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Summary of Consolidated Financial Results for the Three Months Ended May 31, 2021 (Based on Japanese GAAP)

July 9, 2021

Company name:	Plenus Co., Ltd.	Stock exchange listing:	Tokyo
Stock code:	9945	URL:	https://www.plenus.co.jp/
Representative:	President and Representative Director	Tatsuo Shioi	
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Scheduled date to file Quarterly Securities Report:		July 13, 2021	
Scheduled date to commence dividend payments:		–	
Preparation of supplementary material on quarterly financial results:		Yes	
Holding of quarterly financial results meeting:		No	

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended May 31, 2021 (from March 1, 2021 to May 31, 2021)

(1) Consolidated operating results (cumulative)

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	%
Three months ended May 31, 2021	35,932	7.5	1,087	–	1,811	–	1,002	–
Three months ended May 31, 2020	33,423	(12.3)	(1,106)	–	(959)	–	(929)	–
(Note) Comprehensive income:	Three months ended May 31, 2021		1,076 million yen		(–%)			
	Three months ended May 31, 2020		(941) million yen		(–%)			

	Earnings per share		Diluted earnings per share	
	Yen	Yen	Yen	Yen
Three months ended May 31, 2021	26.13	26.04	–	–
Three months ended May 31, 2020	(24.26)	–	–	–

(Notes) Diluted earnings per share for the three months ended May 31, 2020, are not stated, although there are dilutive shares because the Company reported a net loss per share.

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	%	%
As of May 31, 2021	80,662	51,791	51,791	51,791	63.1	63.1
Year ended February 28, 2021	80,389	51,867	51,867	51,867	63.4	63.4

(Reference) Shareholders' equity: As of May 31, 2021 50,925 million yen
Year ended February 28, 2021 51,001 million yen

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
Year ended February 28, 2021	–	0.00	–	30.00	30.00
Year ending February 28, 2022	–	–	–	–	–
Year ending February 28, 2022 (Forecast)	–	30.00	–	30.00	60.00

(Note) Revision of the dividends forecast released most recently: No

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 ending August 31, 2021 (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

(Note) Revision of the consolidated results forecast released most recently: No

*Notes

(1) Changes in significant subsidiaries during the three months ended May 31, 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) Adoption of special accounting procedures used in preparation of the quarterly consolidated financial statements: Yes
 (Notes) For details, please see “2. Quarterly consolidated financial statements, (3) Notes to quarterly consolidated financial statements, (Adoption of special accounting procedures used in preparation of the quarterly consolidated financial statements)” on page 9 of the attachments.

(3) 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

(4) Number of issued shares (common shares)

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

As of May 31, 2021	44,392,680 shares	As of February 28, 2021	44,392,680 shares
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2) Number of treasury shares at the end of the period

As of May 31, 2021	6,012,805 shares	As of February 28, 2021	6,041,555 shares
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3) Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended May 31, 2021	38,352,672 shares	Three months ended May 31, 2020	38,329,347 shares
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* Quarterly financial results are not subject to quarterly reviews 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.

* Method to obtain supplementary materials on quarterly financial results:

- Supplementary materials on quarterly financial results will be posted on the IR information section of the Company’s website on July 12, 2021 (Monday).

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1. Qualitative Information on Quarterly Financial Results under Review

(1) Explanation of consolidated operating results

During the three-month period ended May 31, 2021, 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 food services industry saw signs of a recovery in consumption activities after the lifting of the state of emergency that had been issued in January 2021, 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 10 prefectures since April 2021. The meal placement industry remained strong thanks to increased demand for takeout and delivery on the back of COVID-19 infections and due to changes in consumer lifestyles. Meanwhile, competition is intensifying beyond business types with restaurants and diners entering into the takeout market.

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.

Hotto Motto continued to improve its contactless operations by strengthening its online ordering and delivery services, as well as cashless payments. YAYOI sought to respond to a wide range of customer needs by expanding demand for breakfast and takeout.

With regards to domestic same-store sales during the three months ended May 31, 2021, Hotto Motto remained strong, increasing sales by 6.6%. Sales of YAYOI and MK RESTAURANTS increased year-on-year by 13.7% and 0.1%, respectively, however we continued to face a challenging business environment, impacted by stay-at-home requests and requests to shorten business hours in certain areas. In overseas markets, we continued to face a challenging business environment due to restrictions such as being forced to operate on shortened business hours and/or having limits on number of seats based on government orders in some countries and regions.

As a result of the above, the Company posted net sales of 35,932 million yen (up 7.5% year-on-year), operating profit of 1,087 million yen (operating loss of 1,106 million yen in the same period last year), ordinary profit of 1,811 million yen (ordinary loss of 959 million yen in the same period last year), and profit attributable to owners of parent of 1,002 million yen (net loss attributable to owners of parent of 929 million yen in the same period last year) for the three-month period under review.

