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Consolidated Financial Results for the Year Ended February 28, 2023 [Japanese GAAP]

April 11, 2023

Company name: EAT&HOLDINGS Co.,Ltd

Stock exchange listing: Tokyo

Code number: 2882

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

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Representative director, COO

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Scheduled date of Annual General Meeting of Shareholders: May 26, 2023

Scheduled date of commencing dividend payments: May 29, 2023

Scheduled date of filing annual securities report: May 29, 2023

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, 2023 (March 01, 2022 to February 28, 2023)

(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, 2023	33,033	7.0	915	9.7	1,053	(28.7)	385	(50.2)
February 28, 2022	30,881	-	834	-	1,476	-	773	-

(Note) Comprehensive income: Fiscal year ended February 28, 2023: ¥ 350 million [(55.6)%]
Fiscal year ended February 28, 2022: ¥ 789 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, 2023	Yen 37.91	Yen 37.87	% 4.9	% 4.8	% 2.8
February 28, 2022	76.16	76.14	10.4	7.2	2.7

(Note) The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the fiscal year under review.

The figures for the fiscal year ended February 28, 2023 reflect the said accounting standard, etc.

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of February 28, 2023	Million yen 23,133	Million yen 8,139	% 34.9	Yen 794.80
February 28, 2022	20,514	7,805	38.0	767.12

(Reference) Equity: As of February 28, 2023: ¥ 8,081 million
As of February 28, 2022: ¥ 7,791 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, 2023	1,272	(3,626)	2,275	1,558
February 28, 2022	2,510	(1,917)	(396)	1,622

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, 2022	-	5.00	-	5.00	10.00	101	13.1	1.3
February 28, 2023	-	5.00	-	5.00	10.00	101	26.4	1.2
Fiscal year ending February 29, 2024 (Forecast)	-	5.00	-	5.00	10.00		22.6	

(Note) Breakdown of the year-end dividend for the fiscal year ended February 28, 2023 :

Commemorative dividend	- yen
Special dividend	- yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending February 29, 2024 (March 01, 2023 to February 29, 2024)

(% 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, 2023	17,000	5.6	570	1.0	570	(18.3)	250	(26.1)	24.59
Full year	36,000	9.0	1,100	20.2	1,100	4.5	450	16.8	44.25

* 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: Yes

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(Note) For details, please refer to "3. Consolidated Financial Statements and Principal Notes, (5) Notes to Consolidated Financial Statements (Changes in accounting policies)" on page 15 of the attached materials.

(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, 2023:	10,169,506 shares
February 28, 2022:	10,158,190 shares

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

February 28, 2023:	959 shares
February 28, 2022:	959 shares

3) Average number of shares during the period:

Fiscal Year ended February 28, 2023:	10,164,982 shares
Fiscal Year ended February 28, 2022:	10,157,264 shares

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1. Overview of Operating Results, etc.

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

In the fiscal year under review, the Japanese economy was severely affected by the seventh wave of COVID-19 infections in the restaurant market despite the nationwide lifting in March 2022 of the priority measures to prevent the spread of infections, and Japan's business environment remained uncertain mainly due to soaring crude oil prices, the rapid depreciation of the yen, and soaring prices.

Regarding market trends in the mainstay businesses of the Company, the frozen food market remained firm, but sales competition in the frozen gyoza category became increasingly severe due to the entry of competitors. In addition, the restaurant market continued to face a challenging business environment due to chronic labor shortages caused by the impact of the COVID-19 pandemic, soaring raw material prices, and high resource prices.

Under such circumstances, in the Food Business, we strove to further increase sales, especially of our mainstay products, "OSAKA OHSHO Hanetsuki Gyoza" and "OSAKA OHSHO Purumochi Boiled Gyoza," and achieved record segment sales, despite the impact of the application of the "Accounting Standard for Revenue Recognition." In the Restaurant Business, although there were signs of recovery after March, when the priority measures to prevent the spread of infections were fully lifted, recovery in business performance slowed down due to consumers' increasing thriftiness mainly caused by rising prices. In our production plants, which are the heart of our operations as a manufacturer, we completed construction of Kanto 3rd Plant in September 2022. As costs for raw materials, logistics, and energy continue to rise, we have introduced one of the largest and fastest baked gyoza production lines in Japan, and are working to improve productivity and efficiency through the use of AI and IoT.

