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## Summary of Consolidated Financial Results for the Six Months Ended August 31, 2021 (Based on Japanese GAAP)

October 12, 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:	Accounting Division/IR Department Manager	Toshiyuki Fujinami TEL: 03(6892)0304
Scheduled date to file Quarterly Securities Report:		October 14, 2021
Scheduled date to commence dividend payments:		November 18, 2021
Preparation of supplementary material on quarterly financial results:		Yes
Holding of quarterly financial results meeting:		Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the six months ended August 31, 2021 (from March 1, 2021 to August 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	%
Six months ended August 31, 2021	71,032	4.2	2,144	–	3,808	–	2,125	–
Six months ended August 31, 2020	68,169	(10.0)	(1,224)	–	(867)	–	(1,696)	–
(Note) Comprehensive income:								
	Six months ended August 31, 2021		2,297 million yen		(-%)			
	Six months ended August 31, 2020		(1,673) million yen		(-%)			

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended August 31, 2021	55.41	55.20
Six months ended August 31, 2020	(44.24)	–

(Notes) Diluted earnings per share for the six months ended August 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	%
As of August 31, 2021	82,302	53,037	63.3
Year ended February 28, 2021	80,389	51,867	63.4

(Reference) Shareholders' equity: As of August 31, 2021 52,104 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
	Yen	Yen	Yen	Yen	Yen
Year ended February 28, 2021	–	0.00	–	30.00	30.00
Year ending February 28, 2022	–	30.00	–	–	–
Year ending February 28, 2022 (Forecast)	–	–	–	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 year-on-year changes)

	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
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 six months ended August 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, (4) Notes to quarterly consolidated financial statements, (Adoption of special accounting procedures used in preparation of the quarterly consolidated financial statements)” on page 12 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 August 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 August 31, 2021	6,012,874 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)

Six months ended August 31, 2021	38,366,268 shares	Six months ended August 31, 2020	38,340,272 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 October 13, 2021 (Wednesday).

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## 1. Qualitative Information on Quarterly Financial Results under Review

### (1) Explanation of consolidated operating results

During the six-month period ended August 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 requests to stay at home and shorten business hours as a result of another state of emergency declared and semi-emergency measures implemented since April 2021. The meal placement industry remained strong thanks to increased demand for takeout and delivery on the back of COVID-19 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 takeout and breakfast.

With regards to net sales at existing stores in Japan during the six months ended August 31, 2021, Hotto Motto remained strong, increasing sales by 5.5%. However, YAYOI and MK RESTAURANTS continued to face a challenging business environment, with YAYOI up 2.6% and MK RESTAURANTS down 21.6%, impacted by requests to stay at home and shorten business hours in certain areas.

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

	First quarter (March to May)	Second quarter (June to August)	First six months (March to August)
Hotto Motto	106.6%	104.5%	105.5%
YAYOI	113.7%	93.1%	102.6%
MK RESTAURANTS	100.1%	67.9%	78.4%

In overseas markets, we continued to face a challenging business environment due to restrictions, such as operating only takeout and delivery services or on shortened hours and/or having limits on the number of seats based on government orders in some countries and regions.

As a result of the above, the Company posted net sales of 71,032 million yen (up 4.2% year-on-year), operating profit of 2,144 million yen (operating loss of 1,224 million yen in the same period last year), ordinary profit of 3,808 million yen (ordinary loss of 867 million yen in the same period last year), and profit attributable to owners of parent of 2,125 million yen (net loss attributable to owners of parent of 1,696 million yen in the same period last year) for the six-month period under review.

Net sales increased year-on-year due to higher sales at existing stores of Hotto Motto and YAYOI year-on-year, despite a decrease in net sales due to the transfer of directly managed Hotto Motto stores to franchised stores. Meanwhile, profits increased year-on-year due to an improved gross margin as a result of an increase in net sales at existing stores of Hotto Motto and YAYOI and promoting in-house production, etc. The increase in ordinary profit was mainly due to a subsidy for cooperation from a local government for shortening business hours to prevent the spread of infections amounting to 1,102 million yen and subsidies for employment adjustment of 239 million yen recorded as subsidy income in non-operating income.

