

On October 13, 2021, Yoshinoya Holdings Co., Ltd. reported consolidated results for the six-month period through Q2 FY02/22.

Cumulative (JPYmm)	FY02/20				FY02/21				FY02/22		FY02/22			
	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	% of Est.	1HEst.	% of Est.	FY Est.
Sales	52,799	107,066	159,876	216,201	39,681	81,988	126,882	170,348	36,450	74,279	97.2%	76,400	48.6%	152,700
YoY	6.0%	6.7%	6.6%	6.8%	-24.8%	-23.4%	-20.6%	-21.2%	-8.1%	-9.4%		-6.8%		-10.4%
Gross profit	34,387	69,524	103,697	139,949	24,362	50,885	79,414	107,061	24,141	49,260				
YoY	7.5%	7.9%	7.7%	8.0%	-29.2%	-26.8%	-23.4%	-23.5%	-0.9%	-3.2%				
Gross profit margin	65.1%	64.9%	64.9%	64.7%	61.4%	62.1%	62.6%	62.8%	66.2%	66.3%				
SG&A expenses	33,343	66,588	100,807	136,023	29,317	56,855	84,750	112,397	24,348	48,537				
YoY	3.7%	3.5%	4.1%	5.1%	-12.1%	-14.6%	-15.9%	-17.4%	-16.9%	-14.6%				
SG&A ratio	63.2%	62.2%	63.1%	62.9%	73.9%	69.3%	66.8%	66.0%	66.8%	65.3%				
Operating profit	1,044	2,936	2,890	3,926	-4,955	-5,970	-5,336	-5,335	-206	723	103.3%	700	26.8%	2,700
YoY	-	-5,238.2%	-	-3,675.0%	-	-	-	-	-	-				
Operating profit margin	2.0%	2.7%	1.8%	1.8%	-	-	-	-	-	1.0%				
Recurring profit	1,254	3,023	3,351	3,369	-4,278	-5,004	-3,892	-1,964	2,520	4,919	164.0%	3,000	46.8%	10,500
YoY	-	-810.5%	-	-865.3%	-	-	-	-	-	-				
Recurring profit margin	2.4%	2.8%	2.1%	1.6%	-	-	-	-	6.9%	6.6%				
Net income	1,097	1,879	1,774	713	-4,087	-5,708	-5,499	-7,503	1,533	3,127	164.6%	1,900	66.5%	4,700
YoY	-	-	-	-	-	-	-	-	-	-				
Net margin	2.1%	1.8%	1.1%	0.3%	-	-	-	-	4.2%	4.2%				
Quarterly (JPYmm)	FY02/20				FY02/21				FY02/22					
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2				
Sales	52,799	54,267	52,810	56,325	39,681	42,307	44,894	43,466	36,450	37,829				
Yoshinoya	26,656	28,057	27,406	29,566	26,124	25,762	26,947	26,782	25,230	26,105				
Hanamaru	7,783	8,112	7,402	7,596	3,982	5,279	5,982	5,118	5,255	5,380				
Arcmeal	5,291	4,967	4,570	5,082	-	-	-	-	-	-				
Kyotaru	7,275	7,034	6,743	7,492	3,670	4,891	5,097	5,240	-	-				
Overseas	5,283	5,521	5,710	5,431	4,529	4,485	5,352	5,168	5,315	5,756				
YoY	6.0%	7.4%	6.3%	7.6%	-24.8%	-22.0%	-15.0%	-22.8%	-8.1%	-10.6%				
