

OHSHO FOOD SERVICE CORP.

餃子の王将

Corporate Profile and Annual Report 2021

Three Key Ingredients

Central Kitchen System



In February 2016,we completed the construction of the higashimatsuyama plant,which serves as the infrastructure for our future business development. At the factory,the land area of which exceeds 15,000 square meters,we have introduced the performed gyoza production lines,the company's original facilities,having the gyoza production capacity for approximately 600 stores. We have mechanized traditionally manually-handled operations,aiming at supporting the alleviation and efficiency of store operations through labor and energy saving.



The kumiyama plant,located in a suburban ares Kyoto, and Higashi-matsuyama plant in Saitama Prefecture , and four other food processing plants purchase raw materials in bulk and perform primary processing for nightly delivery of partially prepared ingredients to outlets in the respective regions. Using this centralized system,our core menu item,to ¥240 in the Tokyo metropolitan area and ¥220.

Open Kitchen System



In line with our philosophy of offering " fresh from the kitchen" taste, most of our outlets have Introduced an open kitchen system, whereby customers can watch the preparation and cooking of select dishes. This system



allows us to directly judge the degree of customer satisfaction and to respond to current customer tastes by creating menu items precisely attuned to local preferences.

Franchise System

Under our franchise system, franchisees are not required to pay ohsho any royalty fees. Instead , they are committed to purchasing primary-processed food from us at a gross margin of approximately 30%. This system makes it relatively easy for employees, particularly younger staff, to open their own franchises. For the company, almost all gross profit derived from these salse to franchise outlets translates into operation income, as our franchise operational expenses are minimal. Thus, the expansion of franchise outlets should never adversely affect our profit ratio.





Profile

Ohsho food service corp. has long been one of the leading Chinese restaurant chains in japan. The company opened its first restaurant in Kyoto in 1967 and, by 1974, had grown to encompass 18 outlets. In 1995, ohsho was listed on the second section of the Osaka securities exchange. And in 2013, ohsho was listed on the first section of the Tokyo securities exchange. Today, ohsho has 731 outlets in Japan, wherein more than 300,000 people a day dine on the company's renowned gyoza dmplings.

We're developing 3 stores in Taiwan at foreign countries.

Ohsho's success is based upon the concept of " better taste, lower price and faster service." Since its inception, the company has maintained a unique and consistent strategy bulk purchasing of ingredients and intensive primary processing, enables comprehensive quality control while lowering production costs. Open kitchens at most outlets allow customers to watch final preparation and cooking. Local and regional specialties at each location meet the perferences of local clientele, at prices 10-30% lower than that of competition. And convenient takeout service is available for all menu items. And we have also strengthened the development of a delivery service in response to customer needs.

Steadfast adherence to this strategy has resulted in solid profits and steady growth , in sharp contrast to the stagnant business environment of the restaurant sector as a whole.

Gyoza

Gyoza, a type of Chinese dumplings, are a traditional favorite food among japanes people. Cinsisting of a thin, wheat dough wrapped around a filling of minced pork and chopped vegetables, these savory morsel are served either fried or steamed. The Japanese characters in the ohsho logo mean " king of gyoza."



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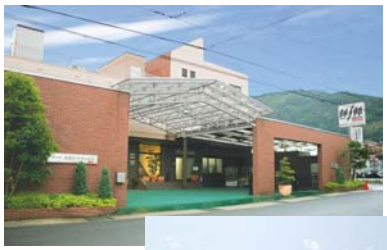



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Ohsho Food Service Corp.

Consolidated Financial Statements for the Years Ended March 31, 2021, and Independent Auditors' Report

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Ohsho Food Service Corp.:

Opinion

We have audited the consolidated financial statements of Ohsho Food Service Corp. and its subsidiaries (the "Group"), which comprise the consolidated balance sheet as of March 31, 2021, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
Impairment losses on fixed assets for restaurants As described in Note 3, "SIGNIFICANT ACCOUNTING ESTIMATE" to the consolidated financial statements, the Group recorded fixed assets of ¥22,902 million ($206,324 thousand) pertaining to directly operated outlets (528 outlets) of the Chinese restaurant business, and recognized an impairment loss of ¥148 million ($1,333 thousand) for the year then ended March 31, 2021. The Group determines each restaurant as an independent cash-generating unit and considers that an impairment indicator exists in the event of a deterioration in operating income or a significant decline in real estate market prices at each restaurant. When impairment indicators are identified, the important factor for the recognition and measurement of impairment losses is the estimation of the recoverable amount for each restaurant, which is based on the future cash flows of the individual restaurant. The future cash flows of restaurants are primarily calculated in accordance with the future profit and loss forecasts, which are based on actual results of operating profit and loss. Therefore, there is a possibility that such future profit and loss will vary depending on the future market trends and other factors, and there are uncertainties involved in determining such future profit and loss. Further, as there are many cash-generating units, it is important to accurately calculate the figures by restaurant in the supporting documents used for the identification of impairment indicators, and the recognition and measurement of impairment losses. Given our understanding above, we identified the impairment losses on fixed assets for restaurants as a key audit matter for our audit of the consolidated financial statements as of and for the year ended March 31, 2021 because the impairment testing for fixed assets involves uncertainties, which impacts the accuracy of the calculation.	With regard to impairment losses on fixed assets for restaurants recognized by the Group, we performed the following audit procedures, among others: (1) Evaluation of internal controls • We tested the design and operating effectiveness of internal controls over management's identification of impairment indicators and the recognition and measurement of impairment losses on fixed assets. (2) Evaluation of appropriateness of impairment assessment • We inquired of management about the Group's impairment assessment policy and evaluated whether the policy was in accordance with the accounting standards and applicable guidelines for impairment of fixed assets. • We evaluated the accuracy of the future profit and loss forecasts by comparing the future cash flows of restaurants calculated in the previous fiscal year with actual results. • By inquiring of management and inspecting the Board of Director minutes and related internal documents, we evaluated that the decision on the closure and relocation of restaurants were reflected in the future cash flows. • Regarding the internally generated documents used for the identification of impairment indicators, and the recognition and measurement of impairment losses, we evaluated that the figures by restaurant for the current fiscal year (such as net sales, profit and loss amounts and tangible fixed asset value) were consistent with the underlying data generated by the core system. In addition, we evaluated the reasonableness of recovery factors for restaurants whose financial results significantly recovered during the current fiscal year. Furthermore, we evaluated the consistency of the figures by restaurant with the information obtained in the previous year's audit.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Audit & Supervisory Board members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Deloitte Touche Tohmatsu LLC

