



Consolidated Financial Report

For the Three-month Period Ended March 31, 2022 (IFRS)

May 13, 2022

Company Name	SKYLARK HOLDINGS CO., LTD.	Stock Exchange Listing: Tokyo Stock Exchange, Prime Market
Securities Code	3197	URL: http://www.skylark.co.jp
Representative	Makoto Tani, Chairman, President and Chief Executive Officer	
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Quarterly statement filing date (as planned)	May 13, 2022	
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 Three-month Period Ended March 31, 2022

(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)	(%)
Three-month period ended March 31, 2022	67,137	3.6	(200)	—	(916)	—	(467)	—	(467)	—	(412)	—
Three-month period ended March 31, 2021	64,832	(25.3)	(1,264)	—	(2,826)	—	(1,888)	—	(1,888)	—	(1,575)	—

	Basic earnings per share	Diluted earnings per share
	(Yen)	(Yen)
Three-month period ended March 31, 2022	(2.05)	(2.05)
Three-month period ended March 31, 2021	(9.56)	(9.56)

(Reference)

EBITDA	Three-month period ended March 31, 2022	11,314 million yen	(7.2%)	Three-month period ended March 31, 2021	10,551 million yen	(-18.7%)
Adjusted EBITDA	Three-month period ended March 31, 2022	11,939 million yen	(-0.2%)	Three-month period ended March 31, 2021	11,965 million yen	(-16.7%)
Adjusted net income	Three-month period ended March 31, 2022	(467) million yen	(—%)	Three-month period ended March 31, 2021	(1,888) 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 March 31, 2022	442,311	163,019	163,019	36.9
As of December 31, 2021	457,993	166,161	166,161	36.3

2. Dividends

	Dividends per share				
	First quarter	Second quarter	Third quarter	Fourth quarter	Total
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
Year ended December 31, 2021	—	0.00	—	12.00	12.00
Year ending December 31, 2022	—				
Year ending December 31, 2022 (Forecasted)		0.00	—	6.00	6.00

(Note) Revision of dividend forecast: None

3. Forecasts on the Consolidated Financial Results for the Year Ending December 31, 2022

(January 1, 2022 - December 31, 2022)

(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)	(%)	(Yen)
Year ending December 31, 2022	336,000	27.0	10,000	(45.1)	7,500	(47.6)	4,000	(54.2)	17.58

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

(Reference)

Adjusted net income Year ending December 31, 2022 (Forecasted) 4,000 million yen (-55.0%)

*** 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 IFRS: No
 (ii) Changes in accounting policies other than those in (i): No
 (iii) Changes in accounting estimates: Yes

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

(i) Number of issued shares (including treasury stock)	As of March 31, 2022	227,502,200	As of December 31, 2021	227,502,200
(ii) Number of treasury stock	As of March 31, 2022	4	As of December 31, 2021	—
(iii) Average number of issued shares during the period	Three month-period ended March 31, 2022	227,502,199	Three month-period ended March 31, 2021	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 (IFRS).
- (2) The forecasts above are based on information available as of the date of this report and certain assumptions deemed to be reasonable. We do 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 6 of Appendix “1. Qualitative Information on the Consolidated Financial Results for the Three-month Period Ended March 31, 2022 (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 Three-month Period Ended March 31, 2022 (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 IFRS 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 calculation methods, and, as a result, their usefulness may decrease.

(Appendix)

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1. Qualitative Information on the Consolidated Financial Results for the Three-month Period Ended March 31, 2022

(1) Explanation of the Consolidated Operating Results

During the three-month period ended March 31, 2022 (January 1, 2022 to March 31, 2022), the Japanese economy faced severe economic conditions as consumer confidence declined due to the application of pre-emergency measures to prevent the spread of COVID-19 and hike in commodity prices including a sharp rise in resource prices. Although the restaurant industry was also affected by consumers refraining from going out due to the growing number of COVID-19 Omicron variant cases and shortened business hours due to pre-emergency measures to prevent the spread of COVID-19, the industry has been on a recovery trend since March 22 when the pre-emergency measures was lifted.