Net sales rose year-on-year due to a year-on-year increase in same-store sales. Meanwhile, profits increased year-on-year due to improved gross margin as a result of promoting in-house production, etc., and an increase in net sales at existing stores. The increase in ordinary profit was mainly due to a subsidy for cooperation from local governments for shortening business hours to prevent the spread of infections recorded as subsidy income in non-operating income.

[Status of store development in Japan]

	End of previous fiscal year	Opening	Closing	End of first quarter under review	Renovation/Relocation
Hotto Motto	2,493 stores	3 stores	5 stores	2,491 stores	2 stores
YAYOI	372 stores	1 store	—	373 stores	—
MK RESTAURANTS	26 stores	—	1 store	25 stores	—
Total	2,891 stores	4 stores	6 stores	2,889 stores	2 stores

[Status of store development outside Japan]

	Area	End of previous fiscal year	Opening	Closing	End of first quarter under review
Hotto Motto	China	2 stores	—	—	2 stores
	South Korea	11 stores	1 store	1 store	11 stores
	Singapore	1 store	—	—	1 store
YAYOI	Thailand	194 stores	—	2 stores	192 stores
	Singapore	9 stores	—	—	9 stores
	Australia	6 stores	—	—	6 stores
	Taiwan	21 stores	1 store	1 store	21 stores
	USA	4 stores	—	—	4 stores
	Philippines	6 stores	—	—	6 stores
	Malaysia	4 stores	—	—	4 stores
Total	—	258 stores	2 stores	4 stores	256 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 meals and using carefully selected high-quality rice grown in Japan. We worked to provide high-value-added products, such as by promoting the use of the Group's plants, with the goal of increasing customer satisfaction.

We also continued to improve contactless operations by strengthening online ordering, delivery services, and cashless payments, in addition to selling products such as "Double-Cheese Nori Bento" and "Garitaru Karaage Bento," which are variations of popular products targeting younger consumers, and driving repeat visits to stores through customer-participation promotional campaigns.

Furthermore, with regards to franchise development, we continued to actively work to acquire new owners and increase the number of stores for the existing owners through the use of the "unit franchise system."

As a result of the above, the Company posted net sales of 26,742 million yen (up 4.0% year-on-year) and an operating profit of 1,730 million yen (up 165.0% year-on-year). Net sales rose year on year due to an increase in same-store sales (up 6.6% year-on-year). Profits also increased year-on-year due to an increase in net sales at existing stores and improved gross margin.

[YAYOI Business]

Based on the basic policy of offering set meals made with carefully selected ingredients and home-made feel at reasonable prices, in addition to the conventional product measures for heavy users, we continued to work to respond to a wide range of customer needs by expanding the breakfast menu and expanding the demand for breakfast through an increase in the number of stores offering the breakfast menu, as well as expanding the demand for takeout by offering "Home Set Meals," which provide rice, soup, and side dishes in separate containers, so that customers can enjoy set meals at home, etc., in the same manner as at stores, and we carried out campaigns on an ongoing basis.

As a result of the above, the Company posted net sales of 6,135 million yen (up 19.5% year-on-year) and an operating loss of 571 million yen (operating loss of 1,296 million yen in the same period last year). Net sales rose year-on-year due to an increase in same-store sales (up 13.7% year-on-year). Profitability improved year-on-year as the magnitude of loss decreased due to an increase in net sales at existing stores and improved gross margin.

[MK RESTAURANTS Business]

We enhanced product capability by launching "Grated White Radish Pot Soup," which features refreshing grated white radish and salt broth that uses chicken stock soup made from the red chicken of Tamba, and offering specially selected ingredients for a limited time only, in addition to SHABU-SHABU (thinly sliced meat boiled with vegetables), a product that allows customers to choose from plenty of ingredients and unique soups. In addition, we focused on driving customer visits by regularly implementing sales promotion initiatives targeting families. We also sought to respond to a wide range of customer needs by expanding the take-out menu and delivery services.

As a result of the above, the Company posted net sales of 496 million yen (up 19.2% year-on-year) and an operating loss of 84 million yen (operating loss of 222 million yen in the same period last year). Net sales increased year-on-year due to an increase in net sales because of the impact caused by the spread of COVID-19, including temporary closure of some stores during the same period of the previous year, and an increase in net sales at existing stores (up 0.1% year-on-year). Meanwhile, in terms of profitability, the magnitude of loss decreased year-on-year due to the impact of the above and the closure of unprofitable stores executed during the previous year.

[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 and associated restrictions, such as being forced to operate on shortened business hours and/or limiting the number of seats in some countries and regions.