[Status of store development in Japan]

	End of previous fiscal year	Opening	Closing	End of second quarter under review	Renovation/ Relocation
Hotto Motto	2,493 stores	3 stores	6 stores	2,490 stores	4 stores
YAYOI	372 stores	1 store	—	373 stores	—
MK RESTAURANTS	26 stores	—	1 store	25 stores	—
Total	2,891 stores	4 stores	7 stores	2,888 stores	4 stores

[Status of store development outside Japan]

	Area	End of previous fiscal year	Opening	Closing	End of second quarter under review
Hotto Motto	China	2 stores	—	1 store	1 stores
	South Korea	11 stores	1 store	3 store	9 stores
	Singapore	1 store	—	1 store	—
YAYOI	Thailand	194 stores	—	8 stores	186 stores
	Singapore	9 stores	1 store	—	10 stores
	Australia	6 stores	—	—	6 stores
	Taiwan	21 stores	1 store	1 store	21 stores
	USA	4 stores	—	1 store	3 stores
	Philippines	6 stores	1 store	—	7 stores
	Malaysia	4 stores	—	—	4 stores
Total	—	258 stores	4 stores	15 stores	247 stores

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

[Hotto Motto Business]

As a top brand of takeout 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 taking measures to capture new customer groups through selling products targeting younger generations and families, 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 53,261 million yen (up 2.9% year-on-year) and an operating profit of 3,767 million yen (up 165.1% year-on-year). Net sales increased year-on-year as a result of an increase in net sales at existing stores (up 5.5% year-on-year), despite a decrease in net sales due to the transfer of directly managed stores to franchised stores. Profits also increased year-on-year due to an increase in net sales at existing stores and improved gross margin.

[YAYOI Business]

Our basic policy is to offer set meals made with carefully selected ingredients and a home-made feel at reasonable prices, in addition to the conventional product measures for heavy users. Based on this, we continued to work to respond to a wide range of customer needs by expanding the breakfast menu and boosting demand for breakfasts through an increase in the number of stores offering the breakfast menu, as well as expanding the demand for takeout by offering "At-Home Set Menu," 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. We carried out campaigns on an ongoing basis.

As a result of the above, the Company posted net sales of 12,072 million yen (up 7.3% year-on-year) and an operating loss of 1,291 million yen (operating loss of 1,943 million yen in the same period last year). Net sales rose year-on-year due to an increase in net sales at existing stores (up 2.6% 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 "Tomato Pot Soup," which can be refreshing even during the hot summer, and offering dim sum (small Chinese dishes) and 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 takeout menu and delivery services.

As a result of the above, the Company posted net sales of 896 million yen (down 11.2% year-on-year) and an operating loss of 191 million yen (operating loss of 264 million yen in the same period last year). Net sales fell year-on-year due to a decline in net sales at existing stores (down 21.6% year-on-year). Meanwhile, in terms of profitability, the magnitude of loss decreased year-on-year despite the impact of the above, due to 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 business environment due to restrictions, such as operating only takeout and delivery services or on shortened hours and/or having limits on number of seats based on government orders in some countries and regions, prompted by the impact of the spread of COVID-19.

As a result of the above, the Company posted net sales of 1,472 million yen (up 14.4% year-on-year) and an operating loss of 350 million yen (operating loss of 489 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 3,328 million yen (up 15.8% year-on-year). Regarding profits, the Company posted an operating profit of 239 million yen (up 200.0% year-on-year) as a result of an increase in production despite amortization of goodwill.

## (2) Explanation of consolidated financial position

### [1] Assets, liabilities and net assets

Total assets as of the end of the second quarter under review were 82,302 million yen, up 1,912 million yen compared with the level at the end of the previous fiscal year. This consisted of an increase of 3,942 million yen in current assets and a decrease of 2,029 million yen in non-current assets. The increase in current assets was mainly due to an increase of 2,879 million yen in cash and deposits and an increase of 841 million yen in merchandise and finished goods. The decrease in non-current assets was chiefly attributable to a decrease of 1,654 million yen in property, plant and equipment.

Liabilities increased by 742 million yen from the end of the previous fiscal year to 29,264 million yen. This consisted of an increase of 1,003 million yen in current liabilities and a decrease of 260 million yen in non-current liabilities. The increase in current liabilities was attributable to an increase of 964 million yen in notes and accounts payable - trade. The decrease in non-current assets was chiefly attributable to a decrease of 109 million yen in lease obligations included in other of non-current liabilities.

Net assets increased by 1,170 million yen from the end of the previous fiscal year to 53,037 million yen. This primarily consisted of an increase of 975 million yen in retained earnings and a decrease of 55 million yen in treasury shares. The increase in retained earnings was mainly due to the recording of profit attributable to owners of parent of 2,125 million yen and a decrease due to dividend payments of 1,150 million yen.

### [2] Cash flows

Cash and cash equivalents (hereinafter "funds") as of the end of the second quarter under review were 13,356 million yen, up 2,864 million yen from the end of the previous fiscal year.

Cash flows in the six-month period under review are as follows.