June 29, 2021

Ohsho Food Service Corp.

Consolidated Balance Sheet
March 31, 2021

ASSETS	Millions of Yen 2021	Millions of Yen 2020	Thousands of U.S. Dollars (Note 1) 2021
CURRENT ASSETS:			
Cash and cash equivalents (Note 16)	¥ 39,591	¥ 17,118	$ 356,676
Receivables:			
Trade accounts	1,597	1,221	14,387
Other	59	39	531
Inventories (Note 5)	470	469	4,234
Other	736	708	6,631
Total current assets	42,453	19,555	382,459
PROPERTY, PLANT AND EQUIPMENT (Notes 7, 8, and 12):			
Land (Note 9)	20,650	20,461	186,036
Buildings and structures	55,194	53,822	497,243
Machinery and equipment	6,736	5,973	60,685
Fixtures and other	6,552	6,575	59,027
Total	89,132	86,831	802,991
Accumulated depreciation	(53,039)	(51,033)	(477,829)
Net property, plant and equipment	36,093	35,798	325,162
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 6 and 16)	5,287	5,376	47,631
Long-term loans	21	14	189
Lease deposits (Note 16)	4,274	4,174	38,505
Asset for retirement benefits (Note 11)	812	250	7,315
Deferred tax assets (Note 15)	2,030	2,187	18,288
Other	201	203	1,811
Allowance for doubtful receivables (Note 16)	(16)	(19)	(144)
Total investments and other assets	12,609	12,185	113,595
TOTAL	¥ 91,155	¥ 67,538	$ 821,216

LIABILITIES AND EQUITY	Millions of Yen 2021	Millions of Yen 2020	Thousands of U.S. Dollars (Note 1) 2021
CURRENT LIABILITIES:			
Current portion of long-term debt (Notes 10 and 16)	¥ 10,931	¥ 2,842	$ 98,477
Payables:			
Trade accounts	1,987	2,071	17,901
Construction	208	433	1,874
Other	1,820	1,988	16,396
Accrued payroll and bonuses	3,174	3,303	28,595
Income taxes payable	1,284	1,564	11,568
Other	1,179	1,514	10,621
Total current liabilities	20,583	13,715	185,432
LONG-TERM LIABILITIES:			
Long-term debt (Notes 10 and 16)	16,064	1,995	144,721
Asset retirement obligations (Note 12)	831	813	7,486
Deferred tax liabilities on land revaluation (Note 9)	507	507	4,568
Other	217	203	1,955
Total long-term liabilities	17,619	3,518	158,730
EQUITY (Notes 13 and 17):			
Common stock, authorized, 90,000,000 shares; issued, 23,286,230 shares in both 2021 and 2020	8,166	8,166	73,568
Capital surplus	9,260	9,232	83,423
Retained earnings	46,046	43,870	414,829
Treasury stock — at cost: 4,514,166 shares in 2021 and 4,522,240 shares in 2020	(10,707)	(10,726)	(96,460)
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	3,119	3,174	28,099
Land revaluation difference (Note 9)	(3,239)	(3,286)	(29,180)
Foreign currency translation adjustments	(17)	(18)	(153)
Defined retirement benefit plan	325	(107)	2,928
Total	188	(237)	1,694
Total equity	52,953	50,305	477,054
TOTAL	¥ 91,155	¥ 67,538	$ 821,216

See notes to consolidated financial statements.

Ohsho Food Service Corp.

