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## Summary of Consolidated Financial Results for the Year Ended February 28, 2021 (Based on Japanese GAAP)

April 14, 2021

Company name:	Plenus Co., Ltd.	Stock exchange listing:	Tokyo
Stock code:	9945	URL:	<a href="https://www.plenus.co.jp/">https://www.plenus.co.jp/</a>
Representative:	President and Representative Director	Tatsuo Shioi	
Inquiries:	IR Department Manager	Toshiyuki Fujinami	TEL: 03(6892)0304
Scheduled date of ordinary general meeting of shareholders:		May 26, 2021	
Scheduled date to commence dividend payments		May 11, 2021	
Scheduled date to file Securities Report:		May 26, 2021	
Preparation of supplementary materials on financial results:		Yes	
Holding of financial results meeting:		Yes (for analysts and institutional investors)	

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the year ended February 28, 2021 (from March 1, 2020 to February 28, 2021)

#### (1) Consolidated operating results (Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended February 28, 2021	140,509	(6.1)	902	159.0	2,037	179.4	(2,545)	—
Year ended February 29, 2020	149,572	(2.8)	348	—	729	409.3	(2,934)	—

(Note) Comprehensive income: Year ended February 28, 2021 (2,495) million yen (—%)  
Year ended February 29, 2020 (2,862) million yen (—%)

	Earnings per share	Diluted earnings per share	Profit attributable to owner's parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended February 28, 2021	(66.39)	—	(4.8)	2.4	0.6
Year ended February 29, 2020	(76.59)	—	(5.1)	0.8	0.2

(Reference) Equity method investment gain (loss): Year ended February 28, 2021 60 million yen  
Year ended February 29, 2020 (35) million yen

(Note) Diluted earnings per share are not shown given negative earnings per share while there are dilutive shares.

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	%
As of February 28, 2021	80,389	51,867	63.4	1,329.87
As of February 29, 2020	86,179	55,491	63.5	1,427.86

(Reference) Shareholders' equity: As of February 28, 2021 51,001 million yen  
As of February 29, 2020 54,727 million yen

#### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended February 28, 2021	4,726	(2,729)	(1,317)	10,491
Year ended February 29, 2020	9,284	(4,612)	(2,089)	9,820

## 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended February 28, 2021	—	30.00	—	30.00	60.00	2,299	—	4.0
Year ended February 29, 2020	—	0.00	—	30.00	30.00	1,150	—	2.2
Year ending February 28, 2022 (Forecast)	—	30.00	—	30.00	60.00		91.7	

## 3. Forecast of consolidated financial results for the year ending February 28, 2022 (from March 1, 2021 to February 28, 2022)

(Percentages indicate changes compared with the previous year for full year results, and those compared with the same quarterly period of the previous year for quarterly results)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ended August 31, 2020 (Cumulative)	72,610	6.5	2,290	—	2,780	—	1,540	—	40.16
Full year	145,230	3.4	5,400	498.1	6,040	196.4	2,510	—	65.45

## 4. Notes

- (1) Changes in significant subsidiaries during the year ended February 28, 2021 No  
(changes in specified subsidiaries resulting in the change in scope of consolidation):  
Newly consolidated: - company(ies) (company name(s)), Excluded: - company(ies) (company name(s))
- (2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- 1) Changes in accounting policies due to revisions to accounting standards and other regulations : No
  - 2) Change in accounting policies other than item 1) above : No
  - 3) Changes in accounting estimates : No
  - 4) Restatement of prior period financial statements : No
- (3) Number of issued shares (common shares)
- 1) Total number of issued shares at the end of the period (including treasury shares)

As of February 28, 2021	44,392,680 shares	As of February 29, 2020	44,392,680 shares
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  - 2) Number of treasury shares at the end of the period

As of February 28, 2021	6,041,555 shares	As of February 29, 2020	6,064,309 shares
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  - 3) Average number of shares during the period

Year ended February 28, 2021	38,345,656 shares	Year ended February 29, 2020	38,317,929 shares
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## (Reference) Summary of non-consolidated financial results

### 1. Non-consolidated financial results for the year ended February 28, 2021 (from March 1, 2020 to February 28, 2021)

#### (1) Non-consolidated operating results (Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended February 28, 2021	129,917	(5.9)	(18)	—	297	—	(3,043)	—
Year ended February 29, 2020	138,023	(3.4)	548	448.5	(413)	—	(4,225)	—

	Earnings per share	Diluted earnings per share
	Yen	Yen
Year ended February 28, 2021	(79.36)	—
Year ended February 29, 2020	(110.28)	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	%
As of February 28, 2021	75,035	49,242	65.3	1,278.16
As of February 29, 2020	81,366	53,409	65.4	1,387.31

(Reference) Shareholders' equity: As of February 28, 2021 49,018 million yen  
As of February 29, 2020 53,173 million yen

- \* Summary of consolidated financial results is not subject to the audit procedure performed by a Certified Public Accountant or audit firm.
- \* Explanation of appropriate use of financial results forecasts and other special notes
  - Any statement on the future such as an outlook for financial results included in this material is based on information the Company presently has and certain assumptions the Company considers reasonable, and the Company does not promise such will be achieved. In addition, actual financial results may significantly differ due to various factors. For assumptions for financial results forecasts and points to consider in utilizing them, please see “1. Overview of operating results, etc., (1) Overview of operating results during the period under review, 2) Outlook for the next period” on P.4 of the attachments.
- \* Method to obtain supplementary materials on financial results
  - Supplementary materials on financial results will be posted on the IR Library section of the Company's website on April 16, 2021 (Friday).