(Cash flows from operating activities)

The funds provided by operating activities amounted to 4,955 million yen (funds used in the six-month period of the previous fiscal year were 724 million yen). This was due primarily to profit before income taxes of 3,706 million yen, depreciation of 2,601 million yen, an increase in inventories of 928 million yen, an increase in trade payables of 958 million yen, and income taxes paid of 835 million yen.

(Cash flows from investing activities)

The funds used in investing activities amounted to 783 million yen (funds used in the six-month period of the previous fiscal year were 1,586 million yen). This was due primarily to purchase of property, plant and equipment and intangible assets of 903 million yen and collection of loans receivable and proceeds from refund of guarantee deposits of 201 million yen.

(Cash flows from financing activities)

The funds used in financing activities amounted to 1,265 million yen (funds used in the six-month period of the previous fiscal year were 745 million yen). This was due primarily to dividends paid of 1,149 million yen.

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

There is no change in the full-year financial results forecasts for 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 food services 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, while there are signs of improvement given the progress in vaccinations in Japan, 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 August 31, 2021
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	10,519	13,398
Notes and accounts receivable - trade	3,013	3,200
Merchandise and finished goods	5,391	6,232
Raw materials and supplies	220	312
Other	2,968	2,895
Allowance for doubtful accounts	(509)	(494)
<b>Total current assets</b>	<b>21,603</b>	<b>25,545</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	27,096	26,110
Other, net	13,368	12,699
<b>Total property, plant and equipment</b>	<b>40,464</b>	<b>38,809</b>
<b>Intangible assets</b>		
Goodwill	714	620
Other	1,214	1,086
<b>Total intangible assets</b>	<b>1,928</b>	<b>1,707</b>
<b>Investments and other assets</b>		
Deferred tax assets	3,704	3,636
Other	12,731	12,637
Allowance for doubtful accounts	(43)	(34)
<b>Total investments and other assets</b>	<b>16,392</b>	<b>16,239</b>
<b>Total non-current assets</b>	<b>58,785</b>	<b>56,756</b>
<b>Total assets</b>	<b>80,389</b>	<b>82,302</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	5,402	6,366
Short-term borrowings	758	818
Income taxes payable	959	1,557
Provision for bonuses	340	496
Provision for point card certificates	287	255
Provision for shareholder benefit program	161	69
Asset retirement obligations	6	5
Other	8,595	7,945
<b>Total current liabilities</b>	<b>16,511</b>	<b>17,514</b>
<b>Non-current liabilities</b>		
Long-term borrowings	1,075	1,037
Asset retirement obligations	7,124	7,147
Retirement benefit liability	110	118
Other	3,701	3,446
<b>Total non-current liabilities</b>	<b>12,011</b>	<b>11,750</b>
<b>Total liabilities</b>	<b>28,522</b>	<b>29,264</b>

(Millions of yen)

	As of February 28, 2021	As of August 31, 2021
Net assets		
Shareholders' equity		
Share capital	3,461	3,461
Capital surplus	4,714	4,702
Retained earnings	54,608	55,583
Treasury shares	(11,776)	(11,720)
Total shareholders' equity	51,008	52,027
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(11)	(9)
Foreign currency translation adjustment	4	87
Total accumulated other comprehensive income	(6)	77
Share acquisition rights	223	203
Non-controlling interests	641	729
Total net assets	51,867	53,037
Total liabilities and net assets	80,389	82,302

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

(Millions of yen)

	Six months ended August 31, 2020	Six months ended August 31, 2021
Net sales	68,169	71,032
Cost of sales	33,670	34,055
Gross profit	34,499	36,976
Selling, general and administrative expenses	35,723	34,832
Operating profit (loss)	(1,224)	2,144
Non-operating income		
Interest income	12	10
Dividend income	1	1
Rental income from non-current assets	68	67
Compensation income	55	-
Insurance claim income	113	47
Share of profit of entities accounted for using equity method	4	40
Subsidy income	-	1,341
Other	190	212
Total non-operating income	445	1,721
Non-operating expenses		
Interest expenses	20	30
Rental expenses on non-current assets	2	2
Other	64	24
Total non-operating expenses	88	57
Ordinary profit (loss)	(867)	3,808
Extraordinary income		
Gain on sales of non-current assets	4	4
Total extraordinary income	4	4
Extraordinary losses		
Loss on disposal of non-current assets	84	32
Impairment loss	842	71
Other	1	2
Total extraordinary losses	928	106
Profit (loss) before income taxes	(1,791)	3,706
Income taxes	(133)	1,492
Profit (loss)	(1,657)	2,214
Profit attributable to non-controlling interests	39	88
Profit (loss) attributable to owners of parent	(1,696)	2,125

Consolidated statements of comprehensive income (year to date)  
(Six-month period)