Yoshinoya	7.0%	8.2%	7.5%	8.4%	-2.0%	-8.2%	-1.7%	-9.4%	-3.4%	1.3%				
Hanamaru	5.8%	8.7%	4.2%	7.3%	-48.8%	-34.9%	-19.2%	-32.6%	32.0%	1.9%				
Arcmeal	-1.0%	-0.5%	-3.4%	-1.9%	-	-	-	-	-	-				
Kyotaru	4.6%	4.6%	1.6%	7.0%	-49.6%	-30.5%	-24.4%	-30.1%	-	-				
Overseas	5.6%	6.0%	2.7%	0.7%	-14.3%	-18.8%	-6.3%	-4.8%	17.4%	28.3%				
Gross profit	34,387	35,137	34,173	36,252	24,362	26,523	28,529	27,647	24,141	25,119				
YoY	7.5%	8.3%	7.1%	9.0%	-29.2%	-24.5%	-16.5%	-23.7%	-0.9%	-5.3%				
Gross profit margin	65.1%	64.7%	64.7%	64.4%	61.4%	62.7%	63.5%	63.6%	66.2%	66.4%				
SG&A expenses	33,343	33,245	34,219	35,216	29,317	27,538	27,895	27,647	24,348	24,189				
YoY	3.7%	3.2%	5.3%	8.0%	-12.1%	-17.2%	-18.5%	-21.5%	-16.9%	-12.2%				
SG&A ratio	63.2%	61.3%	64.8%	62.5%	73.9%	65.1%	62.1%	63.6%	66.8%	63.9%				
Operating profit	1,044	1,892	-46	1,036	-4,955	-1,015	634	1	-206	929				
Yoshinoya	1,445	1,844	1,113	1,533	-367	956	2,109	1,449	1,251	1,832				
Hanamaru	517	691	78	-34	-1,581	-516	-525	-538	-393	-179				
Arcmeal	-147	-92	-243	173	-	-	-	-	-	-				
Kyotaru	283	48	-79	205	-1,330	-504	-185	-194	-	-				
Overseas	284	255	332	101	-175	85	396	269	358	266				
YoY	-	712.0%	-	55.6%	-	-	-	-99.9%	-	-				
Yoshinoya	182.8%	151.9%	22.3%	12.0%	-	-48.2%	89.5%	-5.5%	-	91.6%				
Hanamaru	31.9%	83.3%	-	-	-	-	-	-	-	-				
Arcmeal	-	-	-	-	-	-	-	-	-	-				
Kyotaru	37.4%	-	-	606.9%	-	-	-	-	-	-				
Overseas	149.1%	27.5%	22.1%	-54.1%	-	-66.7%	19.3%	166.3%	-	212.9%				
Operating profit margin	2.0%	3.5%	-	1.8%	-	-	1.4%	0.0%	-	2.5%				
Yoshinoya	5.4%	6.6%	4.1%	5.2%	-	3.7%	7.8%	5.4%	5.0%	7.0%				
Hanamaru	6.6%	8.5%	1.1%	-	-	-	-	-	-	-				
Arcmeal	-	-	-	3.4%	-	-	-	-	-	-				
Kyotaru	3.9%	0.7%	-	2.7%	-	-	-	-	-	-				
Overseas	5.4%	4.6%	5.8%	1.9%	-	1.9%	7.4%	5.2%	6.7%	4.6%				
Recurring profit	1,254	1,769	328	18	-4,278	-726	1,112	1,928	2,520	2,399				
YoY	-	-370.5%	-	-96.2%	-	-	239.0%	-	-	-				
Recurring profit margin	2.4%	3.3%	0.6%	0.0%	-	-	2.5%	4.4%	6.9%	6.3%				
Net income	1,097	782	-105	-1,061	-4,087	-1,621	209	-2,004	1,533	1,594				
YoY	-	-	-	-	-	-	-	-	-	-				
Net margin	2.1%	1.4%	-	-	-	-	0.5%	-	4.2%	4.2%				

