Summary of Financial Results for the Second Quarter Ended August 31, 2020 [IFRS] (Consolidated)

October 14, 2020

Company **create restaurants holdings inc.** Listed on the TSE
Stock Code 3387 URL: https://www.createrestaurants.com
Representative Haruhiko Okamoto, President
Contact Genta Ohuchi, Executive Officer, CFO, Management of Accounting Dept. T E L: +81-3-5488-8022
Expected date of filing of quarterly report: October 14, 2020 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 six months ended August 2020 (March 1, 2020 through August 31, 2020)

(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	%
Six months ended Aug. 2020	32,031	-49.6	-9,644	-	-10,081	-	-10,053	-	-9,048	-	-10,383	-
Six months ended Aug. 2019	63,524	6.0	4,296	45.0	4,303	52.5	2,773	54.6	2,400	72.3	2,691	48.5

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended Aug. 2020	-48.45	-48.45
Six months ended Aug. 2019	12.85	12.85

(Reference) Adjusted EBITDA: Six months ended Aug. 2020: -1,006 million yen (-%)
Six months ended Aug. 2019: 12,790 million yen (116.8%)

(Note 1) "Basic earnings per share" and "Diluted earnings per share" are calculated based on "Profit attributable to owners of the parent."
(Note 2) As for the diluted earnings per share for the six months ended August 2020, dilutive shares have no dilution effect because the exercise of stock options issued by consolidated subsidiary decreases quarterly loss per share.
(Note 3) As of March 1, 2020, the Company conducted a 2-for-1 stock split. Therefore, "Basic earnings per share" and "Diluted earnings per share" have been calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.
(Note 4) 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 Aug. 2020	166,103	13,868	6,970	4.2
As of Feb. 2020	149,997	24,188	16,289	10.9

2. Dividends

	Annual dividend				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended Feb. 2020	-	6.00	-	0.00	6.00
Year ending Feb. 2021	-	0.00			
Year ending Feb. 2021 (forecast)			-	-	-

(Note) Revisions to dividend forecast for the current quarter: Yes

3. Forecast of consolidated business results for the fiscal year ending February 2021 (March 1, 2020 through February 28, 2021)

(% 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. 2021	106,000	-23.9	-6,200	-	-7,000	-	-7,300	-	-6,900	-	-36.94

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

(Reference) Adjusted EBITDA: Year ending February 2021 (Forecast): 11,000 million yen (-56.4%)

***Notes**

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

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

①Changes in accounting policies required under IFRS	: Yes
②Changes in accounting policies due to reasons other than ①	: None
③Changes in accounting estimates	: None

(3) Shares outstanding (common stock)

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

As of August 2020	189,445,284 shares
As of February 2020	189,445,284 shares

②Treasury stock at the end of period

As of August 2020	2,663,750 shares
As of February 2020	2,664,750 shares

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

Six months ended August 2020	186,781,037 shares
Six months ended August 2019	186,779,210 shares

(Note1) 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."

(Note 2) As of March 1, 2020, the Company conducted a 2-for-1 stock split. Therefore, the number of shares has been calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended February 2020.

***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.

○ Table of Contents of the Appendix

1. Qualitative Information on Results for the Current Quarter.....2
(1) Qualitative information on the consolidated financial results.....2
(2) Qualitative information on consolidated financial position.....2
(3) Qualitative information on the consolidated business forecasts.....3
2. Condensed Quarterly Consolidated Financial Statements and Major Notes.....4
(1) Condensed Quarterly Consolidated Statements of Financial Position.....4
(2) Condensed Quarterly Consolidated Statements of Income and Statements of Comprehensive Income.....6
(3) Condensed Quarterly Consolidated Statements of Changes in Equity.....10
(4) Condensed Quarterly Consolidated Statement of Cash Flows.....11
(5) Notes on the Condensed Quarterly Consolidated Financial Statements.....13

1. Qualitative Information on Results for the Current Quarter

(1) Qualitative information on the consolidated financial results

In the second quarter of the current fiscal year, the Japanese economy was extremely severe, as the Japanese government announced the State of Emergency over the spread of new coronavirus (COVID-19) infections, and consumption activities decreased dramatically due to refrain from non-essential going out. After the lifting of the State of Emergency, economic activities resumed and are gradually recovering, but the number of people with infections is expanding again, so the situation remains unpredictable.