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1. Overview of operating results, etc.

(1) Overview of operating results during the period under review

1) Operating results during the fiscal year under review

During the fiscal year under review, the future outlook for the Japanese economy remained uncertain as consumption activities in Japan remained weak due to the impact of the spread of COVID-19, coupled with another rise in COVID-19 cases.

The restaurant industry saw signs of a recovery in consumption activities after the lifting of the state of emergency that had been issued in April 2020, however it continues to face a challenging business environment, impacted by stay-at-home requests and requests to shorten business hours as a result of another state of emergency declared in 11 prefectures in January 2021. Meanwhile, takeout meals and food delivery segments remain robust due to higher demand as consumers refrained from leaving home.

Under these circumstances, in an effort to increase customer satisfaction, the Group focused on enhancing its business foundations by developing existing brands and on operating stores with due consideration to the safety of customers and employees. As part of efforts to develop existing brands, we promoted the expansion of over-the-counter sales. We did this through such measures as launching campaigns using products manufactured at the Group's plants, implementing sales strategies with business type-specific targets, and expanding stores that adapt to digital marketing and delivery services using smartphone applications and other platforms while continuing to focus on the promotion of franchising. Also, with regards to store operation, Hotto Motto has made progresses in shifting to contactless operations through means such as introducing electronic money to all stores, expanding payment brand options, and increasing online orders. For YAYOI, we promoted the creation of an environment where customers feel safe eating by implementing various measures. These include expanding to-go menu items, installing partitions on tables to prevent infections by droplets, and introducing "Rice Refilling Robots."

However, the global spread of COVID-19 has caused a significant impact on the restaurant industry as it resulted in global travel restrictions, including a ban on entering and leaving countries, and restrictions on leaving home, along with requests from the central government and local governments to refrain from going out and to shorten business hours in Japan as a result of the declaration of a state of emergency twice.

In Japan, net sales at existing Hotto Motto stores during the fiscal year under review remained strong, up 3.6% on a year-on-year basis. However, net sales at YAYOI and MK RESTAURANTS were down 22.1% and 16.8%, respectively, being impacted again by the spread of COVID-19 during the fiscal year under review.

[Year-on-year change in net sales at existing stores in Japan]

	First quarter (March–May)	Second quarter (June–August)	Third quarter (September–November)	Fourth quarter (December–February)	Full fiscal year under review (March–February)
Hotto Motto	+2.4%	+4.1%	+3.3%	+4.3%	+3.6%
YAYOI	-35.8%	-20.9%	-5.0%	-24.2%	-22.1%
MK RESTAURANTS	-23.8%	-10.7%	-2.7%	-30.9%	-16.8%

In overseas markets, we continued to face a challenging business environment as we were affected significantly in some countries and regions by being forced to temporarily close businesses based on government orders and also were under restrictions in other countries and regions, such as shortened business hours and doing business by delivery only.

As a result of the above, the Company posted net sales of 140,509 million yen (down 6.1% year-on-year), operating profit of 902 million yen (up 159.0% year-on-year), ordinary profit of 2,037 million yen (up 179.4% year-on-year), and loss attributable to owners of parent of 2,545 million yen (loss attributable to owners of parent of 2,934 million yen in the previous year) during the fiscal year under review. Net sales decreased year-on-year due to a decrease in net sales at existing stores of YAYOI and MK RESTAURANTS caused by the spread of COVID-19 and closure of 190 company-operated Hotto Motto stores executed in the previous fiscal year, despite an increase in net sales at existing Hotto Motto stores. Profits increased year-on-year attributed to improved gross margin of products, an increase in net sales at existing Hotto Motto stores, and the effects of store closures in the previous fiscal year, despite a decrease in net sales at existing stores of YAYOI and MK RESTAURANTS. The main factor behind loss attributable to owners of parent was the recording of an impairment loss on non-current assets including stores.

[Status of store development in Japan]

	End of previous fiscal year	Opening	Closing	End of fiscal year under review	Renovation/Relocation
Hotto Motto	2,527 stores	5 stores	39 stores	2,493 stores	31 stores
YAYOI	382 stores	9 stores	19 stores	372 stores	13 stores
MK RESTAURANTS	32 stores	1 store	7 stores	26 stores	–
Total	2,941 stores	15 stores	65 stores	2,891 stores	44 stores

[Status of store development outside Japan]

	Area	End of previous fiscal year	Opening	Closing	End of fiscal year under review
Hotto Motto	China	3 stores	–	1 store	2 stores
	South Korea	10 stores	1 store	–	11 stores
	Singapore	1 store	–	–	1 store
YAYOI	Thailand	198 stores	1 store	5 stores	194 stores
	Singapore	10 stores	1 store	2 stores	9 stores
	Australia	6 stores	–	–	6 stores
	Taiwan	21 stores	2 stores	2 stores	21 stores
	USA	3 stores	1 store	–	4 stores
	Philippines	5 stores	1 store	–	6 stores
	Malaysia	2 stores	2 stores	–	4 stores
Total	–	259 stores	9 stores	10 stores	258 stores

The Group's business performance by segment is as follows.

