Consolidated Financial Report
For the Nine-month Period Ended September 30, 2021 (IFRS)

November 12, 2021

Company Name	SKYLARK HOLDINGS CO., LTD.	Stock Exchange Listing: Tokyo Stock Exchange, 1st Section
Securities Code	3197	URL: http://www.skylark.co.jp
Representative	Makoto Tani, Chairman, President and Chief Executive Officer	
Contact for enquiries	Minoru Kanaya, Corporate Director, Managing Executive Officer and Managing Director of Finance Division	(TEL) 0422-51-8111

Quarterly statement filing date (as planned)	November 12, 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 Nine-month Period Ended September 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)	(%)
Nine-month period ended September 30, 2021	189,566	(11.2)	7,420	—	4,271	—	2,371	—	2,371	—	3,113	—
Nine-month period ended September 30, 2020	213,563	(25.1)	(21,143)	—	(23,710)	—	(14,624)	—	(14,624)	—	(14,595)	—

	Basic earnings per share	Diluted earnings per share
	(Yen)	(Yen)
Nine-month period ended September 30, 2021	11.29	11.29
Nine-month period ended September 30, 2020	(74.05)	(74.05)

(Reference)

EBITDA	Nine-month period ended September 30, 2021	43,067 million yen	(149.3%)	Nine-month period ended September 30, 2020	17,273 million yen	(-70.6%)
Adjusted EBITDA	Nine-month period ended September 30, 2021	45,168 million yen	(76.8%)	Nine-month period ended September 30, 2020	25,552 million yen	(-57.8%)
Adjusted net income	Nine-month period ended September 30, 2021	2,490 million yen	(—%)	Nine-month period ended September 30, 2020	(14,624) 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 September 30, 2021	445,693	159,741	159,741	35.8
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)			—	14.00	14.00

(Note) Revision of dividend forecast: Yes

Concerning the revision of dividend forecast, please refer to the “Notice Regarding the Revisions of Consolidated Financial Forecast and Dividend Forecast for the Year Ending December 31,2021” announced on November 12, 2021.

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)	(%)	(Yen)
Fiscal year ending December 31, 2021	260,000	(9.9)	21,000	—	17,000	—	10,000	—	46.64

(Note) Revision of forecasts on the results of operations: Yes

(Reference)

Adjusted net income Fiscal year ending December 31, 2021 (Forecasted) 10,120 million yen (—%)

The above Forecasts on the Consolidated Financial Results has been changed from the Forecasts on the Consolidated Financial Results in the "Consolidated Financial Report for the Three-month Period Ended March 31, 2021" announced on May 14, 2021.
Please refer to “Notice Regarding the Revisions of Consolidated Financial Forecast and Dividend Forecast for the Year Ending December 31,2021” announced on November 12, 2021, for further detail.

.

*** 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 September 30, 2021	227,502,200	As of December 31, 2020	197,502,200
(ii) Number of treasury stock	As of September 30, 2021	—	As of December 31, 2020	—
(iii) Average number of issued shares during the period	Nine month-period ended September 30, 2021	210,023,707	Nine month-period ended September 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 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 5 of Appendix "1. Qualitative Information on the Consolidated Financial Results for the Nine-month Period Ended September 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 Nine-month Period Ended September 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)

Table of Contents

1. Qualitative Information on the Consolidated Financial Results for the Nine-month Period Ended September 30, 2021…….. 2
(1) Explanation of the Consolidated Operating Results ……..…..…… 2
(2) Explanation of the Consolidated Financial Position …… 4
(3) Explanation of the Forward-looking Statements including the Forecasts on the Consolidated Financial Results …...… 5
2. Condensed Interim Consolidated Financial Statements and Notes ……..…….. 7
(1) Condensed Interim Consolidated Statements of Financial Position ……..…… 7
(2) Condensed Interim Consolidated Statements of Income ……..……..…… 9
(3) Condensed Interim Consolidated Statements of Comprehensive Income …… 10
(4) Condensed Interim Consolidated Statements of Changes in Equity …… 11
(5) Condensed Interim Consolidated Statements of Cash Flows ……...…… 13
(6) Notes on the Going Concern Assumption …… 14
(7) Notes to Condensed Interim Consolidated Financial Statements …… 14

