



January 31, 2022

Summary of Consolidated Financial Results
for the Third Quarter of the Fiscal Year Ending March 31, 2022 (FY3/22)
(Nine Months Ended December 31, 2021)

[Japanese GAAP]

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Scheduled date of filing of Quarterly Report: February 14, 2022

Scheduled date of payment of dividend: -

Preparation of supplementary materials for quarterly financial results: None

Holding of quarterly financial results meeting: None

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Third Quarter (April 1, 2021 – December 31, 2021) of FY3/22

(1) Consolidated results of operations (Percentages represent 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	%
Nine months ended Dec. 31, 2021	62,758	3.7	5,021	8.6	10,036	100.6	7,014	118.1
Nine months ended Dec. 31, 2020	60,511	(5.3)	4,624	(22.7)	5,002	(20.6)	3,216	(25.1)

Note: Comprehensive income (millions of yen) Nine months ended Dec. 31, 2021: 6,700 (up 88.1%)

Nine months ended Dec. 31, 2020: 3,561 (down 34.7%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Dec. 31, 2021	373.55	-
Nine months ended Dec. 31, 2020	171.37	-

Note: Beginning with the first quarter of the current fiscal year, the Company has applied the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020) and other standards. All figures for the nine months ended December 31, 2021 incorporate this accounting standard.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Dec. 31, 2021	89,606	57,703	64.4
As of Mar. 31, 2021	91,154	52,952	58.1

Reference: Shareholders' equity (millions of yen) As of Dec. 31, 2021: 57,703 As of Mar. 31, 2021: 52,952

Note: Beginning with the first quarter of the current fiscal year, the Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and other standards. All figures as of December 31, 2021 incorporate this accounting standard.

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2021	-	50.00	-	50.00	100.00
Fiscal year ending Mar. 31, 2022	-	50.00	-		
Fiscal year ending Mar. 31, 2022 (forecasts)				50.00	100.00

Note: Revisions to the most recently announced dividend forecast: None

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2022 (April 1, 2021 – March 31, 2022)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	83,854	4.0	6,989	15.1	11,465	66.9	7,799	81.9	415.30

Note: Revisions to the most recently announced consolidated forecasts: None

*** Notes**

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

Newly added: -

Excluded: -

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Restatements: None

Note: Please refer to “Notes to Quarterly Consolidated Financial Statements” on page 11 of the attachments for further information.

(4) Number of outstanding shares (common shares)

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

As of Dec. 31, 2021:	23,286,230 shares	As of Mar. 31, 2021:	23,286,230 shares
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2) Number of treasury shares at the end of the period

As of Dec. 31, 2021:	4,506,156 shares	As of Mar. 31, 2021:	4,514,166 shares
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3) Average number of shares outstanding during the period

Nine months ended Dec. 31, 2021:	18,776,868 shares	Nine months ended Dec. 31, 2020:	18,768,977 shares
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*** The current quarterly financial report is not subject to quarterly review procedures by certified public accountants or auditing firms.**

*** Explanation of appropriate use of earnings forecasts, and other special items**

Forecasts of future performance in this document are based on assumption judged to be valid and information currently available to the Company’s management, but are not promises by the Company regarding future performance. Actual results may differ materially from the forecasts for a number of reasons. Please refer to “1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecasts and Other Forward-looking Statements” on page 5 for forecast assumptions and notes of caution for usage.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

Summary of consolidated results of operations (April 1, 2021 to December 31, 2021)					
	Amount (millions of yen)	% to sales	12-month change		24-month change
Net sales	62,758	100.0%	Up	3.7%	Down 1.8%
Operating profit	5,021	8.0%	Up	8.6%	Down 16.1%
Ordinary profit	10,036	16.0%	Up	100.6%	Up 59.3%
Profit attributable to owners of parent	7,014	11.2%	Up	118.1%	Up 63.4%

During the first nine months of the current fiscal year, the Japanese economy saw a personal consumption recovery as the country was past the peak of its fifth coronavirus wave in August 2021, which was driven by the rapid spread of the virus, and it was on the downward slope.