In the restaurant industry as well, the business environment continues to be extremely difficult due to a decrease in the number of customers reflecting the effect of self-restraint in going out and requests for shorter working hours by local governments in the metropolitan area, and a decrease of business dinners and parties particularly in urban areas reflecting the expansion of remote working mainly by major companies.

In response to the government's State of Emergency, many of our outlets located in commercial facilities which temporarily suspended operations and izakaya formats in downtown areas, were forced to suspend its operations. Operations resumed in stages after the lifting of the State of Emergency, and revenue is on a recovery trend despite the impact of trends for COVID-19. On the other hand, it is still necessary to operate some outlets with shortened opening hours and limit seating capacity to allow for social distancing, from the view point of preventing the spread of infection.

Under these circumstances, as it takes time to recover the number of customers, our group is reducing expenditures through a variety of measures to secure profits by minimizing costs, such as reducing labor costs through furlough for employees at outlets suspended its operation, negotiating for reductions or exemptions of rents, and curbing new investments. In addition, the head office has shifted to an emergency system with promoting furlough and teleworking for employees. In addition, on September 1, 2020, we reorganized the Group and merged five consolidated subsidiaries into two to improve the efficiency of the head office operations of each company. In addition, we established a shared services subsidiary for accounting and human resource administration with SFP Holdings Co., Ltd., a consolidated subsidiary, for cost reduction and operational efficiency by sharing and standardizing operations.

In addition to improving profitability through aforementioned measures, we have secured the necessary working capital with funds on hand and borrowings from financial institutions in the second quarter of the current fiscal year. Accordingly, we believe that there is no material uncertainty regarding the premise of a going concern.

As a result, in the second quarter of the current fiscal year, revenue was 32,031 million yen (down 49.6% year on year), operating loss was 9,644 million yen (4,296 million yen of profit in the same period of the previous fiscal year), loss before taxes was 10,081 million yen (4,303 million yen of profit in the same period of the previous fiscal year), loss for the period was 10,053 million yen (2,773 million yen of profit in the same period of the previous fiscal year), and loss attributable to owners of parent was 9,048 million yen (2,400 million yen of profit in the same period of the previous fiscal year). Adjusted EBITDA was -1,006 million yen (12,790 million yen in the same period of the previous fiscal year) and Adjusted EBITDA margin was -3.1% (20.1% in the same period of the previous fiscal year) (Note 1).

(Note 1) Adjusted EBITDA and Adjusted EBITDA margin are used as a useful indicator of our financial results.

The formula for Adjusted EBITDA and Adjusted EBITDA margin is as follows:

- Adjusted EBITDA = Operating profit + Other operating expenses - Other operating revenues (excluding sponsorship income, employment adjustment subsidies, 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

(2) Qualitative information on consolidated financial position

(1) Assets, liabilities and shareholders' equity

(Assets)

Current assets at the end of the second quarter of the current fiscal year were 46,229 million yen, increased by 20,315 million yen from the end of the previous fiscal year. This was mainly due to an increase of 21,019 million yen in cash and deposits.

Noncurrent assets at the end of the second quarter of the current fiscal year were 119,874 million yen, decreased by 4,209 million

yen from the end of the previous fiscal year. This was mainly due to a decrease of 3,113 million yen in property, plant and equipment and a decrease of 487 million yen in guarantee deposits included in other financial assets.

(Liabilities)

The balance of liabilities at the end of the second quarter of the current fiscal year was 152,235 million yen, increased by 26,426 million yen from the end of the previous fiscal year. This was mainly due to an increase of 33,864 million yen in bonds and borrowings.

(Assets)

The balance of shareholders' equity at the end of the second quarter of the current fiscal year was 13,868 million yen, decreased by 10,320 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 9,048 million yen in retained earnings.