1. Qualitative Information on the Consolidated Financial Results for the Nine-month Period Ended September 30, 2021

(1) Explanation of the Consolidated Operating Results

The business environment for the nine-month period ended September 30, 2021 was, as during the previous term, still affected by the spread of the COVID-19 pandemic. Also, due to increased "home-nesting" during the Tokyo Olympics as well as bad weather conditions, we saw a decline in dine-in sales. However, in this harsh business environment, we have undertaken efforts to strengthen our business foundations by further lowering our break-even point.

Specifically, we reduced fixed personnel and utility costs by closing restaurants during late-night business hours, reduced promotion costs, improved store productivity through the introduction of digital menu books, 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 delivery routes and frequencies. As a result, for the nine-month period ended September 30, 2021, we reduced selling, general and administrative costs by approximately 5.4 billion yen compared to 2020 and reduced cost of goods by approximately 2.5 billion yen.

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 rise in demand during the COVID-19 pandemic as well as increase in "home-nesting" households during the Tokyo Olympics. For the nine-month period ended September 30, 2021, our delivery sales was 129% compared to the same period in the previous year (174% compared to 2019) and our take-out sales was 124% compared to the same period in the previous year (265% compared to 2019).

We remain focused on increasing our delivery and take-out sales, and as of September 30, 2021, we offer delivery services at 2,300 stores, and our household coverage rate in Tokyo and its adjacent three prefectures is 94%.

To increase the convenience of our customers and enhance our marketing capabilities by unifying our separated customer bases, we have added mobile ordering and pre-payment system for take-out orders in the Skylark App. This has been introduced to brands such as *Gusto*, *Bamiyan*, *Syabu-yo*, *Jonathan's*, *Yumean*, and *Karayoshi*, which spans across approximately 2,760 restaurants. The time made available by reduction of cashier work for pre-settled mobile orders is utilized to improve customer satisfaction through offering better hospitality, smooth ushering of customers to tables, and serving hot food without delay. In addition, we plan to integrate our Skylark App membership base of approximately 7.8 million members with approximately 1.9 million members of our take-out website and approximately 2.2 million members of our delivery website by unifying both services into the Skylark App, with the aim of strengthening of our digital marketing capacities utilizing the app.

With regards to store development, in July 2021, we opened a *Bamiyan* restaurant in Sapporo, Hokkaido after approximately 13 years. Since our withdrawal from Hokkaido in 2008, we have continued reforming the *Bamiyan* brand to meet market needs, and the Sapporo store marks our second opening after the brand's reentry into the Hokkaido market. At the same time, *Karayoshi* also opened its first store in Hokkaido, delivering specialty store quality *karaage* to the Hokkaido people.

In September, we opened the first *Syabu-yo* restaurant in the United States in Chicago, Illinois. *Syabu-yo* is a brand where customers can enjoy high-quality meat and fresh vegetables in a healthy, all-you-can-eat style, and the brand has already been successful in Taiwan and Malaysia. While leveraging our group's management resources and know-how, we will

continue to seek to understand better the tastes and needs of our customers in the U.S. and explore the possibility of developing our business in this market.

We recognize that our business environment is quite severe, with rising costs such as raw material prices and labor costs, worsening consumer sentiment due to pressure on household budgets, increase in dining options other than eating out through the COVID-19 pandemic, and consumers being more selective when eating out. In order to build a robust business foundation to overcome the coming years of cost pressure, we are proceeding with the following initiatives:

1) Sales increase by improving the quality of existing stores and responding to changes in lifestyle

In terms of improving the quality of existing stores, we are working to offer pleasant services and comfortable store environments so that customers will want to come back to our stores. In addition to making store operations simpler, we will improve customer satisfaction by increasing the proficiency of our employees through the use of digital training tools as well as proactive offering of employee training programs. Further, we will strive to improve the cleanliness of our stores and maintain a comfortable store environment for our customers through store remodels to improve the quality of existing stores and achieve an increase in sales.