In new businesses, although we planned to open more stores in Shanghai, China, we were greatly affected by the stagnant Chinese economy, including the lockdown of Shanghai, and we opened only three "OSAKA FUN DINING, OSAKA OHSHO" stores, while the domestic e-commerce business implemented various initiatives, including the expansion of "RAMEN JOURNEY" stores.

As a result, net sales for the fiscal year under review were ¥33,033 million (up 7.0% YoY) and operating profit was ¥915 million (up 9.7% YoY), exceeding those of the previous year. On the other hand, due to a decrease in income provided by local governments as the compensation for cooperation in preventing the spread of COVID-19 in the Restaurant Business, which had been recorded as non-operating income, the Company recorded ordinary profit of ¥1,053 million (down 28.7% YoY), and profit attributable to owners of parent of ¥385 million (down 50.2% YoY).

The operating results for each segment are as follows.

1) Food Business

In the Food Business, we not only strengthened the gyoza category with the release of the new product "OSAKA OHSHO Kinsei Hanetsuki Naniwa no Okonomi Gyoza," but also worked to strengthen the frozen Chinese food category, including "OSAKA OHSHO Taretsuki Meat Shumai" and "OSAKA OHSHO Kinka Soup Shoyu Ramen." In addition, we achieved record segment sales despite a challenging environment in which raw materials, logistics, and energy costs continued to rise.

In September 2022, we completed construction of the Kanto 3rd Plant and introduced one of the largest and fastest baked gyoza production lines in Japan, and strengthened our production system to meet future increase in demand for our mainstay products by improving productivity and efficiency through the use of AI and IoT.

As a result, in the Food Business for the fiscal year under review, the net sales were ¥20,053 million (up 6.7% YoY) and the segment profit was ¥1,246 million (up 8.0% YoY).

2) Restaurant Business

Regarding the Restaurant Business, although the business showed signs of recovery after the full lifting of the priority measures to prevent the spread of infections in March, the business environment remained challenging due to factors such as consumers' increasing thriftiness caused by rising prices. Against this backdrop, OSAKA OHSHO continued to actively open stores near residential areas, and R Baker, which operates bakeries and cafes,

implemented new initiatives such as opening a new business model “YOUR OVEN” that sells freshly baked bread and frozen bread, along with a system that prevents food waste.

As a result, in the fiscal year under review, the net sales were ¥12,979 million (up 7.3% YoY) and the operating profit was ¥61 million (up 431.7% YoY).

In the fiscal year under review, the Group opened a total of 31 stores (including 4 overseas stores), including 21 directly managed stores (including 2 overseas stores) and 10 FC stores (including 2 overseas stores), and closed a total of 40 stores (including 3 overseas stores), including 11 directly managed stores and 29 FC stores (including 3 overseas stores). At the end of the fiscal year under review, the total number of stores was 463 (including 29 overseas stores), with 113 directly managed stores (including 9 overseas stores) and 350 FC stores (including 20 overseas stores). Furthermore, in line with the switch in operating format, 4 stores were changed from FC stores to directly managed stores.

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, 2022)			End of fiscal year under review (February 28, 2023)		
	Directly managed stores	FC stores	Total	Directly managed stores	FC stores	Total
OSAKA OHSHO	48	313	361	46	304	350
Ramen	11	18	29	11	12	23
Bakery & cafes	21	10	31	21	11	32
Other businesses	20	3	23	26	3	29
Overseas	7	21	28	9	20	29
Total	107	365	472	113	350	463

(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 ¥2,619 million from the end of the previous fiscal year to ¥23,133 million.

Current assets increased by ¥707 million from the end of the previous fiscal year to ¥9,751 million. The main contributing factors were an increase in accounts receivable - trade of ¥369 million, an increase in merchandise and finished goods of ¥125 million, and an increase in other current assets of ¥302 million.

Non-current assets increased by ¥1,911 million from the end of the previous fiscal year to ¥13,381 million. The main contributing factors were an increase in property, plant and equipment of ¥2,102 million and a decrease in investments and other assets of ¥121 million.