The restaurant industry's business conditions were on the way to improvement partly due to the lifting of restrictions on restaurants, allowing them to open as usual and serve alcohol. However, some formats that operate mainly at night were still in a challenging environment despite continued strong sales in the home meal replacement market that includes takeout meals at restaurants.

Under such circumstances, the Group has provided various online training programs and improved the level of quality, service, and cleanliness (QSC) in stores amid the COVID-19 pandemic, giving its highest priority to the protection of the safety and health of our customers and employees. The Group has been engaged in offering safer environment in order to cater our customers delicious meals that are essential part of everyday life.

As a result of such efforts, in-store sales steadily recovered after the government lifted the state of emergency and quasi-emergency COVID-19 measures. Meanwhile, sales of takeout and delivery services remained strong. As a result, continuing from the first half of the current fiscal year, the Group achieved year-on-year increases in both revenue and profit during the first nine months.

The following is an overview of our initiatives and achievements during the first nine months, described in line with four items, three primary strategies of sales strategy, restaurant opening strategy, and franchise chain promotion strategy in our medium-term management plan which has newly started with the current fiscal year, and sustainability activities.

1) Sales strategy

Even after Japan's fifth wave of infections subsided in October 2021, we increased our efforts to further improve the level of QSC while continuing to take thorough measures to prevent our customers and employees from getting infected with coronavirus. By doing so, we have improved our sales system with a view to a post-COVID-19 world. After the government lifted its request for shorter operating hours nationwide, we actively conducted sales promotions to ensure an in-store sales recovery and tap into the demand for takeout and delivery services.

To improve the level of QSC, we resumed cooking training programs in Ohsho Cooking Dojo (an in-house training program) while taking preventive measures against coronavirus. We concurrently continued to provide online training programs, allowing participants to thoroughly learn basic cooking methods. We also resumed once suspended cooking skill testing, helping employees further improve their cooking skills in a friendly rivalry. Besides the above initiatives, we provided training programs based on a new employee handbook designed to improve their customer service skills. We also made it common practice for store staff to ensure inside the stores is cleaned and sterilized so that customers can enjoy dining in the stores with peace of mind.

For sales promotions, we launched the annual campaign "Gyoza Club customer appreciation campaign for 2022" in June, and held the "double stamp campaign" for a limited time. In November, we added three more gifts for the annual campaign with which children can enjoy, namely stationery sets, extracurricular activity bags, and card and board game sets, so that a wider range of customers can participate in the campaign.

In December, we held a year-end and new-year customer campaign, during which customers collect six stamps and exchange them for one gyoza plate free of charge. We also held another campaign to celebrate the

anniversary of our founding for two days on December 24 and 25, during which we distributed a 250-yen discount coupon per 500 yen paid at the cashier. The coupon was the reprinted version of the coupon at the time of our founding. Both of the campaigns were well received by our customers.

For takeout services, we continued to hold an uncooked gyoza stamp campaign and a sale of uncooked gyoza. For delivery services, we have increased the number of stores that can provide delivery services from 366 at the end of March 2021 to 443 for directly operated stores. Including franchised stores, the number of such stores rose from 413 to 546. We have also increased stores providing the delivery services with the three food delivery operators: Demae-Can, Uber Eats, and menu. These initiatives to stimulate demand and efforts to offer customers more convenience helped keep strong sales in takeout and delivery services.

As a result, we achieved the record high monthly sales of all stores on a year-on-year basis for three consecutive months from October to December during the first nine months. On December 11, we achieved the record high daily sales of directly operated stores at 327 million yen.

2) Restaurant opening strategy

During the first nine months, we opened five directly operated stores.

These new five stores are located in areas with considerable potential for successful store openings in view of the market size, neighborhood economic environment, and other factors. The stores have been designed with a focus on thorough measures to prevent COVID-19 infection and convenience for customers to use takeout and delivery services.

