

Summary of Consolidated Financial Results for the Second Quarter of Fiscal Year Ending March 31, 2022 (Japanese Accounting Standards)

November 12, 2021

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Scheduled date for submission of quarterly securities report: November 12, 2021
Scheduled date for payment of dividends: December 7, 2021
Supplementary documents for quarterly results : Yes
Quarterly results briefing : Yes

(Figures rounded down to the nearest million yen)

1. Consolidated Financial Results for the Cumulative Second Quarter (April 1, 2021 to September 30, 2021)

(1) Consolidated Financial Results (Percentages (%) indicate changes from the previous year)

	Net Sales		Operating Profit		Ordinary Profit		Profit attributable to owners of parent	
Six months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
September 30, 2021	316,964	10.1	8,637	212.5	13,069	357.7	6,432	—
September 30, 2020	287,975	(10.0)	2,764	(79.3)	2,855	(77.8)	(1,912)	—

Note: Comprehensive income Six months ended September 30, 2021 7,377 million yen(- %)
Six months ended September 30, 2020 -2,583 million yen(- %)

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2021	42.29	-
September 30, 2020	(12.51)	-

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per share
	Million yen	Million yen	%	Yen
September 30, 2021	412,358	91,869	22.0	597.57
March 31, 2021	396,023	85,430	21.5	560.87

Note: Shareholders' Equity: September 30, 2021 90,905 million yen March 31, 2021 85,322 million yen

2. Dividends

	Dividend per Share				
	End of Q1	End of Q2	End of Q3	Year-end	Full year
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2021	-	10.00	-	10.00	20.00
Fiscal year ending March 31, 2022	-	11.00	-	-	-
Fiscal year ending March 31, 2022 (forecast)	-	-	-	11.00	22.00

Note: Revisions to dividend forecasts published recently : Yes

* For more information, please refer to the "Notice of Business Forecast Differences with its Results for the first half of consolidated fiscal year ending March 2022, and Dividends Forecast Revision," announced on November 12, 2021.

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

(Percentages (%) indicate changes from the previous year)

	Net Sales		Operating Profit		Ordinary Profit		Profit attributable to owners of parent		Profit Attributable to owners of parent per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	688,063	15.6	22,516	86.3	20,789	70.2	9,139	304.5	60.08

Note: Revisions to consolidated financial forecasts published recently : None

※ Notes

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

(2) Application of particular accounts procedures to the preparation of quarterly consolidated financial statements : None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies caused by revision of accounting standards : Yes

(ii) Changes in accounting policies other than (i) : None

(iii) Changes in accounting estimates : None

(iv) Restatement : None

(4) Shares issued and outstanding (common stock)

(i) Number of shares outstanding at the end of the period (including treasury stock)	As of September 30, 2021	154,862,825	shares	As of March 31, 2021	154,862,825	shares
(ii) Number of treasury stocks at the end of the period	As of September 30, 2021	2,738,949	shares	As of March 31, 2021	2,736,827	shares
(iii) Average number of shares outstanding during the term (quarter cumulative)	As of September 30, 2021	152,124,801	shares	As of September 30, 2020	152,888,028	shares

* This quarterly consolidated financial results report is exempt from quarterly review of certified accountants and/or auditing firms.

* Explanation and other special notes concerning the appropriate use of forecasted business performance

(Notes on forecasted business performance and others)

The forecast figures indicated above are projections based on the information available at the time of the announcement and certain assumptions include some degree of uncertainty. Actual business performance and other results may differ from the forecast depending on the changes in business conditions and others. Please refer to p.4 of the Appendix for information on the above forecast.

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1. Qualitative Information on Results for the Cumulative Second Quarter Ended September 30, 2021

(1) Details of Consolidated Financial Results

In the cumulative second quarter of the fiscal year ending March 31, 2022 (from April 1, 2021 to September 30, 2021), economic conditions in Japan remained harsh due to stagnant economic activities resulted from the spread of COVID-19, although some signs of recovery have been seen.