Taking advantage of our strength as a family restaurant, in addition to expanding the variety of alcoholic beverages on offer, we will enhance our menus so that they can be enjoyed, not only as an appetizer with alcoholic beverages, but also as shared dishes with family members dining together who do not drink alcohol. *Gusto* and *Bamiyan* will further increase menus at low price points so customers will be motivated to visit these restaurants.

We will promote digital promotions centering around the Skylark App in order to encourage customers to visit our stores by informing them of new menus and special offers. Strategic promotions will be implemented from various angles, such as promotions to call back young families and female customers, who have been declining in the COVID-19 pandemic, or to encourage customers whom we have not been able to reach through our existing promotions to visit our stores. We will also increase the number of repeat customers through initiatives such as the Platinum Passport, and by increasing the number of Skylark App members.

2) Improving productivity by promoting digital transformation (DX) in all brands

We have positioned the promotion of DX as one of the key pillars of our growth strategy, and recognize that in order to respond to the expected cost pressure in the future, productivity improvement is a very important issue in addition to cost reduction. The digital menu book, which has already been introduced in 2,359 restaurants including *Gusto*, *Bamiyan*, *Syabu-yo*, *Jonathan's*, *Juju Karubi*, *Totoyamichi*, and *Yumean*, will be enhanced with better user interface and enhanced functions to make it more convenient and usable for customers and to reduce the workload of employees.

Currently, *Syabu-yo* and *Gusto* are using floor service robots on an experimental basis, and we have succeeded in increasing the number of customers served per employee. Robots support serving of cooked food as well as clearing empty dishes from customer tables, which contributes to minimizing customer wait time as well as an increase in the table turnover rate during peak hours. Robots also lead to customer satisfaction by making employees available for other tasks such as cleaning and replenishing supplies within the restaurant in a timely manner. We are planning to install approximately 2,200 robots by the end of 2022.

In addition to the above initiatives, we will continue to reduce costs. However, we will spend costs where necessary to achieve sales growth, such as increasing advertising expenses during the sales recovery phase or accelerating IT investments to promote DX, in order to further strengthen our business foundations.

-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 nine-month period ended September 30, 2021, we recorded approximately 23.3 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 nine-month period ended September 30, 2021, revenue was 189,566 million yen (a decrease of 23,997 million yen compared to the same period in the previous year), operating profit was 7,420 million yen (operating loss for the same period in the previous year was 21,143 million yen), income before income taxes was 4,271 million yen (loss before income taxes for the same period in the previous year was 23,710 million yen), and net income attributable to owners of the Company was 2,371 million yen (net loss attributable to owners of the Company for the same period in the previous year was 14,624 million yen).

EBITDA (Note 1) was 43,067 million yen (an increase of 25,794 million yen compared to the same period in the previous year), adjusted EBITDA (Note 2) was 45,168 million yen (an increase of 19,615 million yen compared to the same period in the previous year), and adjusted net income (Note 3) was 2,490 million yen (adjusted net loss for the same period in the previous year was 14,624 million yen). As of the nine-month period ended September 30, 2021, the number of stores was 3,105 (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[(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 = 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 September 30, 2021 is summarized as follows:

Current assets were 47,850 million yen (an increase of 11,533 million yen compared to the end of the previous year) primarily due to an increase in both cash and cash equivalents and trade and other receivables. Non-current assets were 397,843 million yen (a decrease of 7,511 million yen compared to the end of the previous year) primarily due to a decrease in other intangible assets.

Total assets were 445,693 million yen (an increase of 4,021 million yen compared to the end of the previous year).

Current liabilities were 75,594 million yen (a decrease of 128,132 million yen compared to the end of the previous year) primarily due to a reduction in short-term borrowings. Non-current liabilities were 210,358 million yen (an increase of 86,173 million yen compared to the end of the previous year) primarily due to an increase in long-term borrowings.

Total liabilities were 285,952 million yen (a decrease of 41,959 million yen compared to the end of the previous year).