One of the new stores is a roadside store named Kendo-377go-Yoshikawa-Sakae store. We opened it in Yoshikawa City, Saitama Prefecture, whose population is increasing remarkably as a large shopping mall was open. This store has the largest area among stores in the Kanto area.

Another one of the new stores is a roadside store named Kendo-243go-Ryugasaki store. It is located in an area with a lower population density than the Greater Tokyo area, but expected to create synergistic effects with a supermarket and other shops located around the store within the same premises.

In an effort with local retailers, we opened sanwa Fujigaoka store in Kanagawa Prefecture and two stores in Fukuoka Prefecture, named SunLive Create Munakata store and Kokudo-202go-Itoshima store. All of which are expected to create synergistic effects through tie-ups with local retailers that offer groceries and daily necessities, which are expected to attract many customers.

3) Franchise chain promotion strategy

On October 1, we placed the FC Promotion Department responsible for FC business under the Sales Division Headquarters responsible for directly operated stores. We also strengthened partnership with our franchised stores. In this way, we have established a system that allows directly operated stores and franchised stores to work together to enhance the brand value of Gyoza no Ohsho.

We made training sessions, which are held by Ohsho University (our in-house educational institution) and Ohsho Cooking Dojo, available to franchise owners, restaurant managers, and future candidates for such posts. This enabled them to improve their know-how about franchise store operations and their cooking skills. In addition, our franchise consultants periodically make the rounds of franchised stores to check the level of QSC of each franchised store and clarify areas for improvement. We sought to make quality standards of Ohsho penetrating into the stores by working on the areas for improvement in cooperation with franchise owners.

We have actively conducted sales promotions in line with those conducted in directly operated stores, and lifted the service level of franchised stores to the same level of directly operated stores that provide delivery and EPARK Takeout services and take credit cards. These efforts helped drive customer traffic to stores in the challenging environment.

Such positive outcome helped each franchised store keep their strong sales. Sales of shipments dispatched from our factories to franchised stores remained on the upward trend.

4) Sustainability initiatives

As a company contributing to society through food, we offered a total of 32,000 meals of “Bento for Kids” free of charge to Kodomo Shokudo (Children’s Meals) and other similar groups nationwide last summer. This initiative received many strong requests from children nationwide, wishing to have Bento for Kids again.

Following such requests, we decided to offer meals again during a school winter break.

Kodomo Shokudo and other similar groups requested for 63,000 meals, almost double the number served last time. Of the groups nationwide, 304 directly operated stores and franchised stores offered Bento for Kids for one month. We delivered the meals with the stores, factories, and head office working as one team, hoping that our effort will help create a sustainable society.

In the Board of Directors meeting held on December 13, the Company has formulated the Basic Policy for Sustainability and established the Sustainability Committee. By pursuing our management philosophy “Creating stores praised by our customers,” we aim to help create a sustainable society, let alone enhance our corporate value. We will continue to make an effort across the Group to help address sustainability issues.

As a result, net sales increased 2,247 million yen or 3.7% year-on-year to 62,758 million yen during the first nine months of the current fiscal year.

Operating profit increased 396 million yen or 8.6% year-on-year to 5,021 million yen. This was due to an increase in net sales as well as the efforts to keep personnel expenses under control by reorganizing work shifts in a more efficient way and to cut down utilities expenses.

Ordinary profit increased 5,034 million yen or 100.6% year-on-year to 10,036 million yen mainly due to the above reasons as well as subsidy income for reduced operating hours and other factors.

Profit attributable to owners of parent increased 3,797 million yen or 118.1% year-on-year to 7,014 million yen mainly due to the above reasons.

Ordinary profit and profit attributable to owners of parent reached record highs for the first nine months of the fiscal year.

