

# Consolidated Financial Report

## For the Six-month Period Ended June 30, 2021 (IFRS)

August 13, 2021

Company Name	SKYLARK HOLDINGS CO., LTD.	Stock Exchange Listing: Tokyo Stock Exchange, 1 <sup>st</sup> Section	
Securities Code	3197	URL: <a href="http://www.skylark.co.jp">http://www.skylark.co.jp</a>	
Representative	Makoto Tani, Chairman, President and Chief Executive Officer		
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Quarterly statement filing date (as planned)	August 13, 2021		
Dividend payable date (as planned)	—		
Supplemental material of quarterly results	Yes		
Convening briefing of quarterly results	Yes (for analysts and institutional investors)		

(Millions of yen; amounts are rounded to the nearest million yen)

### 1. Consolidated Financial Results for the Six-month Period Ended June 30, 2021

#### (1) Consolidated Operating Results

(Percentages represent year-on-year changes)

	Revenue		Operating profit		Income before income taxes		Net income		Net income attributable to owners of the Company		Total comprehensive income	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Six-month period ended June 30, 2021	126,655	(8.9)	459	—	(1,943)	—	(505)	—	(505)	—	(46)	—
Six-month period ended June 30, 2020	139,066	(25.8)	(18,080)	—	(19,858)	—	(18,928)	—	(18,928)	—	(18,791)	—

	Basic earnings per share	Diluted earnings per share
	(Yen)	(Yen)
Six-month period ended June 30, 2021	(2.51)	(2.51)
Six-month period ended June 30, 2020	(95.83)	(95.83)

(Reference)

EBITDA	Six-month period ended June 30, 2021	24,214 million yen	(202.4%)	Six-month period ended June 30, 2020	8,007 million yen	(-78.2%)
Adjusted EBITDA	Six-month period ended June 30, 2021	26,001 million yen	(127.2%)	Six-month period ended June 30, 2020	11,443 million yen	(-70.2%)
Adjusted net income	Six-month period ended June 30, 2021	(357) million yen	(—%)	Six-month period ended June 30, 2020	(18,928) million yen	(—%)

(Note) We use EBITDA, adjusted EBITDA and adjusted net income to evaluate the results of its operations. Refer to “\* Notes for using forecasted information and other matters (3) - (5)” below for details.

#### (2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the Company	Ratio of equity attributable to owners of the Company to total assets
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(%)
As of June 30, 2021	453,742	156,583	156,583	34.5
As of December 31, 2020	441,672	113,761	113,761	25.8

## 2. Dividends

	Dividends per share				
	First quarter	Second quarter	Third quarter	Fourth quarter	Total
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
Fiscal year ended December 31, 2020	—	0.00	—	0.00	0.00
Fiscal year ending December 31, 2021	—	0.00			
Fiscal year ending December 31, 2021 (Forecasted)			—	—	—

(Note) Revision of dividend forecast: None

## 3. Forecasts on the Consolidated Financial Results for the Year Ending December 31, 2021 (January 1, 2021 - December 31, 2021)

(Percentages represent year-on-year changes)

	Revenue		Operating profit		Income before income taxes		Net income attributable to owners of the Company		Basic earnings per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	
Fiscal year ending December 31, 2021	285,000	(1.2)	5,000	—	1,000	—	400	—	2.03

(Note) Revision of forecasts on the results of operations: None

(Reference)

Adjusted net income      Fiscal year ending December 31, 2021 (Forecasted)      400 million yen      (—%)

**\* Notes**

- (1) Changes in status of significant subsidiaries during the period (changes in specified subsidiaries accompanying changes in scope of consolidation): No  
 Number of subsidiaries newly consolidated: —  
 Number of subsidiaries excluded from consolidation: —

- (2) Changes in accounting policies and accounting estimates  
 (i) Changes in accounting policies required by IFRSs: Yes  
 (ii) Changes in accounting policies other than those in (i): Yes  
 (iii) Changes in accounting estimates: No

- (3) Number of issued shares (common stock)

(i) Number of issued shares (including treasury stock)	As of June 30, 2021	227,502,200	As of December 31, 2020	197,502,200
(ii) Number of treasury stock	As of June 30, 2021	—	As of December 31, 2020	—
(iii) Average number of issued shares during the period	Six month-period ended June 30, 2021	201,139,610	Six month-period ended June 30, 2020	197,502,200

\* This quarterly financial report is not subject to quarterly review procedures by certified public accountants or independent auditors.