Equity was 159,741 million yen (an increase of 45,980 million yen compared to the end of the previous year). This was primarily due to the issuance of new shares by way of public offering, and an increase due to a net profit of 2,371 million yen recognized for the nine-month period ended September 30, 2021.

(ii) Cash Flows

Cash and cash equivalents as of September 30, 2021 were 25,671 million yen (an increase of 8,642 million yen compared to the end of the previous year). The status of each cash flow and the factors thereof for the nine-month period ended September 30, 2021 are summarized as follows:

Cash flows from operating activities:

Net cash from operating activities was 20,520 million yen (a decrease of 554 million yen compared to the same period in the previous year). This was primarily due to 4,271 million yen in income before income taxes recorded for the nine-month period ended September 30, 2021 (loss before income taxes during the same period in the previous year was 23,710 million yen), a decrease of 5,194 million yen in trade and other receivables, a decrease of 5,595 million yen in financial liabilities (current), and a decrease of 12,477 million yen in other current liabilities.

Cash flows from investing activities:

Net cash used in investing activities was 10,143 million yen (a decrease of 3,688 million yen compared to the same period in the previous year). This was primarily due to a decrease of 2,975 million yen in the expenditure for acquisition of property, plant and equipment including investments in new, converted and remodeled restaurants, and a increase of 868 million yen in proceeds from the collection of 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 1,899 million yen (a decrease of 5,719 million yen compared to the same period in the previous year). This was primarily due to a decrease of 15,000 million yen in the proceeds from 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

During the first nine months of the current fiscal year, the Company had assumed that the number of new cases of COVID-19 would hit the bottom. However, due to the prolonged shortening of operating hours and restrictions on the sale of alcoholic beverages as a result of the expansion of areas coming under the state of emergency declaration and other government measures to prevent the spread of COVID-19 throughout Japan, sales have been lower than initially expected. In light of this trend, the Company has revised its same store sales forecast compared to 2019 from 77% to 71% and has revised the previously announced consolidated sales forecast for the fiscal year ending December 31, 2021 downward.

In addition, considering that, while costs are used to drive sales growth, cost reduction efforts have continued through self-help efforts, and that the expected amount of government subsidy receivable for shortening of operating hours will significantly exceed the 10 billion yen that was incorporated in the previous forecast, the Company has revised the consolidated forecasts for operating income, income before income taxes, and net income upward.

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

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 September 30, 2021 (Unaudited)

(Millions of yen)

	As of December 31, 2020	**As of September 30, 2021**
Assets		
Current assets		
Cash and cash equivalents	¥ 17,030	**¥ 25,671**
Trade and other receivables	13,588	**18,158**
Other financial assets	46	**51**
Inventories	4,304	**3,114**
Other current assets	1,350	**857**
Total current assets	36,317	**47,850**
Non-current assets		
Property, plant and equipment	210,530	**205,258**
Goodwill	146,059	**146,007**
Other intangible assets	4,726	**4,185**
Other financial assets	25,108	**24,465**
Deferred tax assets	18,331	**17,432**
Other non-current assets	600	**496**
Total non-current assets	405,354	**397,843**
Total assets	¥ 441,672	**¥ 445,693**

(Millions of yen)

	As of December 31, 2020	**As of September 30, 2021**
Liabilities and equity		
Liabilities		
Current liabilities		
Short-term borrowings	¥ 125,845	**¥ 17,813**
Trade and other payables	24,435	**16,840**
Other financial liabilities	31,735	**27,671**
Income tax payable	203	**641**
Provisions	2,601	**1,328**
Other current liabilities	18,908	**11,300**
Total current liabilities	203,726	**75,594**
Non-current liabilities		
Long-term borrowings	20,000	**110,239**
Other financial liabilities	88,311	**84,359**
Provisions	14,967	**14,830**
Other non-current liabilities	906	**930**
Total non-current liabilities	124,185	**210,358**
Total liabilities	327,911	**285,952**
Equity		
Share capital	3,634	**25,134**
Capital surplus	56,595	**77,963**
Other components of equity	(510)	**232**
Retained earnings	54,041	**56,411**
Equity attributable to owners of the Company	113,761	**159,741**
Total equity	113,761	**159,741**
Total liabilities and equity	¥ 441,672	**¥ 445,693**