Regarding the store network during the first nine months of the current fiscal year, we opened nine directly operated stores and three franchised stores, and closed two directly operated stores and eight franchised stores. The result was a total network of 535 directly operated stores and 201 franchised stores at the end of the third quarter.

Beginning with the first quarter of the current fiscal year, the Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and other standards.

(2) Explanation of Financial Position

Assets

The balance of total assets at the end of the third quarter of the current fiscal year was 89,606 million yen, down 1,548 million yen or 1.7% from the end of the previous fiscal year. The main factors for the change are as follows.

Current assets decreased 1,522 million yen or 3.6% to 40,930 million yen. This was mainly due to a decrease in cash and deposits.

Non-current assets decreased 26 million yen or 0.1% to 48,675 million yen. This was mainly due to a decrease in investment securities.

Liabilities

The balance of total liabilities at the end of the third quarter of the current fiscal year was 31,902 million yen, down 6,299 million yen or 16.5% from the end of the previous fiscal year. The main factors for the change are as follows.

Current liabilities increased 3,336 million yen or 16.2% to 23,918 million yen. The main reason was the transfer of a portion of the 25,000 million yen in long-term borrowings, which was borrowed in the previous fiscal year to increase cash reserves in preparation for the prolonged coronavirus disaster, to current portion of long-term borrowings.

Non-current liabilities decreased 9,635 million yen or 54.7% to 7,983 million yen. This was mainly due to a decrease in long-term borrowings. The balance of borrowings at the end of the third quarter, which is the total of current and non-current liabilities, decreased 7,524 million yen to 19,470 million yen.

Net assets

Net assets at the end of the third quarter of the current fiscal year were 57,703 million yen, up 4,750 million yen or 9.0% from the end of the previous fiscal year. This increase was mainly attributable to profit attributable to owners of parent of 7,014 million yen, while there was a decrease in dividend payment of 1,877 million yen. As a result, the equity ratio increased from 58.1% at the end of the previous fiscal year to 64.4%.

Cash flows

Cash and cash equivalents (hereinafter, “net cash”) at the end of the third quarter of the current fiscal year amounted to 37,150 million yen, down 2,440 million yen from the end of the previous fiscal year.

The main changes in cash flows from operating, investing, and financing activities for the first nine months are described as below.

Cash flows from operating activities

Net cash provided by operating activities increased 6,739 million yen or 250.1% year-on-year to 9,433 million yen. This was mainly due to an increase in profit before income taxes.

The main factors include profit before income taxes of 10,336 million yen and depreciation of 1,900 million yen, which were more than offset by income taxes paid of 2,197 million yen.

Cash flows from investing activities

Net cash used in investing activities decreased 548 million yen or 18.1% year-on-year to 2,474 million yen. This was mainly due to a decrease in outlays for the purchase of property, plant and equipment.

The main factors include outlays of 2,239 million yen for the purchase of property, plant and equipment.

Cash flows from financing activities

Net cash used in financing activities was 9,402 million yen (compared to 20,662 million yen provided for the same period of the previous fiscal year). This was mainly due to a decrease in proceeds from long-term borrowings.

The main factors include outlays resulting from a net decrease of 7,524 million yen in borrowings and cash dividends paid of 1,877 million yen.

(3) Explanation of Consolidated Forecasts and Other Forward-looking Statements

Regarding consolidated forecast for the fiscal year ending March 31, 2022, please refer to the press release titled “Notice of Differences between the First Half Forecast and Actual Performance, and Revisions to Consolidated Forecasts for the Fiscal Year Ending March 31, 2022” (Japanese version only) that was announced on October 29, 2021.