(2) Consolidated results of cash flows

Cash and cash equivalents (hereinafter "Net cash") at the end of the second quarter of the current fiscal year was 38,938 million yen, increased by 21,019 million yen from the end of the previous fiscal year.

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

(Cash flows from operating activities)

Net cash provided by operating activities in the second quarter was 4,105 million yen (12,175 million yen was provided in the same period of the previous fiscal year). This was mainly due to the recording of 10,081 million yen in loss before taxes and 8,577 million yen in depreciation and amortization.

(Cash flow from investing activities)

Net cash used in investing activities in the second quarter was 2,421 million yen (down 40.8% year on year). This was mainly due to purchase of property, plant and equipment of 2,629 million yen.

(Cash flow from financing activities)

Net cash provided by financing activities was 27,576 million yen (223 million yen was used in the same period of the previous fiscal year). This was mainly due to repayments of long-term debt of 8,859 million yen, repayments of lease liabilities of 6,285 million yen, despite net increase in short-term debt of 40,910 million yen and proceeds from long-term loans payable of 2,080 million yen.

(3) Qualitative information on the consolidated business forecasts

As for the outlook for the current fiscal year, we were forced to suspend operations temporarily and shortened their operating hours at outlets located in commercial facilities which temporarily closed and izakaya formats in downtown districts, following the State of Emergency. Although economic activity resumed with the lifting of the State of Emergency, some of our outlets continued to shorten their business hours, and the number of infected people with COVID-19 re-expanded, and other factors have slowed the return of business conditions.

We have not revised our full-year business forecasts for the fiscal year ending February 2021, announced on July 14, 2020, as we expect a recovery in business conditions, partly owing to the start of the "Go To Eat" campaign by the government in some regions from September.

p

2. Condensed Quarterly Consolidated Financial Statements and Major Notes

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Million yen)

	Note	Previous Fiscal Year (February 29, 2020)	Current Second Quarter (August 31, 2020)
Assets			
Current assets			
Cash and cash equivalents		17,918	38,938
Trade and other receivables		5,113	5,034
Other financial assets		545	26
Inventories		994	761
Other current assets		1,341	1,469
Total current assets		25,913	46,229
Non-current assets			
Property, plant and equipment		77,027	73,913
Goodwill		24,485	24,357
Intangible assets		6,825	6,472
Other financial assets		11,661	11,093
Deferred tax assets		4,047	4,003
Other non-current assets		36	32
Total non-current assets		124,083	119,874
Total assets		149,997	166,103

(Million yen)

	Note	Previous Fiscal Year (February 29, 2020)	Current Second Quarter (August 31, 2020)
Liabilities and assets			
Liabilities			
Current liabilities			
Trade and other payables		5,137	3,722
Bonds and borrowings		27,706	62,758
Lease liabilities		12,035	11,368
Other financial liabilities		145	98
Income taxes payable		1,369	491
Provision		1,132	1,643
Other current liability		10,767	8,719
Total current liabilities		58,295	88,802
Non-current liability			
Bonds and borrowings		22,067	20,880
Lease liabilities		39,814	37,202
Obligations for retirement pay		762	784
Provision		3,875	3,535
Deferred tax liabilities		451	443
Other non-current liabilities		540	585
Total non-current liabilities		67,512	63,432
Total liabilities		125,808	152,235
Capital			
Capital stock		1,012	1,012
Capital surplus		3,153	3,213
Retained earnings		13,317	4,268
Treasury stock		-1,252	-1,251
Other components of equity		59	-271
Equity attributable to the owners of parent		16,289	6,970
Non- controlling equity		7,899	6,897
Total capital		24,188	13,868
Total liabilities and shareholders' equity		149,997	166,103

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

Condensed Quarterly Consolidated Statements of Income

Consolidated Cumulative Second Quarter

(Million yen)