(2) Condensed Interim Consolidated Statements of Income

For the Nine-Month Period Ended September 30, 2020 and 2021 (Unaudited)

(Millions of yen)

	For the nine-month period ended September 30, 2020	**For the nine-month period ended September 30, 2021**
Revenue	¥ 213,563	**¥ 189,566**
Cost of sales	(67,946)	**(57,880)**
Gross profit	145,617	**131,687**
Other operating income	1,899	**25,903**
Selling, general and administrative expenses	(159,714)	**(147,748)**
Other operating expenses	(8,945)	**(2,421)**
Operating profit (loss)	(21,143)	**7,420**
Interest income	12	**7**
Other income	2	**3**
Interest expense	(2,068)	**(2,249)**
Other expenses	(512)	**(910)**
Profit (loss) before income taxes	(23,710)	**4,271**
Income taxes	9,085	**(1,900)**
Net income (loss)	¥ (14,624)	**¥ 2,371**
Net income (loss) attributable to:		
Owners of the Company	¥ (14,624)	**¥ 2,371**
Net income (loss)	¥ (14,624)	**¥ 2,371**
Interim earnings (loss) per share		
Basic (Yen)	¥ (74.05)	**¥ 11.29**
Diluted (Yen)	(74.05)	**11.29**

(3) Condensed Interim Consolidated Statements of Comprehensive Income

For the Nine-Month Period Ended September 30, 2020 and 2021 (Unaudited)

(Millions of yen)

	For the nine-month period ended September 30, 2020	**For the nine-month period ended September 30, 2021**
Net income (loss)	¥ (14,624)	**¥ 2,371**
Other comprehensive income		
Items that are not reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	155	**195**
Total items that are not reclassified to profit or loss	155	**195**
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	18	**202**
Cash flow hedges	(144)	**345**
Total items that may be reclassified to profit or loss	(126)	**547**
Other comprehensive income, net of tax	30	**742**
Total comprehensive income (loss)	¥ (14,595)	**¥ 3,113**
Comprehensive income attributable to:		
Owners of the Company	¥ (14,595)	**¥ 3,113**
Total comprehensive income (loss)	¥ (14,595)	**¥ 3,113**

(4) Condensed Interim Consolidated Statements of Changes in Equity
For the Nine-Month Period Ended September 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	—	—	155	18	(144)	30
Total comprehensive income	—	—	155	18	(144)	30
Dividends	—	—	—	—	—	—
Total contributions by and distributions to owners of the Company	—	—	—	—	—	—
Total transactions with owners of the Company	—	—	—	—	—	—
As of September 30, 2020	¥ 3,634	¥ 56,595	¥ 304	¥ 303	¥ (1,218)	¥ (611)

	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)	(14,624)	(14,624)	(14,624)
Other comprehensive income, net of tax	—	30	30
Total comprehensive income	(14,624)	(14,595)	(14,595)
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 September 30, 2020	¥ 56,629	¥ 116,247	¥ 116,247

Condensed Interim Consolidated Statements of Changes in Equity – Continued
For the Nine-Month Period Ended September 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
As of January 1, 2021	**¥ 3,634**	**¥ 56,595**	**¥ 328**	**¥ 326**	**¥ (1,163)**	**¥ (510)**
Net income (loss)	—	—	—	—	—	—
Other comprehensive income, net of tax	—	—	**195**	**202**	**345**	**742**
Total comprehensive income	—	—	**195**	**202**	**345**	**742**
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**	—	—	—	—
As of September 30, 2021	**¥ 25,134**	**¥ 77,963**	**¥ 523**	**¥ 528**	**¥ (818)**	**¥ 232**

	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)	**2,371**	**2,371**	**2,371**
Other comprehensive income, net of tax	—	**742**	**742**
Total comprehensive income	**2,371**	**3,113**	**3,113**
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**
As of September 30, 2021	**¥ 56,411**	**¥ 159,741**	**¥ 159,741**