#### [Hotto Motto Business]

As a top brand of take-out bento boxes and with a safe and secure quality management system, Hotto Motto aims to provide bento boxes that are freshly made in stores by focusing on tasty rice and using carefully selected high-quality rice grown in Japan. We worked to provide high-value-added products, such as by improving the quality of products using the Group's plants and increasing the volume of products, with the goal of increasing customer satisfaction. In addition, efforts were made to drive repeat visits to stores by holding "Thank You Fairs" that sold popular products at a discount of 100 yen at the maximum and releasing products targeting youth who are light users, such as "Hakata Mentaimayo Karaage Bento" and "Tsunamayo Shiokonbu Nori Bento." On top of the above, ongoing efforts were made to respond to customers' diverse needs, such as expanding stores that offer delivery services, launching the "Hotto Motto Official Application," and expanding contactless payments with the introduction of QR code payments and electronic money to all stores.

As a result of the above, the Company posted net sales of 104,492 million yen (down 1.4% year-on-year) and operating profit of 4,424 million yen (operating profit of 302 million yen in the previous year). Net sales decreased year-on-year due to the impact of closure of 190 company-operated stores in the previous fiscal year, despite an increase in net sales at existing stores (up 3.6% year-on-year). Operating profit increased year-on-year due primarily to an increase in net sales at existing stores and the effects of closure of 190 company-operated stores in the previous fiscal year.

#### [YAYOI Business]

Based on the concept of providing "teishoku" (set meal) dishes that place the emphasis on ingredients and a home-made feel at reasonable prices, we focused on driving customer visits by launching products for medium and light users, such as "Kuroge Wagyu Beef Sukiyaki Teishoku" that use Japanese Black beef and "Yayoi Gozen" in which a variety of Japanese dishes are served in small portions, in addition to promoting existing initiatives for products for heavy users. Moreover, in addition to expanding stores that offer delivery services, efforts were made to create an environment where customers feel safe eating by expanding to-go menu items and installing partitions on tables to prevent infection by droplets in June and introducing "Rice Refilling Robots" at the end of September.

As a result of the above, the Company posted net sales of 24,479 million yen (down 19.7% year-on-year) and operating loss of 2,683 million yen (operating profit of 896 million yen in the previous year). Net sales decreased year-on-year due to a decrease in net sales at existing stores (down 22.1% year-on-year) caused by the spread of COVID-19. Profits decreased year-on-year due to a decrease in net sales at existing stores.

#### [MK RESTAURANTS Business]

We enhanced product capability by adding a limited-time offer of garlic flavored "Motsunabe Soy Sauce Soup" that uses dark soy sauce, which has a deep and sweet taste and is commonly used in Kyushu, with the savor of bonito and fish sauce to SHABU-SHABU (thinly sliced meat boiled with vegetables), a product that allows customers to choose from plenty of ingredients and unique soup, and offering a wide range of specially selected ingredients and dim sum menu items. In addition, we focused on driving customer visits by regularly implementing sales promotion initiatives targeting families. Efforts were also made to improve profitability by closing seven unprofitable stores.

As a result of the above, the Company posted net sales of 2,153 million yen (down 34.9% year-on-year) and operating loss of 386 million yen (operating loss of 332 million yen in the previous period). Net sales decreased year-on-year due to a decrease in net sales at existing stores (down 16.8% year-on-year) and temporary closure of stores caused by the spread of COVID-19, and closure of unprofitable stores. Profits decreased year-on-year due to a decrease in net sales at existing stores despite the effects of closing unprofitable stores.

[Overseas Business]

In the overseas business, efforts were made to restore profitability by enhancing profitability of existing stores through such measures as implementing market-specific initiatives to boost sales and reducing costs at stores through the local procurement of ingredients. However, we continued to face a challenging situation due to the impact of the spread of COVID-19 as we were affected significantly in some countries and regions by being forced to temporarily close businesses based on government orders and also were under restrictions in other countries and regions such as shortening business hours and doing business by delivery only.

As a result of the above, the Company posted net sales of 2,909 million yen (down 28.1% year-on-year) and operating loss of 688 million yen (operating loss of 568 million yen in the previous year).

[Other]

MSF Co., Ltd. (formerly, MIYAJIMA SHOYU FLAVOR Co., Ltd.; change of trade name on March 1, 2020), whose main business is as an OEM (original equipment manufacturer) of seasonings and processed food, proactively proposed new products to existing business partners while conducting marketing activities to acquire new ones. MSF Co., Ltd., which also engages in the development of seasonings and other ingredients used at the Group's stores, focused on expanding the number of products.

As a result of the above, the Company posted net sales of 6,474 million yen (up 11.4% year-on-year). Regarding profits, the Company posted operating profit of 285 million yen (up 189.8% year-on-year) as a result of an increase in production despite amortization of goodwill.

2) Outlook for the next period

The future outlook for the economy remained uncertain as consumption activities in Japan remained weak due to the impact of the spread of COVID-19, coupled with another rise in COVID-19 cases. Also, in the restaurant industry, the business environment surrounding the Company is expected to remain severe amid pressure on profits due to increases in raw material prices, distribution costs, and labor costs resulting from labor shortages, as well as ongoing diversification in consumption trends.

Against this backdrop, the Group aims to continuously enhance its corporate value by expanding the scale of sales across the chain and improving the profitability of its stores as part of its growth strategy.

Regarding Hotto Motto, we will continue to roll out campaigns utilizing products manufactured at the Group's plants and implement targeted sales strategies, while also working to increase sales at existing stores by responding to a wide range of customer needs through measures such as strengthening online ordering, delivery services, and cashless payments, as well as those to attract new customers by launching products targeting families.

As for YAYOI, we will aim to recover sales at existing stores by responding to new needs such as demands for takeout and delivery services, as well as breakfast menus, in addition to strengthening branding by continuously communicating the appeal of 'set meals with particular attention to rice' and carrying out a large-scale campaign.