(Liabilities)

Liabilities at the end of the fiscal year under review increased by ¥2,284 million from the end of the previous fiscal year to ¥14,994 million.

Current liabilities increased by ¥1,116 million from the end of the previous fiscal year to ¥10,348 million. The main contributing factors were an increase in short-term borrowings of ¥802 million, and an increase in current portion of long-term borrowings of ¥375 million.

Non-current liabilities increased by ¥1,168 million from the end of the previous fiscal year to ¥4,645 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 ¥334 million from the end of the previous fiscal year to ¥8,139 million. The main contributing factor was an increase in retained earnings.

As a result, the capital adequacy ratio was 34.9% (38.0% 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”) decreased by ¥64 million from the end of the previous fiscal year to ¥1,558 million.

(Cash Flows from Operating Activities)

Funds provided by operating activities amounted to ¥1,272 million. The main contributing factors were profit before income taxes of ¥714 million, depreciation of ¥1,139 million, and an increase in trade payables of ¥150 million, which offset an increase in trade receivables of ¥368 million, and an increase in inventories of ¥97 million.

(Cash Flows from Investing Activities)

Funds used in investing activities were ¥3,626 million. The main contributing factor was the purchase of property, plant and equipment.

(Cash Flows from Financing Activities)

Funds provided by financing activities amounted to ¥2,275 million. The main contributing factors were repayments of long-term borrowings of ¥613 million, and dividends paid of ¥101 million, despite proceeds from long-term borrowings of ¥2,200 million, and an increase in short-term borrowings of ¥803 million.

(Trends in cash flow-related indicators)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Capital adequacy ratio (%)	38.0	34.9
Capital adequacy ratio based on market value (%)	107.1	98.1
Cash flow to debt ratio (times)	1.5	4.7
Interest coverage ratio (times)	195.3	103.4

(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

The business environment surrounding the Group in the next fiscal year is expected to remain uncertain, with concerns that consumer confidence will decline due to rising prices caused by the situation in Ukraine and soaring raw material prices.

On the other hand, as it has been decided that the classification of the COVID-19 will be lowered to the Category V under the Infectious Diseases Control Law in May 2023, the impact of the COVID-19 is expected to be limited, and the restaurant market is expected to continue its gradual recovery.

The next fiscal year will mark the second year of the “Medium-term Three-year Business Plan (2022-2024) Sustainable Growth 2024.” With a view to further growth in the future, in the Food Business, we will achieve stable operation and expansion of the production lines at the Kanto 3rd Plant and realize savings in labor and efficiency improvements through the active introduction of AI and IoT, thereby further improving productivity and expanding our supply capacity.

In the Restaurant Business, our mainstay “OSAKA OHSHO” brand is aiming for further recovery by actively opening FC stores based on the New Kanto Exclusive FC Model. In addition, with regard to overseas development which we have positioned as a new business, we will pursue overseas expansion mainly in China and Taiwan.

As a result of these initiatives, regarding the financial results for the fiscal year ending February 29, 2024, the Group expects to achieve the net sales of ¥36,000 million (up 9.0% YoY), the operating profit of ¥1,100 million (up 20.2% YoY), the ordinary profit of ¥1,100 million (up 4.5% YoY), and the profit attributable to owners of parent of ¥450 million (up 16.8% YoY).

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.

3. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheets

(Million yen)

	As of February 28,2022	As of February 28,2023
Assets		
Current assets		
Cash and deposits	1,622	1,558
Accounts receivable - trade	5,716	6,086
Merchandise and finished goods	1,035	1,161
Raw materials and supplies	346	321
Other	322	624
Total current assets	9,044	9,751
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,023	6,393
Machinery, equipment and vehicles	2,276	3,166
Tools, furniture and fixtures	502	545
Land	984	1,080
Leased assets	23	12
Construction in progress	579	293
Total property, plant and equipment	9,389	11,492
Intangible assets		
Software	182	147
Other	46	13
Total intangible assets	229	160
Investments and other assets		
Investment securities	16	18
Deferred tax assets	621	618
Other	1,218	1,100
Allowance for doubtful accounts	(7)	(7)
Total investments and other assets	1,850	1,729
Total non-current assets	11,470	13,381
Total assets	20,514	23,133