In the restaurant industry, business environment remains harsh, as the COVID-19 prevention measures such as shorter operating hours were requested under the state of emergency declaration and the quasi-state of emergency declaration issued. Although some signs of recovery are seen as the state of emergency was lifted, situation still remains unpredictable against the backdrop of protracted impact of COVID-19.

Under these circumstances, the same-store sales in the Gyudon category including Sukiya, the Family Dining category including Coco's and Jolly-Pasta, and the Fast Food Service category including Hamazushi were 106.8%, 100.4%, and 105.6% year-on-year, respectively.

At the end of September 2021, the number of stores was 9,980 (including 4,440 franchised stores), resulting from 203 store openings and 169 closures.

Consequently, the business performance in the cumulative second quarter of the fiscal year showed sales of 316,964 million yen (up 10.1% year-on-year), operating profit of 8,637 million yen (up 212.5% year-on-year), ordinary profit of 13,069 million yen (up 357.7% year-on-year), and profit attributable to owners of parent of 6,432 million yen (loss of 1,912 million yen in the same period of previous year, thus 8,345 million yen increase year-on-year).

The "Accounting Standards for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. has been applied since the beginning of the first quarter of the fiscal year. For more information, please refer to "2. Quarterly Consolidated Financial Statements and Major Notes, (4) Notes on Quarterly Consolidated Financial Statements, Changes in Accounting Policies".

As described in "2. Quarterly Consolidated Financial Statements and Major Notes, (4) Notes on Quarterly Consolidated Financial Statements, Additional Information, Changes in Presentation", presentation of business performance has been changed from the beginning of the first quarter of the fiscal year, and the year-on-year comparison is done using the restated figures of the second quarter of previous year.

An overview of conditions by business segment is provided below.

1) Restaurant business

Sales of the restaurant business in the cumulative second quarter of the fiscal year were 276,826 million yen (up 14.0% year-on-year), and the operating profit was 8,624 million yen (up 412.3% year-on-year) against the backdrop of protracted impact of COVID-19.

Against the backdrop of protracted impact of COVID-19, Zensho Group has been working to develop products and reinforce its sales operation to reflect the change of customers' lifestyle.

The performance of the restaurant business for each major category is as follows.

(Gyudon category)

Sales in the Gyudon category in the cumulative second quarter of the fiscal year totaled 114,267 million yen (up 8.5% year-on-year).

Sukiya, a Gyudon chain operated by Sukiya Co., Ltd., has made efforts to enhance the product competitiveness by launching new products such as "Gyudon w/ Stir-Fried Noodles" (regular size: 500 yen), "Gyudon w/ Chili Garlic Sprout" (regular size: 500 yen), "Gyudon w/ Chili Garlic Sprout & Garlic" (regular size: 560 yen), "Gyudon w/ Green Onion, Salty Garlic Sauce & Lemon" (regular size: 500 yen), and "Pork Rice Bowl" (regular size: 380 yen).

At the same time, based on the theme of "delicious food at home", Sukiya has been working to accommodate customers' new lifestyle by offering a new type Gyudon lunch box, "Sukimix" (regular size: 580 yen), which customers eat after mixing Gyudon and side dishes well with a spoon.

Nakau, rice bowl dishes and Kyoto-style udon noodle chain, operated by Nakau Co., Ltd., sought to improve its business performance by undertaking effective sales promotions while enhancing product competitiveness through introduction of new and seasonal products, improvement of existing products, and expansion of take out product line up.

The number of restaurants in the Gyudon category at the end of September, 2021 was 3,077 (including 9 franchised restaurants), as a result of 43 restaurant openings and 30 closures.

(Family Dining category)

Sales in the Family Dining category in the cumulative second quarter of the fiscal year were 41,337 million yen (down 7.7% year-on-year).

Coco's, the standard restaurant chain operated by Coco's Japan Co., Ltd., has made efforts to improve its business performance by enriching the menu, introducing dainty campaign dishes, improving the standard of service across the chain, and further expansion of take out product line up.