With regard to MK RESTAURANTS, we will aim to improve profitability of the business by strengthening digital marketing and original products that can differentiate us from competitors, and responding to demands for takeout and delivery services in addition to various cost-per-customer increase measures.

As for new store openings, we plan to open 22 stores in Japan and 24 stores overseas to strengthen our existing store structure under the impact of the prolonged COVID-19 pandemic, in order to be prepared for a time in which we can promote new store opening both in Japan and overseas. In Japan, we will aim for the Group's further growth by increasing the scale of the chain's sales by promoting franchise development while promoting store openings centered on Hotto Motto in order to achieve further growth in the robust takeout service market, as well as by utilizing the Group's factories.

At the Group's plants, the number of manufactured products and production volumes have been increasing steadily, contributing to their stable operation. With a view to improving profitability further through reduction in merchandise cost, we will work for improved utilization rates and stable operations by actively utilizing the Group's plants through measures such as implementing a campaign utilizing internally manufactured products and developing new products.

In the overseas business, we will aim to turn it into profitability by implementing market-oriented sales improvement measures, such as strengthening takeout and delivery services, and by controlling costs, while at the same time building new models to expand store opening.

As a result of the above, the Company expects net sales of 145,230 million yen (up 3.4% year-on-year), operating profit of 5,400 million yen (up 498.1% year-on-year), ordinary profit of 6,040 million yen (up 196.4% year-on-year), and profit attributable to owners of parent of 2,510 million yen (loss attributable to owners of parent of 2,545 million yen in the previous period) during the next period.

(Risk information relating to COVID-19)

Due to the global spread of COVID-19 the business environment remains severe, as it resulted in global travel restrictions, including a ban on entering and leaving countries, and regulations to restrict outings, along with the declaration of another state of emergency in 11 prefectures in Japan in January 2021 that led to requests to refrain from going out and to shorten business hours.

In order to achieve customer satisfaction as a food infrastructure company, the Group implements store management that considers the safety of customers and employees, such as thorough infection prevention measures in accordance with health

administration guidelines, expansion of shops that introduce delivery services, enhancement of efforts for contactless services at Hotto Motto, installation of partitions to prevent infection by droplets, and introduction of the “Rice Refilling Robots” at YAYOI. With regards to the procurement of raw materials, we strive for stable procurement by strengthening cooperation and coordination with our suppliers and utilizing our import knowhow. As for the supply system, we are working to further improve stable supply and productivity by promoting in-house production of core products through the use of the Group’s plants.

However, if the impact is prolonged or worsens further, over-the-counter net sales may decrease and a shortage of raw materials, a surge in purchase prices, and other issues may occur, which may affect the operating results and financial position of the Group.

## (2) Overview of financial position for the period under review

### 1) Assets, liabilities and net assets

Total assets as of the end of the fiscal year under review were 80,389 million yen, down 5,790 million yen compared with the end of the previous fiscal year. This consisted of an increase of 474 million yen in current assets and a decrease of 6,265 million yen in non-current assets. The increase in current assets was mainly due to an increase of 442 million yen in cash and deposits, an increase of 364 million yen in notes and accounts receivable - trade, and a decrease of 558 million yen in merchandise and finished goods. The decrease in non-current assets was chiefly attributable to a decrease of 5,109 million yen in property, plant and equipment and a decrease of 1,102 million yen in intangible assets. The decrease in property, plant and equipment was chiefly attributable to impairment loss of 2,900 million yen.

Liabilities decreased by 2,165 million yen from the end of the previous fiscal year to 28,522 million yen. This consisted of a decrease of 2,578 million yen in current liabilities and an increase of 413 million yen in non-current liabilities. The decrease in current liabilities was mainly due to a decrease of 1,047 million yen in accrued consumption taxes and a decrease in deposits received from franchised stores of 1,273 million yen that were included in “Other” under current liabilities. The increase in non-current liabilities was chiefly attributable to an increase of 470 million yen in lease obligations.

Net assets decreased by 3,624 million yen from the end of the previous fiscal year to 51,867 million yen. This primarily consisted of a decrease of 3,695 million yen in retained earnings. The decrease in retained earnings was mainly due to the recording of loss attributable to owners of parent of 2,545 million yen and dividend payments of 1,149 million yen.

### 2) Cash flows

Cash and cash equivalents (hereinafter “funds”) as of the end of the fiscal year under review were 10,491 million yen, up 671 million yen compared to the end of the previous fiscal year.

Cash flows in the fiscal year under review are as follows.

#### (Cash flows from operating activities)

Funds provided by operating activities amounted to 4,726 million yen (9,284 million yen provided in the previous fiscal year). This primarily consisted of loss before income taxes of 1,878 million yen, depreciation of 5,955 million yen, impairment loss of 2,900 million yen, a decrease in accrued consumption taxes of 1,016 million yen, and a decrease in deposits received of 1,224 million yen.

#### (Cash flows from investing activities)

Funds used in investing activities amounted to 2,729 million yen (4,612 million yen used in the previous fiscal year). This primarily consisted of purchase of property, plant and equipment of 3,079 million yen and proceeds from refund of guarantee deposits of 445 million yen.

#### (Cash flows from financing activities)

Funds used in financing activities amounted to 1,317 million yen (2,089 million yen used in the previous fiscal year). This primarily consisted of proceeds from short-term borrowings of 1,330 million yen, repayment of short-term borrowings of 1,463 million yen, and payment of dividends of 1,148 million yen.