	Note	Previous Second Quarter (March 1, 2019 to August 31, 2019)	Current Second Quarter (March 1, 2020 to August 31, 2020)
Revenue		63,524	32,031
Cost of sales		-18,090	-9,369
Gross profit		45,434	22,662
Selling, general and administrative expenses		-40,894	-38,289
Other operating revenue		1,045	7,359
Other operating expenses		-1,288	-1,377
Operating profit (loss)		4,296	-9,644
Financial income		248	50
Financing cost		-241	-487
Profit (loss) before taxes		4,303	-10,081
Corporate income tax expense		-1,529	28
Profit (loss) for the period		2,773	-10,053
Net profit attributable to			
Owners of parent		2,400	-9,048
Non-controlling equity		372	-1,004
Profit (loss) for the period		2,773	-10,053
Profit per share attributable to owners of parent (yen)			
Basic profit (loss) per share		12.85	-48.45
Diluted earnings (loss) per share		12.85	-48.45

Current Second Quarter

(Million yen)

	Note	Previous Second Quarter (June 1, 2019 to August 31, 2019)	Current Second Quarter (June 1, 2020 to August 31, 2020)
Revenue		31,573	20,219
Cost of sales		-8,997	-5,735
Gross profit		22,576	14,483
Selling, general and administrative expenses		-20,605	-19,212
Other operating revenue		360	3,649
Other operating expenses		-859	-835
Operating profit (loss)		1,472	-1,915
Financial income		157	48
Financing cost		-124	-265
Profit (loss) before taxes		1,504	-2,132
Corporate income tax expense		-514	-
Profit (loss) for the period		990	-2,132
Net profit attributable to			
Owners of parent		861	-1,744
Non-controlling equity		129	-387
Profit (loss) for the period		990	-2,132
Profit per share attributable to owners of parent (yen)			
Basic profit (loss) per share		4.61	-9.34
Diluted earnings (loss) per share		4.61	-9.34

Consolidated Statements of Comprehensive Income

Consolidated Cumulative Second Quarter

(Million yen)

	Note	Previous Second Quarter (March 1, 2019 to August 31, 2019)	Current Second Quarter (March 1, 2020 to August 31, 2020)
Profit (loss) for the period		2,773	-10,053
Other comprehensive profit			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation adjustments		-81	-330
Total		-81	-330
Total other comprehensive profit		-81	-330
Comprehensive profit		2,691	-10,383
Net profit attributable to			
Owners of parent		2,319	-9,379
Non-controlling equity		372	-1,004
Comprehensive profit		2,691	-10,383

Current Second Quarter

(Million yen)

	Note	Previous Second Quarter (June 1, 2019 to August 31, 2019)	Current Second Quarter (June 1, 2020 to August 31, 2020)
Profit (loss) for the period		990	-2,132
Other comprehensive profit			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation adjustments		-48	-136
Total		-48	-136
Total other comprehensive profit		-48	-136
Comprehensive profit		942	-2,269
Net profit attributable to			
Owners of parent		813	-1,881
Non-controlling equity		129	-387
Comprehensive profit		942	-2,269

(3) Condensed Quarterly Consolidated Statements of Changes in Equity

Previous Second Quarter (March 1, 2019 to August 31, 2019)

(Million yen)

	Note	Equity attributable to owners of parent								
						Other components of equity				
		Capital stock	Capital surplus	Retained earnings	Treasury stock	Foreign currency translation adjustments	Total	Total	Non-controlling equity	Total capital
Balance at March 1, 2019		1,012	3,071	13,551	-1,253	-20	-20	16,361	7,635	23,996
Cumulative effects of changes in accounting policies		-	-	-386	-	-	-	-386	-53	-439
Balance as of March 1, 2019 (revised)		1,012	3,071	13,164	-1,253	-20	-20	15,974	7,582	23,557
Profit for the period		-	-	2,400	-	-	-	2,400	372	2,773
Other comprehensive profit		-	-	-	-	-81	-81	-81	-	-81
Comprehensive profit		-	-	2,400	-	-81	-81	2,319	372	2,691
Dividend		-	-	-560	-	-	-	-560	-120	-681
Increase (decrease) in other capital surplus due to change in equity in consolidated subsidiaries		-	-18	-	-	-	-	-18	15	-2
Share-based payment transactions		-	60	-	-	-	-	60	-	60
Other		-	-0	-	0	-	-	0	0	0
Total transactions with owners		-	42	-560	0	-	-	-517	-105	-622
Balance at August 31, 2019		1,012	3,114	15,005	-1,252	-101	-101	17,776	7,849	25,626