Big Boy, the chain of hamburger steak and steak restaurants and other chain operated by Big Boy Japan, Inc., sought to improve its business performance by various ways, such as brushing up the main products, enriching salad bar and soup bar, which are highly supported by customers, and enhancing the take out products.

Jolly-Pasta, the pasta specialty restaurant chain, operated by Jolly-Pasta Co., Ltd., seeks to provide further deliciousness and fun to customers by expanding the line up of the menu, introducing new dishes using safe seasonal ingredients as a "pasta specialty restaurant that pursues deliciousness and fun."

Barbeque restaurants including Takarajima, Jukusei Yakiniku Ichiban, Gyu-An, and Ichiban, operated by TAG-1 Co., Ltd., have been working to brush up the business concept, while making efforts to provide high quality products with carefully selected beef and seasonal ingredients, and to improve the quality of service levels at restaurants.

Hanaya Yohei, the Japanese cuisine restaurant chain operated by Hanaya Yohei Co., Ltd., has been working to improve customer satisfaction by various ways, including development of attractive Japanese style products using seasonal ingredients, improvement of service levels at restaurants, and improvement of labor productivity.

The number of restaurants in the Family Dining category at the end of September, 2021 was 1,226 (including 79 franchised restaurants), as a result of 16 restaurant openings and 54 closures.

(Fast Food Service category)

Sales in the Fast Food Service category in the cumulative second quarter of the fiscal year were 70,037 million yen (up 7.3% year-on-year).

Hamazushi, 100-yen sushi chain stores (kaiten-sushi restaurants) operated by Hamazushi Co., Ltd., sought to expand its businesses by increasing the number of restaurants, while working on various issues such as introducing special menu using seasonal ingredients, improving quality of products, enhancing service level, conducting promotions at stores, and expanding take out products line up.

The Chicken Rice Shop, specialty chicken rice chain stores operated by TCRS Restaurants Sdn. Bhd., obtained a halal certificate and developed shops throughout Malaysia, which are supported by families regardless of age and gender.

The number of restaurants in the Fast Food Service category at the end of September, 2021 was 968 (including 1 franchised restaurant), as a result of 17 restaurant openings and 6 closures.

(Other category)

Sales in the Other category in the cumulative second quarter of the fiscal year were 51,184 million yen (up 86.2% year-on-year).

Main businesses in this category include Advanced Fresh Concepts Corp., which operates takeout sushi stores in the U.S., Canada, and Australia; Tolona Japan Co., Ltd., which sells frozen foods for home use, etc.; Global Fresh Supply Co., Ltd., a company which handles logistics functions for the Zensho Group; and Global Table Supply Co., Ltd., which procures uniforms, equipment etc.

The number of stores in the Other category at the end of September, 2021 was 4,580 (including 4,351 franchised stores), as a result of 125 store openings and 78 closures.

2) Retail Business

Sales in the Retail business in the cumulative second quarter of the fiscal year were 40,137 million yen (down 11.0% year-on-year), and the operating profit was 9 million yen (down 99.2% year-on-year).

The retail business includes the supermarket business operated by JOY MART CO., LTD. and fruit and vegetables stores operated by United Veggies Co., Ltd.

The number of stores in the Retail business category at the end of September, 2021 stood at 129 as a result of 2 store openings and 1 closure.

(2) Details of Consolidated Financial Position

1) Assets, liabilities, and net assets

(Total Assets)

Total assets stood at 412,358 million yen as of September 30, 2021, an increase of 16,335 million yen compared with the previous fiscal year-end. This increase was mainly due to increases in cash and deposits and property, plant and equipment.

(Liabilities)

Liabilities amounted to 320,489 million yen as of September 30, 2021, an increase of 9,896 million yen compared with the previous fiscal year-end. This increase was mainly due to an increase in interest-bearing liabilities.