**\* Notes for using forecasted information and other matters**

- (1) We have adopted International Financial Reporting Standards (IFRSs).  
 (2) The forecasts above are based on information available as of the date of this report and certain assumptions deemed to be reasonable. We does not provide any assurance as to achievement of these forecasts. In addition, the actual results may vary materially from the forecasts due to various factors. Refer to page 5 of Appendix “1. Qualitative Information on the Consolidated Financial Results for the Six-month Period Ended June 30, 2021 (3) Explanation of the Forward-looking Statements including the Forecasts on the Consolidated Financial Results” for further details and disclaimer regarding the use of the forecasts and certain assumptions used in developing those forecasts.  
 (3) Refer to page 2 of Appendix “1. Qualitative Information on the Consolidated Financial Results for the Six-month Period Ended June 30, 2021 (1) Explanation of the Consolidated Operating Results” for the details of EBITDA, adjusted EBITDA and adjusted net income.  
 (4) EBITDA, adjusted EBITDA and adjusted net income are not measures prescribed in accordance with IFRSs but are financial measures that we believe are useful for investors to assess the operating results of our business. These financial measures exclude the effect of non-cash items and non-recurring expense items, such as public offering-related expenses, loss on redemption of borrowings before the repayment date and gain or loss on the associated hedge transactions, and gain or loss on modification of financial liabilities in accordance with the adoption of IFRS 9, Financial Instruments (2014) (including readjustment of the amount of impact from the retroactive application of changes in accounting policies), that we do not consider to be indicative of the results of its normal operations or comparable to its competitors’ operating results.  
 (5) The EBITDA, adjusted EBITDA and adjusted net income may not be comparable to those of other companies in the same industry due to the difference in the calculation method, and, as a result, their usefulness may decrease.

(Appendix)

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## 1. Qualitative Information on the Consolidated Financial Results for the Six-month Period Ended June 30, 2021

### (1) Explanation of the Consolidated Operating Results

The business environment for the six-month period ended June 30, 2021 was, as during the previous term, still affected by the spread of the COVID-19 pandemic. However, we have undertaken efforts to stabilize our business fundamentals by further lowering the break-even point and securing sufficient cash on hand to continue stable business activities.

Specifically, we reduced fixed personnel and utility costs by closing restaurants during late-night business hours, reduced employee bonuses and director remunerations, reduced promotion costs, improved store productivity through the introduction of digital menu books, reduced costs of benefits for shareholders, reduced store rent and modified contracts regarding the amount or the percentage of revenues applied to rents for restaurants with the support from the owners, reduced headquarter expenditures, and reduced selling, general and administrative expenses by suspending unnecessary and non-urgent expenditures. In addition, as a means of reducing costs, we reduced the purchasing unit price by increasing the volume per ingredient through the modularization of ingredients and products, improved productivity of production lines of company-owned manufacturing centers and changed the delivery routes and frequencies. As a result, for the six-month period ended June 30, 2021, we reduced costs by approximately 5.9 billion yen compared to 2020.

With respect to dining trends that have affected our revenue, while the frequency of eating out has decreased due to the ongoing COVID-19 pandemic, we believe that our customers increasingly view eating out as more of a special occasion rather than a routine event and an opportunity to spend quality time in a relaxing atmosphere. As such, within our portfolio of brands, performance has been relatively strong for our highly specialized brands and brands with a cozy ambiance. Examples of better performing brands include *Musashino Mori Coffee* which has a highland resort ambiance, *Totoyamichi*, a gourmet sushi restaurant, *La Ohana*, a Hawaiian themed restaurant, and *Bamiyan*, our affordable and casual Chinese restaurant.

In addition, our delivery and take-out sales have increased significantly from the growing demand from “home-nesting” households and from the perspective of preventing the spread of COVID-19. For the six-month period ended June 30, 2021, our delivery sales increased by 131% compared to the same period in the previous year (167% increase from 2019) and our take-out sales increased by 126% compared to the same period in the previous year (271% increase from 2019). Brands with strong delivery and take-out sales, such as *Gusto* and *Karayoshi*, have been performing relatively well.