2. Quarterly Consolidated Financial Statements and Notes**(1) Quarterly Consolidated Balance Sheet**

(Millions of yen)

	FY3/21 (As of Mar. 31, 2021)	Third quarter of FY3/22 (As of Dec. 31, 2021)
Assets		
Current assets		
Cash and deposits	39,590	37,150
Accounts receivable-trade	1,597	2,212
Merchandise and finished goods	116	127
Raw materials	353	470
Other	800	973
Allowance for doubtful accounts	(4)	(2)
Total current assets	42,452	40,930
Non-current assets		
Property, plant and equipment		
Buildings and structures	55,193	56,110
Accumulated depreciation	(43,075)	(43,921)
Buildings and structures, net	12,118	12,189
Machinery, equipment and vehicles	6,736	7,114
Accumulated depreciation	(4,314)	(4,649)
Machinery, equipment and vehicles, net	2,422	2,464
Tools, furniture and fixtures	6,529	6,856
Accumulated depreciation	(5,650)	(5,809)
Tools, furniture and fixtures, net	879	1,047
Land	20,649	20,633
Construction in progress	22	70
Total property, plant and equipment	36,092	36,405
Intangible assets	143	118
Investments and other assets		
Investment securities	5,286	4,918
Guarantee deposits	4,274	4,423
Other	2,920	2,824
Allowance for doubtful accounts	(15)	(14)
Total investments and other assets	12,465	12,151
Total non-current assets	48,701	48,675
Total assets	91,154	89,606

	(Millions of yen)	
	FY3/21 (As of Mar. 31, 2021)	Third quarter of FY3/22 (As of Dec. 31, 2021)
Liabilities		
Current liabilities		
Accounts payable-trade	1,986	2,484
Current portion of long-term borrowings	10,931	13,197
Income taxes payable	1,284	2,070
Provision for bonuses	1,005	501
Other	5,375	5,664
Total current liabilities	20,582	23,918
Non-current liabilities		
Long-term borrowings	16,063	6,272
Asset retirement obligations	830	853
Other	724	857
Total non-current liabilities	17,619	7,983
Total liabilities	38,201	31,902
Net assets		
Shareholders' equity		
Share capital	8,166	8,166
Capital surplus	9,259	9,287
Retained earnings	46,045	51,063
Treasury shares	(10,707)	(10,688)
Total shareholders' equity	52,764	57,829
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,119	2,862
Revaluation reserve for land	(3,238)	(3,238)
Foreign currency translation adjustment	(16)	(7)
Remeasurements of defined benefit plans	324	258
Total accumulated other comprehensive income	188	(125)
Total net assets	52,952	57,703
Total liabilities and net assets	91,154	89,606

(2) Quarterly Consolidated Statements of Income and Comprehensive Income**Quarterly Consolidated Statement of Income
(For the Nine-month Period)**

(Millions of yen)

	First nine months of FY3/21 (Apr. 1, 2020 – Dec. 31, 2020)	First nine months of FY3/22 (Apr. 1, 2021 – Dec. 31, 2021)
Net sales	60,511	62,758
Cost of sales	18,359	19,686
Gross profit	42,151	43,072
Selling, general and administrative expenses	37,526	38,051
Operating profit	4,624	5,021
Non-operating income		
Interest income	0	0
Dividend income	61	61
Franchise chain accession fee	83	84
Rental income from land and buildings	44	44
Subsidy income	152	4,839
Miscellaneous income	147	146
Total non-operating income	489	5,177
Non-operating expenses		
Interest expenses	39	50
Rental expenses	61	70
Miscellaneous losses	10	41
Total non-operating expenses	112	162
Ordinary profit	5,002	10,036
Extraordinary income		
Gain on sale of non-current assets	0	4
Compensation for expropriation	-	324
Total extraordinary income	0	328
Extraordinary losses		
Loss on retirement of non-current assets	57	29
Total extraordinary losses	57	29
Profit before income taxes	4,945	10,336
Income taxes-current	1,353	3,021
Income taxes-deferred	374	300
Total income taxes	1,728	3,321
Profit	3,216	7,014
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	3,216	7,014

Quarterly Consolidated Statement of Comprehensive Income
(For the Nine-month Period)

(Millions of yen)

