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Summary of Consolidated Financial Results for the Six Months Ended August 31, 2022 (Based on Japanese GAAP)

October 14, 2022

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 Stock code: 9945 URL: <https://www.plenus.co.jp/>
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 Scheduled date to file Quarterly Securities Report: October 14, 2022
 Scheduled date to commence dividend payments: November 18, 2022
 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 six months ended August 31, 2022 (from March 1, 2022 to August 31, 2022)

(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, 2022	73,277	3.2	2,420	12.9	3,861	1.4	2,782	30.9
Six months ended August 31, 2021	71,032	4.2	2,144	—	3,808	—	2,125	—

(Note) Comprehensive income: Six months ended August 31, 2022 2,707 million yen (17.8%)
 Six months ended August 31, 2021 2,297 million yen (—%)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended August 31, 2022	72.50	72.25
Six months ended August 31, 2021	55.41	55.20

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of August 31, 2022	82,213	53,661	63.9
Year ended February 28, 2022	80,795	52,053	63.2

(Reference) Shareholders' equity: Six months ended August 31, 2022 52,531 million yen
 Year ended February 28, 2022 51,036 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, 2022	Yen —	Yen 30.00	Yen —	Yen 30.00	Yen 60.00
Year ending February 28, 2023	—	30.00			
Year ending February 28, 2023 (forecast)			—	0.00	30.00

(Note) Revision of the dividends forecast released most recently: Yes

For the revision of dividends forecast, please refer to "Notice Regarding Revision of the Year-End Dividend Forecast for the Fiscal Year Ending February 2023 (No Dividend) and Abolition of the Shareholder Benefit Program" announced today (October 14, 2022).

3. Forecast of consolidated financial results for the year ending February 28, 2023 (from March 1, 2022 to February 28, 2023)

(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	149,800	4.7	6,060	49.5	6,530	(13.8)	3,040	36.5	79.21

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

*Notes

(1) Changes in significant subsidiaries during the six months ended August 31, 2022: 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
 (Note) 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 11 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: Yes

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

(Note) For details, please see “2. Quarterly consolidated financial statements, (4) Notes to quarterly consolidated financial statements, (Changes in accounting policies)” on page 11 of the attachments.

(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, 2022	44,392,680 shares	As of February 28, 2022	44,392,680 shares
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2) Number of treasury shares at the end of the period

As of August 31, 2022	6,012,874 shares	As of February 28, 2022	6,012,874 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, 2022	38,379,806 shares	Six months ended August 31, 2021	38,366,268 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 it 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 17, 2022 (Monday).

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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, 2022, the Japanese economy showed signs of recovery partly due to the effects of measures against the spread of COVID-19 and various policies on economic and social activities. However, amid concerns over new waves of COVID-19 in China and the prolonged situation in Ukraine, the future outlook still remains uncertain mainly due to constraints on the supply of raw materials and energy, and soaring prices.

In the food services industry, although there are signs of recovery mainly due to the lifting of measures to prevent the spread of infection and progress of vaccination, competition among companies is becoming more severe, with the expected market downsizing caused by the declining birthrate and aging population, and request to companies for major reforms due to the significant changes in lifestyles and consumer behavior from the widespread idea of remote work and acceleration of digitalization. In addition, the business environment continues to be challenging as price hikes of raw materials and energy, rising labor costs, and increasing geopolitical risks may greatly affect economic activities.

Under these circumstances, in an effort to increase customer satisfaction, the Group focused on further enhancing its business foundations by developing existing brands and on operating stores with due consideration to the safety of customers and employees. As for the part of efforts to develop existing brands, we worked to expand 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 implement digital marketing and delivery services using smartphone applications and other platforms. At the same time, we continued to focus on the promotion of franchising. The Group also continued to improve its contactless operations by strengthening its online ordering and cashless payments, etc.

With regards to domestic same-store sales during the six months ended August 31, 2022, Hotto Motto continued to remain strong, increasing sales by 1.0%. In addition, sales at YAYOI and MK RESTAURANTS are on a recovery trend, increasing 23.0% and 15.6%, respectively. In overseas markets, although the business environment remained difficult in some countries and regions mainly due to demand for restricting operations from the spread of COVID-19, the recovery trend was accompanied by resumption of economic activities.