(Net Assets)

Net Assets came at 91,869 million yen as of September 30, 2021, an increase of 6,439 million yen compared with the previous fiscal year-end. This increase was mainly due to an increase in retained earnings.

2) Cash flows

(Cash flows from operating activities)

Cash flows from operating activities resulted in an increase in funds of 20,083 million yen (an increase in funds of 13,114 million yen in the same period of previous year). This was mainly due to increases in inventory and depreciation, and subsidy for cooperation income.

(Cash flows from investing activities)

Cash flows from investing activities resulted in a decrease in funds of 13,578 million yen (a decrease in funds of 11,529 million yen in the same period of previous year). This was mainly due to purchase of property, plant and equipment to open new stores.

(Cash flows from financing activities)

Cash flows from financing activities resulted in an increase in funds of 5,150 million yen (an increase in funds of 12,140 million yen in the same period of previous year). This was mainly due to an increase in interest-bearing liabilities.

As a result of the above, cash and cash equivalents increased by 12,554 million yen from the end of previous fiscal year-end and totaled 50,198 million yen at September 30, 2021.

(3) Information on the Future Outlook, Including Consolidated Business Performance Forecasts

There are no changes to the consolidated business performance forecasts announced on May 14, 2021, for the period ending March 31, 2022.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheet

	(Million yen)	
	End of Previous fiscal year (As of March 31, 2021)	End of 2Q, Current fiscal year (As of September 30, 2021)
Assets		
Current Assets		
Cash and deposits	37,643	50,198
Notes and accounts receivable - trade	22,401	21,157
Merchandise and finished goods	16,841	19,113
Work in process	813	800
Raw materials and supplies	7,810	8,032
Other	23,629	24,244
Allowance for doubtful accounts	(112)	(113)
Total current assets	109,026	123,432
Non-current assets		
Property, plant and equipment, net		
Buildings and structures	204,127	208,085
Accumulated Depreciation	(120,920)	(122,384)
Buildings and structures, net	83,207	85,701
Machinery, equipment and vehicles	15,512	15,749
Accumulated Depreciation	(9,161)	(9,130)
Machinery, equipment and vehicles, net	6,351	6,618
Other	140,551	145,528
Accumulated Depreciation	(67,112)	(72,279)
Other, net	73,438	73,248
Total property, plant and equipment	162,997	165,569
Intangible assets		
Trade mark right	38,812	41,806
Goodwill	15,186	14,416
Other	4,244	4,261
Total intangible assets	58,242	60,483
Investments and other assets		
Investment securities	2,668	1,507
Guarantee deposits	33,259	32,924
Other	29,788	28,424
Allowance for doubtful accounts	(14)	(14)
Total investments and other assets	65,701	62,843
Total non-current assets	286,941	288,895
Deferred assets	55	30
Total assets	396,023	412,358

	(Million yen)	
	End of Previous fiscal year (As of March 31, 2021)	End of 2Q, Current fiscal year (As of September 30, 2021)
Liabilities		
Current Liabilities		
Notes and accounts payable, trade	24,678	24,631
Short-term loans payable	1,149	967
Current portions of bonds	20,600	19,800
Current portion of long-term loans payable	35,735	33,804
Income taxes payable	1,111	3,625
Provision	2,224	2,856
Other	44,046	39,353
Total current liabilities	129,545	125,039
Non-current liabilities		
Bonds payable	5,000	5,000
Long-term loans payable	132,641	147,430
Net defined benefit liability	707	710
Asset retirement obligations	3,456	3,591
Other	39,241	38,717
Total non-current liabilities	181,046	195,449
Total liabilities	310,592	320,489
Net assets		
Shareholders' equity		
Capital stock	26,996	26,996
Capital surplus	24,818	24,823
Retained earnings	41,230	45,874
Treasury shares	(5,827)	(5,834)
Total shareholders' equity	87,216	91,859
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(69)	(70)
Deferred gains or losses on hedges	431	252
Remeasurements of defined benefit plans	(11)	(5)
Foreign currency translation adjustment	(2,244)	(1,131)
Total accumulated other comprehensive income	(1,893)	(954)
Non-controlling interests	107	964
Total net assets	85,430	91,869
Total liabilities and net assets	396,023	412,358

