October 13, 2023

Notice Regarding Revisions of Full-Year Consolidated Earnings Forecasts (Upward Revision) and Recording of Impairment Loss, and Dividends from Surplus (Interim Dividends) and Revision of Dividend Forecasts (Increased Dividend)

The Company has revised our full-year consolidated earnings forecast (upward revision) and recorded impairment losses announced on April 14, 2023 based on the recent performance trend. In addition, we have resolved to pay dividends from surplus (interim dividend) and the revision of dividend forecast (increased dividend) based on the record date of August 31, 2023 at the Board of Directors meeting held today. We hereby announce the following:

1.The full-year consolidated earnings forecast

(1) Revisions of the consolidated earnings forecast for the fiscal year ending February 2024 (March 1,2023 to February 29, 2024)

(Rounded down to million yen)

	Revenue	Operating profit	Profit before taxes	Profit for the year	Profit attributable to owners of parent	Basic profit per share (Yen)	(Reference) Adjusted EBITDA (Note)
Previous forecast (A) (Announced on April 14, 2023)	141,000	6,500	6,000	4,600	4,200	19.98	22,600
Current revised forecast (B)	143,000	7,400	6,900	5,500	5,000	23.78	24,700
Change (B-A)	+2,000	+900	+900	+900	+800		+2,100
Change (%)	+1.4	+13.8	+15.0	+19.6	+19.0		+9.3
(Reference) Previous results (FY2/23)	118,240	5,083	4,565	3,878	3,385	16.11	23,664

(Note) We disclose adjusted EBITDA as a usefully comparative indicators of our performance.
The formula for calculating adjusted EBITDA is as follows:
Adjusted EBITDA = operating profit + other operating expenses - other operating revenues (excluding sponsorship income, employment adjustment subsidies, and subsidy for cooperation of shorten operating hours, rent reductions and exemptions, etc.) + depreciation and amortization + non-recurring expense items (advisory expenses, related to share acquisitions, etc.)

(2) Reasons for the revisions of full-year consolidated earnings forecasts (upward revision)

As for sales revenue, following the reduction of the classification of COVID to class 5 in the Infections Act on May 2023, domestic consumption has become more active recently and inbound demand has recovered due to an increase in foreign visitors to Japan, and the main assumption, "Same-store sales ratio compared to Pre-Covid" has remained strong at over 90.0%, and thus we generally expect this trend to continue in the second half of the fiscal year. Accordingly, "Same-store sales ratio compared to Pre-Covid" which was assumed to be 89.8% at the time of the initial forecast, has been revised upward to 91.1%, and is expected to exceed the previously announced forecast.

Despite the recording of conservative impairment losses as described in section 2. below, each profit is expected to exceed the previously announced forecast due to factors such as an increase in profit associated with an increase in revenue under a well-established and lean cost structure.

2.Recording of impairment loss

During the second quarter of the fiscal year ending February 2024 (June 1, 2023 to August 31, 2023), due in part to an increase in the weighted-average equity cost (WACC) both in Japan and overseas, we tested our Group-owned stores' fixed assets and right-of-use assets for impairment in accordance with International Financial Reporting Standards (IFRS) and conservatively examined their future recoverability of future cashflows. As a result, we recorded impairment losses totaling 1,070 million yen.

3.Regarding the dividends from surplus (interim dividends) and the revision of dividend forecasts

(1) Dividends from surplus (interim dividends)

	Determined amount	Recent dividend forecast (Announced on April 14, 2023)	(Reference) Previous results (Interim dividend for FY2/23)
Record date	August 31, 2023	Same as left	August 31, 2022
Dividend per share	3.50 yen	3.00 yen	3.00 yen
Total dividends	742,751 thousand yen	-	636,443 thousand yen
Effective date	November 13, 2023	-	November 14, 2022
Dividend resources	Surplus	-	Surplus

(2) Change of forecasts for dividends

	Dividend per share		
	End of Q2	Year-end	Annual
Previous forecast (Announced on April 14, 2023)	3.00 yen	3.00 yen	6.00 yen
Current revised forecast		3.50 yen	7.00 yen
Results (FY2/24)	3.50 yen		-
Previous results (FY2/23)	3.00 yen	3.00 yen	6.00 yen

(3) Reasons for the dividends from surplus (interim dividends) and revision of dividend forecasts (increased dividend)

The Company’s basic policy is to pay stable dividends after taking into consideration our business performance, financial condition, and future business development. Based on the above policy and strong performance in the second quarter of the current fiscal year, we decided to increase the interim dividend by 0.50 yen to 3.50 yen per share. We also revised the year-end dividend to 3.50 yen, an increase of 0.50 yen, as with the interim dividend, and the annual dividend to 7.00 yen per share, based on the aforementioned revision to the full-year consolidated earnings forecast.

We will continue to implement a shareholder special benefit plan.

(Note) The above forecasts are based on the information available at the time of publication of this document. Actual results may differ from the forecasts due to various factors in the future.