(Million yen)

	As of February 28,2022	As of February 28,2023
Liabilities		
Current liabilities		
Accounts payable - trade	2,097	2,254
Short-term borrowings	991	1,794
Current portion of long-term borrowings	526	902
Accounts payable - other	3,120	3,118
Income taxes payable	424	137
Provision for bonuses	249	197
Provision for bonuses for directors (and other officers)	50	45
Refund liabilities	918	1,015
Other	852	882
Total current liabilities	9,232	10,348
Non-current liabilities		
Long-term borrowings	2,127	3,272
Deferred tax liabilities	12	-
Retirement benefit liability	175	185
Provision for retirement benefits for directors (and other officers)	481	-
Other	681	1,188
Total non-current liabilities	3,477	4,645
Total liabilities	12,709	14,994
Net assets		
Shareholders' equity		
Share capital	2,016	2,029
Capital surplus	1,947	1,960
Retained earnings	3,816	4,078
Treasury shares	(0)	(0)
Total shareholders' equity	7,779	8,067
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3	4
Foreign currency translation adjustment	5	9
Remeasurements of defined benefit plans	3	0
Total accumulated other comprehensive income	12	14
Share acquisition rights	13	22
Non-controlling interests	-	34
Total net assets	7,805	8,139
Total liabilities and net assets	20,514	23,133

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Million yen)

	For the fiscal year ended February 28,2022	For the fiscal year ended February 28,2023
Net sales	30,881	33,033
Cost of sales	18,297	19,657
Gross profit	12,583	13,375
Selling, general and administrative expenses	11,748	12,460
Operating profit	834	915
Non-operating income		
Interest income	0	0
Dividend income	0	0
Subsidy income	651	126
Cancellation income	-	25
Other	6	11
Total non-operating income	657	163
Non-operating expenses		
Interest expenses	12	22
Other	2	3
Total non-operating expenses	15	25
Ordinary profit	1,476	1,053
Extraordinary income		
Gain on sale of non-current assets	-	0
Gain on state subsidy	-	58
Total extraordinary income	-	58
Extraordinary losses		
Loss on sale and retirement of non-current assets	3	10
Loss on store closings	89	32
Impairment losses	180	295
Loss on tax purpose reduction entry of non-current assets	-	58
Total extraordinary losses	273	397
Profit before income taxes	1,203	714
Income taxes - current	558	369
Income taxes - deferred	(130)	(8)
Total income taxes	427	361
Profit	775	352
Profit (loss) attributable to non-controlling interests	1	(32)
Profit attributable to owners of parent	773	385

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended February 28,2022	For the fiscal year ended February 28,2023
Profit	775	352
Other comprehensive income		
Valuation difference on available-for-sale securities	1	0
Foreign currency translation adjustment	5	(0)
Remeasurements of defined benefit plans, net of tax	7	(2)
Total other comprehensive income	13	(2)
Comprehensive income	789	350
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	787	383
Comprehensive income attributable to non-controlling interests	1	(32)

(3) Consolidated Statements of Changes in Net Assets

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					
Issuance of new shares - restricted stock compensation					-
Dividends of surplus			(101)		(101)
Profit 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							
Issuance of new shares - restricted stock compensation							-
Dividends of surplus							(101)
Profit 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

For the fiscal year ended February 28,2023

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,016	1,947	3,816	(0)	7,779
Changes during period					
Issuance of new shares - restricted stock compensation	12	12			25
Dividends of surplus			(101)		(101)
Profit attributable to owners of parent			385		385
Purchase of treasury shares					-
Change in scope of consolidation			(22)		(22)
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	12	12	261	-	287
Balance at end of period	2,029	1,960	4,078	(0)	8,067