Consolidated Statement of Income
Year Ended March 31, 2021

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
NET SALES (Note 14)	¥80,616	¥85,572	$726,270
COST OF SALES	24,527	25,424	220,964
Gross profit	56,089	60,148	505,306
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	50,015	52,449	450,585
Operating income	6,074	7,699	54,721
OTHER INCOME (EXPENSES):			
Interest and dividend income	62	62	559
Interest expense	(58)	(15)	(523)
Franchise fees (Note 14)	108	99	973
(Loss) gain on sales and disposals of property, plant and equipment	(67)	63	(604)
Loss on impairment of long-lived assets (Notes 7 and 8)	(209)	(201)	(1,883)
Other – net	681	239	6,135
Other income (expenses) – net	517	247	4,657
INCOME BEFORE INCOME TAXES	6,591	7,946	59,378
INCOME TAXES (Note 15):			
Current	2,312	2,628	20,828
Deferred	(8)	7	(72)
Total income taxes	2,304	2,635	20,756
NET INCOME	4,287	5,311	38,622
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	¥ 4,287	¥ 5,311	$ 38,622

	Yen		U.S. Dollars
	2021	2020	2021
PER SHARE OF COMMON STOCK:			
Basic net income	¥228.42	¥283.10	$2.06
Cash dividends applicable to the year	100.00	120.00	0.90

See notes to consolidated financial statements.

Ohsho Food Service Corp.

Consolidated Statement of Comprehensive Income
Year Ended March 31, 2021

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
NET INCOME	¥4,287	¥5,311	$38,622
OTHER COMPREHENSIVE INCOME (LOSS) (Note 17):			
Unrealized (loss) gain on available-for-sale securities	(55)	486	(496)
Foreign currency translation adjustments	1	(1)	9
Defined retirement benefit plan	432	(155)	3,892
Total other comprehensive income (loss)	378	330	3,405
COMPREHENSIVE INCOME (Note 17)	¥4,665	¥5,641	$42,027
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent	¥4,665	¥5,641	$42,027
Noncontrolling interests			

See notes to consolidated financial statements.

Ohsho Food Service Corp.

Consolidated Statement of Changes in Equity
Year Ended March 31, 2021

	Thousands	Millions of Yen								
						Accumulated Other Comprehensive Income				
	Number of Shares of Common Stock Outstanding	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Land Revaluation Difference	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plan	Total Equity
BALANCE, APRIL 1, 2019	18,758	¥8,166	¥9,205	¥40,810	¥(10,741)	¥2,689	¥(3,286)	¥(18)	¥ 47	¥46,872
Net income attributable to owners of the parent				5,311						5,311
Cash dividends, ¥120.00 per share				(2,251)						(2,251)
Purchase of treasury stock	(1)				(1)					(1)
Disposal of treasury stock	7		27		16					43
Reversal of land revaluation difference										
Net change in the year						485		(0)	(154)	331
BALANCE, MARCH 31, 2020	18,764	8,166	9,232	43,870	(10,726)	3,174	(3,286)	(18)	(107)	50,305
Net income attributable to owners of the parent				4,287						4,287
Cash dividends, ¥110.00 per share				(2,064)						(2,064)
Purchase of treasury stock	(0)		1		(1)					0
Disposal of treasury stock	8		27		20					47
Reversal of land revaluation difference				(47)			47			0
Net change in the year						(55)		1	432	378
BALANCE, MARCH 31, 2021	18,772	¥8,166	¥9,260	¥46,046	¥(10,707)	¥3,119	¥(3,239)	¥(17)	¥ 325	¥52,953

	Thousands of U.S. Dollars (Note 1)							
					Accumulated Other Comprehensive Income			
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Land Revaluation Difference	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plan	Total Equity
BALANCE, MARCH 31, 2020	$73,568	$83,171	$395,225	$(96,631)	$28,595	$(29,603)	$(162)	$ (964)	$453,199
Net income attributable to owners of the parent			38,622						38,622
Cash dividends, $0.99 per share			(18,595)						(18,595)
Purchase of treasury stock		9		(9)					0
Disposal of treasury stock		243		180					423
Reversal of land revaluation difference			(423)			423			0
Net change in the year					(496)		9	3,892	3,405
BALANCE, MARCH 31, 2021	$73,568	$83,423	$414,829	$(96,460)	$28,099	$(29,180)	$(153)	$2,928	$477,054

See notes to consolidated financial statements.

Ohsho Food Service Corp.

Consolidated Statement of Cash Flows
Year Ended March 31, 2021

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
OPERATING ACTIVITIES:			
Income before income taxes	¥ 6,591	¥ 7,946	$ 59,378
Adjustments for:			
Income taxes – paid	(2,542)	(2,984)	(22,900)
Depreciation and amortization	2,525	2,509	22,748
Net decrease in allowance for doubtful receivables	(2)	(9)	(18)
Loss (gain) on sales and disposals of property, plant and equipment	67	(63)	604
Loss on impairment of long-lived assets	209	201	1,883
Changes in assets and liabilities:			
Increase in accounts receivable – trade	(376)	(668)	(3,387)
Increase in inventories	(1)	(74)	(9)
Decrease in trade accounts payable	(84)	(4)	(757)
Decrease (increase) in asset for retirement benefits	60	(27)	540
(Decrease) increase in consumption taxes payable	(660)	337	(5,946)
Other – net	37	573	333
Total adjustments	(767)	(209)	(6,909)
Net cash provided by operating activities	5,824	7,737	52,469
INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	(3,193)	(2,243)	(28,766)
Proceeds from sales of property, plant and equipment	0	250	0
Proceeds from sales of investment securities	9		81
Increase in lease deposits	(196)	(143)	(1,766)
Increase in long-term loans receivable	(38)	(16)	(342)
Collection of long-term loans receivable	33	53	297
Other – net	(59)	(52)	(531)
Net cash used in investing activities	(3,444)	(2,151)	(31,027)
FINANCING ACTIVITIES:			
Proceeds from long-term debt	25,000	3,420	225,225
Repayment of long-term debt	(2,843)	(3,753)	(25,612)
Repurchase of treasury stock	(1)	(1)	(9)
Dividends paid	(2,064)	(2,251)	(18,595)
Net cash provided by (used in) financing activities	20,092	(2,585)	181,009
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	1	(2)	9
NET INCREASE IN CASH AND CASH EQUIVALENTS	22,473	2,999	202,460
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	17,118	14,119	154,216
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 39,591	¥ 17,118	$ 356,676