Under these circumstances, we worked to increase sales by expanding the variety of take-out menu items in line with the Beijing Winter Olympics, and strengthening sales through promotional campaigns, by strategically revising menus for each brand, such as enhancing the variety of affordable menu items as well as small dishes and set menus to induce additional orders, and by improving store QSC (quality, service, and cleanliness) levels. DX (digital transformation) measures are progressing as planned, including the introduction of floor service robots and improvements of digital menu books (ordering terminals on tables). Although sales decreased due to the application period of pre-emergency measures to prevent the spread of COVID-19, which was longer than initially expected, profit was pushed up due to the recording of government subsidy for shortening of operating hours and the impact of inflation being less than initially expected. However, we ended this three-month period ended March 31, 2022 with operating loss, due to the non-recurring loss recorded related to payroll, which is described below.

The environment surrounding our company is undergoing major changes. As people's lifestyles and values have changed through the COVID-19 pandemic, the "meaning" and "value" of eating out have become increasingly important, making it more important to enhance the value of each and every restaurant. On the other hand, further increases in raw material costs, energy costs, and labor costs are also expected.

In light of the business environment described above, we are implementing the following three strategies.

- (i) Enhance menu items suited to the characteristics of each brand
- (ii) Thoroughly improve store QSC (quality, service, and cleanliness) levels
- (iii) Aggressively promote DX (digital transformation) investments to overcome rising costs

(i) Enhance Menu Items Suited to the Characteristics of Each Brand

We have more than 20 brands in our group, catering to a wide range of dining occasions. We are considering our menu strategy broadly in two groups.

- 1. Brands that meet basic, everyday eating out needs (Gusto, Bamiyan, Yumean and others)
- 2. Brands for special occasions which are experience-focused (Musashino Mori Coffee, La Ohana, Syabu-Yo, Jonathan's and others)

As for brands for daily use, we are expanding the variety of affordably priced menu items, brushing up the quality of core menu items, and enhancing our menu to meet the needs of solo diners. On January 27, we revised Gusto's menu to include lunch menus ranging from 500 to 600 yen, donburi (rice bowl) lunches, light meals, and other reasonably priced menu items, as well as set menus and side menus at reduced prices, offering a variety of meals in various combinations for the same amount of payment. In addition, at the time of the lifting of pre-emergency measures to prevent the spread of COVID-19 and the beginning of spring break, we offered fair menus such as "Spring Super Meat Festival" at Gusto and "Big Menu Festival" at Bamiyan for customers to enjoy eating out for the first time in a long while, which were well-received by customers.

On the other hand, for brands for special occasions, we are strengthening menu items so that customers can enjoy higher value-added menus and menus that offer specialty store quality, and we hope that, on the rare opportunity to eat out amidst the COVID-19 pandemic, our customers will enjoy special menus that cannot be enjoyed at home, which use special ingredients, ingredients from premium sources and special cooking methods. Jonathan's revised its grand menu on March 17, offering menus with further value-added items, including a change to grilled domestic vegetables for vegetable side

dish.

(ii) Thoroughly Improve Store QSC (Quality, Service, and Cleanliness) Levels

For the future growth of our group, it is essential to gain the trust and support of our customers by dramatically improving the quality, service, and cleanliness (QSC) of each and every store.

Quality (Q): Menu quality that is of high value

Service (S): Pleasant, helpful and hospitable employee service

Cleanliness (C): A well-kept clean store environment

We believe that our most important task is to make our customers feel the joy of eating out by thoroughly implementing these measures, and to encourage as many customers as possible to return to our restaurants. To this end, we have newly established the QSC Improvement Committee, whose members, including the executive officers in charge, are working together to improve customer satisfaction by meticulously addressing feedback received at our Customer Services Center on a daily basis, as well as considering and implementing responsive actions to the feedback received, working as a team towards improvement of customer satisfaction. In addition, to enhance customer service, we are reinforcing the hiring of store employees and revising the content, method, and focus areas of training, while at the same time optimizing store labor hours.

Based on the idea that well-kept and clean restrooms are important for a comfortable restaurant from a cleanliness perspective, we launched the “All-Store Restroom Cleaning Project”, taking advantage of the shortened business hour period. In this project, restrooms in all stores were thoroughly cleaned by the in-house cleaning company within our group, down to the grimes that cannot be removed through regular cleaning by store employees. Going forward, each store will be responsible for maintaining this clean condition in its restrooms.

