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Consolidated Financial Results for the Year Ended February 28, 2022 [Japanese GAAP]

April 12, 2022

Company name: EAT&HOLDINGS Co.,Ltd

Stock exchange listing: Tokyo

Code number: 2882

URL: <https://www.eat-and.jp/>

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Chairman and representative director, CEO

Director-general business administration headquarters

Scheduled date of Annual General Meeting of Shareholders: May 27, 2022

Scheduled date of commencing dividend payments: May 30, 2022

Scheduled date of filing annual securities report: May 30, 2022

Availability of supplementary briefing material on annual financial results: Yes

Schedule of annual financial results briefing session: No

(Amounts of less than one million yen are rounded down)

1. Consolidated Financial Results for the Fiscal Year Ended February 28, 2022 (March 01, 2021 to February 28, 2022)

(1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended February 28, 2022	30,881	-	834	-	1,476	-	773	-
February 28, 2021	25,964	-	261	-	279	-	(202)	-

(Note) Comprehensive income: Fiscal year ended February 28, 2022: ¥ 789 million [-%]
Fiscal year ended February 28, 2021: ¥ (208) million [-%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended February 28, 2022	Yen 76.16	Yen 76.14	% 10.4	% 7.2	% 2.7
February 28, 2021	(19.91)	-	(2.8)	1.4	1.0

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended February 28, 2022: ¥ - million
Fiscal year ended February 28, 2021: ¥ (1) million

(Note) Due to the change in the fiscal year-end, the previous fiscal year was an 11-month period from April 1, 2020 to February 28, 2021. Consequently, since the period of the fiscal year under review (March 1, 2021 to February 28, 2022) and the period of the previous fiscal year (April 1, 2020 to February 28, 2021) are different and not comparable, the year-on-year ratio is not stated.

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of February 28, 2022	Million yen 20,514	Million yen 7,805	% 38.0	Yen 767.12
February 28, 2021	20,426	7,128	34.8	699.71

(Reference) Equity: As of February 28, 2022: ¥ 7,791 million
As of February 28, 2021: ¥ 7,107 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
February 28, 2022	2,510	(1,917)	(396)	1,622
February 28, 2021	655	(17)	(191)	1,380

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
February 28, 2021	-	5.00	-	5.00	10.00	101	-	1.4
February 28, 2022	-	5.00	-	5.00	10.00	101	13.1	1.3
Fiscal year ending February 28, 2023 (Forecast)	-	5.00	-	5.00	10.00		18.5	

(Note) Breakdown of the year-end dividend for the fiscal year ended February 28, 2022 :

Commemorative dividend	- yen
Special dividend	- yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending February 28, 2023 (March 01, 2022 to February 28, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ended August 31, 2022	15,800	6.9	530	42.0	545	(21.8)	250	(16.4)	24.61
Full year	33,470	8.4	1,100	31.8	1,108	(25.0)	500	(35.4)	49.23

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

New	-	(Company name:)
Exclusion:	-	(Company name:)

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

- 1) Changes in accounting policies due to the revision of accounting standards: No
- 2) Changes in accounting policies other than 1) above: No
- 3) Changes in accounting estimates: No
- 4) Retrospective restatement: No

(3) Total number of issued shares (common shares)

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

February 28, 2022:	10,158,190 shares
February 28, 2021:	10,158,190 shares

2) Total number of treasury shares at the end of the period:

February 28, 2022:	959 shares
February 28, 2021:	921 shares

3) Average number of shares during the period:

Fiscal Year ended February 28, 2022:	10,157,264 shares
Fiscal Year ended February 28, 2021:	10,157,269 shares

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1. Overview of Operating Results, etc.

Due to the change in the fiscal year-end, the previous fiscal year covered 11-month period from April 1, 2020 to February 28, 2021. Consequently, since the period of the fiscal year under review (from March 1, 2021 to February 28, 2022) and the period of the previous fiscal year (from April 1, 2020 to February 28, 2021) do not match and are not comparable, the year-on-year ratio is not stated.