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
(Quarterly Consolidated Statements of Income)
(Cumulative Second Quarter)

	(Million yen)	
	Cumulative 2Q, Previous fiscal year (From April 1, 2020 to September 30, 2020)	Cumulative 2Q, Current fiscal year (From April 1, 2021 to September 30, 2021)
Net Sales	287,975	316,964
Cost of Sales	124,482	148,813
Gross Profit	163,493	168,151
Selling, General and Administrative Expenses	160,729	159,513
Operating Profit	2,764	8,637
Other Income		
Interest income	184	233
Dividend income	1	1
Foreign exchange gains	13	—
Share of profit of entities accounted for using equity method	1	6
Subsidy income	991	5,484
Other	442	584
Total non-operating income	1,633	6,310
Non-operating expenses		
Interest expenses	1,014	1,329
Foreign exchange losses	—	1
Other	528	547
Total non-operating expenses	1,542	1,879
Ordinary profit	2,855	13,069
Extraordinary income		
Insurance income	142	0
Compensation income	—	235
Subsidy for cooperation income	—	11,033
Other	9	23
Total extraordinary income	152	11,293
Extraordinary losses		
Loss on retirement of non-current assets	525	1,062
Loss on COVID-19 infection control measures	3,288	11,141
Other	380	490
Total extraordinary losses	4,194	12,694
Profit (loss) before income taxes	(1,187)	11,668
Income taxes - current	1,070	4,648
Income taxes - deferred	(312)	580
Total income taxes	758	5,229
Profit (loss)	(1,945)	6,438
Profit (loss) attributable to non-controlling interests	(33)	5
Profit (loss) attributable to owners of parent	(1,912)	6,432

(Quarterly Consolidated Statements of Comprehensive Income)
(Cumulative Second Quarter)

	(Million yen)	
	Cumulative 2Q, Previous fiscal year (From April 1, 2020 to September 30, 2020)	Cumulative 2Q, Current fiscal year (From April 1, 2021 to September 30, 2021)
Profit (Loss)	(1,945)	6,438
Other comprehensive income		
Valuation difference on available-for-sale securities	(0)	(1)
Deferred gains or losses on hedges	84	(178)
Remeasurements of defined benefit plans, net of tax	5	5
Foreign currency translation adjustment	(721)	1,110
Share of other comprehensive income of entities accounted for using equity method	(7)	3
Total other comprehensive income	(638)	938
Comprehensive income	(2,583)	7,377
(Breakdown)		
Comprehensive income attributable to owners of parent	(2,560)	7,371
Comprehensive income attributable to non- controlling interests	(23)	5

