

Summary of Business Results for the Third Quarter Ending November 30, 2022 [IFRS] (Consolidated)

January 13, 2023

Company **create restaurants holdings inc.** Listed on the TSE
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 Expected date of filing of quarterly report: January 13, 2023 Expected starting date of dividend payment: -
 Preparation of quarterly supplementary financial document: Yes
 Quarterly results briefing: None

(Rounded down to million yen)

1. Consolidated business results for the nine months ending November 2022 (March 1, 2022 through November 30, 2022)

(1) Consolidated results of operations (% change from the previous corresponding period)

	Revenue		Operating profit		Profit before taxes		Profit for the period		Profit attributable to owners of parent		Total comprehensive profit for the period	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ending Nov. 2022	84,022	50.8	5,681	-51.5	5,421	-52.7	4,204	-49.9	3,786	-49.2	5,502	-37.5
Nine months ending Nov. 2021	55,721	-1.8	11,720	-	11,466	-	8,385	-	7,449	-	8,802	-

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ending Nov. 2022	18.01	-
Nine months ending Nov. 2021	39.58	39.58

(Reference) Adjusted EBITDA: Nine months ending Nov. 2022: 18,545 million yen (-23.4%)

Nine months ending Nov. 2021: 24,219 million yen (555.5%)

(Note 1) "Basic earnings per share" and "Diluted earnings per share" are calculated based on "Profit attributable to owners of the parent."

(Note 2) The diluted earnings per share for the nine months ending November 2022 are not presented, as there are no dilutive shares.

(Note 3) Adjusted EBITDA is disclosed as useful comparative information on the business performance of the Group. For definitions and calculation methods of Adjusted EBITDA, please refer to "1. Qualitative Information on Results for the Current Quarter (1) Qualitative information on the consolidated financial results" on page 2 of the attached document.

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent
	Million yen	Million yen	Million yen	%
As of Nov. 2022	132,097	34,823	27,708	21.0
As of Feb. 2022	133,605	30,730	23,788	17.8

2. Dividends

	Annual dividend				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ending Feb. 2022	-	1.50	-	3.00	4.50
Year ending Feb. 2023	-	3.00	-		
Year ending Feb. 2023 (forecast)				3.00	6.00

(Note) Revisions to dividend forecast for the current quarter: None

**3. Forecast of consolidated business results for the fiscal year ending February 2023
(March 1, 2022 through February 28, 2023)**

(% change from the previous corresponding period)

	Revenue		Operating profit		Profit before taxes		Profit for the year		Profit attributable to owners of parent		Basic profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Year ending Feb. 2023	115,000	46.8	7,300	-4.4	6,800	-4.7	5,100	-23.4	4,500	-24.0	21.41

(Note) Revisions to business forecast for the current quarter: None

(Reference) Adjusted EBITDA: Year ending February 2023 (Forecast): 24,700 million yen (-8.8%)

***Notes**

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

Excluded: 1 (KR FOOD SERVICE CORPORATION)

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

① Changes in accounting policies required under IFRS: : None

② Changes in accounting policies due to reasons other than ① : None

③ Changes in accounting estimates : None

(3) Shares outstanding (common stock)

① Number of shares outstanding at the end of period (treasury stock included)

As of November 2022 212,814,284 shares

As of February 2022 212,814,284 shares

② Treasury stock at the end of period

As of November 2022 2,619,051 shares

As of February 2022 2,656,151 shares

③ Average number of stock during period (quarterly cumulative period)

Nine months ending November 2022 210,177,625 shares

Nine months ending November 2021 188,204,003 shares

(Note) Treasury stock to be deducted for the calculation of the number of treasury stock at the end of the period and the average number of stock during period (quarterly cumulative period) include the Company's shares held by the Japan Trustee Services Bank, Ltd. (trust account) as a trust asset related to the Employee Incentive Plan "Trust-type ESOP for Employees."

***Quarterly financial summary is not subject to the quarterly review procedures by certified public accountants or auditing firms.**

***Explanation regarding appropriate use of business forecasts and other special instructions**

(1) Our Group adopted International Financial Reporting Standards ("IFRS").