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

	First quarter (March to May)	Second quarter (June to August)	First six months (March to August)
Hotto Motto	100.7%	101.2%	101.0%
YAYOI	119.8%	126.3%	123.0%
MK RESTAURANTS	109.1%	122.8%	115.6%

As a result of the above, the Company posted net sales of 73,277 million yen (up 3.2% year-on-year), operating profit of 2,420 million yen (up 12.9% year-on-year), ordinary profit of 3,861 million yen (up 1.4% year-on-year), and profit attributable to owners of parent of 2,782 million yen (up 30.9% year-on-year) for the six-month period under review.

Net sales increased year-on-year due to an increase in net sales at existing stores despite a decrease in net sales resulting from the transfer of directly managed Hotto Motto stores to franchised stores.

Meanwhile, profits increased year-on-year due to an increase in net sales at existing stores, although the cost of sales ratio rose due to soaring raw material and energy prices. The increase in ordinary profit was mainly due to the posting of 546 million yen of subsidy from respective local governments for shortening business hours to prevent the spread of infections and employment adjustment subsidies as subsidy income in non-operating income. The increase in profit attributable to owners of parent was mainly due to the decrease in income taxes from the transfer of net operating loss brought forward with the merger of consolidated subsidiaries.

[Status of store development in Japan]

	End of previous fiscal year	Opening	Closing	End of second quarter under review	Renovation/ Relocation
Hotto Motto	2,488 stores	4 stores	20 stores	2,472 stores	16 stores
YAYOI	371 stores	—	5 stores	366 stores	4 stores
MK RESTAURANTS	25 stores	—	—	25 stores	1 store
Hotto Motto	2,884 stores	4 stores	25 stores	2,863 stores	21 stores

[Status of store development outside Japan]

	Area	End of previous fiscal year	Opening	Closing	End of second quarter under review
Hotto Motto	China	1 store	—	—	1 store
	South Korea	7 stores	—	1 store	6 stores
	Thailand	193 stores	3 stores	1 store	195 stores
YAYOI	Singapore	8 stores	—	1 store	7 stores
	Australia	6 stores	—	—	6 stores
	Taiwan	22 stores	1 store	1 store	22 stores
	USA	3 stores	—	—	3 stores
	Philippines	7 stores	—	—	7 stores
	Malaysia	5 stores	—	—	5 stores
	China	1 store	—	1 store	—
Total	—	253 stores	4 stores	5 stores	252 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, the Company aimed at increasing customer satisfaction by providing high-value-added products by promoting the use of the Group's plants and others, on the basis of focusing on tasty meals, using carefully selected high-quality rice grown in Japan, and providing bento boxes that are freshly made in stores.

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 52,432 million yen (down 1.6% year-on-year) and an operating profit of 2,973 million yen (down 21.1% year-on-year). Net sales decreased year-on-year as a result of a decrease due to the transfer of directly managed stores to franchisees, despite an increase in net sales at existing stores (up 1.0% year-on-year). Profits decreased year-on-year due to an increase in the cost of sales ratio and increase in store expenses, despite an increase in net sales at existing stores.

[YAYOI Business]

Based on the basic policy of offering set meals made with carefully selected ingredients and a home-made feel at reasonable prices, we worked to respond to a wide range of customer needs by implementing the targeted sales strategies and sales promotion measures utilizing the YAYOI Official App and the functions of the new ticket vending machines.

As a result of the above, the Company posted net sales of 14,366 million yen (up 19.0% year-on-year) and an operating loss of 611 million yen (operating loss of 1,291 million yen in the same period last year). Net sales increased year-on-year due to an increase in same-store sales (up 23.0% year-on-year). Profitability improved year-on-year as the magnitude of loss decreased due to an increase in net sales at existing stores.

[MK RESTAURANTS Business]

We enhanced the product capability of shabu-shabu (thinly sliced meat boiled with vegetables) served with hearty ingredients and unique soups by offering limited-time-only pot soups, such as “Tomato Pot Soup,” specially selected ingredients and dim sum (small Chinese dishes). In addition, we worked to encourage customers to visit our stores by regularly implementing sales promotion measures. We also sought to respond to a wide range of customer needs by expanding takeout menus and delivery services.