#### (Reference) Changes in cash flows-related indicators

	Year ended February 28, 2017	Year ended February 28, 2018	Year ended February 28, 2019	Year ended February 29, 2020	Year ended February 28, 2021
Equity ratio (%)	70.8	71.6	68.6	63.5	63.4
Equity ratio on a market value basis (%)	100.6	86.5	79.6	75.9	89.5

- (Notes)
- 1 Equity ratio: Shareholders’ equity/Total assets
  - 2 Equity ratio on a market value basis: Market capitalization/Total assets
  - 3 Each of the indicators above is calculated based on financial figures on a consolidated basis.
  - 4 Market capitalization is calculated by multiplying the closing stock price at the end of the period by the number of issued shares at the end of the period (net of treasury shares).



- 5 The interest-bearing debt to cash flows ratio and interest coverage ratio are omitted because they are not informative figures given the Group's financial positions.

(3) Basic policy for appropriation of profits and dividends for the period under review and next period

The Company's basic policy is to distribute profits gained through the effective use of the capital received from shareholders based on clear criteria, on the premise of constant and stable payment of dividends. Specifically, the Company intends to pay dividends in an amount that is the higher of either a year-end dividend of 60 yen or a dividend payout ratio of 50% (profit per share on a consolidated basis).

In addition, it designates the Board of Directors as the decision-making body for the dividends of surplus from the viewpoint of ensuring the flexibility of capital and dividend policies.

With a view to ensuring stability in the financial positions in a business environment significantly impacted by the spread of COVID-19, we decided to pay no dividend for the interim period and pay an annual dividend of 30 yen per share (of which, no interim dividend was paid) for the period under review.

2. Basic approach towards selection of accounting standard

The Group has adopted Japanese GAAP in consideration of the comparability across periods of the consolidated financial statements and the comparability across companies. With regards to application of the International Financial Reporting Standards (IFRS) in the future, the Group will take appropriate action in light of situations at home and abroad.

### 3. Consolidated financial statements

#### (1) Consolidated balance sheets

	(Millions of yen)	
	As of February 29, 2020	As of February 28, 2021
Assets		
Current assets		
Cash and deposits	10,076	10,519
Notes and accounts receivable - trade	2,648	3,013
Merchandise and finished goods	5,950	5,391
Raw materials and supplies	188	220
Other	2,761	2,968
Allowance for doubtful accounts	(497)	(509)
Total current assets	21,128	21,603
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	32,009	27,096
Machinery equipment and vehicles, net	3,670	3,238
Land	7,388	7,388
Leased assets, net	273	667
Construction in progress	65	564
Other, net	2,166	1,509
Total property, plant and equipment	45,574	40,464
Intangible assets		
Goodwill	900	714
Other	2,130	1,214
Total intangible assets	3,031	1,928
Investments and other assets		
Investment securities	209	216
Long-term loans receivable	2,112	1,911
Deferred tax assets	3,139	3,704
Guarantee deposits	7,131	6,798
Investment property, net	2,227	2,222
Other	1,671	1,582
Allowance for doubtful accounts	(45)	(43)
Total investments and other assets	16,445	16,392
Total non-current assets	65,050	58,785
Total assets	86,179	80,389

(Millions of yen)

	As of February 29, 2020	As of February 28, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,108	5,402
Short-term borrowings	694	758
Lease obligations	61	97
Income taxes payable	360	959
Provision for bonuses	340	340
Provision for point card certificates	258	287
Provision for shareholder benefit program	123	161
Asset retirement obligations	70	6
Other	11,071	8,498
Total current liabilities	19,090	16,511
Non-current liabilities		
Long-term borrowings	1,171	1,075
Lease obligations	256	726
Long-term guarantee deposits	2,742	2,700
Asset retirement obligations	7,191	7,124
Retirement benefit liability	93	110
Other	141	274
Total non-current liabilities	11,598	12,011
Total liabilities	30,688	28,522
Net assets		
Shareholders' equity		
Share capital	3,461	3,461
Capital surplus	4,724	4,714
Retained earnings	58,304	54,608
Treasury shares	(11,820)	(11,776)
Total shareholders' equity	54,669	51,008
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(15)	(11)
Foreign currency translation adjustment	74	4
Total accumulated other comprehensive income	58	(6)
Share acquisition rights	236	223
Non-controlling interests	527	641
Total net assets	55,491	51,867
Total liabilities and net assets	86,179	80,389

## (2) Consolidated statements of income and consolidated statements of comprehensive income

## Consolidated statements of income

	(Millions of yen)	
	Fiscal year ended February 29, 2020	Fiscal year ended February 28, 2021
Net sales	149,572	140,509
Cost of sales	74,389	69,059
Gross profit	75,182	71,449
Selling, general and administrative expenses		
Distribution expenses	6,202	6,721
Remuneration for directors (and other officers)	253	232
Salaries and bonuses	28,198	25,788
Provision for bonuses	355	350
Rent expenses	10,280	9,543
Depreciation	5,938	4,832
Utilities expenses	3,254	2,832
Other	20,350	20,245
Total selling, general and administrative expenses	74,834	70,547
Operating profit	348	902
Non-operating income		
Interest income	30	23
Dividend income	3	1
Foreign exchange gains	—	110
Rental income from non-current assets	139	136
Compensation income	124	57
Insurance claim income	193	231
Share of profit of entities accounted for using equity method	—	60
Subsidy income	—	356
Other	377	401
Total non-operating income	868	1,379
Non-operating expenses		
Interest expenses	35	44
Rental expenses on non-current assets	15	5
Loss on cancellation of rental contracts	94	76
Foreign exchange losses	98	—
Provision of allowance for doubtful accounts	38	34
Bad debts expenses	103	1
Share of loss of entities accounted for using equity method	35	—
Other	67	81
Total non-operating expenses	487	244
Ordinary profit	729	2,037
Extraordinary income		
Gain on sales of non-current assets	36	5
Subsidy income	143	—
Total extraordinary income	179	5
Extraordinary losses		
Loss on disposal of non-current assets	294	154
Impairment loss	3,291	2,900
Loss on tax purpose reduction entry of non-current assets	129	—
Loss from system rebuilding	—	857
Other	128	9
Total extraordinary losses	3,844	3,921
Loss before income taxes	(2,935)	(1,878)
Income taxes - current	568	1,116
Income taxes - deferred	(628)	(565)
Total income taxes	(60)	551
Loss	(2,874)	(2,430)
Profit attributable to non-controlling interests	60	115
Loss attributable to owners of parent	(2,934)	(2,545)

## Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended February 29, 2020	Fiscal year ended February 28, 2021
Loss	(2,874)	(2,430)
Other comprehensive income		
Valuation difference on available-for-sale securities	(37)	4
Foreign currency translation adjustment	72	(76)
Share of other comprehensive income of entities accounted for using equity method	(22)	6
Total other comprehensive income	12	(65)
Comprehensive income	(2,862)	(2,495)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(2,920)	(2,610)
Comprehensive income attributable to non-controlling interests	58	115

(3) Consolidated statements of changes in equity  
Fiscal year ended February 29, 2020

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,461	4,777	63,537	(11,897)	59,878
Changes in items during period					
Dividends of surplus			(2,298)		(2,298)
Loss attributable to owners of parent			(2,934)		(2,934)
Disposal of treasury shares		(17)		76	58
Change in ownership interest of parent due to transactions with non-controlling interests		(35)			(35)
Net changes in items other than shareholders' equity					
Total changes in items during period	—	(53)	(5,233)	76	(5,209)
Balance at end of current period	3,461	4,724	58,304	(11,820)	54,669

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	22	22	44	266	433	60,623
Changes in items during period						
Dividends of surplus						(2,298)
Loss attributable to owners of parent						(2,934)
Disposal of treasury shares						58
Change in ownership interest of parent due to transactions with non-controlling interests						(35)
Net changes in items other than shareholders' equity	(37)	51	13	(30)	94	78
Total changes in items during period	(37)	51	13	(30)	94	(5,131)
Balance at end of current period	(15)	74	58	236	527	55,491

Fiscal year ended February 28, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,461	4,724	58,304	(11,820)	54,669
Changes in items during period					
Dividends of surplus			(1,149)		(1,149)
Loss attributable to owners of parent			(2,545)		(2,545)
Purchase of treasury shares				0	0
Disposal of treasury shares		(9)		44	34
Net changes in items other than shareholders' equity					
Total changes in items during period	—	(9)	(3,695)	44	(3,660)
Balance at end of current period	3,461	4,714	54,608	(11,776)	51,008

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	(15)	74	58	236	527	55,491
Changes in items during period						
Dividends of surplus						(1,149)
Loss attributable to owners of parent						(2,545)
Purchase of treasury shares						0
Disposal of treasury shares						34
Net changes in items other than shareholders' equity	4	(69)	(64)	(12)	114	36
Total changes in items during period	4	(69)	(64)	(12)	114	(3,624)
Balance at end of current period	(11)	4	(6)	223	641	51,867

## (4) Consolidated statements of cash flows

	(Millions of yen)	
	Fiscal year ended February 29, 2020	Fiscal year ended February 28, 2021
Cash flows from operating activities		
Loss before income taxes	(2,935)	(1,878)
Depreciation	7,244	5,955
Impairment loss	3,291	2,900
Loss from system rebuilding	—	851
Amortization of goodwill	186	186
Loss on retirement of property, plant and equipment and intangible assets	294	154
Increase (decrease) in allowance for doubtful accounts	208	9
Increase (decrease) in provision for bonuses	4	(0)
Increase (decrease) in retirement benefit liability	12	32
Increase (decrease) in provision for point card certificates	72	29
Increase (decrease) in provision for shareholder benefit program	(38)	37
Interest and dividend income	(34)	(25)
Foreign exchange losses (gains)	54	(21)
Share of loss (profit) of entities accounted for using equity method	35	(60)
Loss (gain) on sales of property, plant and equipment and intangible assets	(36)	(5)
Decrease (increase) in trade receivables	(273)	(362)
Decrease (increase) in inventories	(606)	527
Increase (decrease) in trade payables	(120)	(707)
Increase (decrease) in accrued consumption taxes	1,312	(1,016)
Increase (decrease) in deposits received	225	(1,224)
Other	1,102	(110)
Subtotal	10,000	5,271
Interest and dividends received	34	25
Interest paid	(35)	(44)
Income taxes paid	(714)	(526)
Cash flows from operating activities	9,284	4,726
Cash flows from investing activities		
Payments into time deposits	(42)	(33)
Proceeds from withdrawal of time deposits	12	261
Purchase of property, plant and equipment	(4,088)	(3,079)
Payments for retirement of property, plant and equipment	(678)	(271)
Proceeds from sales of property, plant and equipment	186	43
Purchase of intangible assets	(653)	(186)
Proceeds from sales of investment securities	74	—
Loan advances	(51)	(46)
Collection of loans receivable	228	208
Payments of guarantee deposits	(176)	(111)
Proceeds from refund of guarantee deposits	455	445
Payments for investments in capital of subsidiaries and associates	(29)	—
Other	151	39
Cash flows from investing activities	(4,612)	(2,729)