(2) Forecasts regarding future performance in this material are based on information currently available to the Company and certain assumptions that the company deems to be reasonable at the time this report was prepared. Actual results may differ significantly from the forecasts due to various factors. Please refer to page 3 of the attached document for the precautions for using the prerequisites for business forecasts.

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1. Qualitative Information on Results for the Current Quarter

(1) Qualitative information on the consolidated financial results

In the third quarter of the current fiscal year, the Japanese economy showed signs of a moderate recovery due to the complete lifting of the stricter COVID-19 measures in March, the relaxation of some restrictions, and the effects of various measures such as national travel subsidy program. However, the outlook remains uncertain due in part to concerns over the economic deterioration caused by the re-expansion of COVID-19, soaring resource prices worldwide, the tension in the international situation, and the impact of the yen's depreciation, which remains at a high level.

In the restaurant industry, the business environment is expected to remain challenging, affected by rising raw material prices and rising labor and utility costs. In addition, consumer lifestyles are changing with more people shifting to remote working and the acceleration of digitization, and we need to flexibly respond to these environmental changes.

Against this backdrop, our Group continues to maintain and strengthen the lean cost structure that we have cultivated under the COVID-19. Specifically, in response to soaring raw material prices, we have worked to standardize foodstuffs and review logistics and consolidate our business partners. In addition, in response to rising personnel costs, we thoroughly shifted control and implemented appropriate personnel allocation, as well as reduced recruitment costs. In addition, we are continuing our efforts to thoroughly reduce costs by, for example, flexibly reviewing our suppliers and conserving electricity and gas in response to rising utility costs, and continuing to negotiate reductions and exemptions for rent. In addition, we have further promoted the Group Federation Management by consolidating outlet design and repair operations and making cross-sectional personnel transfers across the Group of management personnel that contribute to revitalizing communication among operating companies. As part of DX (Digital Transformation), we are adopting mobile ordering systems to more outlets, utilizing meal delivery robots, and improving the efficiency and advancement of back-office operations.

As for the outlet openings, we maximized our ability to respond to changes, which is one of our Group's strengths. We opened highly investment-efficient outlets, centered on the Contract Business and the SA/PA Business, and opened new outlets that are environmentally conscious with an awareness of SDGs and aimed at providing higher value-added services. In addition, we promoted intra-Group franchises, intra-Group transfer, and brand changes that leverage synergies. As a result, the Group as a whole opened 24 new outlets, changed the format of 20 outlets, and closed 36 outlets. As of the end of the third quarter, the number of outlets on a consolidated basis, including subcontracted outlets, totaled 1,025.

As a result, in the third quarter of the current fiscal year, revenue was 84,022 million yen (up 50.8% year on year), operating profit was 5,681 million yen (down 51.5% year on year), profit before taxes was 5,421 million yen (down 52.7% year on year), profit for the period was 4,204 million yen (down 49.9% year on year), and profit attributable to owners of parent was 3,786 million yen (down 49.2% year on year). Adjusted EBITDA was 18,545 million yen (down 23.4% year on year) and Adjusted EBITDA margin was 22.1% (43.5% in the same period of the previous fiscal year), and Adjusted equity attributable to owners of the parent (adjusted equity ratio) was 32.3% (see note).

(Note) We use Adjusted EBITDA, Adjusted EBITDA margin and Adjusted equity attributable to owners of the parent (adjusted equity ratio) as useful indicators of our group's performance.

Adjusted EBITDA, Adjusted EBITDA margin and Adjusted equity attributable to owners of the parent (adjusted equity ratio) are calculated as follows.

- Adjusted EBITDA = Operating profit + Other operating expenses - Other operating revenues (excluding sponsorship income, employment adjustment subsidies, subsidy for cooperation of shorten operating hours, rent reductions and exemptions, etc.) + Depreciation and amortization + Non-recurring expense items (advisory expenses related to share acquisition, etc.)
- Adjusted EBITDA margin = Adjusted EBITDA/Revenue × 100
- Adjusted equity attributable to owners of the parent (adjusted equity ratio): Ratio of equity attributable to owners of parent (equity ratio) excluding the impact of IFRS No. 16.