As a result of the above, the Company posted net sales of 1,033 million yen (up 15.2% year-on-year) and an operating loss of 203 million yen (operating loss of 191 million yen in the same period last year). Net sales increased year-on-year due to an increase in same-store sales (up 15.6% year-on-year). Profits decreased year-on-year due to an increase in the cost of sales ratio and others, despite an increase in net sales at existing 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. Although the business environment remained difficult in some countries and regions mainly due to the impact of the spread of COVID-19, the performance has been on a recovery trend accompanied by a resumption of economic activities.

As a result of the above, the Company posted net sales of 1,907 million yen (up 29.5% year-on-year) and an operating loss of 284 million yen (operating loss of 350 million yen in the same period last year).

[Other]

MSF Co., Ltd., whose main business is as an original equipment manufacturer (OEM) of seasonings and processed food, proactively proposed new products to existing business partners while conducting marketing activities to acquire new ones. Also engaged in the development of seasonings and other ingredients used at the Group’s stores, the company focused on expanding the number of products.

As a result of the above, the Company posted net sales of 3,537 million yen (up 6.3% year-on-year) and an operating profit of 196 million yen (down 17.7% year-on-year).

(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 82,213 million yen, up 1,418 million yen compared with the level at the end of the previous fiscal year. This consisted of an increase of 3,063 million yen in current assets and a decrease of 1,644 million yen in non-current assets. The increase in current assets was mainly due to an increase of 2,424 million yen in cash and deposits and an increase of 628 million yen in merchandise and finished goods. The decrease in non-current assets was chiefly attributable to a decrease of 1,495 million yen in property, plant and equipment and a decrease of 207 million yen in intangible assets.

Liabilities decreased by 189 million yen from the end of the previous fiscal year to 28,552 million yen. This consisted of a decrease of 177 million yen in current liabilities and a decrease of 11 million yen in non-current liabilities. The decrease in current liabilities was mainly due to a decrease of 1,433 million yen in income taxes payable, an increase of 1,114 million yen in notes and accounts payable - trade, and an increase of 163 million yen in provision for bonuses.

Net assets grew 1,607 million yen from the end of the previous fiscal year to 53,661 million yen. This primarily consisted of an increase of 1,656 million yen in retained earnings. The increase in retained earnings was mainly due to the recording of profit attributable to owners of parent of 2,782 million yen and a decrease due to dividend payments of 1,151 million yen.

[2] Cash flows

Cash and cash equivalents (hereinafter “funds”) as of the end of the second quarter under review were 18,601 million yen, up 2,409 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 4,804 million yen, down 151 million yen from the six-month period of the previous fiscal year. This was due primarily to profit before income taxes of 3,478 million yen, depreciation of 2,340 million yen, impairment loss of 347 million yen, an increase in trade payables of 1,099 million yen, and income taxes paid of 2,025 million yen.

(Cash flows from investing activities)

The funds used in investing activities amounted to 969 million yen, up 185 million yen from the six-month period of the previous fiscal year. This was due primarily to purchase of property, plant and equipment and intangible assets of 1,075 million yen and proceeds from collection of loans receivable and refund of guarantee deposits of 164 million yen.

(Cash flows from financing activities)

The funds used in financing activities amounted to 1,273 million yen, up 8 million yen from the six-month period of the previous fiscal year. This was due primarily to proceeds from short-term borrowings of 660 million yen, repayment of short-term and long-term borrowings of 701 million yen, and dividends paid of 1,148 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, 2023, as announced on April 13, 2022.

2. Quarterly Consolidated Financial Statements

(1) Consolidated balance sheets

	(Millions of yen)	
	As of February 28, 2022	As of August 31, 2022
Assets		
Current assets		
Cash and deposits	16,249	18,673
Notes and accounts receivable - trade	3,401	3,630
Merchandise and finished goods	5,801	6,429
Raw materials and supplies	239	300
Other	2,542	2,196
Allowance for doubtful accounts	(489)	(421)
Total current assets	<u>27,745</u>	<u>30,808</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	22,724	21,686
Other, net	12,302	11,844
Total property, plant and equipment	<u>35,026</u>	<u>33,531</u>
Intangible assets		
Goodwill	527	434
Other	925	811
Total intangible assets	<u>1,453</u>	<u>1,245</u>
Investments and other assets		
Deferred tax assets	4,182	4,176
Other	12,410	12,471
Allowance for doubtful accounts	(23)	(20)
Total investments and other assets	<u>16,570</u>	<u>16,628</u>
Total non-current assets	<u>53,049</u>	<u>51,405</u>
Total assets	<u>80,795</u>	<u>82,213</u>
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,508	6,623
Short-term borrowings	762	812
Income taxes payable	2,212	779
Provision for bonuses	339	502
Provision for bonuses for directors (and other officers)	46	14
Provision for points card certificates	232	94
Provision for shareholder benefit program	153	71
Asset retirement obligations	80	85
Other	8,045	8,220
Total current liabilities	<u>17,380</u>	<u>17,203</u>
Non-current liabilities		
Long-term borrowings	880	836
Asset retirement obligations	7,198	7,195
Retirement benefit liability	129	137
Other	3,152	3,179
Total non-current liabilities	<u>11,360</u>	<u>11,349</u>
Total liabilities	<u>28,741</u>	<u>28,552</u>