(1) Overview of Operating Results for the Fiscal Year under Review

In the fiscal year under review, the outlook for the Japanese economy continued to be uncertain. Private consumption declined mainly in face-to-face services, due to the state of emergency declaration issued following the fifth wave of COVID-19 infections, and the sixth wave of infections due to the Omicron variant.

Regarding market trends in frozen foods and restaurants, which are mainstay businesses of the Company, the frozen food market grew steadily amid the trend of growing demand for eating at home, while the restaurant market did not recover to pre-COVID levels, and the restrictions on business hours and alcoholic beverage provision at restaurants due to the state of emergency declaration in major metropolitan areas and priority measures to prevent the spread of infections in other regions continued to impact the Restaurant Business.

Under such circumstances, riding on the wave of the market expansion, the Company endeavored to further increase sales in the Food Business and promoted further improvements in productivity and cost reduction, mainly at Kanto 2nd Plant. In the Restaurant Business, under the harsh conditions with a prolonged state of emergency declaration, we continued to promote the scrap-and-build approach for stores, enhanced the attractiveness of existing stores through the micromanagement, etc. of each store, and actively responded to the robust takeaway demand stemming from the COVID-19 crisis.

In addition, for new businesses, we implemented various initiatives including the following: opening of “OSAKA FUN DINING, OSAKA OHSHO” in Shanghai, China; opening of “Sapporo Misogyoza”, an unmanned direct sales store of raw frozen gyoza limited to the Sapporo area; and developing the restaurants e-commerce website “RAMEN JOURNEY.”

As a result, net sales for the fiscal year under review were ¥30,881 million and operating profit was ¥834 million, achieving an increase in sales and a significant increase in operating profit. In addition, in the Restaurant Business, owing to income provided by local governments as the compensation for cooperation in preventing the spread of COVID-19, the Company recorded ordinary profit of ¥1,476 million, and profit attributable to the parent company's shareholders of ¥773 million.

The operating results for each segment are as follows.

1) Food Business

In the Food Business, we maintained the strong sales, as our mainstay product “OSAKA OHSHO Hanetsuki Gyoza” continued to grow, and the new product “OSAKA OHSHO Hanetsuki Stamina Meat Gyoza,” launched in February 2021, became a hit product. As a result, the net sales in the Food Business for the fiscal year under review were ¥18,789 million.

The operating profit was ¥1,153 million, as a result of improving the gross margin ratio through enhancing the productivity via the introduction of state-of-the-art equipment at the new line at Kanto 2nd Plant, which began its operations in January 2021.

2) Restaurant Business

Regarding the Restaurant Business, in the “OSAKA OHSHO” business category, in addition to continued efforts from the previous fiscal year in closing unprofitable stores, we actively opened new stores at locations close to residential areas. We also proceeded with endeavor to respond to changes in the business environment due to the COVID-19 crisis such as the expansion of the takeout and delivery menus, and strove to bolster existing stores through the development of limited-time menus and the introduction of micromanagement. As a result, in the fiscal year under review, the net sales were ¥12,091 million and the operating profit was ¥11 million, showing a steady recovery.

In the fiscal year under review, the Group opened a total of 37 stores, including 25 directly managed stores and 12 FC stores, and closed a total of 35 stores, including 8 directly managed stores and 27 FC stores. At the end of the fiscal year under review, the total number of stores was 472 (including 28 overseas stores), with 107 directly managed stores (including 7 overseas stores) and 365 FC stores (including 21 overseas stores). Furthermore, in line with the switch in operating format, 1 store was changed from a FC store to a directly managed store.

The breakdown of the number of stores in the Restaurant Business is as follows.

Name of business category	End of previous fiscal year (February 28, 2021)			End of fiscal year under review (February 28, 2022)		
	Directly managed stores	FC stores	Total	Directly managed stores	FC stores	Total
OSAKA OHSHO	39	312	351	48	313	361
Ramen	12	19	31	11	18	29
Bakery & cafes	22	14	36	21	10	31
Other businesses	13	4	17	20	3	23
Overseas	3	32	35	7	21	28
Total	89	381	470	107	365	472

(2) Overview of Financial Position for the Fiscal Year under Review

Status of Assets, Liabilities and Net Assets

(Assets)

Total assets at the end of the fiscal year under review increased by ¥88 million from the end of the previous fiscal year to ¥20,514 million.