See notes to consolidated financial statements.

1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Ohsho Food Service Corp. (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥111 to $1, the approximate rate of exchange at March 31, 2021. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. ***Consolidation*** – The consolidated financial statements as of March 31, 2021, include the accounts of the Company and its subsidiaries (together, the "Group").

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

b. ***Cash Equivalents*** – Cash equivalents are short-term investments that are readily convertible into cash and exposed to insignificant risk of changes in value.

Cash equivalents include time deposits which mature or become due within three months of the date of acquisition.

c. ***Inventories*** – Inventories are stated at the lower of cost, determined by the average cost method, or net selling value.

d. ***Property, Plant and Equipment*** – Property, plant and equipment are stated at cost. Depreciation is computed by the straight-line method based on the estimated useful lives of the assets. The range of useful lives is principally from 10 to 38 years for buildings and structures, and from 6 to 10 years for machinery and equipment.

e. ***Long-Lived Assets*** – The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

f. ***Land Revaluation*** – Under the "Law of Land Revaluation," the Company elected a one-time revaluation of its own-use land to a value based on real-estate appraisal information as of March 31, 2002.

g. ***Investment Securities*** – Investment securities are classified and accounted for, depending on management's intent, as available-for-sale securities, and are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported as a separate component of shareholders' equity.

Nonmarketable available-for-sale securities are stated at cost determined by the moving-average method. For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

h. ***Allowance for Doubtful Receivables*** – The allowance for doubtful receivables is stated in amounts considered to be appropriate based on the Company's past credit loss experience and an evaluation of potential losses in the receivables outstanding.

i. ***Retirement and Pension Plan*** – The Company has unfunded retirement benefit plans of their employees' benefits.

The Company accounts for the liability for retirement benefits based on projected benefit obligations and plan assets at the balance sheet date. The projected benefit obligations are attributed to periods on a benefit formula basis. Actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income) after adjusting for tax effects and are recognized in profit or loss over 3 years no longer than the expected average remaining service period of the employees.

j. ***Asset Retirement Obligations*** – An asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development, and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of the asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an adjustment to the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

k. ***Income Taxes*** – The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted income tax rates to the temporary differences.

l. ***Per Share Information*** – Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period.

Diluted net income per share is not presented as the effect of including potential common shares is anti-dilutive.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective fiscal years, including dividends to be paid after the end of the year.

m. New Accounting Pronouncements

(1) Accounting Standard for Revenue Recognition

On March 31, 2020, the Accounting Standards Board of Japan ("ASBJ") issued ASBJ Statement No. 29, "Accounting Standard for Revenue Recognition," and ASBJ Guidance No. 30, "Implementation Guidance on Accounting Standard for Revenue Recognition." The core principle of the standard and guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity should recognize revenue in accordance with that core principle by applying the following steps:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The accounting standard and guidance are effective for annual periods beginning on or after April 1, 2021.

The Company expects to apply the accounting standard and guidance for annual periods beginning on or after April 1, 2021. As a result, the Company expects the beginning balance of retained earnings for the fiscal year ending March 2022 decrease by ¥171 million ($1,544 thousand).

(2) Accounting Standard for Fair Value Measurement

On July 4, 2019, the ASBJ issued ASBJ Statement No. 30, "Accounting Standard for Fair Value Measurement" and ASBJ Guidance No. 31, "Implementation Guidance on Accounting Standard for Fair Value Measurement," and revised related ASBJ Statements and ASBJ Guidance (the "New Accounting Standards"). Under the New Accounting Standards, nonmarketable available-for-sale equity securities are stated at cost, while under the current accounting standards, nonmarketable available-for-sale securities are stated at cost.

The New Accounting Standards are effective for the annual periods beginning on or after April 1, 2021.

The Company expects to apply the accounting standard and guidance for annual periods beginning on or after April 1, 2021, and is in the process of measuring the effects of applying the accounting standard and guidance in future applicable periods.

