-controlling interests	57	66

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	For the six months ended August 20, 2022	For the six months ended August 20, 2023
Cash flows from operating activities		
Profit before income taxes	4,794	6,456
Depreciation	5,442	5,897
Amortization of goodwill	33	33
Increase (decrease) in retirement benefit liability	(115)	51
Increase (decrease) in provision for loss on store closing	115	(81)
Interest income	(138)	(100)
Interest expenses	11	15
Loss on retirement of non-current assets	176	308
Decrease (increase) in trade receivables	83	(1,620)
Decrease (increase) in inventories	471	146
Increase (decrease) in trade payables	1,963	3,056
Increase (decrease) in deposits received	1,708	3,457
Other, net	(1,886)	677
Subtotal	12,659	18,301
Interest and dividends received	130	276
Interest paid	(11)	(14)
Income taxes paid	(2,280)	(1,819)
Net cash provided by (used in) operating activities	10,497	16,742
Cash flows from investing activities		
Net decrease (increase) in time deposits	(2,490)	3,517
Purchase of property, plant and equipment and intangible assets	(6,178)	(10,384)
Purchase of long-term prepaid expenses	(52)	(224)
Payments of leasehold and guarantee deposits	(24)	(105)
Proceeds from refund of leasehold and guarantee deposits	574	138
Other, net	111	(667)
Net cash provided by (used in) investing activities	(8,059)	(7,726)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,900)	—
Proceeds from long-term borrowings	3,000	1,000
Repayments of long-term borrowings	(3,463)	(640)
Purchase of treasury shares	(0)	(0)
Dividends paid	(1,206)	(1,206)
Other, net	(78)	(218)
Net cash provided by (used in) financing activities	(3,648)	(1,065)
Effect of exchange rate change on cash and cash equivalents	512	63
Net increase (decrease) in cash and cash equivalents	(698)	8,014
Cash and cash equivalents at beginning of period	30,137	25,096
Cash and cash equivalents at end of period	29,439	33,111

(4) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

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

Not applicable.

(Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements)

(Calculation of tax expenses)

The Company calculates tax expenses by making a reasonable estimate of the effective tax rate after application of tax effect accounting to profit before income taxes for the consolidated fiscal year that includes the second quarter under review, and multiplying profit before income taxes by the said estimated effective tax rate. In addition, income taxes deferred are included in "Income taxes."

(Changes in accounting policies)

(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)

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 Implementation Guidance") from the beginning of the first quarter, and will prospectively apply the new accounting policies stipulated by the Fair Value Measurement Implementation Guidance in accordance with the transitional treatment provided for under Paragraph 27-2 of the Fair Value Measurement Implementation Guidance. This does not affect the quarterly consolidated financial statements for the six months ended August 20, 2023 under review.