(2) Qualitative information on consolidated financial position

(1) Assets, liabilities and equity

(Assets)

Current assets at the end of the third quarter of the current fiscal year were 31,382 million yen, increased by 2,696 million yen from the end of the previous fiscal year. This was mainly due to increases of 2,096 million yen in cash and cash equivalents and 199 million yen in trade and other receivables.

Noncurrent assets at the end of the third quarter of the current fiscal year were 100,715 million yen, decreased by 4,203 million

yen from the end of the previous fiscal year. This was mainly due to a decrease of 4,534 million yen in property, plant and equipment.

(Liabilities)

The balance of liabilities at the end of the third quarter of the current fiscal year was 97,274 million yen, decreased by 5,600 million yen from the end of the previous fiscal year. This was mainly due to decreases of 6,393 million yen in bonds and borrowings and 2,887 million yen in lease obligations, despite an increase of 2,275 million yen in trade and other payables.

(Equity)

The balance of equity at the end of the third quarter of the current fiscal year was 34,823 million yen, increased by 4,092 million yen from the end of the previous fiscal year. This was mainly due to an increase in retained earnings of 2,525 million yen and other components of equity of 1,297 million yen.

The ratio of equity attributable to owners of the parent (equity ratio) is 21.0%.

(2) Consolidated results of cash flows

Cash and cash equivalents (hereinafter referred to as "Net cash") at the end of the third quarter of the current fiscal year was 23,599 million yen, increased by 2,096 million yen from the end of the previous fiscal year.

The status of each cash flow in the third quarter of the current consolidated fiscal year and its factors are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities for the third quarter of the current fiscal year was 20,773 million yen (up 12.9% year on year). This was mainly due to the recording of 5,421 million yen in profit before taxes and 11,368 million yen in depreciation and amortization.

(Cash flow from investing activities)

Net cash used in investing activities for the third quarter of the current fiscal year was 1,610 million yen (up 107.7% year on year). This was mainly due to purchase of property, plant and equipment of 1,342 million yen.

(Cash flow from financing activities)

Net cash used in investing activities for the third quarter of the current fiscal year was 17,296 million yen (up 729.9% year on year). This was mainly due to repayments of lease liabilities of 9,349 million yen, repayments of long-term loans payable of 6,261 million yen.

(3) Qualitative information on the consolidated business forecasts

As for the outlook for the current fiscal year, economic activities are showing signs of recovery as the Japanese government is gradually shifting its policy toward COVID-19 to one that balances "prevention of the spread of infection" and "revitalization of socioeconomic activities". On the other hand, the business environment is expected to remain uncertain due to soaring raw material prices and expected increases in labor and utility costs. In addition, consumer lifestyles are changing with more people shifting to remote working and the acceleration of digitization, and we need to flexibly respond to these environmental changes.

Against this backdrop, our Group will continue to maintain and strengthen its lean management structure, which was created through thorough cost reductions as a measure for the COVID-19 impact. In addition, we aim to create a sustainable profit growth based on the three pillars of our growth strategy: "reviewing the portfolio with an eye on the post-COVID era," "further evolving the Group Federation Management," and "improving productivity and solving human resource shortages through DX."

The full-year business forecasts for the fiscal year ending February 2023 is unchanged from the forecasts announced on April 14, 2022, considering that the effects of the eighth wave of COVID-19 are currently unclear, but that domestic tourism demand and inbound tourism demand are expected to continue to recover, and that we acquired Saint-Germain Co., Ltd and Hokkaido Saint-Germain Co., Ltd as consolidated subsidiaries in December 2022.