(Millions of yen)

	Six months ended August 31, 2020	Six months ended August 31, 2021
Profit (loss)	(1,657)	2,214
Other comprehensive income		
Valuation difference on available-for-sale securities	3	1
Foreign currency translation adjustment	(8)	13
Share of other comprehensive income of entities accounted for using equity method	(11)	68
Total other comprehensive income	(16)	83
Comprehensive income	(1,673)	2,297
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,712)	2,209
Comprehensive income attributable to non-controlling interests	38	88

## (3) Consolidated statements of cash flows

(Millions of yen)

	Six months ended August 31, 2020	Six months ended August 31, 2021
Cash flows from operating activities		
Profit (loss) before income taxes	(1,791)	3,706
Depreciation	2,952	2,601
Impairment loss	842	71
Amortization of goodwill	93	93
Loss (gain) on disposal of property, plant and equipment and intangible assets	84	32
Increase (decrease) in allowance for doubtful accounts	(0)	(24)
Increase (decrease) in provision for bonuses	11	156
Increase (decrease) in retirement benefit liability	9	10
Increase (decrease) in provision for point card certificates	35	(32)
Increase (decrease) in provision for shareholder benefit program	(38)	(92)
Interest and dividend income	(13)	(11)
Foreign exchange losses (gains)	(43)	88
Share of loss (profit) of entities accounted for using equity method	(4)	(40)
Loss (gain) on sale of property, plant and equipment and intangible assets	(4)	(4)
Decrease (increase) in trade receivables	(1)	(179)
Decrease (increase) in inventories	(881)	(928)
Increase (decrease) in trade payables	441	958
Increase (decrease) in accrued consumption taxes	(1,407)	28
Increase (decrease) in accounts payable - other	(638)	(598)
Other	(125)	(25)
Subtotal	(480)	5,810
Interest and dividends received	13	11
Interest paid	(20)	(30)
Income taxes paid	(237)	(835)
Net cash provided by (used in) operating activities	(724)	4,955
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,843)	(840)
Payments for retirement of property, plant and equipment	(188)	(29)
Proceeds from sale of property, plant and equipment	16	4
Purchase of intangible assets	(122)	(62)
Loan advances	(36)	(7)
Proceeds from collection of loans receivable	106	99
Payments of guarantee deposits	(75)	(26)
Proceeds from refund of guarantee deposits	272	101
Other	283	(21)
Net cash provided by (used in) investing activities	(1,586)	(783)
Cash flows from financing activities		
Proceeds from short-term borrowings	570	107
Repayments of short-term borrowings	(168)	(120)
Proceeds from long-term borrowings	54	—
Repayments of long-term borrowings	(12)	(13)
Purchase of treasury shares	(0)	(0)
Dividends paid	(1,146)	(1,149)
Other	(41)	(87)
Net cash provided by (used in) financing activities	(745)	(1,265)

(Millions of yen)

	Six months ended August 31, 2020	Six months ended August 31, 2021
Effect of exchange rate change on cash and cash equivalents	7	(42)
Net increase (decrease) in cash and cash equivalents	(3,048)	2,864
Cash and cash equivalents at beginning of period	9,820	10,491
Cash and cash equivalents at end of period	6,771	13,356

(4) 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 second 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 recedes in the Securities Report (Additional Information) for the previous consolidated fiscal year.

(Segment information)

[Segment information]

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

1. 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)	51,752	11,246	1,009	1,287	65,296	2,873	–	68,169
(2) Intersegment sales or transfer	–	–	–	–	–	1,058	(1,058)	–
Total	51,752	11,246	1,009	1,287	65,296	3,932	(1,058)	68,169
Segment income (loss)	1,421	(1,943)	(264)	(489)	(1,276)	79	(27)	(1,224)

(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.

2. Information on impairment loss on non-current assets, goodwill, etc. by reporting segment

(Material impairment loss on non-current assets)

The Company recognized an impairment loss for assets of stores for which collection is unlikely and for stores continuing to record losses mainly due to a decision to close the store in the six-month period under review in the YAYOI Business, MK RESTAURANTS Business and Overseas Business segments. The amounts of impairment loss recorded in the six-month period under review were 575 million yen, 45 million yen and 222 million yen, respectively.

II. Six-month period under review (from March 1, 2021 to August 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)	53,261	12,072	896	1,472	67,703	3,328	–	71,032
(2) Intersegment sales or transfer	–	–	–	–	–	1,370	(1,370)	–
Total	53,261	12,072	896	1,472	67,703	4,699	(1,370)	71,032
Segment income (loss)	3,767	(1,291)	(191)	(350)	1,933	239	(28)	2,144

(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.