Current assets decreased by ¥719 million from the end of the previous fiscal year to ¥9,044 million. The main contributing factors were an increase in cash and deposits of ¥234 million, a decrease in accounts receivable – trade of ¥1,148 million, and an increase in merchandise and finished goods of ¥221 million.

Non-current assets increased by ¥808 million from the end of the previous fiscal year to ¥11,470 million. The main contributing factors were an increase in property, plant and equipment of ¥708 million and an increase in investments and other assets of ¥101 million.

(Liabilities)

Liabilities at the end of the fiscal year under review decreased by ¥587 million from the end of the previous fiscal year to ¥12,709 million.

Current liabilities decreased by ¥672 million from the end of the previous fiscal year to ¥9,232 million. The main contributing factors were a decrease in accounts payable – trade of ¥628 million, a decrease in short-term borrowings of ¥304 million, and an increase in income taxes payable of ¥209 million.

Non-current liabilities increased by ¥84 million from the end of the previous fiscal year to ¥3,477 million. The main contributing factor was an increase in long-term borrowings.

(Net Assets)

Net assets at the end of the fiscal year under review increased by ¥676 million from the end of the previous fiscal year to ¥7,805 million. The main contributing factor was an increase in retained earnings.

As a result, the capital adequacy ratio was 38.0% (34.8% at the end of the previous fiscal year).

(3) Overview of Cash Flows for the Fiscal Year under Review

Status of Cash Flows

Cash and cash equivalents at the end of the fiscal year under review (hereinafter “funds”) increased by ¥241 million from the end of the previous fiscal year to ¥1,622 million.

(Cash Flows from Operating Activities)

Funds provided by operating activities amounted to ¥2,510 million. The main contributing factors were profit before income taxes of ¥1,203 million, a decrease in trade receivables of ¥1,157 million, and depreciation of ¥1,014 million, which offset an increase in inventories of ¥174 million, and a decrease in trade payables of ¥637 million.

(Cash Flows from Investing Activities)

Funds used in investing activities were ¥1,917 million. The main contributing factor was the purchase of property, plant and equipment.

(Cash Flows from Financing Activities)

Funds used in financing activities amounted to ¥396 million. The main contributing factors were a decrease in short-term borrowings of ¥304 million, repayments of long-term borrowings of ¥557 million, and dividends paid of ¥101 million, despite proceeds from long-term borrowings of ¥600 million.

(Trends in cash flow-related indicators)

	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022
Capital adequacy ratio (%)	34.8	38.0
Capital adequacy ratio based on market value (%)	89.4	107.1
Cash flow to debt ratio (times)	6.0	1.5
Interest coverage ratio (times)	46.3	195.3

(Notes) 1. The calculation formulas of the above indicators are as follows.

Capital adequacy ratio: Shareholders' equity / Total assets

Capital adequacy ratio based on market value: Market capitalization / Total assets

Cash flow to debt ratio: Interest-bearing debt / Operating cash flows

Interest coverage ratio: Operating cash flows / Interest payments

2. Market capitalization is calculated based on the total number of shares issued excluding treasury shares.

3. Cash flows refer to cash flows from operating activities.

Interest-bearing debt refers to all liabilities for which interest is paid among the liabilities recorded on the Consolidated Balance Sheets. Interest payments refer to the amount of interest paid in the Statements of Cash Flows.

(4) Future Outlook

Regarding the business environment surrounding the Group in the next fiscal year, as there is no prospect of convergence of the COVID-19 pandemic, the Group expects to continue facing a harsh business environment, as well as increases in raw material prices, labor costs, and logistics costs.

In the Food Business, besides the boost from the frozen gyoza market which will continue to grow, we believe that sales of our mainstay products “OSAKA OHSHO Hanetsuki Gyoza” and “OSAKA OHSHO Purumochi Boiled Gyoza” can be further increased with their high levels of product appeal. In addition, Kanto 3rd Plant is scheduled to begin its operations in October 2022, and will realize savings in labor and efficiency improvements through the introduction of the latest technology, thereby further improving productivity and expanding our supply capacity.