In the COVID-19 market environment, we are advancing the following management strategies to reinforce our specialty brands and to expand delivery and take-out sales.

#### (i) Strengthening of delivery and take-out sales

As of June 30, 2021, our group provides delivery services at approximately 2,200 restaurants, covering 94% of households in Tokyo and its three adjacent prefectures. We also offer take-out services at approximately 3,000 restaurants. Although the needs for and recognitions of these services have increased dramatically during the COVID-19 pandemic, and sales have increased significantly, we are working to further grow sales by converting to a business type that is strong in delivery, reorganizing our delivery areas to eliminate areas with no delivery coverage, and shortening delivery times by reducing the delivery area of each store to a smaller commercial area. At the same time, we are planning to introduce a hassle-free pre-payment system for take-out orders.

In addition, we opened a new type of store that focuses exclusively on delivery and take-out in Shin-Nakano in February 2021. This store serves menus from three brands, *Gusto*, *Bamiyan* and *Karayoshi*, and offers not only menus from each of these brands, but also offers special menus where foods from different brands can be enjoyed together, such as combo meals with Cheese-IN Hamburg, a signature menu item from *Gusto*, and *Bamiyan*'s popular gyoza dumplings. Customer feedback has been positive for this new type of store.

#### (ii) Brand conversions leveraging the strengths of having a wide portfolio of brands

We have a diverse portfolio of more than 20 brands and have responded to customer needs by developing and converting brands that respond to changes in respective markets. We believe that our greatest strength is the ability to

change our brand strategy quickly and flexibly in line with the market. In the COVID-19 affected lifestyle, customers are clear about what they want to eat, and their needs are increasing for a brand in which they can enjoy the pleasure of eating out. We have been promoting a conversion to specialty store types which customers visit with a sense of purpose rather than on impulse, such as *Musashino Mori Coffee* (a café with a highland resort ambiance), *La Ohana* (a Hawaiian themed dining), *Bamiyan* (a Chinese restaurant), *Syabu-yo* (an all-you-can-eat syabu-syabu buffet), *Totoyamichi* (a gourmet sushi restaurant) and *Tenshin-Tenshin* (an all-you-can-eat dim-sum restaurant), and we have converted 58 stores to these brands during the six-month period ended June 30, 2021.

In areas with high delivery needs, we are promoting brand conversions to *Gusto* which has high delivery sales, and are trying to grow delivery sales and eliminating areas without coverage in our delivery network.

Going forward, we are planning to utilize our delivery network to deliver our online shopping products.

(iii) Maximum utilization of our operating resources of our existing restaurants

We are expanding our business by making the most of our operating resources, which are our unique supply chain, including approximately 3,000 restaurants nationwide, procurement of ingredients that take advantage of our economies of scale, an internal production capacity within our own central kitchens and a daily delivery system based on our own logistics system that spans from Hokkaido to Okinawa.

As an example of leveraging our unique strengths and restaurant portfolio, we have introduced our product of “karaage” (fried chicken) from our specialty brand, *Karayoshi*, which has had strong take-out sales even during the COVID-19 pandemic, in approximately 1,300 of our existing *Gusto* restaurants nationwide, we have dramatically increased the number of *Karayoshi* stores to approximately 1,400 outlets (from 1,333 *Karayoshi-IN-Gusto* and 89 *Karayoshi* stores as of the end of June 2021) with minimum capital investment. This has contributed to a growth in *Gusto*’s take-out sales by approximately 71% and delivery sales by approximately 7% compared to the same period in the previous year.

We have also expanded the know-how gained from our gourmet sushi brand, *Totoyamichi*, by introducing high-quality sushi menu items at *Yumean* and *Aiya*, which are our Japanese food brands. This has led to significant growth in sushi sales for *Yumean* and *Aiya* over the year-end and new year season and has contributed to increased delivery and take-out sales, both of which demonstrate our success at capturing demand for luxurious food offerings during the COVID-19 pandemic.