We also share compliments from customers with our employees through our internal system, and proactively create opportunities for them to think about what constitutes better service. We value customer feedback and have introduced a system to reflect customer feedback in employee evaluations as well.

(iii) Aggressively Promote DX (Digital Transformation) Investments to Overcome Rising Costs

Using the proceeds from the public offering in June 2021, we are promoting DX investment to improve customer convenience and enhance company-wide productivity. By implementing DX in all areas of operations, we aim to dramatically improve company-wide productivity and transform our company into a highly profitable structure that can overcome cost pressures.

By the end of March, approximately 1,000 floor service robots had been installed at approximately 660 stores, providing services that do not keep customers waiting and reducing the workload of store employees. The installation of 3,000 robots is scheduled to be completed by the end of this fiscal year.

The digital menu book introduced to our major brands has been improved to make it even easier to use. The new digital menu book has already been introduced at all Yumean (Japanese food brand) and Gusto restaurants, and is scheduled to be expanded to Bamiyan and other brands in the future. In addition, we are preparing for the renewal of POS systems at all stores as well as the introduction of cashless self-serve checkout counters at approximately 1,000 restaurants.

Our efforts have been recognized by the Information-technology Promotion Agency (IPA) as meeting the conditions of a “company that establishes competitive advantage through the use of digital technology,” as defined by the Ministry of Economy, Trade and Industry, and we are an accredited company of the DX certification program.

• Store Development

During the three-month period ended March 31, 2022 we opened 6 new stores, remodeled (refurbished) 50 stores, and converted 8 stores. New store openings in Japan continued to be limited in light of the COVID-19 pandemic, but we have resumed property development for new store openings in FY2023 and beyond. Remodeling is an essential measure to improve QSC in order to provide a comfortable dining space in our restaurants and will be implemented at approximately

360 stores this fiscal year. Of the 50 stores that underwent remodeling, in the 49 domestic stores (excluding 1 store remodel done in Taiwan) sales increased by an average of approximately 2.1%. As for brand conversions, 5 restaurants were converted to Bamiyan to meet demand in areas where there are no Bamiyan restaurants. In addition, 2 restaurants were converted to La Ohana and 1 restaurant was converted to Syabu-Yo, continuing the expansion of the specialty restaurant business which has been performing well. Sales at the 8 converted stores have improved by 55%, and we will continue to maximize sales in each area as a whole and position brands optimally to meet market demands.

Of the 6 new restaurants opened in the three-month period ended March 31, 2022, 4 restaurants have opened in Taiwan (2 Syabu-Yo, 1 Aiya and 1 Yokohama Steakhouse), reinforcing our efforts to open restaurants in overseas markets. We are also planning to open the third Syabu-Yo in Malaysia and the first Musashino Mori Coffee in Taiwan during this fiscal year. The Syabu-Yo restaurant in Chicago, Illinois, U.S.A., which opened in last September, is going well. We will gain customer support by meticulously responding to local customer needs and will continue to strengthen the foundation for future business expansion.

- Development of Off-Premise Food Service Business

We strengthened our delivery and take-out sales in response to increased demand for home-nesting due to the growing number of COVID-19 Omicron variant cases and the increased demand for eating at home in line with the Beijing Winter Olympics. The 399-yen take-out campaign across 10 brands, including Gusto, Bamiyan, and Yumean, offered popular items such as Gusto's "Mayo Corn Pizza," Bamiyan's "Bamiyan Ramen" and "Yu-lin-chi fried chicken" and Yumean's "Tempura rice bowl" at a special discount price. Delivery sales continued to grow steadily even after the lifting of pre-emergency measures to prevent the spread of COVID-19. The take-out campaign offering Jonathan's most popular menu item, "Tandoori Chicken & Mexican Pilaf," at a one-coin price was also very well received. We are also developing products specifically for delivery and take-out, and will continue to respond proactively to the expected growth in demand for off-premise dining.

We are also strengthening our e-commerce and retail sales businesses. In the e-commerce business, in addition to selling products on Rakuten Ichiba and Amazon, from March, the number of products covered was expanded to 16 items, and products were made available for purchase directly from the Skylark app. In addition, we are expanding our channels and transaction volume for retail sales, particularly to supermarkets and retail mass merchandisers, and will continue to actively engage in e-commerce and retail sales businesses.