In the Restaurant Business, we will continue to actively open stores of our mainstay “OSAKA OHSHO” brand near residential areas, conduct more profitable store operations, and aim for further recovery. In addition, with regard to overseas development, we will promote store openings in business formats that fit local needs, mainly in China and Taiwan.

As a result of these initiatives, regarding the financial results for the fiscal year ending February 28, 2023, the Group expects to achieve the net sales of ¥33,470 million, the operating profit of ¥1,100 million, the ordinary profit of ¥1,108 million, and the profit attributable to the shareholders of the parent company of ¥500 million.

2. Basic Stance Regarding Selection of Accounting Standards

The Group shall prepare its consolidated financial statements based on the Japanese accounting standards for the time being, taking into account the comparability of consolidated financial statements between periods and between companies.

Regarding the application of International Financial Reporting Standards (IFRS), we will make an appropriate response upon considering various conditions both in Japan and overseas.

Consolidated Financial Statements
Consolidated Balance Sheets

(Million yen)

	As of February 28,2021	As of February 28,2022
Assets		
Current assets		
Cash and deposits	1,388	1,622
Accounts receivable - trade	6,864	5,716
Merchandise and finished goods	814	1,035
Raw materials and supplies	392	346
Other	304	322
Allowance for doubtful accounts	(0)	-
Total current assets	9,764	9,044
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,987	5,023
Machinery, equipment and vehicles	2,211	2,276
Tools, furniture and fixtures	448	502
Land	984	984
Leased assets	35	23
Construction in progress	14	579
Total property, plant and equipment	8,681	9,389
Intangible assets		
Software	180	182
Other	50	46
Total intangible assets	231	229
Investments and other assets		
Investment securities	18	16
Guarantee deposits	941	818
Deferred tax assets	494	621
Other	301	400
Allowance for doubtful accounts	(7)	(7)
Total investments and other assets	1,749	1,850
Total non-current assets	10,661	11,470
Total assets	20,426	20,514

(Million yen)

	As of February 28,2021	As of February 28,2022
Liabilities		
Current liabilities		
Accounts payable - trade	2,726	2,097
Short-term borrowings	1,295	991
Current portion of long-term borrowings	553	526
Accounts payable - other	3,147	3,120
Income taxes payable	214	424
Provision for bonuses	212	249
Provision for bonuses for directors (and other officers)	29	50
Provision for sales rebates	957	918
Other	767	852
Total current liabilities	9,904	9,232
Non-current liabilities		
Long-term borrowings	2,057	2,127
Deferred tax liabilities	12	12
Long-term guarantee deposits	660	661
Retirement benefit liability	169	175
Provision for retirement benefits for directors (and other officers)	456	481
Other	35	20
Total non-current liabilities	3,392	3,477
Total liabilities	13,297	12,709
Net assets		
Shareholders' equity		
Share capital	2,016	2,016
Capital surplus	1,946	1,947
Retained earnings	3,146	3,816
Treasury shares	(0)	(0)
Total shareholders' equity	7,108	7,779
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2	3
Foreign currency translation adjustment	-	5
Remeasurements of defined benefit plans	(4)	3
Total accumulated other comprehensive income	(1)	12
Share acquisition rights	-	13
Non-controlling interests	21	-
Total net assets	7,128	7,805
Total liabilities and net assets	20,426	20,514

Consolidated Statements of Income and Comprehensive Income
 Consolidated Statements of Income

(Million yen)