(3) Quarterly Consolidated Statements of Cash Flows

	(Million yen)	
	Cumulative 2Q, Previous fiscal year (From April 1, 2020 to September 30, 2020)	Cumulative 2Q, Current fiscal year (From April 1, 2021 to September 30, 2021)
Cash flows from operating activities		
Profit (loss) before income taxes	(1,187)	11,668
Depreciation	10,908	13,780
Impairment loss	—	1
Amortization of goodwill	863	782
Increase (decrease) in allowance for bonuses	(342)	630
Interest and dividend income	(185)	(234)
Interest expenses	1,014	1,329
Loss (gain) on sales of investment securities	(0)	—
Loss (gain) on sales of property, plant and equipment	(1)	(7)
Loss on retirement of property, plant and equipment	377	740
Decrease (increase) in notes and accounts receivable - trade	(2,826)	1,711
Decrease (increase) in inventories	2,275	(2,390)
Increase (decrease) in notes and accounts payable - trade	1,529	(379)
Subsidy for cooperation income	—	(11,033)
Increase (decrease) in accrued consumption taxes	3,581	(6,424)
Decrease (increase) in other current assets	(304)	(173)
Decrease (increase) in other non-current assets	387	482
Increase (decrease) in other current liabilities	(166)	371
Increase (decrease) in other non-current liabilities	(133)	(35)
Other, net	366	(36)
Subtotal	16,155	10,782
Interest and dividend income received	49	122
Interest expenses paid	(992)	(1,294)
Income taxes paid	(2,098)	(1,414)
Subsidy for cooperation income received	—	11,888
Net cash provided by (used in) operating activities	13,114	20,083
Cash flows from investing activities		
Purchase of property, plant and equipment	(10,014)	(11,897)
Proceeds from sales of property, plant and equipment	0	23
Purchase of intangible assets	(467)	(442)
Purchase of long-term prepaid expenses	(21)	(128)
Purchase of long-term investment securities	(400)	(465)
Payments of loans receivable	(141)	(166)
Collection of loans receivable	98	4
Payments for guarantee deposits	(416)	(661)
Proceeds from collection of guarantee deposits	645	912
Purchase of long term prepaid rents	(608)	(459)
Other, net	(204)	(297)
Net cash provided by (used in) investing activities	(11,529)	(13,578)

	(Million yen)	
	Cumulative 2Q, Previous fiscal year (From April 1, 2020 to September 30, 2020)	Cumulative 2Q, Current fiscal year (From April 1, 2021 to September 30, 2021)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(334)	(397)
Proceeds from long-term loans payable	31,042	30,151
Repayments of long-term loans payable	(11,098)	(17,870)
Redemption of bonds	(800)	(800)
Repayments of lease obligations	(2,126)	(4,643)
Purchase of treasury shares	(3,006)	(6)
Proceeds from sales of treasury shares	3	0
Proceeds from share issuance to non-controlling shareholders	—	237
Cash dividends paid	(1,536)	(1,520)
Dividends paid to non-controlling interests	(1)	(0)
Net cash provided by (used in) financing activities	12,140	5,150
Effect of exchange rate change on cash and cash equivalents	34	436
Net increase (decrease) in cash and cash equivalents	13,758	12,092
Beginning balance of cash and cash equivalents	28,928	37,643
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	49	461
Ending balance of cash and cash equivalents	42,736	50,198

(4) Notes on Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumptions)

Not applicable.

(Notes for Case Where Shareholders' Equity underwent Significant Changes in Value)

Not applicable.

(Changes in Accounting Policies)

Application of the Accounting Standard for Revenue Recognition, etc.

The "Accounting Standards for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020. Hereinafter, "Accounting Standard for Revenue Recognition"), etc. has been applied since the beginning of the first quarter of the fiscal year. In accordance with this accounting standard, Zensho (Hereinafter, "the Company") recognizes revenue as the amount expected to be received in exchange for the promised goods or services when the control of the goods or services is transferred to the customer.

Regarding meal tickets, etc. which customers use to pay for the goods or services, the amount paid with such tickets, etc. was previously recorded as "Selling, General and Administrative Expenses". However, the Company has shifted to the method by which it recognizes revenue at the net amount after deducting such amount from the transaction amount. Regarding real estate rental revenue, considering the Company's role (principal or agent) in providing the goods or services, in cases where the Company acts as a principal, the Company has shifted to the method by which it recognizes revenue at the gross amount of consideration. Meanwhile, in the cases where the Company acts as an agent, the Company shifted to the method by which it recognizes revenue at the net amount.

The Accounting Standard for Revenue Recognition has been applied since the beginning of the first quarter of the fiscal year pursuant to the transitional treatment stipulated in the provision of Paragraph 84 of the Accounting Standard for Revenue Recognition. However, the new accounting policy was not retrospectively applied to contracts where recognitions of nearly all the revenue amounts for periods prior to the beginning of the first quarter were recognized according to the previous treatment, by applying the method provided for in Paragraph 86 of the Accounting Standard for Revenue Recognition. Furthermore, for the contracts modified prior to the beginning of the first quarter of the fiscal year, the accounting processing was carried out based on the contractual terms after all contract modifications were reflected, by applying the method set forth in item (1) of the supplementary provisions of Paragraph 86 of the Accounting Standard for Revenue Recognition.