- Cost Reductions

During the three-month period ended March 31, 2022, we continued our efforts to reduce costs and control expenses. As measures to reduce costs, we are strengthening measures such as reviewing food ingredients through menu revisions, reducing costs by modularizing menus and food ingredients and expanding in-house manufacturing, and reducing distribution costs by reviewing delivery routes and frequency. In terms of expenses, we are reducing utility costs through energy-saving equipment, improving store productivity through promoting DX, and reducing headquarters expenses, and a portion of these reductions are used to pay for expenditures to improve the store environment.

- Countermeasures Against COVID-19 Infections

We believe that it is our social mission to make maximum efforts to prevent the spread of COVID-19. During the period under review, we continued to take thorough preventive measures against infectious diseases to ensure the safety of our customers and employees.

We also comply with requests from the national and local governments as well as applicable guidelines, and in the three-month period ended March 31, 2022, we recorded 7.5 billion yen of "Subsidy for Shortening of Business Hours to Prevent the Spread Of Infectious Diseases," for which applications were completed during the period up to March 31, 2022, in other operating income.

• Booking of Non-Recurring Loss related to Salary Calculation

We have decided to introduce a new working hours management system on July 1, 2022. Currently, working hours are calculated in five-minute increments in our stores, but under the new management system, working hours will be calculated in one-minute increments. For a smooth transition to the new management system, and out of consideration for our store employees, we have decided to book a loss of 1.45 billion yen for the three-month period ended March 31, 2022 in order to additionally pay to employees with the difference between the amount actually paid as salaries over the past two years and the amount calculated under the new management system.

As a result of the above, for the three-month period ended March 31, 2022, revenue was 67,137 million yen (an increase of 2,304 million yen compared to the same period in the previous year), operating loss was 200 million yen (operating loss for the same period in the previous year was 1,264 million yen), loss before income taxes was 916 million yen (loss before income taxes for the same period in the previous year was 2,826 million yen), and net loss attributable to owners of the parent company was 467 million yen (net loss attributable to owners of the parent company for the same period in the previous year was 1,888 million yen).

EBITDA (Note 1) was 11,314 million yen (an increase of 763 million yen compared to the same period in the previous year), adjusted EBITDA (Note 2) was 11,939 million yen (a decrease of 26 million yen compared to the same period in the previous year), and adjusted quarterly loss (Note 3) was 467 million yen (adjusted quarterly loss for the same period in the previous year was 1,888 million yen). As of the three-month period ended March 31, 2022, the number of stores was 3,098 (stores temporarily closed in preparation for conversions was 4; the number of stores at the beginning of the period was 3,098).

(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 expenses^(a) (excluding loss on redemption of borrowings before the repayment date and gain and loss from associated hedge transactions) - Interest income - Other financial income^(b) + 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 (loss) = Net income (loss) + 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 IPO and public offering 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 March 31, 2022 is summarized as follows:

Current assets were 51,893 million yen (a decrease of 15,552 million yen compared to the end of the previous fiscal year), mainly due to a decrease in cash and cash equivalents and a decrease in trade and other receivables. Non-

current assets were 390,417 million yen (a decrease of 129 million yen compared to the end of the previous fiscal year), mainly due to a decrease in other financial assets and an increase in deferred tax assets.

Total assets were 442,311 million yen (a decrease of 15,682 million yen compared to the end of the previous fiscal year).

Current liabilities were 80,376 million yen (a decrease of 9,487 million yen from the end of the previous fiscal year), mainly due to a decrease in trade and other payables. Non-current liabilities were 198,915 million yen (a decrease of 3,053 million yen from the end of the previous fiscal year), mainly due to a decrease in long-term borrowings.

Total liabilities were 279,292 million yen (a decrease of 12,540 million yen from the end of the previous fiscal year).

Equity was 163,019 million yen (a decrease of 3,142 million yen from the end of the previous fiscal year). This was mainly due to a decrease from dividend payments (2,730 million yen) and a decrease from the recording of loss for the three-month period ended March 31, 2022 (467 million yen).