	For the fiscal year ended February 28,2021	For the fiscal year ended February 28,2022
Net sales	25,964	30,881
Cost of sales	15,743	18,297
Gross profit	10,220	12,583
Selling, general and administrative expenses	9,959	11,748
Operating profit	261	834
Non-operating income		
Interest income	0	0
Dividend income	0	0
Subsidy income	13	651
Compensation for forced relocation	21	-
Other	4	6
Total non-operating income	39	657
Non-operating expenses		
Interest expenses	13	12
Share of loss of entities accounted for using equity method	1	-
Taxes and dues	2	-
Other	3	2
Total non-operating expenses	21	15
Ordinary profit	279	1,476
Extraordinary income		
Gain on sale of non-current assets	836	-
Gain on sale of shares of subsidiaries and associates	8	-
Reversal of allowance for doubtful accounts	10	-
Gain on bargain purchase	36	-
Gain on reversal of share acquisition rights	2	-
Other	1	-
Total extraordinary income	895	-
Extraordinary losses		
Loss on sale and retirement of non-current assets	10	3
Loss on store closings	219	89
Impairment losses	765	180
Loss on sale of shares of subsidiaries and associates	48	-
Loss on COVID19	51	-
Other	27	-
Total extraordinary losses	1,125	273
Profit before income taxes	49	1,203
Income taxes - current	245	558
Income taxes - deferred	4	(130)
Total income taxes	249	427
Profit (loss)	(199)	775
Profit attributable to non-controlling interests	2	1
Profit (loss) attributable to owners of parent	(202)	773

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended February 28,2021	For the fiscal year ended February 28,2022
Profit (loss)	(199)	775
Other comprehensive income		
Valuation difference on available-for-sale securities	(0)	1
Foreign currency translation adjustment	-	5
Remeasurements of defined benefit plans, net of tax	3	7
Share of other comprehensive income of entities accounted for using equity method	(12)	-
Total other comprehensive income	(9)	13
Comprehensive income	(208)	789
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(211)	787
Comprehensive income attributable to non-controlling interests	2	1

Consolidated Statements of Changes in Net Assets
For the fiscal year ended February 28,2021

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,016	1,946	3,450	(0)	7,412
Changes during period					
Dividends of surplus			(101)		(101)
Profit (loss) attributable to owners of parent			(202)		(202)
Purchase of treasury shares					-
Change in scope of consolidation					-
Change in ownership interest of parent due to transactions with non-controlling interests					-
Net changes in items other than shareholders' equity					-
Total changes during period	-	-	(303)	-	(303)
Balance at end of period	2,016	1,946	3,146	(0)	7,108

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	2	12	(8)	7	2	18	7,440
Changes during period							
Dividends of surplus							(101)
Profit (loss) attributable to owners of parent							(202)
Purchase of treasury shares							-
Change in scope of consolidation							-
Change in ownership interest of parent due to transactions with non-controlling interests							-
Net changes in items other than shareholders' equity	(0)	(12)	3	(9)	(2)	2	(8)
Total changes during period	(0)	(12)	3	(9)	(2)	2	(312)
Balance at end of period	2	-	(4)	(1)	-	21	7,128

For the fiscal year ended February 28,2022

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,016	1,946	3,146	(0)	7,108
Changes during period					
Dividends of surplus			(101)		(101)
Profit (loss) attributable to owners of parent			773		773
Purchase of treasury shares				(0)	(0)
Change in scope of consolidation			(2)		(2)
Change in ownership interest of parent due to transactions with non-controlling interests		1			1
Net changes in items other than shareholders' equity					-
Total changes during period	-	1	670	(0)	670
Balance at end of period	2,016	1,947	3,816	(0)	7,779

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	2	-	(4)	(1)	-	21	7,128
Changes during period							
Dividends of surplus							(101)
Profit (loss) attributable to owners of parent							773
Purchase of treasury shares							(0)
Change in scope of consolidation							(2)
Change in ownership interest of parent due to transactions with non-controlling interests							1
Net changes in items other than shareholders' equity	1	5	7	13	13	(21)	5
Total changes during period	1	5	7	13	13	(21)	676
Balance at end of period	3	5	3	12	13	-	7,805

Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended February 28,2021	For the fiscal year ended February 28,2022
Cash flows from operating activities		
Profit before income taxes	49	1,203
Depreciation	844	1,014
Amortization of goodwill	4	-
Gain on bargain purchase	(36)	-
Share of loss (profit) of entities accounted for using equity method	1	-
Impairment losses	765	180
Loss on store closings	219	89
Compensation for forced relocation	(21)	-
Other extraordinary loss (income)	67	-
Increase (decrease) in retirement benefit liability	(8)	13
Increase (decrease) in provision for retirement benefits for directors (and other officers)	20	24
Increase (decrease) in provision for bonuses	56	37
Increase (decrease) in provision for bonuses for directors (and other officers)	6	21
Increase (decrease) in provision for sales rebates	127	(39)
Increase (decrease) in allowance for doubtful accounts	19	(0)
Interest and dividend income	(0)	(0)
Interest expenses	13	12
Loss (gain) on sale and retirement of non-current assets	(825)	3
Gain on reversal of share acquisition rights	(2)	-
Loss (gain) on sale of shares of subsidiaries and associates	39	-
Decrease (increase) in trade receivables	(1,446)	1,157
Decrease (increase) in inventories	(144)	(174)
Increase (decrease) in trade payables	410	(637)
Increase (decrease) in accounts payable - other	540	(70)
Increase (decrease) in accrued consumption taxes	(12)	76
Increase (decrease) in guarantee deposits received	(84)	0
Other, net	240	(69)
Subtotal	848	2,841
Interest and dividends received	0	0
Interest paid	(14)	(12)
Income taxes paid	(200)	(318)
Proceeds from compensation for forced relocation	21	-
Net cash provided by (used in) operating activities	655	2,510

(Million yen)

	For the fiscal year ended February 28,2021	For the fiscal year ended February 28,2022
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,484)	(1,848)
Proceeds from sale of property, plant and equipment	1,520	0
Purchase of intangible assets	(114)	(51)
Purchase of shares of subsidiaries and associates	-	(66)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	64	-
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	(46)	-
Payments of guarantee deposits	(68)	(75)
Proceeds from refund of guarantee deposits	88	183
Other, net	24	(59)
Net cash provided by (used in) investing activities	(17)	(1,917)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(344)	(304)
Proceeds from long-term borrowings	900	600
Repayments of long-term borrowings	(620)	(557)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-	(22)
Proceeds from issuance of share acquisition rights	-	2
Dividends paid	(101)	(101)
Repayments of lease obligations	(24)	(13)
Other, net	-	(0)
Net cash provided by (used in) financing activities	(191)	(396)
Effect of exchange rate change on cash and cash equivalents	-	5
Net increase (decrease) in cash and cash equivalents	447	202
Cash and cash equivalents at beginning of period	933	1,380
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	-	38
Cash and cash equivalents at end of period	1,380	1,622

(5) Notes to Consolidated Financial Statements
(Notes on going concern assumption)
Not applicable.

(Changes in significant subsidiaries)
Not applicable.

Although this does not fall under changes in specified subsidiaries, EAT AND TAIWAN CO., LTD., which has increased in significance, has been included in the scope of consolidation from the fiscal year under review.

(Additional Information)

(Accounting estimates made in line with the COVID-19 pandemic)

Due to the impact of the COVID-19 pandemic, our business activities have been affected, as a result of factors including the stagnation of business activities in line with restrictions on movement both in Japan and overseas. Assuming a certain level of the impact of the COVID-19 pandemic will remain even after the fiscal year under review, we have made certain accounting estimates (impairment of non-current assets, etc.).

Since there is high uncertainty surrounding the impact of the COVID-19 pandemic, if there are changes to the above assumption, there may be an impact on the Group's operating results and financial position in the future.

(Segment information, etc.)

[Segment information]

1. Overview of reportable segments

The Group's reportable segments are the constituent business units of the Group for which separate financial data are available and that are examined periodically to allow the Board of Directors to determine the allocation of management resources and evaluate performance.

The Group has adopted a holding company system, and develops its business by formulating comprehensive strategies for each operating company.

Accordingly, the Group has two reportable segments, the Food Business and the Restaurant Business, based on factors including similarities by product and service, with each of the operating companies as the foundation.

In the Food Business, we sell frozen foods, etc. under the "OSAKA OHSHO" brand to consumer Co-op and general mass retailers nationwide through wholesalers, as well as through e-commerce business goods sales sites. In the Restaurant Business, we operate directly managed restaurants centering on OSAKA OHSHO, as well as franchise chains of such in-house brands.

2. Calculation methods of net sales, profit (loss), assets, liabilities and other items for each reportable segment

The accounting method for the reported business segments is the same as the accounting method adopted in the preparation of the consolidated financial statements.

Profit figures in the reportable segments are based on operating profit.