-Our measures against COVID-19

We believe that it is our social mission to undertake maximum efforts to prevent the spread of COVID-19. In the previous year, we took thorough preventive measures against infectious diseases at a cost of approximately 400 million yen to ensure the safety of our customers and employees. We will continue to promote measures for the prevention of infectious diseases at the same level of cost in the year ending December 31, 2021. We also comply with requests from the national and local governments as well as applicable guidelines, and in the six-month period ended June 30, 2021, we recorded approximately 11 billion yen in Other Operating Income as a result of our application for the "Subsidy for cooperation for disease prevention by shortening of business hours" that was offered by the Japanese government as compensation for reduced operating hours during the COVID-19 pandemic.

As a result of the above, for the six-month period ended June 30, 2021, revenue was 126,655 million yen (a decrease of 12,411 million yen compared to the same period in the previous year), operating profit was 459 million yen (operating loss for the same period in the previous year was 18,080 million yen), loss before income taxes was 1,943 million yen (loss before income taxes for the same period in the previous year was 19,858 million yen), and net loss attributable to owners of the Company was 505 million yen (net loss attributable to owners of the Company for the same period in the previous year was 18,928 million yen).

EBITDA (Note 1) was 24,214 million yen (an increase of 16,207 million yen compared to the same period in the previous year), adjusted EBITDA (Note 2) was 26,001 million yen (an increase of 14,558 million yen compared to the same period in the previous year), and adjusted net loss (Note 3) was 357 million yen (adjusted net loss for the same

period in the previous year was 18,928 million yen). As of the six-month period ended June 30, 2021, the number of stores was 3,108 (including 4 unopened locations due to preparation for conversions; 3,126 stores at the beginning of the period).

(Note 1) EBITDA = Income before income taxes + Interest Expense + Loss on redemption of borrowings before the repayment date and gain and loss from associated hedge transactions + Other financial expense<sup>(a)</sup> (excluding loss on redemption of borrowings before the repayment date and gain and loss from associated hedge transactions) - Interest income - Other financial income<sup>(b)</sup> + Depreciation and amortization + Amortization of long-term prepaid expense + Amortization of long-term prepaid expense (deposit)

(a) Other financial expenses are disclosed as “Other expenses” in the Condensed Interim Consolidated Statements of Income.

(b) Other financial income is disclosed as “Other income” in the Condensed Interim Consolidated Statements of Income.

(Note 2) Adjusted EBITDA = EBITDA + Loss on disposal of fixed assets + Impairment loss of non-financial assets – Reversal of impairment loss of non-financial assets + public offering-related expenses

(Note 3) Adjusted net income = Net income + public offering-related expenses + Loss on redemption of borrowings before the repayment date and gain and loss from associated hedge transactions + gain and loss from modification of financial liabilities in accordance with the adoption of IFRS 9 “Financial Instruments” (2014) (including readjustment of the amount of impact from the retroactive application of changes in accounting policies) + Tax effects of adjustments

(Note 4) public offering-related expenses are one-time expenses incurred at the time of issuance, IPO and public offerings of the Company’s shares, including advisory fees.

## (2) Explanation of the Consolidated Financial Position

### (i) Assets, Liabilities and Equity

Analysis of assets, liabilities, and equity as of June 30, 2021 is summarized as follows:

Current assets were 48,398 million yen (an increase of 12,080 million yen compared to the end of the previous year) primarily due to an increase in cash and cash equivalents, a decrease in trade and other receivables and a decrease in inventories. Non-current assets were 405,344 million yen (a decrease of 10 million yen compared to the end of the previous year) primarily due to a decrease in property, plant and equipment, a decrease in other intangible assets, a decrease in other financial assets and an increase in deferred tax assets.

Total assets were 453,742 million yen (an increase of 12,070 million yen compared to the end of the previous year).