As a result of the above, sales and cost of sales increased by 7,808 million yen and 13,854 million yen, respectively, and selling, general and administrative expenses decreased by 6,046 million yen for the second quarter of fiscal year. These changes had no impacts on operating profit, ordinary profit, and profit before income taxes for the period. There is no cumulative effect when applying the new accounting policy retrospectively from before the beginning of the first quarter of the fiscal year.

Application of Accounting Standard for Fair Value Measurement, etc.

The "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019. Hereinafter, the "Accounting Standard for Fair Value Measurement"), etc. have been applied since the beginning of the first quarter of the fiscal year. In accordance with the transitional treatment prescribed in Paragraph 19 of the "Accounting Standard for Fair Value Measurement" and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019), the Company has decided to apply the new accounting policies set forth by the Accounting Standard for Fair Value Measurement, etc. in the future. These changes had no impact on the Company's quarterly consolidated financial statements.

(Additional Information)

Changes in Presentation

Quarterly statement of income

In the previous fiscal year, expenses such as personnel expenses, depreciation, and rents (excluding corporate expenses) arose during the period where stores shortened their operating hours or closed temporarily at the request of government and/or municipalities were recorded as “Loss on COVID-19 infection control measures” under “Extraordinary losses”.

The losses incurred from the state of emergency declaration (issued on April 7, 2020) was included in the “Selling, General and Administrative Expenses” in the second quarter of previous fiscal year. In January 2021, however, as the declaration turned out to be issued multiple times, the Company changed the presentation method to record such cost as “Loss on COVID-19 infection control measures” under “Extraordinary losses”, taken into consideration of the fact that the materiality of the cost in the fiscal year increased significantly. In order to reflect the presentation method, financial statements for the second quarter of the previous year were restated accordingly.

As a result of the above, the selling, general and administrative expenses in the second quarter of previous fiscal year is restated to 160,729 million yen from 164,018 million yen, and the loss on COVID-19 infection control measures under extraordinary losses is restated to 3,288 million yen.

Quarterly consolidated cash flow

1. Effective the second quarter of current fiscal year, “Amortization of negative goodwill”, “Increase (decrease) in allowance for doubtful accounts”, “Increase (decrease) in net defined benefit liability”, “Foreign exchange losses (gains)”, “Other extraordinary loss (income)”, “Other non-operating expenses (income)”, and “Share of (profit) loss of entities accounted for using equity method”, which were listed separately in the cash flows from operating activities in the second quarter of the previous fiscal year, are included in “Other, net” due to decrease of significance in its amount. Consolidated financial statements for the second quarter of previous fiscal year have been restated in order to reflect this change in presentation.

As a result of the above, “Amortization of negative goodwill” (-1 million yen), “Increase (decrease) in allowance for doubtful accounts” (-1 million yen), “Increase (decrease) in net defined benefit liability” (7 million yen), “Foreign exchange losses (gains)” (47 million yen), “Other extraordinary loss (income)” (37 million yen), “Other non-operating expenses (income)” (5 million yen), and “Share of (profit) loss of entities accounted for using equity method” (-1 million yen) were reclassified into “Other, net” in the quarterly cash flow statement for the second quarter of previous fiscal year.

2. Effective the second quarter of current fiscal year, “Decrease (increase) in insurance funds” and “Decrease (increase) in premium receivable”, which were listed separately in the cash flows from investing activities in the second quarter of the previous fiscal year, are included in “Other, net” due to decrease of significance in its amount. Consolidated financial statements for the second quarter of previous fiscal year have been restated in order to reflect this change in presentation.

As a result of the above, “Decrease (increase) in insurance funds” (-4 million yen) and “Decrease (increase) in premium receivable” (-26 million yen) were reclassified into “Other, net” in the quarterly cash flow statement for the second quarter of previous fiscal year.