(Millions of yen)

	As of February 28, 2022	As of August 31, 2022
Net assets		
Shareholders' equity		
Share capital	3,461	3,461
Capital surplus	4,702	4,702
Retained earnings	54,534	56,190
Treasury shares	(11,720)	(11,720)
Total shareholders' equity	50,977	52,634
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(5)	(4)
Deferred gains or losses on hedges	(0)	9
Foreign currency translation adjustment	64	(108)
Total accumulated other comprehensive income	58	(102)
Share acquisition rights	203	227
Non-controlling interests	813	901
Total net assets	52,053	53,661
Total liabilities and net assets	80,795	82,213

- (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, 2021	Six months ended August 31, 2022
Net sales	71,032	73,277
Cost of sales	34,055	35,444
Gross profit	36,976	37,833
Selling, general and administrative expenses	34,832	35,412
Operating profit	2,144	2,420
Non-operating income		
Interest income	10	10
Dividend income	1	1
Rental income from non-current assets	67	68
Compensation income	-	105
Insurance claim income	47	77
Share of profit of entities accounted for using equity method	40	36
Foreign exchange gains	-	380
Subsidy income	1,341	546
Other	212	262
Total non-operating income	1,721	1,488
Non-operating expenses		
Interest expenses	30	16
Rental expenses on non-current assets	2	2
Other	24	28
Total non-operating expenses	57	47
Ordinary profit	3,808	3,861
Extraordinary income		
Gain on sales of non-current assets	4	1
Total extraordinary income	4	1
Extraordinary losses		
Loss on disposal of non-current assets	32	34
Impairment loss	71	347
Other	2	2
Total extraordinary losses	106	384
Profit before income taxes	3,706	3,478
Income taxes	1,492	609
Profit	2,214	2,869
Profit attributable to non-controlling interests	88	86
Profit attributable to owners of parent	2,125	2,782

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

	(Millions of yen)	
	Six months ended August 31, 2021	Six months ended August 31, 2022
Profit	2,214	2,869
Other comprehensive income		
Valuation difference on available-for-sale securities	1	1
Deferred gains or losses on hedges	–	10
Foreign currency translation adjustment	13	(310)
Share of other comprehensive income of entities accounted for using equity method	68	137
Total other comprehensive income	83	(161)
Comprehensive income	2,297	2,707
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,209	2,620
Comprehensive income attributable to non-controlling interests	88	86