Current liabilities were 80,384 million yen (a decrease of 123,342 million yen compared to the end of the previous year). The decrease is partly due to a change in the reclassification of long-term borrowings. As of the end of the previous year, long-term borrowings that violated the financial covenants were reclassified as short-term borrowings. However, as of June 30, 2021, the breach of the financial covenants has been resolved, and we now have the right to defer the settlement of relevant borrowings for at least 12 months. Therefore, a reclassification of borrowings is no longer required. The decrease in current liabilities is also partly due to the payment of the consumption taxes that had been deferred under a special system for deferred tax payment in the previous year. Non-current liabilities were 216,775 million yen (an increase of 92,591 million yen compared to the end of the previous year) primarily due to the increase associated with the change in reclassification of the borrowings previously mentioned.

Total liabilities were 297,160 million yen (a decrease of 30,752 million yen compared to the end of the previous year).

Equity was 156,583 million yen (an increase of 42,822 million yen compared to the end of the previous year). This

was primarily due to an increase due to the issuance of new shares by way of public offering with a payment date of June 7, 2021 and the issuance of new shares by way of third-party allotment with a payment date of June 28, 2021, and a decrease due to net loss of 505 million yen recognized for the six-month period ended June 30, 2021.

(ii) Cash Flows

Cash and cash equivalents as of June 30, 2021 were 32,683 million yen (an increase of 15,653 million yen compared to the end of the previous year). The status of each cash flow and the factors thereof for the six-month period ended June 30, 2021 are summarized as follows:

Cash flows from operating activities:

Net cash from operating activities was 14,209 million yen (a decrease of 7,339 million yen compared to the same period in the previous year). This was primarily due to a decrease of 17,915 million yen in loss before income taxes recognized for the six-month period ended June 30, 2021 and a decrease of 13,336 million yen in other current liabilities.

Cash flows from investing activities:

Net cash used in investing activities was 8,360 million yen (a decrease of 3,516 million yen compared to the same period in the previous year). This was primarily due to a decrease of 2,844 million yen in the expenditure for acquisition of property, plant and equipment including investments in new, converted and remodeled restaurants and a decrease of 686 million yen in expenditure for acquisition of intangible assets including the investments in IT. We normally make payments of cash and cash equivalents one or two months after an increase in assets from investing activities.

Cash flows from financing activities:

Net cash from financing activities was 9,657 million yen (an increase of 6,809 million yen compared to the same period in the previous year). This was primarily due to an increase of 20,000 million yen in the proceeds from short-term borrowings, an increase of 31,000 million yen for the repayments of short-term borrowings, a decrease of 25,000 million yen in the proceeds from long-term borrowings, and an increase of 42,808 million yen in the proceeds from issuance of shares.

(3) Explanation of the Forward-looking Statements including the Forecasts on the Consolidated Financial Results

With regard to the consolidated financial forecast for the current year, items announced on May 14, 2021 include adjusted net income as financial indicators that we consider useful for investors in assessing our performance.

There are no changes to the consolidated financial forecast announced on May 14, 2021.

The forecasts are based on information available as of the date of announcement of the materials, and actual results may differ from forecasts due to various factors.



## 2. Condensed Interim Consolidated Financial Statements and Notes

### (1) Condensed Interim Consolidated Statements of Financial Position

As of December 31, 2020 and June 30, 2021 (Unaudited)

(Millions of yen)

	As of December 31, 2020	As of June 30, 2021
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	¥ 17,030	¥ 32,683
Trade and other receivables	13,588	11,024
Other financial assets	46	46
Inventories	4,304	3,562
Other current assets	1,350	1,083
Total current assets	36,317	48,398
<b>Non-current assets</b>		
Property, plant and equipment	210,530	210,101
Goodwill	146,059	146,016
Other intangible assets	4,726	4,272
Other financial assets	25,108	24,579
Deferred tax assets	18,331	19,838
Other non-current assets	600	539
Total non-current assets	405,354	405,344
<b>Total assets</b>	<b>¥ 441,672</b>	<b>¥ 453,742</b>

(Millions of yen)