3. SIGNIFICANT ACCOUNTING ESTIMATE

Impairment of Long-lived Assets

(1) Carrying Amount on Consolidated Financial Statements of Fiscal Year Ended March 31, 2021

	Millions of Yen	Thousands of U.S. Dollars
Land	¥ 20,650	$ 186,036
Buildings and structures	12,119	109,180
Machinery and equipment	2,422	21,820
Fixtures	880	7,928
Intangible asset	143	1,288
Total (*)	¥ 36,214	$ 326,252

(*) The Group recorded fixed assets of ¥22,902 million ($206,324 thousand) pertaining to directly operated outlets (528 outlets) of Chinese restaurant business in the consolidated balance sheet as of March 31, 2021.

See Note 7 for loss on impairment of long-lived assets in the consolidated financial statements as of March 31, 2021. (Impairment losses on fixed assets for restaurants ¥148 million ($1,333 thousand))

(2) Information on the Significant Accounting Estimate

The Group owns assets such as directly operated outlets, factories, and head office in order to operate the Chinese restaurant business. The Group determines each restaurant as an independent cash-generating unit. As there are many cash-generating units, the Group calculates the figures by restaurant used for identification of impairment indicators, and recognition and measurement of impairment losses. The Group identifies impairment indicators in the event of a deterioration in operating income or a significant decline in real estate market prices at each restaurant. As a result of comparing the undiscounted future cash flow generated by the asset group with the carrying amount, if the undiscounted future cash flow is less than the carrying amount, the Group recognizes an impairment loss. The undiscounted future cash flow is estimated on future profit and loss forecasts based on actual results of operating profit and loss affected by the spread of COVID-19. The Group expects that although the impact on business performance due to the spread of COVID-19 is smaller than the fiscal years ended March 31, 2021, the situation will not be settled soon. The Group assumes the impact of request from the government to shorten business hours and tendency to refrain from eating out. If assumptions used in the estimation are revised due to significant deterioration of the business environment and decision to close and relocate, there is a possibility of impairment loss being recognized in the next consolidated fiscal year.

4. CHANGES IN PRESENTATION

(Application of "Accounting Standard for Disclosure of Accounting Estimates")

The Group has applied "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31, March 31, 2020) to consolidated financial statements from fiscal year ended March 31, 2021 and the Note on Significant Accounting Estimate has been included in the consolidated financial statements.

5. INVENTORIES

Inventories at March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Merchandise and finished food products	¥116	¥123	$1,045
Raw materials	354	346	3,189
Total	¥470	¥469	$4,234

6. INVESTMENT SECURITIES

Investment securities as of March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Noncurrent:			
Equity securities	¥5,287	¥5,367	$47,631
Local government bonds		9	
Total	¥5,287	¥5,376	$47,631

The costs and aggregate fair values of investment securities at March 31, 2021 and 2020, were as follows:

	Millions of Yen			
	2021			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥1,078	¥4,209	¥ 0	¥5,287
Local government bonds				
Total	¥1,078	¥4,209	¥ 0	¥5,287

	Millions of Yen			
	2020			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥1,078	¥4,290	¥ 1	¥5,367
Local government bonds	9		0	9
Total	¥1,087	¥4,290	¥ 1	¥5,376

	Thousands of U.S. Dollars			
	2021			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	$9,712	$37,919	$ 0	$47,631
Local government bonds				
Total	$9,712	$37,919	$ 0	$47,631

7. LONG-LIVED ASSETS

The Group reviewed its long-lived assets for impairment as of March 31, 2021 and 2020, and, as a result, recognized an impairment loss of ¥209 million ($1,883 thousand) and ¥201 million, respectively, as other expense principally related to certain restaurants due to continuing operating losses, and the assets to be sold. The carrying amount of the relevant buildings, structures, and other assets were written down to their recoverable amounts. The recoverable amount for each restaurant was measured considering the expected cash flows generated from using the assets, and the discount rate used for the computation of the present value of future cash flows was 5%. The recoverable amount of the assets to be sold was measured at its net selling price, as determined by the estimated price if sold.

8. INVESTMENT PROPERTY

The Group owns certain rental properties such as retail facilities, an apartment, and land in Fukuoka and other areas. The net of rental income and operating expenses for those rental properties was ¥35 million ($315 thousand) and ¥30 million for the fiscal years ended March 31, 2021 and 2020, respectively. Loss on disposals of property, plant and equipment was ¥6 million ($54 thousand) for the fiscal year ended March 31, 2021 and gain on sales of property, plant and equipment was ¥98 million for the fiscal year ended March 31, 2020.

The carrying amounts, changes in such balances, and market prices of such properties are as follows:

Millions of Yen			
2021			
Carrying Amount			Fair Value
April 1, 2020	Decrease	March 31, 2021	March 31, 2021
¥1,210	¥21	¥1,189	¥1,052

Millions of Yen			
2020			
Carrying Amount			Fair Value
April 1, 2019	Decrease	March 31, 2020	March 31, 2020
¥1,368	¥158	¥1,210	¥1,066

Thousands of U.S. Dollars			
2021			
Carrying Amount			Fair Value
April 1, 2020	Decrease	March 31, 2021	March 31, 2021
$10,901	$189	$10,712	$9,477

Notes:

1) Carrying amount recognized in the consolidated balance sheets is net of accumulated depreciation.

2) Decrease during the fiscal year ended March 31, 2021, primarily represents the change of use of property, plant and equipment and depreciation.