Inter-segment net sales or transfers are based on market prices, manufacturing costs, etc.

3. Matters regarding changes in reportable segments, etc.

In order to more appropriately evaluate and manage the performance of each reportable segment, we have reviewed the allocation method of common expenses and changed the method of calculating profit or losses in the reportable segments from the fiscal year under review.

Segment information for the previous fiscal year that is stated for comparison with information in the fiscal year under review was prepared using the restated reportable segments, and there is a difference between the said information and information on reportable segments disclosed in the previous fiscal year.

4. Information on net sales, profit (loss), assets, liabilities and other items by reportable segment
For the fiscal year ended February 28, 2021 (from April 1, 2020 to February 28, 2021)

(Million yen)

	Reportable segment			Adjustment (Note 1)	Amount recorded in Consolidated Financial Statements (Note 2)
	Food Business	Restaurant Business	Total		
Net sales					
Net sales to external customers	15,667	10,296	25,964	—	25,964
Inter-segment net sales or transfers	794	—	794	(794)	—
Total	16,462	10,296	26,759	(794)	25,964
Segment profit (loss)	869	(400)	469	(207)	261
Segment assets	14,976	3,878	18,854	1,571	20,426
Other items					
Depreciation	524	320	844	—	844
Amortization of goodwill	—	4	4	—	4
Increase in property, plant and equipment and intangible assets	865	688	1,554	124	1,678

(Notes) 1. Details of the adjustments are as follows:

- (1) The ¥(207) million adjustment to segment profit (loss) consists of company-wide expenses not allocated to each reportable segment, and mainly includes general and administrative expenses that do not belong to the reportable segments.
 - (2) The ¥1,571 million adjustment to segment assets consists of company-wide assets not allocated to each reportable segment, and mainly includes surplus assets and working capital (cash and deposits) of the Head Office and deferred tax assets that do not belong to the reportable segments.
 - (3) The ¥124 million adjustment to the increase in property, plant and equipment and intangible assets consists of company-wide assets not allocated to each reportable segment, and mainly includes software and equipment of the Head Office that do not belong to the reportable segments.
2. Segment profit (loss) has been adjusted to correspond with operating profit in the Consolidated Statement of Income.
 3. Depreciation includes the amortization of long-term prepaid expenses.
 4. The fiscal year under review falls under the transitional period of the change in the fiscal year-end, and consists of 11 months (April 1, 2020 to February 28, 2021) for the Company and its consolidated subsidiaries which had fiscal years that ended in March.

For the fiscal year ended February 28, 2022 (from March 1, 2021 to February 28, 2022)

(Million yen)

	Reportable segment			Adjustment (Note 1)	Amount recorded in Consolidated Financial Statements (Note 2)
	Food Business	Restaurant Business	Total		
Net sales					
Net sales to external customers	18,789	12,091	30,881	—	30,881
Inter-segment net sales or transfers	889	—	889	(889)	—
Total	19,678	12,091	31,770	(889)	30,881
Segment profit (loss)	1,153	11	1,164	(330)	834
Segment assets	14,651	3,986	18,638	1,876	20,514
Other items					
Depreciation	670	343	1,014	—	1,014
Amortization of goodwill	—	—	—	—	—
Increase in property, plant and equipment and intangible assets	1,236	608	1,844	28	1,872

(Notes) 1. Details of the adjustments are as follows:

- (1) The ¥(330) million adjustment to segment profit (loss) consists of company-wide expenses not allocated to each reportable segment, and mainly includes general and administrative expenses that do not belong to the reportable segments.
 - (2) The ¥1,876 million adjustment to segment assets consists of company-wide assets not allocated to each reportable segment, and mainly includes surplus assets and working capital (cash and deposits) of the Head Office and deferred tax assets that do not belong to the reportable segments.
 - (3) The ¥28 million adjustment to the increase in property, plant and equipment and intangible assets consists of company-wide assets not allocated to each reportable segment, and mainly includes software and equipment of the Head Office that do not belong to the reportable segments.
2. Segment profit (loss) has been adjusted to correspond with operating profit in the Consolidated Statement of Income.
 3. Depreciation includes the amortization of long-term prepaid expenses.