	First nine months of FY3/21 (Apr. 1, 2020 – Dec. 31, 2020)	First nine months of FY3/22 (Apr. 1, 2021 – Dec. 31, 2021)
Profit	3,216	7,014
Other comprehensive income		
Valuation difference on available-for-sale securities	329	(256)
Foreign currency translation adjustment	0	9
Remeasurements of defined benefit plans, net of tax	15	(66)
Total other comprehensive income	345	(313)
Comprehensive income	3,561	6,700
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,561	6,700
Comprehensive income attributable to non-controlling interests	-	-

(3) Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	First nine months of FY3/21 (Apr. 1, 2020 – Dec. 31, 2020)	First nine months of FY3/22 (Apr. 1, 2021 – Dec. 31, 2021)
Cash flows from operating activities		
Profit before income taxes	4,945	10,336
Depreciation	1,857	1,900
Increase (decrease) in allowance for doubtful accounts	(2)	(3)
Decrease (increase) in retirement benefit asset	44	(95)
Interest and dividend income	(61)	(61)
Interest expenses	39	50
Compensation for expropriation	-	(324)
Loss (gain) on sale of non-current assets	(0)	(4)
Loss on retirement of non-current assets	57	29
Decrease (increase) in trade receivables	(496)	(612)
Decrease (increase) in inventories	(129)	(127)
Increase (decrease) in trade payables	254	497
Increase (decrease) in accrued consumption taxes	(624)	155
Other, net	(824)	(284)
Subtotal	5,058	11,453
Interest and dividends received	61	61
Interest paid	(42)	(49)
Proceeds from compensation for expropriation	158	165
Income taxes paid	(2,542)	(2,197)
Net cash provided by (used in) operating activities	2,694	9,433
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,847)	(2,239)
Proceeds from sale of property, plant and equipment	0	21
Proceeds from sale of investment securities	9	-
Loan advances	(32)	(39)
Proceeds from collection of loans receivable	25	25
Payments of guarantee deposits	(164)	(199)
Other, net	(13)	(43)
Net cash provided by (used in) investing activities	(3,023)	(2,474)
Cash flows from financing activities		
Proceeds from long-term borrowings	25,000	-
Repayments of long-term borrowings	(2,272)	(7,524)
Purchase of treasury shares	(0)	-
Proceeds from sale of investment securities	-	0
Dividends paid	(2,064)	(1,877)
Net cash provided by (used in) financing activities	20,662	(9,402)
Effect of exchange rate change on cash and cash equivalents	0	3
Net increase (decrease) in cash and cash equivalents	20,334	(2,440)
Cash and cash equivalents at beginning of period	17,117	39,590
Cash and cash equivalents at end of period	37,451	37,150

(4) Notes to Quarterly Consolidated Financial Statements**Changes in Accounting Policies****Application of Accounting Standards for Revenue Recognition**

Beginning with the first quarter of the current fiscal year, the Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020). Based on this standard, revenue expected to be received in exchange for the provision of goods and services is recognized when the control of the promised goods and services is transferred to customers. Accordingly, the Company has changed its method for recognizing franchise chain accession fees and renewal fees based on the franchise contract from the method of recognizing those fees as revenue when they are received to that of recognizing them as revenue over the contract period on a reasonable basis.

For the application of the Accounting Standard for Revenue Recognition, in accordance with the transitional measures in the proviso of paragraph 84 of this standard, the cumulative effect of the retrospective application of the new accounting standard, if it is applied prior to the first quarter of the current fiscal year, is added to or subtracted from retained earnings at the beginning of the first quarter of the current fiscal year. The new standard is then applied beginning with this amount of retained earnings.

The new standard reduced retained earnings at the beginning of the first nine months by 119 million yen. The effect of this change on profit in the first nine months of the current fiscal year is insignificant.

Application of the Accounting Standard for Fair Value Measurement

Beginning with the first quarter of the current fiscal year, the Company has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019). There is no effect of the application of this standard on the quarterly consolidated financial statements.

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.