	(Millions of yen)	
	Fiscal year ended February 29, 2020	Fiscal year ended February 28, 2021
Cash flows from financing activities		
Proceeds from short-term borrowings	411	1,330
Repayments of short-term borrowings	(194)	(1,463)
Proceeds from long-term borrowings	51	114
Purchase of treasury shares	—	(0)
Cash dividends paid	(2,302)	(1,148)
Other	(55)	(150)
Cash flows from financing activities	(2,089)	(1,317)
Effect of exchange rate change on cash and cash equivalents	16	(7)
Net increase (decrease) in cash and cash equivalents	2,599	671
Cash and cash equivalents at beginning of period	7,221	9,820
Cash and cash equivalents at end of period	9,820	10,491

- (5) Notes to consolidated financial statements  
(Notes regarding the going concern assumptions)  
Not applicable.

(Changes in presentation method)

(Related to consolidated statements of income)

“Interest expenses” that were included in “Other” under “Non-operating expenses” in the previous fiscal year are presented as a separate line item from the fiscal year under review due to their increased monetary significance. In order to reflect this change in presentation, the Company reclassified consolidated financial statements in the previous fiscal year.

As a result, 103 million yen that was presented in “Other” under “Non-operating expenses” in the consolidated statements of income for the previous fiscal year has been reclassified into 35 million yen of “Interest expenses” and 67 million yen of “Other.”

(Related to consolidated statements of cash flows)

“Increase (decrease) in deposits received” included in “Other, net” under “Cash flows from operating activities” in the previous fiscal year

is presented as a separate line item from the fiscal year under review due to its increased monetary materiality. In order to reflect this change in presentation, the Company reclassified consolidated financial statements in the previous fiscal year.

As a result, 1,327 million yen that was presented in “Other, net” under “Cash flows from operating activities” in the consolidated statements of cash flows for the previous fiscal year has been reclassified into 225 million yen of “Increase (decrease) in deposits received” and 1,102 million yen of “Other, net.”

(Additional information)

Although the YAYOI Business and MK RESTAURANTS Business are experiencing negative impacts, including lower sales, as a result of temporary closures and shortened business hours following the spread of COVID-19 and the government’s declaration of a state of emergency, a trend in the Hotto Motto Business has been solid thanks to increased demand for takeout and delivery services due to consumers’ voluntary restraint from going out, and therefore we believe that the impact of COVID-19 on overall business performance of the Group will be small. While it is difficult to predict exactly when the impact of COVID-19 on the YAYOI Business and MK RESTAURANTS Business will disappear, we assume that the impact will remain until the year ending February 2022, however the businesses will recover slowly, returning to a profit level similar to normal years in the year ending February 2023. Those assumptions are reflected in the accounting estimates (assessment of recoverability of deferred tax assets and impairment of fixed assets).

Due to the highly uncertain nature of the impact of COVID-19 on economic activities, if there is any change in the above assumptions, the operating results and financial position of the Group may be affected in the future.

(Segment information)

[Segment information]

1 Overview of reporting segments

Method of determining reporting segments

Reporting segments of the Group are components of the Group for which separate financial information can be obtained, and for which the Board of Directors conducts reviews on a regular basis to determine the allocation of management resources and assess business performance.

The Group has established business units for each product and service at its head office and sales offices, and each business unit develops comprehensive strategies for the products and services in charge to engage in business activities.

Accordingly, the Group has four reporting segments: “Hotto Motto Business,” “YAYOI Business,” “MK RESTAURANTS Business,” and “Overseas Business.”

The “Hotto Motto Business” sells take-out bento boxes, etc. In addition to sales through company-operated stores, it sells ingredients, packaging materials, office equipment, etc. (including maintenance and repair services thereof), to franchisees and others to earn royalties and other income.

The “YAYOI Business” sells set meals, etc. In addition to sales through company-operated stores, it sells ingredients, packaging materials, office equipment, etc. (including maintenance and repair services thereof), to franchisees and others to earn royalties and other income.

The “MK RESTAURANTS Business” offers SHABU-SHABU (thinly sliced meat boiled with vegetables) and authentic dim sum, etc., at the company-operated restaurants.

The “Overseas Business” sells take-out bento boxes and set meals, etc., and earns royalties and other income.

2 Method used to calculate net sales, income or loss, assets and other items by reporting segment

The method of accounting for reporting business segments is in accordance with accounting policies adopted for the preparation of consolidated financial statements.

Profit or loss of a reporting segment is based on operating income or loss. Intersegment revenues and transfers are based on market prices.

## 3 Information on net sales, income or loss, assets and other items by reporting segment

Fiscal year ended February 29, 2020 (from March 1, 2019 to February 29, 2020)

(Millions of yen)

	Reporting segment					Other (Note 1)	Adjustments (Note 2)	Amount on financial statements (Note 3)
	Hotto Motto Business	YAYOI Business	MK RESTAU RANTS Business	Overseas Business	Total			
Net sales								
(1) Net sales to external customers (including other operating revenue)	105,934	30,473	3,308	4,045	143,762	5,809	—	149,572
(2) Intersegment sales or transfer	—	—	—	—	—	2,102	(2,102)	—
Total	105,934	30,473	3,308	4,045	143,762	7,912	(2,102)	149,572
Segment income (loss)	302	896	(332)	(568)	298	98	(48)	348
Segment assets	52,299	16,630	1,597	2,966	73,494	4,334	8,350	86,179
Other items								
Depreciation	4,850	1,634	234	501	7,220	24	—	7,244
Amortization of goodwill	—	—	—	—	—	186	—	186
Impairment loss	2,472	295	505	18	3,291	—	—	3,291
Increase in property, plant and equipment and intangible assets	4,586	781	556	812	6,736	89	—	6,825

(Notes)

- 1 “Other” represents segments not included in reporting segments and includes one consolidated subsidiary.
- 2 (1) The adjustments to segment income (loss) represent corporate expenses that are not allocated to each reporting segment.  
(2) The adjustments to segment assets mainly consist of surplus operating funds (cash and deposits, and securities) of the parent company.
- 3 Segment income (loss) is adjusted with operating profit stated in the consolidated statements of income.