	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	3	5	3	12	13	-	7,805
Changes during period							
Issuance of new shares - restricted stock compensation							25
Dividends of surplus							(101)
Profit attributable to owners of parent							385
Purchase of treasury shares							-
Change in scope of consolidation							(22)
Change in ownership interest of parent due to transactions with non-controlling interests							-
Net changes in items other than shareholders' equity	0	4	(2)	2	9	34	46
Total changes during period	0	4	(2)	2	9	34	334
Balance at end of period	4	9	0	14	22	34	8,139

(4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended February 28,2022	For the fiscal year ended February 28,2023
Cash flows from operating activities		
Profit before income taxes	1,203	714
Depreciation	1,014	1,139
Impairment losses	180	295
Loss on store closings	89	32
Increase (decrease) in retirement benefit liability	13	5
Increase (decrease) in provision for retirement benefits for directors (and other officers)	24	(481)
Increase (decrease) in provision for bonuses	37	(52)
Increase (decrease) in provision for bonuses for directors (and other officers)	21	(5)
Increase (decrease) in refund liabilities	(39)	97
Increase (decrease) in allowance for doubtful accounts	(0)	-
Interest and dividend income	(0)	(0)
Interest expenses	12	22
Loss (gain) on sale and retirement of non-current assets	3	10
Decrease (increase) in trade receivables	1,157	(368)
Decrease (increase) in inventories	(174)	(97)
Increase (decrease) in trade payables	(637)	150
Increase (decrease) in accounts payable - other	(70)	(14)
Increase (decrease) in accrued consumption taxes	76	(144)
Increase (decrease) in guarantee deposits received	0	(60)
Increase (decrease) in long-term accounts payable - other	-	487
Other, net	(69)	12
Subtotal	2,841	1,745
Interest and dividends received	0	0
Interest paid	(12)	(12)
Income taxes paid	(318)	(636)
Income of Penalty for Lease contract	-	175
Net cash provided by (used in) operating activities	2,510	1,272

(Million yen)

	For the fiscal year ended February 28,2022	For the fiscal year ended February 28,2023
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,848)	(3,625)
Proceeds from sale of property, plant and equipment	0	0
Purchase of intangible assets	(51)	(24)
Purchase of shares of subsidiaries and associates	(66)	-
Payments of guarantee deposits	(75)	(52)
Proceeds from refund of guarantee deposits	183	75
Other, net	(59)	1
Net cash provided by (used in) investing activities	(1,917)	(3,626)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(304)	803
Proceeds from long-term borrowings	600	2,200
Repayments of long-term borrowings	(557)	(613)
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 liabilities	(13)	(12)
Other, net	(0)	-
Net cash provided by (used in) financing activities	(396)	2,275
Effect of exchange rate change on cash and cash equivalents	5	2
Net increase (decrease) in cash and cash equivalents	202	(76)
Cash and cash equivalents at beginning of period	1,380	1,622
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	38	12
Cash and cash equivalents at end of period	1,622	1,558

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes on significant changes in the amount of shareholders' equity)

The Company issued new shares as restricted stock compensation on June 24, 2022 by resolution of the Board of Directors held on May 27, 2022, and share capital and capital surplus increased by ¥12 million and ¥12 million, respectively, in the fiscal year under review.

As a result, share capital and capital surplus were ¥2,029 million and ¥1,960 million, respectively, at the end of the fiscal year under review.

(Changes in significant subsidiaries)

Not applicable.

Although this does not fall under changes in specified subsidiaries, Eat and Fun Co., Ltd., which has increased in significance, has been included in the scope of consolidation from the fiscal year under review.

(Changes in accounting policies)

(Application of the revenue recognition standard, etc.)

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020; hereinafter "Revenue Recognition Standard"), etc. from the fiscal year under review. The Company recognizes revenue when control of a promised good or service is transferred to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services.

As a result of this application, major changes are as follows:

1. Regarding consideration paid to customers, which was previously recorded in selling, general and administrative expenses as promotion expenses, the accounting method has been changed so that the amount of such consideration is deducted from net sales.
2. Regarding buy-sell transactions, the accounting method has been changed so that consideration received from suppliers is not recognized as revenue.
3. Regarding franchise fee income based on franchise agreements, which was recognized as revenue upon receipt, the accounting method has been changed so that such income is recognized as revenue based on a reasonable basis over the contract period.