(5) Condensed Interim Consolidated Statements of Cash Flows

For the Nine-Month Period Ended September 30, 2020 and 2021 (Unaudited)

(Millions of yen)

	For the nine-month period ended September 30, 2020	**For the nine-month period ended September 30, 2021**
Cash flows from operating activities		
Profit (loss) before income taxes	¥ (23,710)	**¥ 4,271**
Adjustments for:		
Depreciation and amortization	38,225	**35,492**
Loss on impairment of non-financial assets	8,156	**1,799**
Loss on sale and disposal of fixed assets	123	**83**
Interest income	(12)	**(7)**
Other income	(2)	**(3)**
Interest expense	2,068	**2,249**
Other expenses	512	**910**
	25,361	**44,795**
Changes in working capital and other:		
Decrease (increase) in trade and other receivables	662	**(4,532)**
Decrease in inventories	476	**1,199**
Increase (decrease) in trade and other payables	(3,796)	**(7,102)**
Increase (decrease) in other financial liabilities (current)	2,262	**(3,333)**
Increase (decrease) in other current liabilities	4,890	**(7,587)**
Other	(2,810)	**(697)**
Cash generated from operations	27,045	**22,743**
Interest and dividends received	8	**4**
Interest paid	(1,586)	**(1,891)**
Income taxes paid	(4,392)	**(746)**
Income taxes refunded	—	**410**
Net cash from operating activities	21,074	**20,520**
Cash flows from investing activities		
Payments into time deposits	(380)	**—**
Proceeds from withdrawals of time deposits	651	**—**
Acquisition of property, plant and equipment	(12,469)	**(9,493)**
Proceeds from sale of property, plant and equipment	1	**3**
Acquisition of intangible assets	(1,373)	**(734)**
Payments of loans	(1)	**—**
Proceeds from collection of loans	0	**0**
Payments of lease deposits and guarantee deposits	(540)	**(414)**
Proceeds from collection of lease deposits and guarantee deposits	413	**1,281**
Other	(132)	**(786)**
Net cash used in investing activities	(13,831)	**(10,143)**
Cash flows from financing activities		
Proceeds from short-term borrowings	100,000	**85,000**
Repayments of short-term borrowings	(94,000)	**(91,000)**
Proceeds from long-term borrowings	25,000	**—**
Repayments of long-term borrowings	(8,500)	**(12,136)**
Proceeds from issuance of shares	—	**42,808**
Repayments of lease liabilities	(27,681)	**(25,616)**
Dividends paid	(1,980)	**(11)**
Payments of commissions related to borrowings	(457)	**(944)**
Net cash from (used in) financing activities	(7,617)	**(1,899)**
Effect of exchange rate on the balance of cash and cash equivalents held in foreign currency	10	**163**
Net decrease in cash and cash equivalents	(363)	**8,642**
Cash and cash equivalents at the beginning of the period	18,949	**17,030**
Cash and cash equivalents at the end of the period	¥ 18,585	**¥ 25,671**

(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 nine-month period ended September 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 nine-month period ended September 30, 2020, were reclassified and presented separately for the nine-month period ended September 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 nine-month period ended September 30, 2020.

As a result, 4,342 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 nine-month period ended September 30, 2020 was reclassified to “Increase (decrease) in other financial liabilities (current)” for 2,262 million yen, “Increase (decrease) in other current liabilities” for 4,890 million yen and “Other” for (2,810) 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 nine-month period ended September 30, 2020	**For the nine-month period ended September 30, 2021**
Net income (loss) attributable to common shareholders of the Company	¥ (14,624)	**¥ 2,371**
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	(14,624)	**2,371**
Adjustment	—	—
Net income (loss) attributable to common shareholders used for calculation of diluted interim earnings per share (Millions of yen)	¥ (14,624)	**¥ 2,371**
Weighted-average number of common shares during the period (Share)	197,502,200	**210,023,707**
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	**210,023,707**
Basic interim earnings (loss) per share (Yen)	¥ (74.05)	**¥ 11.29**
Diluted interim earnings (loss) per share (Yen)	(74.05)	**11.29**

(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.