Source: Shared Research based on company data

Notes: Figures may differ from company materials due to differences in rounding methods.

Arcmeal segment included in consolidated results through FY02/20 but will no longer be included starting FY03/21, with the company having sold all of its shareholding in Arcmeal Co., Ltd. in February 2020.

Consolidated results include impact from the Kyotaru segment through FY02/21. Starting in FY02/22, this impact will no longer be included, reflecting the company's April 2021 transfer of shares held in Kyotaru Co., Ltd.

Yoshinoya monthly data

	FY02/11	FY02/12	FY02/13	FY02/14	FY02/15	FY02/16	FY02/17	FY02/18	FY02/19	FY02/20	FY02/21	FY02/22	FY02/23	
Comparable - store	Sale s	-6.8	-4.9	-2.3	7.3	1.2	0.8	0.1	1.4	0.8	6.7	-8.5		
	Custome r count	1.0	-3.9	-6.8	13.4	-6.4	-11.5	1.7	0.2	-0.2	2.0	-11.4		
	Custome r spend	-7.2	-1.1	4.8	-5.3	8.2	13.9	-1.6	1.3	1.1	4.6	3.2		
All-store	Sale s	-3.8	-3.3	1.7	11.2	5.3	3.9	3.8	4.8	3.7	9.4	-6.9		
	Custome r count	3.9	-2.4	-3.1	17.4	-2.6	-9.0	5.3	3.5	3.0	4.8	-9.8		
	Custome r spend	-7.0	-0.9	4.9	-5.3	8.2	14.2	-1.5	1.3	0.7	4.4	3.2		
(YoY, %)														
FY02/21	Ma r	Apr	Ma y	Jun	Jul	Aug	Sep	Oct	Nov	De c	Jan	Fe b	FY	
Comparable - store	Sale s	-10.5	-10.1	-0.6	-0.4	-4.1	7.3						-3.2	
	Custome r count	-16.2	-18.4	-3.7	-1.3	-3.1	7.2						-6.4	
	Custome r spend	6.8	10.2	3.2	0.9	-1.0	0.1						3.4	
All-store	Sale s	-8.6	-8.4	1.0	1.2	-2.8	8.6						-1.6	
	Custome r count	-14.4	-16.8	-2.2	0.2	-1.8	8.5						-4.8	
	Custome r spend	6.8	10.2	3.2	1.0	-1.0	0.1						3.4	
FY02/21	Ma r	Apr	Ma y	Jun	Jul	Aug	Sep	Oct	Nov	De c	Jan	Fe b	FY	
Comparable - store	Sale s	-1.8	-4.0	-7.3	-12.3	-5.7	-16.8	-9.2	0.4	-6.6	-11.2	-9.5	-17.1	-8.5
	Custome r count	0.1	-1.0	-9.2	-18.9	-10.2	-19.8	-12.4	-7.6	-9.7	-15.3	-11.7	-19.8	-11.4
	Custome r spend	-2.0	-3.0	2.1	8.1	5.1	3.7	3.7	8.7	3.4	4.8	2.5	3.3	3.2
All-store	Sale s	0.0	-2.4	-6.0	-11.0	-4.0	-15.4	-7.1	2.7	-4.8	-9.6	-7.8	-15.6	-6.9
	Custome r count	2.1	0.6	-7.9	-17.7	-8.6	-18.4	-10.3	-5.5	-7.9	-13.7	-10.1	-18.3	-9.8
	Custome r spend	-2.0	-3.0	2.1	8.1	5.1	3.7	3.6	8.7	3.4	4.8	2.5	3.3	3.2
FY02/20	Ma r	Apr	Ma y	Jun	Jul	Aug	Sep	Oct	Nov	De c	Jan	Fe b	FY	
Comparable - store	Sale s	8.1	4.8	5.2	7.1	2.6	13.9	4.6	8.2	7.3	11.3	9.5	-2.1	6.7
	Custome r count	2.3	-0.9	-0.6	5.4	-0.7	10.3	0.2	4.0	4.7	10.8	6.2	-14.5	2.0
	Custome r spend	5.6	5.8	5.8	1.6	3.4	3.2	4.3	4.1	2.5	0.4	3.1	14.5	4.6
All-store	Sale s	11.0	7.8	8.1	10.6	5.8	17.3	7.3	10.4	9.9	13.6	11.7	0.1	9.4
	Custome r count	5.6	2.4	2.6	8.9	2.3	13.6	2.8	6.1	7.3	13.1	8.4	-12.6	4.8
	Custome r spend	5.1	5.3	5.4	1.6	3.4	3.2	4.3	4.1	2.5	0.4	3.1	14.5	4.4
FY02/19	Ma r	Apr	Ma y	Jun	Jul	Aug	Sep	Oct	Nov	De c	Jan	Fe b	FY	
Comparable - store	Sale s	3.3	7.0	2.1	6.3	3.3	2.1	4.7	-0.7	-3.0	-1.2	-3.3	-7.4	0.8
	Custome r count	3.6	4.4	2.9	7.5	2.9	3.7	3.0	-0.8	-5.4	-2.9	-4.5	-10.0	-0.2
	Custome r spend	-0.3	2.5	-0.8	-1.2	0.4	0.3	1.6	0.1	2.5	1.8	1.3	3.0	1.1
All-store	Sale s	6.6	10.4	5.3	8.9	6.3	4.8	7.5	2.6	-0.4	1.5	-0.8	-4.7	3.7
	Custome r count	7.3	8.1	6.6	10.7	6.3	4.4	6.2	2.8	-2.4	0.1	-1.6	-7.1	3.0
	Custome r spend	-0.7	2.1	-1.2	-1.6	0.0	0.4	1.3	-0.3	2.1	1.4	0.8	2.6	0.7
FY02/18	Ma r	Apr	Ma y	Jun	Jul	Aug	Sep	Oct	Nov	De c	Jan	Fe b	FY	
Comparable - store	Sale s	1.1	-8.4	0.6	-5.5	-1.2	0.2	1.6	-15.1	5.7	4.5	6.3	36.3	1.4
	Custome r count	0.4	-12.2	-0.7	-7.1	-2.5	-0.9	0.9	-21.6	3.1	2.3	5.1	54.0	0.2
	Custome r spend	0.8	4.4	3.5	1.7	1.3	1.1	0.8	8.2	2.6	2.1	1.2	-11.5	1.3
All-store	Sale s	4.6	-5.6	3.6	-2.1	1.9	3.3	4.5	-12.6	8.3	7.1	9.3	39.6	4.8
	Custome r count	4.2	-9.3	0.4	-3.6	0.9	2.6	4.0	-19.0	6.0	5.3	8.5	58.3	3.5
	Custome r spend	0.4	4.1	3.2	1.5	1.0	0.7	0.4	7.9	2.2	1.8	0.8	-11.8	1.3