3) Fair value of properties as of March 31, 2021, is measured by the Group in accordance with the Real-Estate Appraisal Standard of Japan.

9. LAND REVALUATION

Under the "Law of Land Revaluation," the Group elected a one-time revaluation of its own-use land to a value based on real-estate appraisal information as of March 31, 2002. The resulting land revaluation excess represents unrealized appreciation of land and is stated, net of income taxes, as a component of equity. There was no effect on the statement of income. Continuous readjustment is not permitted unless the land value subsequently declines significantly such that the amount of the decline in value should be removed from the land revaluation account and related deferred tax liabilities. When land which has been revalued is sold off or loss on impairment of the land is recognized, any land revaluation is reversed directly to retained earnings.

As of March 31, 2021 and 2020, the carrying amount of the land after, the above one-time revaluation, exceeded the market value by ¥5,119 million ($46,117 thousand) and ¥5,451 million, respectively.

10. LONG-TERM DEBT

Long-term debt at March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Loans from banks, with interest ranging from 0.23% to 0.28%	¥ 26,995	¥ 4,837	$ 243,198
Less current portion	(10,931)	(2,842)	(98,477)
Long-term debt, less current portion	¥ 16,064	¥ 1,995	$ 144,721

Annual maturities of long-term debt at March 31, 2021, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2022	¥10,931	$ 98,477
2023	12,912	116,324
2024	3,152	28,397
Total	¥26,995	$ 243,198

11. RETIREMENT AND PENSION PLANS

Under the Company's pension plan, employees terminating their employment are, in most circumstances, entitled to pension payments based on their average pay during their employment, length of service, and certain other factors.

(1) The changes in defined benefit obligation for the years ended March 31, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Balance at beginning of year	¥2,298	¥2,189	$ 20,703
Current service cost	242	245	2,180
Interest cost	14	11	126
Actuarial gains	(6)	(36)	(54)
Benefits paid	(108)	(111)	(973)
Balance at end of year	¥2,440	¥2,298	$ 21,982

(2) The changes in plan assets for the years ended March 31, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Balance at beginning of year	¥2,548	¥2,635	$22,955
Expected return on plan assets	38	40	342
Actuarial gains (losses)	586	(199)	5,279
Contributions from the employer	188	183	1,694
Benefits paid	(108)	(111)	(973)
Balance at end of year	¥3,252	¥2,548	$29,297

(3) Reconciliation between the asset recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Defined benefit obligation	¥ 2,440	¥ 2,298	$ 21,982
Plan assets	(3,252)	(2,548)	(29,297)
Net asset for defined benefit obligation	¥ (812)	¥ (250)	$ (7,315)

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Asset for retirement benefits	¥(812)	¥(250)	$(7,315)
Net asset for defined benefit obligation	¥(812)	¥(250)	$(7,315)

(4) The components of net periodic benefit costs for the years ended March 31, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Service cost	¥242	¥245	$2,180
Interest cost	14	11	126
Expected return on plan assets	(38)	(40)	(342)
Recognized actuarial losses (gains)	30	(60)	270
Net periodic benefit costs	¥248	¥156	$2,234

(5) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Actuarial gains (losses)	¥622	¥(223)	$5,604
Total	¥622	¥(223)	$5,604

(6) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Unrecognized actuarial losses (gains)	¥467	¥(154)	$4,207
Total	¥467	¥(154)	$4,207

(7) Plan assets

a. Components of plan assets

Plan assets as of March 31, 2021 and 2020, consisted of the following:

	2021	2020
Domestic bonds	30%	34%
International bonds	12	14
Domestic equities	27	24
International equities	28	24
Others	3	4
Total	100%	100%

b. Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined by considering the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

(8) Assumptions used for the years ended March 31, 2021 and 2020, were set forth as follows:

	2021	2020
Discount rate	0.6%	0.6%
Expected rate of return on plan assets	1.5%	1.5%

12. ASSET RETIREMENT OBLIGATIONS

The changes in asset retirement obligations for the years ended March 31, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Balance at beginning of year	¥813	¥795	$7,324
Additional provisions associated with the acquisition of property, plant and equipment	9	14	81
Reconciliation associated with passage of time	9	9	81
Reduction associated with meeting asset retirement obligations		(5)	
Balance at end of year	¥831	¥813	$7,486

13. EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. Additionally, for companies that meet certain criteria including (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors being prescribed as one year rather than the normal two-year term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the Company has prescribed so in its articles of incorporation. However, the Company does not meet all the above criteria.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(b) Increases/Decreases and Transfer of Common Stock, Reserve and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends, until the aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus, and retained earnings can be transferred among the accounts within equity under certain conditions upon resolution of the shareholders.

(c) Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders, which is determined by a specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

14. TRANSACTIONS WITH FRANCHISEES

The Company has a franchise system. The Company sells raw materials and supplies to the franchisees, provides know-how for their restaurant operations, and supports their financing requirements.

Transactions with the franchisees for the years ended March 31, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Net sales	¥6,730	¥6,652	$60,630
Franchise fees	108	99	973

15. INCOME TAXES

The Company and its domestic subsidiary are subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rate of approximately 30.5% for the years ended March 31, 2021 and 2020.