	As of December 31, 2020	As of June 30, 2021
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
<b>Current liabilities</b>		
Short-term borrowings	¥ 125,845	¥ 17,807
Trade and other payables	24,435	20,080
Other financial liabilities	31,735	30,127
Income tax payable	203	6
Provisions	2,601	1,831
Other current liabilities	18,908	10,534
Total current liabilities	203,726	80,384
<b>Non-current liabilities</b>		
Long-term borrowings	20,000	113,349
Other financial liabilities	88,311	87,514
Provisions	14,967	14,988
Other non-current liabilities	906	924
Total non-current liabilities	124,185	216,775
Total liabilities	327,911	297,160
<b>Equity</b>		
Share capital	3,634	25,134
Capital surplus	56,595	77,963
Other components of equity	(510)	(50)
Retained earnings	54,041	53,536
Equity attributable to owners of the Company	113,761	156,583
Total equity	113,761	156,583
<b>Total liabilities and equity</b>	¥ 441,672	¥ 453, 742

(2) **Condensed Interim Consolidated Statements of Income**  
**For the Six-Month Period Ended June 30, 2020 and 2021 (Unaudited)**

(Millions of yen)

	For the six-month period ended June 30, 2020	For the six-month period ended June 30, 2021
Revenue	¥ 139,066	¥ 126,655
Cost of sales	(45,150)	(38,878)
Gross profit	93,916	87,778
Other operating income	565	13,164
Selling, general and administrative expenses	(108,684)	(98,409)
Other operating expenses	(3,877)	(2,074)
Operating profit (loss)	(18,080)	459
Interest income	9	5
Other income	0	1
Interest expense	(1,365)	(1,541)
Other expenses	(422)	(866)
Loss before income taxes	(19,858)	(1,943)
Income taxes	930	1,438
Net income (loss)	¥ (18,928)	¥ (505)
<b>Net income (loss) attributable to:</b>		
Owners of the Company	¥ (18,928)	¥ (505)
Net income (loss)	¥ (18,928)	¥ (505)
<b>Interim earnings (loss) per share</b>		
Basic (Yen)	¥ (95.83)	¥ (2.51)
Diluted (Yen)	(95.83)	(2.51)

**(3) Condensed Interim Consolidated Statements of Comprehensive Income**  
**For the Six-Month Period Ended June 30, 2020 and 2021 (Unaudited)**

(Millions of yen)

	For the six-month period ended June 30, 2020	For the six-month period ended June 30, 2021
Net income (loss)	¥ (18,928)	¥ (505)
<b>Other comprehensive income</b>		
Items that are not reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	83	142
Total items that are not reclassified to profit or loss	83	142
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	22	180
Cash flow hedges	31	137
Total items that may be reclassified to profit or loss	53	317
Other comprehensive income (loss), net of tax	136	459
Total comprehensive income (loss)	¥ (18,791)	¥ (46)
<b>Comprehensive income attributable to:</b>		
Owners of the Company	¥(18,791)	¥ (46)
Total comprehensive income (loss)	¥(18,791)	¥ (46)

**(4) Condensed Interim Consolidated Statements of Changes in Equity**  
**For the Six-Month Period Ended June 30, 2020 (Unaudited)**

(Millions of yen)

	Share capital	Capital surplus	Other components of equity			
			Financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Cash flow hedges	Total
As of January 1, 2020	¥ 3,634	¥ 56,595	¥ 149	¥ 285	¥ (1,075)	¥ (640)
Net income (loss)	—	—	—	—	—	—
Other comprehensive income, net of tax	—	—	83	22	31	136
Total comprehensive income	—	—	83	22	31	136
Dividends	—	—	—	—	—	—
Total contributions by and distributions to owners of the Company	—	—	—	—	—	—
Total transactions with owners of the Company	—	—	—	—	—	—
As of June 30, 2020	¥ 3,634	¥ 56,595	¥ 232	¥ 307	¥ (1,043)	¥ (504)

	Retained earnings	Equity attributable to owners of the Company	Total equity
As of January 1, 2020	¥ 73,228	¥ 132,817	¥ 132,817
Net income (loss)	(18,928)	(18,928)	(18,928)
Other comprehensive income, net of tax	—	136	136
Total comprehensive income	(18,928)	(18,791)	(18,791)
Dividends	(1,975)	(1,975)	(1,975)
Total contributions by and distributions to owners of the Company	(1,975)	(1,975)	(1,975)
Total transactions with owners of the Company	(1,975)	(1,975)	(1,975)
As of June 30, 2020	¥ 52,325	¥ 112,050	¥ 112,050