(ii) Cash Flows

Cash and cash equivalents as of March 31, 2022 were 25,133 million yen (a decrease of 13,198 million yen compared to the end of the previous fiscal year). Each category of cash flows and its factors for the three-month period ended March 31, 2022 are summarized as follows:

Cash flows from operating activities:

Net cash from operating activities was 5,198 million yen (an increase of 3,403 million yen compared to the same period in the previous year). This was primarily due to a decrease of 7,864 million yen in increases and decreases in trade and other payables and an increase of 11,050 million yen in increases and decreases in other current liabilities.

Cash flows from investing activities:

Net cash used in investing activities was 4,322 million yen (a decrease of 703 million yen compared to the same period in the previous year). This was primarily due to a 459 million yen decrease in expenditures for the purchase of property, plant and equipment, including investments in new, converted and remodeled restaurants, and a 263 million yen decrease in payments for lease and guarantee deposits. 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 used in financing activities was 14,116 million yen (net cash provided in the same period of the previous year was 506 million yen). This was primarily due to a decrease of 42,000 million yen in the proceeds from short-term borrowings, a decrease of 29,000 million yen in the repayments of short-term borrowings, and an increase of 2,605 million yen in dividends paid.

(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 February 14, 2022 include adjusted net income as a financial indicator that we consider useful for investors in assessing our performance.

Forecasts on the consolidated financial results for the fiscal year ending December 31, 2022, which was announced on February 14, 2022, remain unchanged.

The forecasts are based on information available as of the date of announcement of the report, 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, 2021 and March 31, 2022 (Unaudited)

(Millions of yen)

	As of December 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and cash equivalents	¥ 38,331	¥ 25,133
Trade and other receivables	24,247	20,145
Other financial assets	50	61
Inventories	3,972	4,636
Other current assets	846	1,918
Total current assets	67,446	51,893
Non-current assets		
Property, plant and equipment	199,468	199,414
Goodwill	146,001	145,901
Other intangible assets	4,179	4,364
Other financial assets	24,038	23,509
Deferred tax assets	16,314	16,731
Other non-current assets	546	499
Total non-current assets	390,547	390,417
Total assets	¥ 457,993	¥ 442,311

(Millions of yen)

	As of December 31, 2021	As of March 31, 2022
Liabilities and equity		
Liabilities		
Current liabilities		
Short-term borrowings	¥ 17,810	¥ 17,818
Trade and other payables	28,347	20,091
Other financial liabilities	27,620	26,245
Income tax payable	3,217	14
Provisions	1,668	1,409
Other current liabilities	11,201	14,799
Total current liabilities	89,863	80,376
Non-current liabilities		
Long-term borrowings	104,634	101,516
Other financial liabilities	81,691	81,900
Provisions	14,727	14,581
Other non-current liabilities	916	919
Total non-current liabilities	201,968	198,915
Total liabilities	291,831	279,292
Equity		
Share capital	25,134	25,134
Capital surplus	77,963	75,233
Treasury shares	—	(0)
Other components of equity	301	354
Retained earnings	62,763	62,298
Equity attributable to owners of the Company	166,161	163,019
Total equity	166,161	163,019
Total liabilities and equity	¥ 457,993	¥ 442,311

(2) **Condensed Interim Consolidated Statements of Income**
For the Three-Month Period Ended March 31, 2021 and 2022 (Unaudited)

(Millions of yen)

	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2022
Revenue	¥ 64,832	¥ 67,137
Cost of sales	(20,093)	(21,479)
Gross profit	44,739	45,657
Other operating income	5,699	7,760
Selling, general and administrative expenses	(50,179)	(51,469)
Other operating expenses	(1,524)	(2,148)
Operating profit (loss)	(1,264)	(200)
Interest income	2	2
Other income	—	—
Interest expense	(729)	(669)
Other expenses	(835)	(49)
Loss before income taxes	(2,826)	(916)
Income taxes	938	449
Net income (loss)	¥ (1,888)	¥ (467)
Net income (loss) attributable to:		
Owners of the Company	¥ (1,888)	¥ (467)
Net income (loss)	¥ (1,888)	¥ (467)
Interim earnings (loss) per share		
Basic (Yen)	¥ (9.56)	¥ (2.05)
Diluted (Yen)	(9.56)	(2.05)