Source: Shared Research based on company data

1H FY02/22 results

Consolidated results for 1H FY02/22 (March–August 2021)

- Sales: JPY74.3bn (-9.4% YoY)
- Gross profit: JPY49.3bn (-3.2% YoY)
- Operating profit: JPY723mn (versus year-earlier loss of JPY6.0bn)
- Recurring profit: JPY4.9bn (versus year-earlier loss of JPY5.0bn)
- Net income: JPY3.1bn (versus year-earlier loss of JPY5.7bn)

Factors behind drop in sales

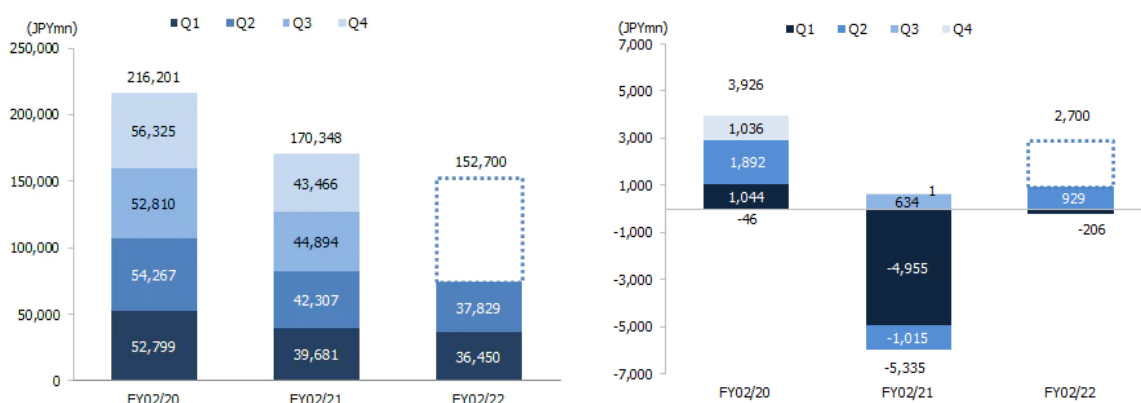
In Japan, the restaurant industry as a whole continued to face a tough operating environment as the government issued more state of emergency declarations, prolonging the restrictions placed on businesses; domestic sales during the March-August

period were further depressed by the exclusion of the Kyotaru business from consolidated results. Not counting Kyotaru, sales were up versus the same six-month period in 2020, in which domestic sales were deeply depressed by the temporary store closures and shortened business hours. Also, the company has been seeing solid comparable-store sales growth overseas, particularly in the US and China (overseas results are for the six-month accounting period of January-June 2021).