**Condensed Interim Consolidated Statements of Changes in Equity – Continued**  
**For the Six-Month Period Ended June 30, 2021 (Unaudited)**

(Millions of yen)

	Share capital	Capital surplus	Other components of equity			
			Financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Cash flow hedges	Total
<b>As of January 1, 2021</b>	<b>¥ 3,634</b>	<b>¥ 56,595</b>	<b>¥ 328</b>	<b>¥ 326</b>	<b>¥ (1,163)</b>	<b>¥ (510)</b>
Net income (loss)	—	—	—	—	—	—
Other comprehensive income, net of tax	—	—	142	180	137	459
Total comprehensive income	—	—	142	180	137	459
Dividends	21,500	21,368	—	—	—	—
Total contributions by and distributions to owners of the Company	21,500	21,368	—	—	—	—
Total transactions with owners of the Company	21,500	21,368	—	—	—	—
<b>As of June 30, 2021</b>	<b>¥ 25,134</b>	<b>¥ 77,963</b>	<b>¥ 470</b>	<b>¥ 506</b>	<b>¥ (1,026)</b>	<b>¥ (50)</b>

	Retained earnings	Equity attributable to owners of the Company	Total equity
<b>As of January 1, 2021</b>	<b>¥ 54,041</b>	<b>¥ 113,761</b>	<b>¥ 113,761</b>
Net income (loss)	(505)	(505)	(505)
Other comprehensive income, net of tax	—	459	459
Total comprehensive income	(505)	(46)	(46)
Dividends	—	42,868	42,868
Total contributions by and distributions to owners of the Company	—	42,868	42,868
Total transactions with owners of the Company	—	42,868	42,868
<b>As of June 30, 2021</b>	<b>¥ 53,536</b>	<b>¥ 156,583</b>	<b>¥ 156,583</b>

(5) Condensed Interim Consolidated Statements of Cash Flows  
For the Six-Month Period Ended June 30, 2020 and 2021 (Unaudited)

(Millions of yen)

	For the six-month period ended June 30, 2020	For the six-month period ended June 30, 2021
<b>Cash flows from operating activities</b>		
Loss before income taxes	¥ (19,858)	¥ (1,943)
Adjustments for:		
Depreciation and amortization	25,955	23,650
Loss on impairment of non-financial assets	3,332	1,538
Loss on sale and disposal of fixed assets	104	31
Interest income	(9)	(5)
Other income	(0)	(1)
Interest expense	1,365	1,541
Other expenses	422	866
	11,311	25,677
Changes in working capital and other:		
Decrease (increase) in trade and other receivables	1,438	2,587
Decrease in inventories	655	748
Increase (decrease) in trade and other payables	(5,105)	(3,639)
Increase (decrease) in other financial liabilities (current)	352	(1,260)
Decrease in other current liabilities	4,976	(8,360)
Other	(2,113)	(245)
Cash generated from operations	11,515	15,508
Interest and dividends received	5	1
Interest paid	(1,058)	(1,341)
Income taxes paid	(3,592)	(342)
Income taxes refunded	—	382
Net cash from operating activities	6,869	14,209
<b>Cash flows from investing activities</b>		
Payments into time deposits	(380)	—
Proceeds from withdrawals of time deposits	651	—
Acquisition of property, plant and equipment	(10,768)	(7,924)
Proceeds from sale of property, plant and equipment	0	3
Acquisition of intangible assets	(1,162)	(476)
Payments of loans	(1)	—
Proceeds from collection of loans	0	0
Payments of lease deposits and guarantee deposits	(450)	(353)
Proceeds from collection of lease deposits and guarantee deposits	305	992
Other	(70)	(602)
Net cash used in investing activities	(11,876)	(8,360)
<b>Cash flows from financing activities</b>		
Proceeds from short-term borrowings	65,000	85,000
Repayments of short-term borrowings	(60,000)	(91,000)
Proceeds from long-term borrowings	25,000	—
Repayments of long-term borrowings	(5,500)	(8,924)
Proceeds from issuance of shares	—	42,808
Repayments of lease liabilities	(19,266)	(17,314)
Dividends paid	(1,975)	(10)
Payments of commissions related to borrowings	(411)	(904)
Net cash from (used in) financing activities	2,848	9,657
Effect of exchange rate on the balance of cash and cash equivalents held in foreign currency	10	148
<b>Net decrease in cash and cash equivalents</b>	<b>(2,149)</b>	<b>15,653</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>18,949</b>	<b>17,030</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>¥ 16,800</b>	<b>¥ 32,683</b>

## (6) Notes on the Going Concern Assumption

No items to report.