The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities at March 31, 2021 and 2020, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Deferred tax assets:			
Accrued enterprise taxes	¥ 99	¥ 126	$ 892
Accrued bonuses	307	299	2,766
Allowance for doubtful receivables	6	7	54
Depreciation of property and equipment	2,305	2,286	20,766
Loss on impairment of long-lived assets	649	656	5,847
Loss on asset retirement obligations	252	246	2,270
Loss on devaluation of investment securities	194	194	1,747
Other	321	320	2,892
Total of temporary differences	4,133	4,134	37,234
Less valuation allowance	(540)	(530)	(4,865)
Deferred tax assets	¥ 3,593	¥ 3,604	$ 32,369
Deferred tax liabilities:			
Deferred gains on sales of property, plant and equipment	¥ (97)	¥ (98)	$ (874)
Unrealized loss on asset retirement obligations	(121)	(120)	(1,090)
Asset for retirement benefits	(248)	(76)	(2,234)
Unrealized loss on available-for-sale securities	(1,090)	(1,115)	(9,820)
Other	(7)	(8)	(63)
Deferred tax liabilities	(1,563)	(1,417)	(14,081)
Net deferred tax assets	¥ 2,030	¥ 2,187	$ 18,288

A reconciliation between the normal effective statutory tax rate and the actual effective tax rates reflected in the accompanying consolidated statement of income for the year ended March 31, 2021, with the corresponding figures for 2020, is as follows:

	2021	2020
Normal effective statutory tax rate	30.5%	30.5%
Lump-sum portion of inhabitant taxes	4.0	3.2
Expenses not deductible and income not taxable for income tax purposes	0.3	0.4
Increase (decrease) in valuation allowance for deferred tax assets	0.2	(1.2)
Other – net	0.0	0.2
Actual effective tax rate	35.0%	33.1%

16. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) Group Policy for Financial Instruments

The Group uses financial instruments, mainly long-term debt including bank loans, based on its capital financing plan. Cash surpluses, if any, are invested in short-term deposits. Derivatives are not used for speculative purposes, but to manage risk of interest rate fluctuations arising from business operations.

(2) Nature and Extent of Risks Arising from Financial Instruments and Risk Management for Financial Instruments

Investment securities, mainly equity instruments of suppliers of the Group, are exposed to the risk of market price fluctuations. Investment securities are managed by monitoring market values on a regular basis and preparing an analysis sheet, which is regularly reported to the Board of Directors.

Lease deposits, mainly guarantee deposits for lease buildings and certain facilities, are exposed to lessor credit risk. The Group addresses the risk by registering the right to claim the refund at the conclusion of the contract.

Maturities of bank loans, used mainly for operating funds and capital investment, are less than three years from the consolidated balance sheet date. Although a part of such bank loans are exposed to market risks from changes in variable interest rates, those risks are mitigated by adequate financial planning.

The Group recognizes liquidity risk, which comprises the risk that the Group cannot meet its contractual obligations in full on maturity dates. The Group manages its liquidity risk by holding adequate volumes of liquid assets to the extent of two months of sales volume, along with adequate financial planning by the Accounting Department.

Derivative transactions have been entered into and managed by the Accounting Department in accordance with the collective decision-making process known as the "Ringi System."

(3) Fair Values of Financial Instruments

Fair values of financial instruments are based on quoted prices in active markets. If a quoted price is not available, other rational valuation techniques are used instead.

Fair values of financial instruments at March 31, 2021 and 2020, were as follows:

	Millions of Yen		
March 31, 2021	Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	¥39,591	¥39,591	
Investment securities	5,287	5,287	
Lease deposits	4,274		
Allowance for doubtful receivables	(10)		
Subtotal	4,264	4,230	¥(34)
Total	¥49,142	¥49,108	¥(34)
Long-term debt (including current portion)	¥26,995	¥26,995	¥0
Total	¥26,995	¥26,995	¥0

March 31, 2020	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	¥17,118	¥17,118	
Investment securities	5,376	5,376	
Lease deposits	4,174		
Allowance for doubtful receivables	(10)		
Subtotal	4,164	4,146	¥(18)
Total	¥26,658	¥26,640	¥(18)
Long-term debt (including current portion)	¥4,837	¥4,837	¥0
Total	¥4,837	¥4,837	¥0

March 31, 2021	Thousands of U.S. Dollars		
	Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	$356,676	$356,676	
Investment securities	47,631	47,631	
Lease deposits	38,505		
Allowance for doubtful receivables	(91)		
Subtotal	38,414	38,108	$(306)
Total	$442,721	$442,415	$(306)
Long-term debt (including current portion)	$243,198	$243,198	$0
Total	$243,198	$243,198	$0

Cash and cash equivalents

The carrying values of cash and cash equivalents approximate fair value because of their short maturities.

Investment securities

The fair values of investment securities are measured at the quoted market price of the stock exchange for equity instruments. Fair value information for investment securities by classification is included in Note 6.

Lease deposits

Lease deposits are classified by a certain period and their fair values are measured at the amount to be received at maturity, discounted at the Group's assumed discount rate, such as those for government bonds. The fair values of doubtful lease deposits are measured by estimating the recoverable amounts from collateral or guarantees.