2. Condensed Quarterly Consolidated Financial Statements and Major Notes

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Million yen)

	Previous Fiscal Year (February 28, 2022)	Current Third Quarter (November 30, 2022)
Assets		
Current assets		
Cash and cash equivalents	21,502	23,599
Trade and other receivables	4,676	4,876
Other financial assets	309	387
Inventories	675	834
Other current assets	1,521	1,685
Total current assets	28,685	31,382
Non-current assets		
Property, plant and equipment	61,582	57,047
Goodwill	23,309	23,930
Intangible assets	6,297	6,553
Other financial assets	9,096	8,645
Deferred tax assets	3,961	3,844
Other non-current assets	671	694
Total non-current assets	104,919	100,715
Total assets	133,605	132,097

(Million yen)

	Previous Fiscal Year (February 28, 2022)	Current Third Quarter (November 30, 2022)
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	2,056	4,332
Bonds and borrowings	9,121	8,657
Lease liabilities	10,516	10,190
Other financial liabilities	96	14
Corporate income taxes payable	361	1,153
Provisions	2,284	1,467
Other current liability	7,581	9,366
Total current liabilities	32,018	35,181
Non-current liability		
Bonds and borrowings	32,266	26,337
Lease liabilities	32,622	30,061
Obligations for retirement pay	791	762
Provisions	3,275	3,006
Deferred tax liabilities	1,648	1,700
Other non-current liabilities	250	224
Total non-current liabilities	70,855	62,092
Total liabilities	102,874	97,274
Equity		
Capital stock	50	50
Capital surplus	20,273	20,347
Retained earnings	4,381	6,907
Treasury stock	-1,246	-1,224
Other components of equity	330	1,627
Total equity attributable to owners of parent	23,788	27,708
Non- controlling equity	6,942	7,115
Total equity	30,730	34,823
Total liabilities and equity	133,605	132,097

(2) Condensed Quarterly Consolidated Statements of Income and Statements of Comprehensive Income

Condensed Quarterly Consolidated Statements of Income

Consolidated Cumulative Third Quarter

(Million yen)

	Previous Third Quarter (March 1, 2021 - November 30, 2021)	Current Third Quarter (March 1, 2022 - November 30, 2022)
Revenue	55,721	84,022
Cost of sales	<u>-15,672</u>	<u>-23,640</u>
Gross profit	40,049	60,381
Selling, general and administrative expenses	<u>-52,652</u>	<u>-59,542</u>
Other operating revenue	25,534	6,706
Other operating expenses	<u>-1,210</u>	<u>-1,863</u>
Operating profit	11,720	5,681
Financial income	232	253
Financing cost	<u>-486</u>	<u>-513</u>
Profit before taxes	11,466	5,421
Corporate income tax expenses	<u>-3,080</u>	<u>-1,216</u>
Profit for the period	<u>8,385</u>	<u>4,204</u>
Net profit attributable to		
Owners of parent	7,449	3,786
Non- controlling equity	<u>935</u>	<u>418</u>
Profit for the period	<u>8,385</u>	<u>4,204</u>
Profit per share attributable to owners of parent (yen)		
Basic earnings per share	39.58	18.01
Diluted earnings per share	39.58	-

Consolidated Cumulative Third Quarter

(Million yen)

	Previous Third Quarter (September 1, 2021 - November 30, 2021)	Current Third Quarter (September 1, 2022 - November 30, 2022)
Revenue	21,227	29,614
Cost of sales	-5,950	-8,319
Gross profit	15,276	21,294
Selling, general and administrative expenses	-17,925	-20,328
Other operating revenue	7,801	443
Other operating expenses	-747	-815
Operating income	4,405	593
Financial income	48	0
Financing cost	-157	-199
Profit before taxes	4,295	394
Corporate income tax expenses	-1,177	-82
Profit for the period	3,118	312
Net profit attributable to		
Owners of parent	2,625	275
Non- controlling equity	492	37
Profit for the period	3,118	312
Profit per share attributable to owners of parent (yen)		
Basic earnings per share	13.74	1.31
Diluted earnings per share	-	-

Consolidated Statements of Comprehensive Profit
 Consolidated Cumulative Third Quarter

(Million yen)

	Previous Third Quarter (March 1, 2021 - November 30, 2021)	Current Third Quarter (March 1, 2022 - November 30, 2022)
Profit for the period	8,385	4,204
Other comprehensive profit		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation adjustments	417	1,297
Total	417	1,297
Total other comprehensive profit	417	1,297
Comprehensive profit	8,802	5,502
Comprehensive profit attributable to		
Owners of parent	7,866	5,083
Non- controlling equity	935	418
Comprehensive profit	8,802	5,502