3. In the “Depreciation” of cash flows from operating activities, “Depreciation” under “Selling, General and Administrative Expenses”, which was reclassified into “Loss on COVID-19 infection control measures” under “Extraordinary loss”, is included in “Other, net” in the second quarter of the previous fiscal year. Consolidated financial statements for the second quarter of previous fiscal year have been restated in order to reflect this change in presentation.

As a result of the above, “Depreciation” (271 million yen) was reclassified into “Other, net” in the quarterly cash flow statement for the second quarter of previous fiscal year.

(Segment Information)

【Segment Information】

I Second quarter of Previous Fiscal Year (From April 1, 2020 to September 30, 2020)

1. Information on net sales, profits or losses by reporting segment

(Units : Millions of yen)

	Reporting segments		Total	Adjustment (Note1)	Amount on consolidated balance sheet (Note2)
	Restaurant business	Retail business			
Net Sales					
Sales to External Customers	242,864	45,111	287,975	—	287,975
Intersegment Sales or Transfers (Note3)	1,618	11	1,630	(1,630)	—
Total	244,482	45,123	289,606	(1,630)	287,975
Segment Profit/(Loss)	1,683	1,080	2,764	(0)	2,764

(Note) 1. Adjustment amount of segment profit/(loss) of (0) million yen is mainly elimination of intersegment transactions.

2. The total amount of segment profit/(loss) is adjusted with the operating profit in the quarterly consolidated statement of income.

3. Intersegment sales or transfers amounts are calculated based on prevailing market prices.

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

(Important impairment loss on non-current assets)

Not applicable.

(Major change in goodwill)

Not applicable.

(Major negative goodwill profit)

Not applicable.

3. Information on changes, etc. in reportable segments

As stated in “Changes in Presentation”, considering the impact on the profit and loss of the fiscal year, the losses incurred from the state of emergency declaration (issued on April 17, 2020) was included in the “Selling, General and Administrative Expenses” in the second quarter of previous fiscal year. The segment information of the second quarter of previous year is restated in the same manner as for the quarterly consolidated statement of income to reflect the presentation method of the previous fiscal year.

The segment information of the second quarter of previous fiscal year is restated, and the segment profit in the restaurant business became 1,683 million yen (formerly a loss of 1,605 million yen).

II Second quarter of Fiscal Year (From April 1, 2021 to September 30, 2021)

1. Information on net sales, profits or losses by reporting segment

(Unit : Millions of yen)

	Reporting segments		Total	Adjustment (Note1)	Amount on consolidated balance sheet (Note2)
	Restaurant business	Retail business			
Net Sales					
Sales to External Customers	276,826	40,137	316,964	—	316,964
Intersegment Sales or Transfers (Note3)	1,325	57	1,382	(1,382)	—
Total	278,152	40,194	318,347	(1,382)	316,964
Segment Profit/(Loss)	8,624	9	8,633	4	8,637

(Note) 1. Adjustment amount of segment profit/(loss) of 4 million yen is mainly elimination of intersegment transactions.

2. The total amount of segment profit/(loss) is adjusted with the operating profit in the quarterly consolidated statement of income.

3. Intersegment sales or transfers amounts are calculated based on prevailing market prices.

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

(Important impairment loss on non-current assets)

Not applicable.

(Major change in goodwill)

Not applicable.

(Major negative goodwill profit)

Not applicable.

3. Information on changes, etc. in reportable segments

As stated in “Changes in Accounting Policies”, the Company has applied the Accounting Standard for Revenue Recognition, etc. from the beginning of the first quarter of the fiscal year and changed the accounting method for revenue recognition. Accordingly, the Company has also changed the method of calculating profit or loss for reportable segments.

As a result of these changes, for the six months ended September 30, 2021, the sales in the restaurant business increased by 9,331 million yen, and the sales in the retail business decreased by 1,522 million yen. There's no changes in the segment profits.