Factors driving higher earnings

Although the state of emergency declarations during the period meant less store traffic, the company still managed to finish the six-month period in the black thanks to the continuation of the cost-cutting efforts since FY02/21 and further cuts in the cost of sales and SG&A expenses, which together generated a JPY6.7bn jump in earnings at the operating profit level versus the same six-month period last year. At the recurring profit level, the company booked a total of JPY4.1bn in non-operating income as a result of various government subsidies received from the national and local governments, including subsidies to compensate it for limiting store operating hours and employment adjustment-related costs.

Quarterly trends in consolidated sales and operating profit



Source: Shared Research based on company data

Breakdown of consolidated results by segment

Yoshinoya

Cumulative (JPYmn)	FY02/20				FY02/21				FY02/22	
	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2
Sales	26,656	54,713	82,119	111,685	26,124	51,886	78,833	105,615	25,230	51,335
YoY	7.0%	7.6%	7.6%	7.8%	-2.0%	-5.2%	-4.0%	-5.4%	-3.4%	-1.1%
Segment profit	1,445	3,289	4,402	5,935	-367	589	2,698	4,147	1,251	3,083
YoY	182.8%	164.6%	104.5%	68.5%	-	-82.1%	-38.7%	-30.1%	-	423.4%
Segment profit margin	5.4%	6.0%	5.4%	5.3%	-	1.1%	3.4%	3.9%	5.0%	6.0%
Quarterly	FY02/20				FY02/21				FY02/22	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Sales	26,656	28,057	27,406	29,566	26,124	25,762	26,947	26,782	25,230	26,105
YoY	7.0%	8.2%	7.5%	8.4%	-2.0%	-8.2%	-1.7%	-9.4%	-3.4%	1.3%
Segment profit	1,445	1,844	1,113	1,533	-367	956	2,109	1,449	1,251	1,832
YoY	182.8%	151.9%	22.3%	12.0%	-	-48.2%	89.5%	-5.5%	-	91.6%
Segment profit margin	5.4%	6.6%	4.1%	5.2%	-	3.7%	7.8%	5.4%	5.0%	7.0%

Source: Shared Research based on company data

- Segment sales: JPY51.3bn (-1.1% YoY)
- Segment profit: JPY3.1bn (+423.4% YoY)

Factors driving sales and earnings

For the six-month period through Q2 FY02/22, (March–August 2021) the company's Yoshinoya business reported a modest drop in sales coupled with a sharp jump in segment operating profit. The decline in sales reflected a 3.2% drop in sales at existing stores resulting from additional state of emergency declarations and the prolonged restrictions placed on businesses. Despite the drop in sales, the Yoshinoya business saw a sharp jump in operating profit YoY thanks to the continuation of the cost-cutting efforts begun year earlier.

Comparable-store sales (by month)

Over the six-month period through Q2 FY02/22, sales at existing stores were down but average spending per customer was up. On a monthly basis, comparable-store sales in March were down 10.5% YoY with customer traffic down 16.2% and spending per customer up 6.8%; in April, comparable-store sales were down 10.1% YoY with customer traffic down 18.4% and spending per customer up 10.2%; in May, comparable-store sales were down 0.6% YoY with customer traffic down 3.7% and spending per customer up 3.2%; in June, comparable-store sales were down 0.4% YoY with customer traffic down 1.3% and spending per customer up 0.9%; in July, comparable-store sales were down 4.1% YoY with customer traffic down 3.1% and spending per customer down 1.0%; and in August, comparable-store sales were up 7.3% YoY with customer traffic up 7.2% and spending per customer up 0.1%.