Consolidated Cumulative Third Quarter

(Million yen)

	Previous Third Quarter (September 1, 2021 - November 30, 2021)	Current Third Quarter (September 1, 2022 - November 30, 2022)
Profit for the period	3,118	312
Other comprehensive profit		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation adjustments	210	37
Total	210	37
Total other comprehensive profit	210	37
Comprehensive profit	3,329	350
Comprehensive profit attributable to		
Owners of parent	2,836	312
Non- controlling equity	492	37
Comprehensive profit	3,329	350

(3) Condensed Quarterly Consolidated Statements of Changes in Equity

Previous Third Quarter (March 1, 2021 to November 30, 2021)

(Million yen)

	Total equity attributable to owners of parent						Total	Total	Non-controlling equity	Total equity
	Capital stock	Capital surplus	Other equity instruments	Retained earnings	Treasury stock	Other components of equity				
						Foreign currency translation adjustments				
Balance at March 1, 2021	1,012	3,267	14,832	-618	-1,250	-189	-189	17,052	6,211	23,264
Profit for the period	-	-	-	7,449	-	-	-	7,449	935	8,385
Other comprehensive profit	-	-	-	-	-	417	417	417	-	417
Comprehensive profit	-	-	-	7,449	-	417	417	7,866	935	8,802
Dividend	-	-	-	-283	-	-	-	-283	-	-283
Capital reduction	-962	962	-	-	-	-	-	-	-	-
Issuance of new shares	7,510	7,510	-	-	-	-	-	15,020	-	15,020
Share issuance costs	-	-77	-	26	-	-	-	-50	-	-50
Transfer from capital to capital surplus	-7,510	7,510	-	-	-	-	-	-	-	-
Increase (decrease) in other capital surplus due to change in equity in consolidated subsidiaries	-	-1	-	-	-	-	-	-1	4	2
Share-based payment transactions	-	109	-	-	-	-	-	109	-	109
Distributions paid to owners of other equity instruments	-	-	-	-485	-	-	-	-485	-	-485
Other	-	-0	-	-	0	-	-	0	-0	0
Total transactions with owners	-962	16,013	-	-742	0	-	-	14,309	4	14,313
Balance at November 30, 2021	50	19,280	14,832	6,088	-1,249	227	227	39,229	7,151	46,381

Current Third Quarter (March 1, 2022 to November 30, 2022)

(Million yen)

	Total equity attributable to owners of parent						Total	Total	Non-controlling equity	Total equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity					
					Foreign currency translation adjustments					
Balance at March 1, 2022	50	20,273	4,381	-1,246	330	330	23,788	6,942	30,730	
Profit for the period	-	-	3,786	-	-	-	3,786	418	4,204	
Other comprehensive profit	-	-	-	-	1,297	1,297	1,297	-	1,297	
Comprehensive profit	-	-	3,786	-	1,297	1,297	5,083	418	5,502	
Dividend	-	-	-1,261	-	-	-	-1,261	-187	-1,448	
Changes in equity of the parent company related to transactions with non-controlling shareholders	-	-60	-	-	-	-	-60	-59	-120	
Share-based payment transactions	-	136	-	-	-	-	136	-	136	
Other	-	-1	-	22	-	-	21	0	22	
Total transactions with owners	-	74	-1,261	22	-	-	-1,163	-245	-1,409	
Balance at November 30, 2022	50	20,347	6,907	-1,224	1,627	1,627	27,708	7,115	34,823	

(4) Condensed Quarterly Consolidated Statement of Cash Flows

(Million yen)