Current Second Quarter (March 1, 2020 to August 31, 2020)

(Million yen)

	Note	Equity attributable to owners of parent								
						Other components of equity				
		Capital stock	Capital surplus	Retained earnings	Treasury stock	Foreign currency translation adjustments	Total	Total	Non-controlling equity	Total capital
Balance at March 1, 2020		1,012	3,153	13,317	-1,252	59	59	16,289	7,899	24,188
Loss for the period		-	-	-9,048	-	-	-	-9,048	-1,004	-10,053
Other comprehensive profit		-	-	-	-	-330	-330	-330	-	-330
Comprehensive profit		-	-	-9,048	-	-330	-330	-9,379	-1,004	-10,383
Increase (decrease) in other capital surplus due to change in equity in consolidated subsidiaries		-	-2	-	-	-	-	-2	2	0
Share-based payment transactions		-	61	-	-	-	-	61	-	61
Other		-	-0	-	0	-	-	0	-0	0
Total transactions with owners		-	59	-	0	-	-	60	2	63
Balance at August 31, 2020		1,012	3,213	4,268	-1,251	-271	-271	6,970	6,897	13,868

(4) Condensed Quarterly Consolidated Statement of Cash Flows

(Million yen)

	Note	Previous Second Quarter (March 1, 2019 to August 31, 2019)	Current Second Quarter (March 1, 2020 to August 31, 2020)
Cash flows from operating activities			
Profit (loss) before taxes		4,303	-10,081
Depreciation and amortization		7,926	8,577
Impairment loss		1,062	978
Interest income		-4	-3
Interest expense		224	282
Loss (gain) on sale of non-current assets		-0	-0
Loss on retirement of non-current assets		43	19
Changes in inventories		-70	228
Decrease (increase) in trade and other receivables		-2,203	64
Increase (decrease) in trade and other payables		907	-1,212
Increase (decrease) in net retirement benefit liability		-14	21
Increase (decrease) in allowance		53	212
Other changes		280	-2,047
Sub-total		12,508	-2,959
Interest and dividend received		4	3
Interest expenses paid		-218	-135
Income taxes paid		-1,175	-1,015
Income taxes refunded		1,057	0
Cash flows from operating activities		12,175	-4,105
Cash flow from investing activities			
Payments into time deposits		-	-54
Proceeds from withdrawal of time deposits		-	573
Purchase of property, plant and equipment		-1,739	-2,629
Proceeds from sales of property, plant and equipment		20	2
Payments for asset retirement obligations		-75	-262
Purchase of intangible assets		-33	-41
Payments for guarantee deposits		-352	-95
Proceeds from collection of guarantee deposits		36	153
Purchase of shares of subsidiaries		-13	-
Purchase of investments in subsidiaries resulting in change in scope of consolidation		-1,820	-
Other		-110	-67
Cash flow from investing activities		-4,089	-2,421

(Million yen)

	Note	Previous Second Quarter (March 1, 2019 to August 31, 2019)	Current Second Quarter (March 1, 2020 to August 31, 2020)
Cash flow from financing activities			
Net increase (decrease) in short-term borrowings		-1,200	40,910
Proceeds from long-term debt		11,228	2,080
Repayment of long-term loans payable		-3,335	-8,859
Redemption of bonds		-265	-268
Repayments of lease liabilities		-5,966	-6,285
Cash dividends paid		-565	-1
Proceeds from share issuance to non-controlling interests		10	0
Dividends paid to non-controlling interests		-120	-0
Other		-8	0
Cash flow from financing activities		-223	27,576
Effect of exchange rate change on cash and cash equivalents		-50	-29
Net increase (decrease) in cash and cash equivalents		7,811	21,019
Balance of cash and cash equivalents at beginning of period		13,248	17,918
Balance of cash and cash equivalents at period-end		21,060	38,938

(5) Notes on the Condensed Quarterly Consolidated Financial Statements

(Notes on going concern assumptions)

None

(Changes in 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 except for the following items.