Store openings and closures

At the end of Q2 the Yoshinoya chain had a total of 1,183 stores in operation, having opened five new stores and closed 11 since the end of FY02/21.

Major sales initiatives

Sales initiatives undertaken during the period aimed at increasing the frequency of store visits by its core customer base included the addition of more high value-added beef dishes such as Yakiniku Don and Gyu-mugitoro set lunch. Menu additions aimed at attracting new customers included joint promotions at kids, including child discounts and kid-oriented menu items such as POKEMON GO and POKE Mori set lunch, as well as menu additions aimed at health-conscious adults such as its new high protein, low-carb RIZAP Spicy Beef Salad. Yoshinoya also put together a special JPY1,000 Beef Bowl for people watching the Olympics from home. Besides the new menu items, the company took additional steps to make takeout orders easier, including the addition of dedicated order windows and new tablet computers just for handling takeout orders. The company also took additional steps to handle the growing demand for food delivery, boosting the number of Yoshinoya stores equipped to handle delivery orders up to 875 for an increase of 124 over the end of FY02/21.

Hanamaru

Cumulative (JPYmn)	FY02/20				FY02/21				FY02/22	
	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2
Sales	7,783	15,895	23,296	30,892	3,982	9,261	15,243	20,361	5,255	10,635
YoY	5.8%	7.2%	6.2%	6.5%	-48.8%	-41.7%	-34.6%	-34.1%	32.0%	14.8%
Segment profit	517	1,208	1,286	1,252	-1,581	-2,097	-2,622	-3,160	-393	-572
YoY	31.9%	57.1%	90.2%	100.6%	-	-	-	-	-	-
Segment profit margin	6.6%	7.6%	5.5%	4.1%	-	-	-	-	-	-
Quarterly	FY02/20				FY02/21				FY02/22	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Sales	7,783	8,112	7,401	7,596	3,982	5,279	5,982	5,118	5,255	5,380
YoY	5.8%	8.6%	4.1%	7.3%	-48.8%	-34.9%	-19.2%	-32.6%	32.0%	1.9%
Segment profit	517	691	78	-34	-1,581	-516	-525	-538	-393	-179
YoY	31.9%	83.3%	-	-	-	-	-	-	-	-
Segment profit margin	6.6%	8.5%	1.1%	-	-	-	-	-	-	-

Source: Shared Research based on company data

- Segment sales: JPY10.6bn (+14.8% YoY)
- Segment loss: JPY572mn (versus year-earlier loss of JPY2.1bn)

Factors driving sales and earnings

For the six-month period through Q2 FY02/22 (March–August 2021), the company's Hanamaru business reported a double-digit rise in sales coupled with a sharp decline in operating losses. The company attributed the top-line growth to fewer pandemic-related restrictions (meaning fewer temporary stores closures) and its successful efforts to meet the growing demand for delivery and takeout food, which together led to marked improvement in comparable-store sales and easily offset the drop in in-store dining customers in the wake of new rounds of coronavirus infections. While the segment still finished the six months in the red, losses were greatly reduced thanks to the rebound in sales and the cost savings resulting from the cost-cutting efforts from the previous year.

Store openings and closures

At the end of Q2, the Hanamaru chain had a total of 466 stores in operation, having opened two new stores and closed 11 since the end of FY02/21.

Major sales initiatives

On the menu front, major promotions undertaken during the period included its Torotama Fair menu in March, Chilled Udon Fair in May, Chilled Shirogin Fair in July, and its Refreshing Spicy-Chilled Tan-tan Fair in August. A number of new

menu items were also introduced with the aim of helping Hanamaru respond to the diversified needs of its customers, such as smaller-sized servings of udon noodles (aimed at people looking to reduce their carb intake), a distinctive summer noodle dish, and a special Hanamaru Udon boxed lunch for takeout only. Major sales promotions undertaken during the period included a March promotion to celebrate the anniversary of the rollout of its Japanese-style fried chicken to all stores, followed by its Hanamaru Udon Meat Festival in April, another promotion of the rollout of its new tempura menu in May, and another of new menu items featuring its Japanese-style fried chicken set lunch and lunchbox in July. To meet the growing demand for takeout and delivery orders, the company increased the number of Hanamaru stores equipped to handle delivery orders to 239, an increase of 47 over the end of FY02/21. The company is now examining a new type of stores that are contactless to meet the needs of a new lifestyle.