As a result of the above, the Company posted net sales of 812 million yen (up 12.5% year-on-year) and an operating loss of 107 million yen (operating loss of 267 million yen in the same period last year).

[Other]

MSF Co., Ltd., whose main business is 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 1,745 million yen (up 20.8% year-on-year). Regarding profits, the Company posted an operating profit of 128 million yen (up 257.3% year-on-year) as a result of an increase in production despite amortization of goodwill.

(2) Explanation of consolidated financial position

Total assets as of the end of the first quarter under review were 80,662 million yen, up 273 million yen compared with the end of the previous fiscal year. This consisted of an increase of 1,377 million yen in current assets and a decrease of 1,104 million yen in non-current assets. The increase in current assets was mainly due to an increase of 1,077 million yen in cash and deposits and an increase of 362 million yen in merchandise and finished goods. The decrease in non-current assets was chiefly attributable to a decrease of 895 million yen in property, plant and equipment and a decrease of 119 million yen in intangible assets.

Liabilities increased by 348 million yen from the end of the previous fiscal year to 28,870 million yen. This consisted of an increase of 460 million yen in current liabilities and a decrease of 112 million yen in non-current liabilities. The increase in current liabilities was attributable to an increase in 515 million yen in notes and accounts payable - trade.

Net assets decreased by 75 million yen from the end of the previous fiscal year to 51,791 million yen. This primarily consisted of a decrease of 148 million yen in retained earnings and a decrease of 56 million yen in treasury shares. The decrease in retained earnings was mainly due to the recording of net income attributable to owners of parent of 1,002 million yen and a decrease due to dividend payments of 1,150 million yen.

(3) Explanation of future forecast information such as consolidated financial results forecasts

There is no change in the financial results forecasts for the six months ending August 31, 2021, and the fiscal year ending February 28, 2022, as announced on April 14, 2021.

(Risk Information on COVID-19)

The global spread of COVID-19 has caused an important impact on the restaurant industry as it has resulted in not only global travel restrictions, including a ban on entering or leaving countries, and restrictions on leaving home, but also the declaration of a state of emergency in Japan. Also, if the impact is expanded or prolonged 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 will affect the operating results and financial position of the Group.

As countermeasures for such risk, the Group has taken steps to ensure the safety of its customers, business partners, and employees by implementing measures to prevent infections in accordance with the guidelines of the health administration thoroughly and changing business hours in accordance with requests for self-restrictions from local governments, in order to achieve customer satisfaction as a food infrastructure company. Also, as of the date of publishing this material, the Company is working to reduce the impact on its businesses by, for example, ensuring stable operation of the Group's plants, securing sufficient amounts of raw materials, promoting delivery services, and promoting takeout for the YAYOI Business and MK RESTAURANTS Business.

2. Quarterly consolidated financial statements

(1) Consolidated balance sheets

	(Millions of yen)	
	As of February 28, 2021	As of May 31, 2021
Assets		
Current assets		
Cash and deposits	10,519	11,596
Notes and accounts receivable - trade	3,013	3,079
Merchandise and finished goods	5,391	5,754
Raw materials and supplies	220	259
Other	2,968	2,765
Allowance for doubtful accounts	(509)	(473)
Total current assets	21,603	22,981
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	27,096	26,779
Other, net	13,368	12,789
Total property, plant and equipment	40,464	39,568
Intangible assets		
Goodwill	714	667
Other	1,214	1,141
Total intangible assets	1,928	1,808
Investments and other assets		
Deferred tax assets	3,704	3,654
Other	12,731	12,683
Allowance for doubtful accounts	(43)	(35)
Total investments and other assets	16,392	16,303
Total non-current assets	58,785	57,680
Total assets	80,389	80,662
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,402	5,917
Short-term borrowings	758	882
Income taxes payable	959	731
Provision for bonuses	340	728
Provision for point card certificates	287	273
Provision for shareholder benefit program	161	115
Asset retirement obligations	6	3
Other	8,595	8,317
Total current liabilities	16,511	16,972
Non-current liabilities		
Long-term borrowings	1,075	1,042
Asset retirement obligations	7,124	7,145
Retirement benefit liability	110	113
Other	3,701	3,595
Total non-current liabilities	12,011	11,898
Total liabilities	28,522	28,870

(Millions of yen)

	As of February 28, 2021	As of May 31, 2021
Net assets		
Shareholders' equity		
Share capital	3,461	3,461
Capital surplus	4,714	4,702
Retained earnings	54,608	54,460
Treasury shares	(11,776)	(11,720)
Total shareholders' equity	51,008	50,903
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(11)	(10)
Foreign currency translation adjustment	4	31
Total accumulated other comprehensive income	(6)	21
Share acquisition rights	223	179
Non-controlling interests	641	687
Total net assets	51,867	51,791
Total liabilities and net assets	80,389	80,662