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

From the first quarter of the current fiscal year, the Group has adopted the following standard.

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

This revision allows lessees that have received rent reductions and exemptions as a direct consequence of the spread of a new coronavirus (COVID-19) infectious to select a simplified accounting treatment.

The amendment provides that the lessee may choose a practical method of rent reductions and exemptions due to COVID-19 that does not require an assessment as to whether it meets the requirements of IFRS 16 for "lease modifications."

Our Group has applied this method to the reduction of rent that meets the above requirements.

Loss before taxes for the second quarter of the current fiscal year decreased by 1,441 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 profit (loss) per share and diluted profit (loss) per share and the basis for calculation are as follows.

(Million yen)

	Previous Second Quarter (March 1, 2019 to August 31, 2019)	Current Second Quarter (March 1, 2020 to August 31, 2020)
Profit (loss) attributable to owners of parent	2,400	-9,048
Adjustments to profit for the period		
Adjustments for dilutive shares issued by subsidiaries	-1	-
Profit (loss) for the period used to compute diluted profit per share	2,399	-9,048
Weighted average number of shares of common shares outstanding (shares)	186,779,210	186,781,037
Weighted average number of common diluted shares outstanding (shares)	186,779,210	186,781,037
Basic profit (loss) per share (yen)	12.85	-48.45
Diluted profit (loss) per share (yen)	12.85	-48.45
Summary of potentially dilutive securities not included in the calculation of diluted loss per share due to their anti-dilutive effect	-	Stock options issued by consolidated subsidiaries (Number of shares subject to stock options: 12,000 shares)

(Note)1. "Basic profit (loss) per share" and "Diluted profit (loss) per share" are calculated by deducting our shares held by the "Trust-type ESOP for Employees," which are recorded as treasury shares in other components of equity, from the calculation of the average number of shares during the period. (Previous second quarter: 1,999,523 shares, current second quarter:1,997,696 shares)

2. Diluted loss per share for the second quarter of the current fiscal year are not dilutive because stock options issued by consolidated subsidiaries are exercised to reduce quarterly loss per share.

3. As of March 1, 2020, the Company conducted a 2-for-1 stock split. Therefore, "Basic profit (loss) per share" and "Diluted profit (loss) per share" have been calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

(Million yen)

	Previous Second Quarter (June 1, 2019 to August 31, 2019)	Current Second Quarter (June 1, 2020 to August 31, 2020)
Profit (loss) attributable to owners of parent	861	-1,744
Adjustments to profit for the period		
Adjustments for dilutive shares issued by subsidiaries	-0	-
Profit (loss) for the period used to compute diluted profit per share	860	-1,744
Weighted average number of shares of common shares outstanding (shares)	186,779,534	186,781,455
Weighted average number of common diluted shares outstanding (shares)	186,779,534	186,781,455
Basic profit (loss) per share (yen)	4.61	-9.34
Diluted profit (loss) per share (yen)	4.61	-9.34
Summary of diluted shares not included in the calculation of diluted loss per share due to the anti-dilutive effect	-	Stock options issued by consolidated subsidiaries (Number of shares subject to stock options: 12,000 shares)

(Note)1. "Basic profit (loss) per share" and "Diluted profit (loss) per share" are calculated by deducting our shares held by the "Trust-type ESOP for Employees," which are recorded as treasury shares in other components of equity, from the calculation of the average number of shares during the period. (Previous second quarter: 1,999,200 shares, current second quarter: 1,997,278 shares)

2. Diluted loss per share for the second quarter of the current fiscal year are not dilutive because stock options issued by consolidated subsidiaries are exercised to reduce quarterly loss per share.

3. As of March 1, 2020, the Company conducted a 2-for-1 stock split. Therefore, "Basic profit (loss) per share" and "Diluted profit (loss) per share" have been calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

(Significant subsequent events)

None