Overseas

Cumulative (JPYmm)	FY02/20				FY02/21				FY02/22	
	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2
Sales	5,283	10,804	16,514	21,945	4,529	9,014	14,366	19,534	5,315	11,071
YoY	5.6%	5.8%	4.7%	3.7%	-14.3%	-16.6%	-13.0%	-11.0%	17.4%	22.8%
Segment profit	284	539	871	972	-175	-90	306	575	358	624
YoY	149.1%	71.7%	48.6%	20.6%	-	-	-64.9%	-40.8%	-	-
Segment profit margin	5.4%	5.0%	5.3%	4.4%	-	-	2.1%	2.9%	6.7%	5.6%
Quarterly	FY02/20				FY02/21				FY02/22	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Sales	5,283	5,521	5,710	5,431	4,529	4,485	5,352	5,168	5,315	5,756
YoY	5.6%	6.0%	2.7%	0.7%	-14.3%	-18.8%	-6.3%	-4.8%	17.4%	28.3%
Segment profit	284	255	332	101	-175	85	396	269	358	266
YoY	149.1%	27.5%	22.1%	-54.1%	-	-66.7%	19.3%	166.3%	-	212.9%
Segment profit margin	5.4%	4.6%	5.8%	1.9%	-	1.9%	7.4%	5.2%	6.7%	4.6%

Source: Shared Research based on company data

- Segment sales: JPY11.1bn (+22.8% YoY)
- Segment profit: JPY624mn (versus year-earlier loss of JPY90mn)

Factors driving sales and earnings

For the six-month period through Q2 FY02/22 (March–August 2021), the company's overseas business segment reported a double-digit rise in sales coupled with a sharp jump in operating profit. The company attributed the top-line growth to fewer pandemic-related restrictions (meaning fewer temporary stores closures and fewer stores having to limit their operating hours) and the resulting increase in comparable-store sales, particularly in the US and China, where economic activity was bouncing back. The sharp improvement on the earnings front was attributed to rise in sales.

Store openings and closures

At the end of Q2 the overseas segment reported a total of 950 stores in operation, having opened 36 new stores and closed 52 since the end of FY02/21. In the US, comparable-store sales came in above year-ago levels thanks to a combination of the restart of in-store dining in March and successful efforts to capture more takeout and delivery orders. In China, YoY comparisons were easy versus the deeply depressed levels at this time last year, when most stores were closed. Operations in ASEAN countries were another story, as here the pandemic continued to weigh heavily on businesses and sales.