Fiscal year ended February 28, 2021 (from March 1, 2020 to February 28, 2021)

(Millions of yen)

	Reporting segment					Other (Note 1)	Adjustments (Note 2)	Amount on financial statements (Note 3)
	Hotto Motto Business	YAYOI Business	MK RESTAU RANTS Business	Overseas Business	Total			
Net sales								
(1) Net sales to external customers (including other operating revenue)	104,492	24,479	2,153	2,909	134,034	6,474	—	140,509
(2) Intersegment sales or transfer	—	—	—	—	—	2,240	(2,240)	—
Total	104,492	24,479	2,153	2,909	134,034	8,714	(2,240)	140,509
Segment income (loss)	4,424	(2,683)	(386)	(688)	666	285	(48)	902
Segment assets	47,596	14,748	1,514	2,749	66,609	4,561	9,218	80,389
Other items								
Depreciation	3,633	1,604	171	520	5,929	26	—	5,955
Amortization of goodwill	—	—	—	—	—	186	—	186
Impairment loss	1,367	1,517	230	499	3,615	—	—	3,615
Increase in property, plant and equipment and intangible assets	1,741	1,523	14	281	3,561	131	—	3,692

(Note)

- 1 “Other” represents segments not included in reporting segments and includes one consolidated subsidiary.
- 2 (1) The adjustments to segment income (loss) represent corporate expenses that are not allocated to each reporting segment.  
(2) The adjustments to segment assets mainly consist of surplus operating funds (cash and deposits, and securities) of the parent company.
- 3 Segment income (loss) is adjusted with operating profit stated in the consolidated statements of income.
- 4 Impairment loss under the other item includes 714 million yen out of extraordinary losses resulting from system rebuilding.

(Per-share information)

	Fiscal year ended February 29, 2020	Fiscal year ended February 28, 2021
Net assets per share	1,427.86 yen	1,329.87 yen
Loss per share	(76.59 yen)	(66.39 yen)

(Notes)

- 1 Diluted earnings per share are not shown given negative earnings per share while there are dilutive shares.
- 2 The basis for calculation of loss per share is as follows.

	Fiscal year ended February 29, 2020	Fiscal year ended February 28, 2021
Loss per share		
Loss attributable to owners of parent stated in the consolidated statements of income	(2,934 million yen)	(2,545 million yen)
Loss attributable to owners of parent related to common shares	(2,934 million yen)	(2,545 million yen)
Amount not attributable to common shareholders	—	—
Average number of common shares during the period	38,317 thousand shares	38,345 thousand shares
Descriptions of potentially dilutive shares that were not included in the calculation of diluted profit per share as they are not dilutive	<p>June 14, 2010 Resolved by the Board of Directors Share acquisition rights in 17,300 shares</p> <p>June 20, 2011 Resolved by the Board of Directors Share acquisition rights in 16,800 shares</p> <p>June 18, 2012 Resolved by the Board of Directors Share acquisition rights in 17,400 shares</p> <p>June 17, 2013 Resolved by the Board of Directors Share acquisition rights in 15,900 shares</p> <p>June 16, 2014 Resolved by the Board of Directors Share acquisition rights in 10,300 shares</p> <p>June 10, 2015 Resolved by the Board of Directors Share acquisition rights in 11,000 shares</p> <p>June 10, 2016 Resolved by the Board of Directors Share acquisition rights in 16,800 shares</p> <p>June 9, 2017 Resolved by the Board of Directors Share acquisition rights in 14,500 shares</p> <p>June 11, 2018 Resolved by the Board of Directors Share acquisition rights in 17,000 shares</p> <p>June 11, 2019 Resolved by the Board of Directors Share acquisition rights in 17,400 shares</p>	<p>June 14, 2010 Resolved by the Board of Directors Share acquisition rights in 14,400 shares</p> <p>June 20, 2011 Resolved by the Board of Directors Share acquisition rights in 14,000 shares</p> <p>June 18, 2012 Resolved by the Board of Directors Share acquisition rights in 14,900 shares</p> <p>June 17, 2013 Resolved by the Board of Directors Share acquisition rights in 13,600 shares</p> <p>June 16, 2014 Resolved by the Board of Directors Share acquisition rights of 8,800 shares</p> <p>June 10, 2015 Resolved by the Board of Directors Share acquisition rights of 9,400 shares</p> <p>June 10, 2016 Resolved by the Board of Directors Share acquisition rights of 14,800 shares</p> <p>June 9, 2017 Resolved by the Board of Directors Share acquisition rights of 12,300 shares</p> <p>June 11, 2018 Resolved by the Board of Directors Share acquisition rights in 14,400 shares</p> <p>June 11, 2019 Resolved by the Board of Directors Share acquisition rights in 14,900 shares</p> <p>June 9, 2020 Resolved by the Board of Directors Share acquisition rights in 14,400 shares</p>

(Important subsequent events)

Not applicable.