- (2) Consolidated statements of income (year to date) and consolidated statements of comprehensive income (year to date)
 Consolidated statements of income (year to date)
 (Three-month period)

(Millions of yen)

	Three Months ended May 31, 2020	Three Months ended May 31, 2021
Net sales	33,423	35,932
Cost of sales	16,710	17,193
Gross profit	16,712	18,738
Selling, general and administrative expenses	17,818	17,651
Operating profit (loss)	(1,106)	1,087
Non-operating income		
Interest income	6	5
Rental income from non-current assets	34	34
Insurance claim income	78	18
Share of profit of entities accounted for using equity method	-	14
Subsidy income	-	446
Other	107	231
Total non-operating income	226	750
Non-operating expenses		
Interest expenses	9	16
Rental expenses on non-current assets	1	1
Share of loss of entities accounted for using equity method	8	-
Net foreign exchange losses	28	-
Other	30	8
Total non-operating expenses	79	26
Ordinary profit (loss)	(959)	1,811
Extraordinary income		
Gain on sales of non-current assets	1	3
Total extraordinary income	1	3
Extraordinary losses		
Loss on disposal of non-current assets	51	15
Impairment loss	44	25
Other	0	0
Total extraordinary losses	95	41
Profit (loss) before income taxes	(1,053)	1,773
Income taxes	(149)	724
Profit (loss)	(904)	1,048
Profit attributable to non-controlling interests	25	46
Profit (loss) attributable to owners of parent	(929)	1,002

Consolidated statements of comprehensive income (year to date)

(Three-month period)

(Millions of yen)

	Three months ended May 31, 2020	Three months ended May 31, 2021
Profit (loss)	(904)	1,048
Other comprehensive income		
Valuation difference on available-for-sale securities	(8)	0
Foreign currency translation adjustment	(20)	(27)
Share of other comprehensive income of entities accounted for using equity method	(8)	54
Total other comprehensive income	(37)	27
Comprehensive income	(941)	1,076
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(967)	1,029
Comprehensive income attributable to non-controlling interests	25	46

(3) Notes to quarterly consolidated financial statements

(Notes regarding the going concern assumption)

Not applicable.

(Notes when there is a significant change in the amount of shareholders' equity)

Not applicable.

(Adoption of special accounting procedures used in preparation of the quarterly consolidated financial statements)

With respect to tax expenses, the Company has adopted a calculation method to reasonably estimate the effective tax rate after applying tax effect accounting to profit before income taxes in the fiscal year, including the first quarter under review, and calculate them by multiplying this estimated effective tax rate by profit before income taxes. However, the Company uses the statutory effective tax rate to calculate tax expenses when using the estimated effective tax rate gives a noticeably irrational result.

(Additional information)

There has been no material change in the assumptions used in the accounting estimates regarding when COVID-19 infections recede in the Securities Report (Additional Information) for the previous consolidated fiscal year.

(Segment information)

[Segment information]

I. Three-month period in the previous fiscal year (from March 1, 2020 to May 31, 2020)

Information on net sales, income or loss by reporting segment

(Millions of yen)

	Reporting segment					Other (Note 1)	Adjustments (Note 2)	Amount on quarterly consolidated statement of income (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)	25,706	5,132	416	721	31,977	1,445	–	33,423
(2) Intersegment sales or transfer	–	–	–	–	–	535	(535)	–
Total	25,706	5,132	416	721	31,977	1,980	(535)	33,423
Segment income (loss)	652	(1,296)	(222)	(267)	(1,133)	35	(8)	(1,106)

(Notes)

- 1 “Other” represents segments not included in reporting segments and includes one consolidated subsidiary.
- 2 The adjustments to segment income (loss) represent corporate expenses that are not allocated to each reporting segment.
- 3 Segment income (loss) is adjusted with operating loss stated in the quarterly consolidated statement of income.

II. Three-month period under review (from March 1, 2021 to May 31, 2021)

Information on net sales, income or loss by reporting segment

(Millions of yen)

	Reporting segment					Other (Note 1)	Adjustments (Note 2)	Amount on quarterly consolidated statement of income (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)	26,742	6,135	496	812	34,186	1,745	–	35,932
(2) Intersegment sales or transfer	–	–	–	–	–	658	(658)	–
Total	26,742	6,135	496	812	34,186	2,404	(658)	35,932
Segment income (loss)	1,730	(571)	(84)	(107)	967	128	(8)	1,087

(Notes)

- 1 “Other” represents segments not included in reporting segments and includes one consolidated subsidiary.
- 2 The adjustments to segment income (loss) represent corporate expenses that are not allocated to each reporting segment.
- 3 Segment income (loss) is adjusted with operating loss stated in the quarterly consolidated statement of income.