The Company applies the Revenue Recognition Standard, etc. in accordance with the transitional treatment provided for in the proviso to Paragraph 84 of the Revenue Recognition Standard, with the new accounting policies applied from the beginning balance of the fiscal year under review. However, the Company applies the method provided for in Paragraph 86 of the Revenue Recognition Standard, and does not apply the new accounting policies retrospectively to contracts for which substantially all revenue amounts had been recognized prior to the beginning of the fiscal year under review in accordance with the previous treatment.

As a result, for the fiscal year under review, net sales decreased by ¥360 million, cost of sales decreased by ¥257 million, selling, general and administrative expenses decreased by ¥67 million, operating profit decreased by ¥36 million, and ordinary profit and profit before income taxes each decreased by ¥10 million. This does not affect the beginning balance of retained earnings.

Due to the application of Revenue Recognition Standard, etc., "provision for sales rebates," which was presented under "current liabilities" in the previous fiscal year, has been included in "refund liabilities" from the fiscal year under review.

In accordance with the transitional treatment set forth in Paragraph 89-4 of the Revenue Recognition Standard, disaggregation of revenue from contracts with customers for the fiscal year under review is not presented.

(Application of the fair value measurement standard, etc.)

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019; hereinafter “Fair Value Measurement Standard”), etc. from the fiscal year under review, and will prospectively apply the new accounting policies stipulated by the Fair Value Measurement Standard, etc. in accordance with the transitional treatment provided in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). This does not affect the consolidated financial statements.

(Additional Information)

(Matters regarding accounting estimates)

There are no significant changes to the assumptions regarding accounting estimates associated with the COVID-19 pandemic, including the future spread and the timing of its convergence, as described in (Accounting estimates made in line with the COVID-19 pandemic) in (Additional Information) of the annual securities report for the previous fiscal year.

(Application of the consolidated taxation system)

The Company and its domestic consolidated subsidiaries have applied the consolidated taxation system from the fiscal year under review.

(Application of the treatment of tax effect accounting for the transition from the consolidated taxation system to the group tax sharing system)

With respect to items regarding the transition to the group tax sharing system, which was established under the “Act on Partial Revision of the Income Tax Act, etc.” (Act No. 8 of 2020) and items for which the non-consolidated taxation system was revised in conjunction with the transition to the group tax sharing system, the Company and its domestic consolidated subsidiaries have not applied the provisions of Paragraph 44 of the “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28, February 16, 2018) in accordance with the treatment set out in Paragraph 3 of the “Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (ASBJ PITF No. 39, March 31, 2020). Accordingly, the amounts of deferred tax assets and deferred tax liabilities are based on the provisions of tax laws before the revision.

(Abolition of the retirement benefits plan for directors (and other officers))

The Company resolved to provide final payments upon the abolition of the retirement benefits plan for directors (and other officers) at the 45th Annual General Meeting of Shareholders held on May 27, 2022.

Accordingly, the entire amount of “provision for retirement benefits for directors (and other officers)” was reversed, and the unpaid amount of the final payments of ¥487 million was recorded as “long-term accounts payable - other” and included in “other” under non-current liabilities.

(Issuance of new shares as restricted stock compensation)

The Company resolved to issue new shares as restricted stock compensation at the meeting of the Board of Directors held on May 27, 2022, and completed the payment on June 24, 2022.

(1) Purpose and reason of the issuance

At the meeting of the Board of Directors held on April 26, 2022, the Company resolved to introduce a restricted stock compensation plan (hereinafter the “Plan”) as a new compensation plan for directors of the Company (excluding outside directors; hereinafter the “Eligible Directors”) in order to provide them with incentives to continuously improve the Company’s corporate value, while also promoting further sharing of value with its shareholders. At the 45th Annual General Meeting of Shareholders held on May 27, 2022, the following matters were also approved. Under the Plan, monetary claims of up to ¥60,000 thousand per year shall be paid to the Eligible Directors as compensation to be used as assets contributed for the acquisition of restricted stock, and up to 40,000 shares of common shares of the Company per year shall be issued or disposed of. In addition, the period of transfer restriction of the restricted stock shall be from the date of

allotment of common shares of the Company in accordance with the restricted stock allotment contract to be executed between the Company and the Eligible Directors until the time immediately following his/her retirement from his/her position as an officer or employee of the Company or its subsidiaries as determined by the Board of Directors of the Company.