## (7) Notes to Condensed Interim Consolidated Financial Statements

### (i) Changes in Accounting Policies

Newly-adopted accounting standards and amendments

The significant accounting policies adopted for the condensed interim consolidated financial statements are the same as those for the consolidated financial statements for the fiscal year ended December 31, 2020, except for the following standards, which have been newly adopted.

The Group calculates income taxes for the six-month period ended June 30, 2021 based on the estimated average annual effective tax rate.

The Group has adopted the following standards from the six-month period ended June 30, 2021.

IFRSs	Title	Description of New Standards/Amendments/Transitional Provisions
IFRS 7	Financial Instruments: Disclosures	• In response to IBOR reform, amended some of its required disclosures for hedge accounting. (Phase 2)
IFRS 9	Financial Instruments	• In response to IBOR reform, amended some of its required disclosures for hedge accounting. (Phase 2)

The adoption of the above standards had no material impact on the condensed interim consolidated financial statements

The Group has adopted early the following criteria from the six-month period ended June 30, 2021.

IFRSs	Title	Description of New Standards/Amendments/Transitional Provisions
IFRS 16	Leases	• 'Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)' granted an extension by one year.

The adoption of the above standard had no material impact on the condensed interim consolidated financial statements

### (ii) Change in Presentation

“Increase (decrease) in other financial liabilities” and “Decrease in other current liabilities”, which had been included in “Other” of “Changes in working capital and other” of “Cash flows from operating activities” for the six-month period ended June 30, 2020, were reclassified and presented separately for the six-month period ended June 30, 2021, as the line item has become individually material. To reflect this change in presentation, reclassification was made in the consolidated financial statements for the six-month period ended June 30, 2020.

As a result, 3,215 million yen presented in “Other” under “Changes in working capital and other” of “Cash flows from operating activities” in the consolidated statements of cash flows for the six-month period ended June 30, 2020 was reclassified to “Increase (decrease) in other financial liabilities (current)” for 352 million yen, “Decrease in other current liabilities” for 4,976 million yen and “Other” for (2,113) million yen.

### (iii) Segment Information

The reportable segments of the Group are determined based on the operating segments that are components of the Group for which discrete financial information is available and whose operating results are reviewed regularly by the Board of Directors to make decisions about resources to be allocated to the segments and assess its performance. Operating segments are components of business activities from which the Group may earn revenues and incur expenses, including revenues and expenses relating to transactions with other operating segments.

The restaurant business is the only reportable segment of the Group. Accordingly, the Group has not disclosed reportable segment information.



## (iv) Interim Earnings per Share

(Millions of yen, except per share amounts)

	For the six-month period ended June 30, 2020	For the six-month period ended June 30, 2021
Net income (loss) attributable to common shareholders of the Company	¥ (18,928)	¥ (505)
Net income (loss) not attributable to common shareholders of the Company	—	—
Net income (loss) attributable to common shareholders used for calculation of basic interim earnings per share	(18,928)	(505)
Adjustment	—	—
Net income (loss) attributable to common shareholders used for calculation of diluted interim earnings per share (Millions of yen)	¥ (18,928)	¥ (505)
Weighted-average number of common shares during the period (Share)	197,502,200	201,139,610
Increase in number of common shares used for calculation of diluted interim earnings per share (Share)		
Increased number of common shares by stock options	—	—
Weighted-average number of common shares used for calculation of diluted interim earnings per share (Share)	197,502,200	201,139,610
Basic interim earnings (loss) per share (Yen)	¥ (95.83)	¥ (2.51)
Diluted interim earnings (loss) per share (Yen)	(95.83)	(2.51)

(Note) Diluted earnings (loss) per share was the same as the basic earnings per share, because there were no dilutive potential common stocks.

## (v) Significant Subsequent Events

No items to report.