(3) Condensed Interim Consolidated Statements of Comprehensive Income
For the Three-Month Period Ended March 31, 2021 and 2022 (Unaudited)

(Millions of yen)

	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2022
Net income (loss)	¥ (1,888)	¥ (467)
Other comprehensive income		
Items that are not reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	25	(260)
Total items that are not reclassified to profit or loss	25	(260)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	134	48
Cash flow hedges	154	267
Total items that may be reclassified to profit or loss	288	314
Other comprehensive income (loss), net of tax	313	55
Total comprehensive income (loss)	¥ (1,575)	¥ (412)
Comprehensive income attributable to:		
Owners of the Company	¥ (1,575)	¥ (412)
Total comprehensive income (loss)	¥ (1,575)	¥ (412)

(4) Condensed Interim Consolidated Statements of Changes in Equity
For the Three-Month Period Ended March 31, 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
As of January 1, 2021	¥ 3,634	¥ 56,595	¥ 328	¥ 326	¥ (1,163)	¥ (510)
Net income (loss)	—	—	—	—	—	—
Other comprehensive income, net of tax	—	—	25	134	154	313
Total comprehensive income	—	—	25	134	154	313
Dividends	—	—	—	—	—	—
Total contributions by and distributions to owners of the Company	—	—	—	—	—	—
Total transactions with owners of the Company	—	—	—	—	—	—
As of March 31, 2021	¥ 3,634	¥ 56,595	¥ 353	¥ 460	¥ (1,009)	¥ (196)

	Retained earnings	Equity attributable to owners of the Company	Total equity
As of January 1, 2021	¥ 54,041	¥ 113,761	¥ 113,761
Net income (loss)	(1,888)	(1,888)	(1,888)
Other comprehensive income, net of tax	—	313	313
Total comprehensive income	(1,888)	(1,575)	(1,575)
Dividends	—	—	—
Total contributions by and distributions to owners of the Company	—	—	—
Total transactions with owners of the Company	—	—	—
As of March 31, 2021	¥ 52,153	¥ 112,186	¥ 112,186

Condensed Interim Consolidated Statements of Changes in Equity – Continued
For the Three-Month Period Ended March 31, 2022 (Unaudited)

(Millions of yen)

	Share capital	Capital surplus	Treasury shares	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, 2022	¥ 25,134	¥ 77,963	—	¥ 432	¥ 602	¥ (734)	¥ 301
Net income (loss)	—	—	—	—	—	—	—
Other comprehensive income, net of tax	—	—	—	(260)	48	267	55
Total comprehensive income	—	—	—	(260)	48	267	55
Purchase of treasury shares	—	(0)	(0)	—	—	—	—
Dividends	—	(2,730)	—	—	—	—	—
Transfer from Other components of equity to retained earnings	—	—	—	(1)	—	—	(1)
Total contributions by and distributions to owners of the Company	—	(2,730)	(0)	(1)	—	—	(1)
Total transactions with owners of the Company	—	(2,730)	(0)	(1)	—	—	(1)
As of March 31, 2022	¥25,134	¥ 75,233	¥ (0)	¥ 171	¥ 650	¥ (467)	¥ 354

	Retained earnings	Equity attributable to owners of the Company	Total equity
As of January 1, 2022	¥ 62,763	¥ 166,161	¥ 166,161
Net income (loss)	(467)	(467)	(467)
Other comprehensive income, net of tax	—	55	55
Total comprehensive income	(467)	(412)	(412)
Purchase of treasury shares	—	(0)	(0)
Dividends	—	(2,730)	(2,730)
Transfer from Other components of equity to retained earnings	1	—	—
Total contributions by and distributions to owners of the Company	1	(2,730)	(2,730)
Total transactions with owners of the Company	1	(2,730)	(2,730)
As of March 31, 2022	¥ 62,298	¥ 163,019	¥ 163,019

(5) Condensed Interim Consolidated Statements of Cash Flows
For the Three-Month Period Ended March 31, 2021 and 2022 (Unaudited)

(Millions of yen)