(2) Overview of the issuance

(1) Date of payment	June 24, 2022
(2) Type and number of shares to be issued	11,316 shares of common shares of the Company
(3) Issue price	¥2,297 per share
(4) Total issue price	¥25,992,852
(5) Persons eligible for allotment of shares, number of such persons, and number of shares to be allotted	6 directors of the Company (excluding outside directors), 11,316 shares
(6) Other	The written notice of securities in accordance with the Financial Instruments and Exchange Act has been filed for this issuance of new shares.

(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, 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. Information on net sales, profit, assets, liabilities and other items by reportable segment

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	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
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 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 has been adjusted to correspond with operating profit in the Consolidated Statement of Income.
3. Depreciation includes the amortization of long-term prepaid expenses.

For the fiscal year ended February 28, 2023 (from March 1, 2022 to February 28, 2023)

(Million yen)

	Reportable segment			Adjustment (Note 1)	Amount recorded in Consolidated Financial Statements (Note 3)
	Food Business	Restaurant Business	Total		
Net sales					
Revenue from contracts with customers	20,053	12,901	32,955	—	—
Other revenue	—	77	77	—	—
Net sales to external customers	20,053	12,979	33,033	—	33,033
Inter-segment net sales or transfers	860	—	860	(860)	—
Total	20,913	12,979	33,893	(860)	33,033
Segment profit	1,246	61	1,307	(392)	915
Segment assets	17,158	4,066	21,225	1,908	23,133
Other items					
Depreciation	736	403	1,139	—	1,139
Increase in property, plant and equipment and intangible assets	3,391	639	4,030	27	4,058

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

- (1) The ¥(392) million adjustment to segment profit 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 ¥1,908 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 ¥27 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. Matters regarding changes in reportable segments, etc.
As described in changes in accounting policies, the Company has applied the Accounting Standard for Revenue Recognition, etc. from the fiscal year under review.
Regarding the impact of this change on each reportable segment, compared with the previous method, net sales of the Food Business decreased by ¥324 million, net sales of the Restaurant Business decreased by ¥36 million, and segment profit decreased by ¥36 million for the fiscal year under review.
3. Segment profit has been adjusted to correspond with operating profit in the Consolidated Statement of Income.
 4. Depreciation includes the amortization of long-term prepaid expenses.

[Related information]

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

For the fiscal year ended February 28, 2023 (from March 1, 2022 to February 28, 2023)

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.	6,299	Food Business
ITOCHU Corporation	3,200	Food Business

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

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

For the fiscal year ended February 28, 2023 (from March 1, 2022 to February 28, 2023)

(Million yen)

	Reportable segment		Total
	Food Business	Restaurant Business	
Impairment losses	—	295	295

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

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

Not applicable.

For the fiscal year ended February 28, 2023 (from March 1, 2022 to February 28, 2023)

Not applicable.

[Information on gain on bargain purchase by reportable segment]

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

Not applicable.

For the fiscal year ended February 28, 2023 (from March 1, 2022 to February 28, 2023)

Not applicable.

(Per share information)

	For the fiscal year ended February 28, 2022	For the fiscal year ended February 28, 2023
Net assets per share	¥767.12	¥794.80
Basic earnings per share	¥76.16	¥37.91
Diluted earnings per share	¥76.14	¥37.87

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

	For the fiscal year ended February 28, 2022	For the fiscal year ended February 28, 2023
(1) Basic earnings per share		
Profit attributable to owners of parent (Million yen)	773	385
Amount not attributable to common shareholders (Million yen)	—	—
Profit attributable to owners of parent relating to common shares (Million yen)	773	385
Average number of common shares outstanding during the period (Shares)	10,157,264	10,164,982
(2) Diluted earnings per share		
Adjustment to profit attributable to owners of parent (Million yen)	—	—
Increase in number of common shares (Shares)	3,023	10,745
(Out of the above: Share acquisition rights (Shares))	(3,023)	(10,745)
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.