Long-term debt

The fair values of long-term debt are determined by discounting the cash flows related to the debt at the Group's assumed corporate borrowing rate under a new agreement of the same borrowing.

(4) Maturity Analysis for Financial Assets with Contractual Maturities

	Due in One Year or Less		
	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Cash and cash equivalents	¥39,591	¥17,118	$356,676

Lease deposits whose amount of redemption cannot be determined reliably are not included in the table above.

17. OTHER COMPREHENSIVE INCOME

The components of other comprehensive income for the years ended March 31, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Unrealized gain (loss) on available-for-sale securities:			
(Losses) gains arising during the year	¥ (80)	¥ 699	$ (721)
Amount before income tax effect	(80)	699	(721)
Income tax effect	25	(213)	225
Total	¥ (55)	¥ 486	$ (496)
Foreign currency translation adjustments:			
Adjustments arising during the year	¥ 1	¥ (1)	$ 9
Defined retirement benefit plan:			
Adjustments arising during the year	¥ 592	¥(163)	$ 5,333
Reclassification adjustments to profit or loss	30	(60)	270
Amount before income tax effect	622	(223)	5,603
Income tax effect	(190)	68	(1,711)
Total	¥ 432	¥(155)	$ 3,892
Total other comprehensive income	¥ 378	¥ 330	$ 3,405

18. SUBSEQUENT EVENT

Appropriations of Retained Earnings

The following appropriation of retained earnings at March 31, 2021, was approved at the Company's shareholders' meeting held on June 29, 2021:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥50 ($0.45) per share	¥939	$8,459

19. SEGMENT INFORMATION

The Group engages in the operation and franchising of a Chinese restaurant chain. The Group has determined that it has a single reportable segment and the disclosure of segment information required by the following ASBJ statement is not applicable.

Under ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures" and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures," an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

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Corporate Information

Board of Directors &Corporate Auditors

(as of June 29, 2021)

President	Naoto Watanabe
Senior Managing Director	Minoru Ueda Hiroshi Kadobayashi
Managing Director	Kohsuke Toda
Director	Naoko Ikeda Masahiro Inagaki Yasuhiro Nonaka(outside) Sho Iwamoto(outside) Naoko Tsusaka(outside)
Corporate Auditors	Chikara Sekijima Tetsuya Hara Hideki Matsuyama Shigeo Nakajima



President/Naoto Watanabe

Corporate Data

(as of March 31, 2021)

Corporate Name	OHSHO FOOD SERVICE CORP.
Head Office	294-1 Ibanoue-cho, Nishinoyama, Yamashina-ku, Kyoto, Japan Tel:075-592-1411
Incorporated	1974
Authorized Number of Shares	90,000,000 shares
Paid-in Capital	23,286,230 shares
Number of Shareholders	23,571
Transfer Agent	Sumitomo Mitsui Trust Bank Co.,Ltd. 1-4-1 Marunouchi, Chiyoda-ku, Tokyo 100-0005 Japan
Number of Employees	2,206 2,256(consolidated)
Main Plants	Kumiyama (Kyoto) Higashimatsuyama (Saitama) Kyushu (Fukuoka) Sapporo (Hokkaido)
Number of Outlets	Directly operated:525 Franchised:206 Overseas(Taiwan):3
Subsidiary	OHSHO RESTAURANT SERVICE CO., LTD. OHSHO HEARTFUL CORP.



Network

(Total 734 outlets,as of March 31, 2021)



Taiwan Third Outlet


Asahikawa suehiro Outlet (Hokkaido)


AEON Kitami Outlet (Hokkaido)

HOKKAIDO 20


Shinsekai Outlet (Osaka)


Shijyo omiya Outlet (Kyoto)


Bentenbashi Outlet (Niigata)


AEON Sendai Outlet (Miyagi)

FUKUI 6
ISHIKAWA 8
TOYAMA 4
MIYAGI 6
NIIGATA 3
TOCHIGI 1
GUNMA 9
SAITAMA 29
IBARAKI 4
TOKYO 65
KANAGAWA 36
CHIBA 26
SHIZUOKA 6
OSAKA 167
KYOTO 51
HYOGO 81
OKAYAMA 10
TOTTORI 3
HIROSHIMA 10
YAMAGUCHI 4
KUMAMOTO 4
FUKUOKA 18
SAGA 2
NAGASAKI 4
OITA 1
YAMANASHI 1
NAGANO 5
GIFU 17
AICHI 43
MIE 18
SHIGA 22
NARA 17
WAKAYAMA 12
EHIME 2
KOCHI 2
KAGAWA 7
TOKUSHIMA 6


GYOZA OHSHO Yurakucho kokusai-forum-guchi Outlet (Tokyo)


Hakata ekimae Outlet (Fukuoka)


Kashiba Outlet (Nara)


ALPICO-PLAZA Matsumoto Outlet (Nagano)


124go Kamisu Outlet (Ibaraki)


Aeon Kamagaya Outlet (Chiba)


Youme-town-hamasen Outlet (Kumamoto)


BRANCH-Yokohama-Nanbushijo Outlet (Kanagawa)


Keisei Hikifune ekimae Outlet (Tokyo)


Express atre-Akihabara Outlet (Tokyo)