(3) Consolidated statements of cash flows

	(Millions of yen)	
	Six months ended August 31, 2021	Six months ended August 31, 2022
Cash flows from operating activities		
Profit before income taxes	3,706	3,478
Depreciation	2,601	2,340
Impairment loss	71	347
Amortization of goodwill	93	93
Loss (gain) on disposal of property, plant and equipment and intangible assets	28	32
Increase (decrease) in allowance for doubtful accounts	(24)	(70)
Increase (decrease) in provision for bonuses	156	163
Increase (decrease) in provision for bonuses for directors (and other officers)	-	(31)
Increase (decrease) in retirement benefit liability	10	8
Increase (decrease) in provision for points card certificates	(32)	(137)
Increase (decrease) in provision for shareholder benefit program	(92)	(82)
Interest and dividend income	(11)	(11)
Foreign exchange losses (gains)	88	(81)
Share of loss (profit) of entities accounted for using equity method	(40)	(36)
Decrease (increase) in trade receivables	(179)	(210)
Decrease (increase) in inventories	(928)	(680)
Increase (decrease) in trade payables	958	1,099
Other	(595)	614
Subtotal	5,810	6,835
Interest and dividends received	11	11
Interest paid	(30)	(16)
Income taxes paid	(835)	(2,025)
Net cash provided by (used in) operating activities	4,955	4,804
Cash flows from investing activities		
Purchase of property, plant and equipment	(840)	(1,016)
Payments for retirement of property, plant and equipment	(29)	(49)
Proceeds from sale of property, plant and equipment	4	29
Purchase of intangible assets	(62)	(58)
Proceeds from collection of loans receivable	99	95
Payments of guarantee deposits	(26)	(20)
Proceeds from refund of guarantee deposits	101	69
Other	(29)	(17)
Net cash provided by (used in) investing activities	(783)	(969)
Cash flows from financing activities		
Proceeds from short-term borrowings	107	660
Repayments of short-term borrowings	(120)	(642)
Repayments of long-term borrowings	(13)	(59)
Purchase of treasury shares	(0)	-
Dividends paid	(1,149)	(1,148)
Other	(87)	(83)
Net cash provided by (used in) financing activities	(1,265)	(1,273)
Effect of exchange rate change on cash and cash equivalents	(42)	(153)
Net increase (decrease) in cash and cash equivalents	2,864	2,409
Cash and cash equivalents at beginning of period	10,491	16,192
Cash and cash equivalents at end of period	13,356	18,601

(4) Notes to quarterly consolidated financial statements

(Notes regarding the going concern assumptions)

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.

(Changes in accounting policies)

(Application of Accounting Standard for Revenue Recognition, etc.)

The Company applies the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020; hereinafter "Revenue Recognition Accounting Standard"), etc. from the beginning of the first quarter, and recognizes revenue in the amount expected to be received in exchange for the promised goods or services when control of the goods or services is transferred to customers.

As a result, among transactions in which the Company's role in providing goods or services to customers falls under the category of an agent, those for which revenue was recognized in the total amount of consideration received from customers were changed to the method for recognizing revenue in the net amount obtained by subtracting payment to suppliers from the total amount of consideration received from customers. In addition, sponsorship fees paid when discount campaigns, etc. are conducted at the Company's stores, which were previously recorded as selling expenses, are now changed to the method of deducting from net sales as compensation paid to customers.

The application of the Revenue Recognition Accounting Standard, etc. is in accordance with the transitional treatment set forth in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standard, and the cumulative effect of retroactive application of the new accounting policy prior to the beginning of the first quarter is adjusted to retained earnings at the beginning of the first quarter, and the new accounting policy is applied from the balance at the beginning of the first quarter in question.

As a result, compared with the previous accounting treatment, net sales decreased by 388 million yen, cost of sales decreased by 400 million yen, and selling, general and administrative expenses increased by 12 million yen, but there was no impact on operating profit, ordinary profit, and profit before income taxes for the six-month period under review. There is no impact on the balance of retained earnings at the beginning of the current period.

(Application of Accounting Standard for Calculation of Market Value, etc.)

The Company has decided to apply the Accounting Standard for Calculation of Market Value (ASBJ Statement No. 30, July 4, 2019; hereinafter "Market Value Calculation Accounting Standards"), etc. from the beginning of the first quarter, and to apply new accounting policies set forth in the Market Value Calculation Accounting Standards, etc. in the future in accordance with the transitional treatment set forth in Paragraph 19 of the Market Value Calculation Accounting Standards and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). There is no impact on the quarterly consolidated financial statements.

(Additional information)

There has been no material change in the assumptions regarding when COVID-19 infections will recede in the Securities Report (Significant Accounting Estimates) for the previous fiscal year.

(Segment information)

[Segment information]

I. Six-month period in the previous fiscal year (from March 1, 2021 to August 31, 2021)

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)	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 profit stated in the quarterly consolidated statement of income.

II. Six-month period under review (from March 1, 2022 to August 31, 2022)

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)	52,432	14,366	1,033	1,907	69,740	3,537	–	73,277
(2) Intersegment sales or transfer	–	–	–	–	–	1,604	(1,604)	–
Total	52,432	14,366	1,033	1,907	69,740	5,142	(1,604)	73,277
Segment income (loss)	(2,973)	(611)	(203)	(284)	1,874	196	349	2,420

(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 profit stated in the quarterly consolidated statement of income.