	Previous Third Quarter (March 1, 2021 - November 30, 2021)	Current Third Quarter (March 1, 2022 - November 30, 2022)
Cash flows from operating activities		
Profit before taxes	11,466	5,421
Depreciation and amortization	12,241	11,368
Impairment loss	591	1,662
Interest income	-6	-7
Interest expense	486	424
Loss (gain) on sale of non-current assets	1	-18
Loss on retirement of non-current assets	11	26
Decrease (increase) in inventories	-61	-134
Decrease (increase) in trade and other receivables	-7,279	-114
Increase (decrease) in trade and other payables	897	2,201
Increase (decrease) in net retirement benefit liability	10	-28
Increase (decrease) in allowance	-25	-884
Other changes	205	1,622
Sub-total	18,539	21,537
Interest and dividend received	3	3
Interest expenses paid	-257	-203
Corporate income taxes paid	-856	-892
Corporate income taxes refunded	962	327
Cash flows from operating activities	18,392	20,773
Cash flow from investing activities		
Payments into time deposits	-325	-35
Proceeds from withdrawal of time deposits	30	15
Purchase of property, plant and equipment	-1,092	-1,342
Proceeds from sales of property, plant and equipment	53	34
Payments for asset retirement obligations	-323	-247
Purchase of intangible assets	-21	-49
Payments for guarantee deposits	-28	-208
Proceeds from collection of guarantee deposits	958	296
Other	-27	-71
Cash flow from investing activities	-775	-1,610

(Million yen)

	Previous Third Quarter (March 1, 2021 - November 30, 2021)	Current Third Quarter (March 1, 2022 - November 30, 2022)
Cash flow from financing activities		
Net increase (decrease) in short-term borrowings	-1,500	-
Proceeds from long-term debt	1,530	-
Repayment of long-term loans payable	-5,806	-6,261
Proceeds from issuance of shares	14,943	-
Redemption of bonds	-288	-135
Repayments of lease liabilities	-9,941	-9,349
Cash dividends paid	-276	-1,247
Dividends paid to non-controlling interests	-0	-183
Distributions paid to owners of other equity instruments	-747	-
Payment for acquisition of subsidiaries' equity from non-controlling interests	-	-120
Other	3	-
Cash flow from financing activities	-2,084	-17,296
Effect of exchange rate change on cash and cash equivalents	26	230
Net increase in cash and cash equivalents	15,559	2,096
Balance of cash and cash equivalents at beginning of period	37,312	21,502
Balance of cash and cash equivalents at period-end	52,872	23,599

(5) Notes on the Condensed Quarterly Consolidated Financial Statements

(Notes on going concern assumptions)

None

(Significant Accounting Policies)

The important accounting policies applied in the Group's condensed quarterly consolidated financial statements are identical to the accounting policies applied in the consolidated financial statements for the previous fiscal year.

The corporate income tax expense for the third quarter of the current fiscal year is calculated based on the estimated annual effective tax rate.

The Group continued to apply the following criteria for rent exemptions from the previous fiscal year through June 30, 2022.

IFRS	Outline of new standard and amendment
IFRS No. 16 Leases	The amended accounting treatment for rent reductions related to COVID-19 after June 30

This revision allows lessees that have received rent reductions and exemptions as a direct consequence of the spread of a new coronavirus (COVID-19) infections to select a simplified accounting treatment. The period of application was extended by the revision in March 2021.

As in the previous fiscal year, the Group applies this method for rent reduction and exemption which meet the above requirements.

Profit before taxes for the third quarter of the current fiscal year increased by 88 million yen due to the adoption of this new accounting standard.

(Segment Information)

Segment information is omitted because the Group's business is categorized as restaurant business and there are no segments to be categorized.

(Per-stock Information)

Basic earnings per share, diluted earnings per share and the basis for calculation are as follows.

(Million yen)

	Previous Third Quarter (March 1, 2021 - November 30, 2021)	Current Third Quarter (March 1, 2022 - November 30, 2022)
Profit attributable to owners of parent	7,449	3,786
Adjustments to profit for the period		
Adjustments for dilutive shares issued by subsidiaries	-0	-
Profit for the period used to compute diluted earnings per share	7,449	-
Weighted average number of shares of common shares outstanding (shares)	188,204,003	210,177,625
Weighted average number of common diluted shares outstanding (shares)	188,204,003	-
Basic earnings per share (yen)	39.58	18.01
Diluted earnings per share (yen)	39.58	-

(Note) 1. "Basic earnings per share" and "Diluted earnings per share" are calculated by deducting our shares held by the "Trust-type ESOP for Employees," which are recorded as treasury shares, from the calculation of the average number of shares during the period. (Previous third quarter: 1,995,094 shares, Current third quarter: 1,970,107 shares).