[Related information]

For the fiscal year ended February 28, 2021 (from April 1, 2020 to February 28, 2021)

1. Information by product or service

As the same information has been stated in “Segment information,” this information is omitted.

2. Information by region

(1) Net sales

As net sales to external customers in Japan exceed 90% of net sales in the Consolidated Statement of Income, this information is omitted.

(2) Property, plant and equipment

As there is no property, plant and equipment outside of Japan, this information is omitted.

3. Information by major customer

(Million yen)

Name of customer	Net sales	Name of related segment
Mitsubishi Shokuhin Co., Ltd.	5,773	Food Business
ITOCHU Corporation	2,576	Food Business

For the fiscal year ended February 28, 2022 (from March 1, 2021 to February 28, 2022)

1. Information by product or service

As the same information has been stated in “Segment information,” this information is omitted.

2. Information by region

(1) Net sales

As net sales to external customers in Japan exceed 90% of net sales in the Consolidated Statement of Income, this information is omitted.

(2) Property, plant and equipment

As the property, plant and equipment in Japan exceed 90% of the value of property, plant and equipment in the Consolidated Balance Sheets, this information is omitted.

3. Information by major customer

(Million yen)

Name of customer	Net sales	Name of related segment
Mitsubishi Shokuhin Co., Ltd.	6,345	Food Business
ITOCHU Corporation	2,712	Food Business

[Information on impairment losses on non-current assets by reportable segment]

For the fiscal year ended February 28, 2021 (from April 1, 2020 to February 28, 2021)

(Million yen)

	Reportable segment		Total
	Food Business	Restaurant Business	
Impairment losses	–	765	765

For the fiscal year ended February 28, 2022 (from March 1, 2021 to February 28, 2022)

(Million yen)

	Reportable segment		Total
	Food Business	Restaurant Business	
Impairment losses	–	180	180

[Information on amortized amount and unamortized balance of goodwill by reportable segment]

For the fiscal year ended February 28, 2021 (from April 1, 2020 to February 28, 2021)

(Million yen)

	Reportable segment			Adjustment	Amount recorded in Consolidated Financial Statements
	Food Business	Restaurant Business	Total		
Amount amortized in the current period	–	4	4	–	4
Balance at end of current period	–	–	–	–	–

For the fiscal year ended February 28, 2022 (from March 1, 2021 to February 28, 2022)

Not applicable.

[Information on gain on bargain purchase by reportable segment]

For the fiscal year ended February 28, 2021 (from April 1, 2020 to February 28, 2021)

In the Restaurant Business segment, the Group acquired the shares of Ippinko Co., Ltd. and Ippinko Foods Ltd. In line with the above, ¥36 million of gain on bargain purchase was recorded in the fiscal year ended February 28, 2021.

For the fiscal year ended February 28, 2022 (from March 1, 2021 to February 28, 2022)

Not applicable.

(Per share information)

	For the fiscal year ended February 28, 2021	For the fiscal year ended February 28, 2022
Net assets per share	¥699.71	¥767.12
Basic earnings (losses) per share	¥(19.91)	¥76.16
Diluted earnings per share	—	¥76.14

(Notes) 1. Diluted earnings per share for the previous fiscal year are not stated because there were no dilutive shares in the previous fiscal year.

2. The basis for calculating basic earnings (losses) per share and diluted earnings per share is as follows.

	For the fiscal year ended February 28, 2021	For the fiscal year ended February 28, 2022
(1) Basic earnings (losses) per share		
Profit (loss) attributable to owners of parent (Million yen)	(202)	773
Amount not attributable to common shareholders (Million yen)	—	—
Profit (loss) attributable to owners of parent relating to common shares (Million yen)	(202)	773
Average number of common shares outstanding during the period (Shares)	10,157,269	10,157,264
(2) Diluted earnings per share		
Adjustment to profit attributable to owners of parent (Million yen)	—	—
Increase in number of common shares (Shares)	—	3,023
(Out of the above: Share acquisition rights (Shares))	—	(3,023)
Overview of dilutive shares not included in the calculation of diluted earnings per share due to a lack of dilutive effect	—	—

(Significant subsequent events)

Not applicable.