Company forecast for FY02/22

Results outlook

(JPYmm)	FY02/19			FY02/20			FY02/21			FY02/22		
	1HAct.	2HAct.	FY Act.	1HAct.	2HAct.	FY Act.	1HAct.	2HAct.	FY Act.	1HAct.	2HEst.	FY Est.
Sales	100,339	102,046	202,385	107,066	109,135	216,201	81,988	88,360	170,348	74,279	78,421	152,700
YoY	2.7%	1.2%	2.0%	6.7%	6.9%	6.8%	-23.4%	-19.0%	-21.2%	-9.4%	-11.2%	-10.4%
Cost of sales	35,922	36,881	72,804	37,541	38,710	76,252	31,103	32,184	63,287	25,019	-	-
Gross profit	64,416	65,165	129,581	69,524	70,425	139,949	50,885	56,176	107,061	49,260	-	-
Gross profit margin	64.2%	63.9%	64.0%	64.9%	64.5%	64.7%	62.1%	63.6%	62.8%	66.3%	-	-
SG&A expenses	64,361	65,115	129,476	66,588	69,435	136,023	56,855	55,542	112,397	48,537	-	-
SG&A ratio	64.1%	63.8%	64.0%	62.2%	63.6%	62.9%	69.3%	62.9%	66.0%	65.3%	-	-
Operating profit	55	49	104	2,936	990	3,926	-5,970	635	-5,335	723	1,977	2,700
YoY	-97.4%	-97.4%	-97.4%	5,238.2%	1,920.4%	3,675.0%	-	-35.9%	-	-	211.3%	-
Operating profit margin	0.1%	0.0%	0.1%	2.7%	0.9%	1.8%	-	0.7%	-	1.0%	2.5%	1.8%
Recurring profit	332	17	349	3,023	346	3,369	-5,004	3,040	-1,964	4,919	5,581	10,500
YoY	-86.4%	-99.2%	-92.4%	810.5%	1,935.3%	865.3%	-	778.6%	-	-	83.6%	-
Recurring profit margin	0.3%	0.0%	0.2%	2.8%	0.3%	1.6%	-	3.4%	-	6.6%	7.1%	6.9%
Net income	-850	-5,150	-6,000	1,879	-1,166	713	-5,708	-1,795	-7,503	3,127	1,573	4,700
YoY	-	-	-	-	-	-	-	-	-	-	-	-
Net margin	-	-	-	1.8%	-	0.3%	-	-	-	4.2%	2.0%	3.1%

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

Company forecast for FY02/22

- ▶ On October 13, 2021, the company revised its full-year forecast for FY02/22, as detailed below.

Sales: JPY152.7bn (versus previous estimate of JPY155.1bn)

Operating profit: JPY2.7bn (versus JPY2.7bn)

Recurring profit: JPY10.5bn (versus JPY5.2bn)

Net income: JPY4.7bn (versus JPY2.0bn)

EPS: JPY72.70 (versus JPY30.94)

- ▶ Explaining the revision to its full-year estimates, the company said that despite a shortfall in sales, with Q2 sales coming in at roughly 90% of the level recorded in FY02/20 versus its initial expectation of 92%, it still managed to finish the first half of the year comfortably in the black at the operating profit level thanks to the cost savings stemming from the various cost-cutting and efficiency improvement measures implemented in FY02/21. Reflecting the shortfall in sales through Q2 and the expected boost to sales going forward from the lifting of the government's state of emergency declaration at the beginning of October, the company trimmed its full-year estimate and is now expecting full-year sales to come at roughly 91% of the level seen in FY02/20. On the earnings front, the company's revised estimates for the full year reflect the previously expected cost-savings stemming from structural reforms plus additional government subsidies received in connection with the pandemic.

About Shared Research Inc.

We offer corporate clients comprehensive report coverage, a service that allows them to better inform investors and other stakeholders by presenting a continuously updated third-party view of business fundamentals, independent of investment biases. Shared Research can be found on the web at <https://sharedresearch.jp>.

Contact Details

Company name

Shared Research Inc.

Phone

+81 (0)3 5834-8787

Address

3-31-12 Sendagi Bunkyo-ku Tokyo, Japan

Email

info@sharedresearch.jp

Website

<https://sharedresearch.jp>

Disclaimer

This document is provided for informational purposes only. No investment opinion or advice is provided, intended, or solicited. Shared Research Inc. offers no warranty, either expressed or implied, regarding the veracity of data or interpretations of data included in this report. We shall not be held responsible for any damage caused by the use of this report. The copyright of this report and the rights regarding the creation and exploitation of the derivative work of this and other Shared Research Reports belong to Shared Research. This report may be reproduced or modified for personal use; distribution, transfer, or other uses of this report are strictly prohibited and a violation of the copyright of this report. Our officers and employees may currently, or in the future, have a position in securities of the companies mentioned in this report, which may affect this report's objectivity.

Japanese Financial Instruments and Exchange Law (FIEL) Disclaimer: The report has been prepared by Shared Research under a contract with the company described in this report ("the company"). Opinions and views presented are ours where so stated. Such opinions and views attributed to the company are interpretations made by Shared Research. We represent that if this report is deemed to include an opinion from us that could influence investment decisions in the company, such an opinion may be in exchange for consideration or promise of consideration from the company to Shared Research.