	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2022
Cash flows from operating activities		
Loss before income taxes	¥ (2,826)	¥ (916)
Adjustments for:		
Depreciation and amortization	11,761	11,471
Loss on impairment of non-financial assets	1,409	427
Profit and loss on sale and disposal of fixed assets	2	198
Interest income	(2)	(2)
Other income	—	—
Interest expense	729	669
Other expenses	835	49
	11,908	11,896
Changes in working capital and other:		
Decrease (increase) in trade and other receivables	(3,305)	4,120
Decrease (increase) in inventories	1,063	(660)
Increase (decrease) in trade and other payables	933	(6,931)
Increase (decrease) in other financial liabilities (current)	24	(1,711)
Increase (decrease) in other current liabilities	(7,378)	3,672
Others	(614)	(1,333)
Cash generated from operations	2,631	9,052
Interest and dividends received	0	0
Interest paid	(559)	(558)
Income taxes paid	(277)	(3,296)
Net cash from operating activities	1,795	5,198
Cash flows from investing activities		
Acquisition of property, plant and equipment	(4,410)	(3,951)
Proceeds from sale of property, plant and equipment	3	—
Acquisition of intangible assets	(256)	(466)
Payments of lease deposits and guarantee deposits	(275)	(11)
Proceeds from collection of lease deposits and guarantee deposits	344	139
Others	(431)	(33)
Net cash used in investing activities	(5,025)	(4,322)
Cash flows from financing activities		
Proceeds from short-term borrowings	42,000	—
Repayments of short-term borrowings	(29,000)	—
Proceeds from long-term borrowings	—	—
Repayments of long-term borrowings	(3,212)	(3,214)
Repayments of lease liabilities	(8,483)	(8,233)
Dividends paid	(9)	(2,614)
Payments of commissions related to borrowings	(790)	(56)
Others	—	(0)
Net cash from (used in) financing activities	506	(14,116)
Effect of exchange rate on the balance of cash and cash equivalents held in foreign currency	117	43
Net increase (decrease) in cash and cash equivalents	(2,606)	(13,198)
Cash and cash equivalents at the beginning of the period	17,030	38,331
Cash and cash equivalents at the end of the period	¥ 14,424	¥ 25,133

(6) Notes on the Going Concern Assumption

No items to report.

(7) Notes to Condensed Interim Consolidated Financial Statements

(i) Changes in Accounting Estimates

When a business within a group of cash-generating units to which goodwill has been allocated is disposed of, the amount of goodwill associated with the business to be disposed of is calculated based on the ratio of the value of the business to be disposed of to the remaining cash-generating unit. However, in order to more appropriately reflect the actual status of our post-COVID-19 business operations, accompanying the renewal of our store investment policy with a view to the post-COVID-19 era, from the current consolidated fiscal year, we have revised our estimation methods of the values associated with the business to be disposed of, which is used in calculating the amount of goodwill associated with the business to be disposed of, to a more appropriate method. The impact of this change on our consolidated financial statements is not material.

(ii) Changes in Presentation

Notes to Condensed Interim Consolidated Statements of Cash Flows

“Proceeds from collection of loans” in “Cash flows from investing activities” for the three-month period ended March 31, 2021 is shown under “Others” for the three-month period ended March 31, 2022, since it became insignificant in terms of amount. To reflect this change in presentation, reclassification was made in the condensed interim consolidated financial statements for the three-month period ended March 31, 2021.

As a result, 0 million yen presented in “Proceeds from collection of loans” under “Cash flows from investing activities” in the condensed interim consolidated statements of cash flows for the three-month period ended March 31, 2021 was reclassified to “Others”.

(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 three-month period ended March 31, 2021	For the three-month period ended March 31, 2022
Net income (loss) attributable to common shareholders of the Company	¥ (1,888)	¥ (467)
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	(1,888)	(467)
Adjustment	—	—
Net income (loss) attributable to common shareholders used for calculation of diluted interim earnings per share (Millions of yen)	¥ (1,888)	¥ (467)
Weighted-average number of common shares during the period (Shares)	197,502,200	227,502,199
Weighted-average number of common shares used for calculation of diluted interim earnings per share (Shares)	197,502,200	227,502,199
Basic interim earnings (loss) per share (Yen)	¥ (9.56)	¥ (2.05)
Diluted interim earnings (loss) per share (Yen)	(9.56)	(2.05)

(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.