2. Diluted earnings per share for the third quarter of the current fiscal year is not presented because there were no dilutive shares.

(Million yen)

	Previous Third Quarter (September 1, 2021 – November 30, 2021)	Current Third Quarter (September 1, 2022 – November 30, 2022)
Profit attributable to owners of parent	2,625	275
Weighted average number of shares of common shares outstanding (shares)	191,076,709	210,191,822
Basic earnings per share (yen)	13.74	1.31

(Note) 1. "Basic earnings per share" and "Diluted earnings per share" are calculated by deducting our shares held by the "Trust-type ESOP for Employees," which are recorded as treasury shares, from the calculation of the average number of shares during the period. (Previous third quarter: 1,994,331 shares, Current third quarter: 1,955,910 shares).

2. Diluted earnings per share for the third quarter of the current fiscal year is not presented because there were no dilutive shares.

(Significant subsequent events)

Business Combination through Acquisition

Acquisition of shares of Saint-Germain Co., Ltd and Hokkaido Saint-Germain Co., Ltd

1. Outline of the business combination

(1) Name and business of the acquired company

Name	Saint-Germain Co., Ltd (hereinafter referred to as "Saint-Germain") Hokkaido Saint-Germain Co., Ltd (hereinafter referred to as "Hokkaido Saint-Germain")*
Contents of business	Bakery business etc.

*Hokkaido Saint-Germain is a subsidiary of Saint-Germain.

(2) Main reasons for the business combination

Saint-Germain is a long-established and one of the top bakery brands based in the Kanto region, which the 1st outlet was opened in 1970. They currently operate 78 outlets under the brands including "Saint-Germain" and "Premier Saint-Germain", etc. Their food products are made through the careful processes handed down since the foundation, paying a lot of attention to ingredients and methods, and the highest level of safety management at outlets and the FSSC22000-certified Yokohama factory. As such, their products are gaining high reputation, becoming a part of customers' lives. In addition, Hokkaido Saint-Germain operates 68 outlets mainly at supermarkets throughout Hokkaido under the brands named "L'airbon" and "Cent Varie", etc. Its freshly baked, high-quality bread also become the daily lives of local customers, just like Saint-Germain.

In the mid-term management plan that we announced in July 2021, we set "Reviewing portfolio toward post-COVID" as the first pillar of our strategy, and have been seeking to acquire a new portfolio with the themes of "daily," "standard," and "community-based." The acquisition of Saint Germain and Hokkaido Saint-Germain as our group companies is just in line with this strategy.

We combine their long-established brand power and broad customer bases with our outlet management know-how as a pure restaurant operator and proceed with the forward-looking investments in outlet renovations including new outlet openings and expanding dine-in spaces. This approach will bring us a new growth path. Furthermore, we have determined that synergies between the two companies and each of our group companies would be greatly leveraged, and that both companies would be able to make a contribution to earnings by utilizing our group support functions.

In addition to our existing bakery subsidiary, Gourmet Brands Company inc., we will add these two companies to our group. With this, we will position our bakery business, which supports our customers' daily dining and provides them with a moment of relaxation, as one of our new core businesses and aim for long-lasting growth.

(3) Date of business combination

December 1, 2022

(4) Legal form of business combination

Acquisition of shares for cash consideration

(5) Name following business combination

There is no change in the name of the company after the business combination.

(6) Percentage of voting rights to acquire

100.0%

(7) Main reasons for deciding the acquiring company

This was due to the acquisition of shares in exchange for cash as a subsidiary.

2. Acquisition cost of the acquired company and its breakdown by type

Acquisition price (cash)	2,340 million yen (note)
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Acquisition cost	2,340 million yen

*This acquisition price is the consideration for the acquisition of the Saint-Germain shares and is subject to change as price adjustments will be made after the shares are acquired in accordance with the Share Transfer Agreement.

3. Details and amount of major acquisition-related expenses

Advisory expenses, etc. (estimated): 22 million yen

4. Amount and reasons for goodwill arising from the acquisition, fair value of assets acquired and liabilities assumed as of the acquisition date

As the initial accounting for the business combination has not been completed, it has not been finalized at this time.