Consolidated Financial Report
For the Fiscal Year Ended December 31, 2021 (IFRS)

February 14, 2022

Company Name	SKYLARK HOLDINGS CO., LTD.	Stock Exchange Listing: Tokyo Stock Exchange, 1st Section
Securities Code	3197	URL: https://www.skylark.co.jp
Representative	Makoto Tani, Chairman, President and Chief Executive Officer	
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Date of general shareholders' meeting (as planned)	March 30, 2022
Dividends payable date (as planned)	March 15, 2022
Annual securities report filing date (as planned)	March 31, 2022
Supplemental material of annual results	Yes
Convening briefing of annual results	Yes (for analysts and institutional investors)

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

1. Consolidated Financial Results for the Fiscal Year Ended December 31, 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)	(%)
Fiscal year ended December 31, 2021	264,570	(8.3)	18,213	-	14,325	-	8,742	-	8,742	-	9,533	-
Fiscal year ended December 31, 2020	288,434	(23.2)	(23,031)	-	(26,433)	-	(17,214)	-	(17,214)	-	(17,081)	-

	Basic earnings per share	Diluted earnings per share	Ratio of net income to equity attributable to owners of the Company	Ratio of income before income taxes to total assets	Ratio of operating profit to revenue
	(Yen)	(Yen)	(%)	(%)	(%)
Fiscal year ended December 31, 2021	40.77	40.77	6.2	3.2	6.9
Fiscal year ended December 31, 2020	(87.16)	(87.16)	(14.0)	(5.9)	(8.0)

(Reference) Profit of investments accounted for using the equity method	Fiscal year ended December 31, 2021	― million yen		Fiscal year ended December 31, 2020	― million yen	
EBITDA	Fiscal year ended December 31, 2021	65,706 million yen	(131.5%)	Fiscal year ended December 31, 2020	28,384 million yen	(-60.5%)
Adjusted EBITDA	Fiscal year ended December 31, 2021	72,331 million yen	(95.9%)	Fiscal year ended December 31, 2020	36,919 million yen	(-51.6%)
Adjusted net income	Fiscal year ended December 31, 2021	8,890 million yen	(-%)	Fiscal year ended December 31, 2020	(17,214) 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	Equity per share attributable to owners of the Company
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(%)	(Yen)
As of December 31, 2021	457,993	166,161	166,161	36.3	730.37
As of December 31, 2020	441,672	113,761	113,761	25.8	576.00

(3) Consolidated Cash Flows

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at the end of the year
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
Fiscal year ended December 31, 2021	50,065	(12,987)	(16,011)	38,331
Fiscal year ended December 31, 2020	36,724	(15,742)	(22,921)	17,030

2. Dividends

	Dividends per share					Total dividends	Payout ratio (Consolidated)	Ratio of dividends to equity attributable to owners of the Company (Consolidated)
	First quarter	Second quarter	Third quarter	Year-end	Total			
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)	(Millions of yen)	(%)	(%)
Fiscal year ended December 31, 2020	–	0.00	–	0.00	0.00	–	–	–
Fiscal year ended December 31, 2021	–	0.00	–	12.00	12.00	2,730	29.4	1.8
Fiscal year ending December 31, 2022 (Forecasted)	–	0.00	–	6.00	6.00		34.1	

(Note 1) The year-end dividend per share for the fiscal year ended December 31, 2021 has been changed from 14 yen to 12 yen. For details, refer to the "Notice Regarding Payment of Dividends " announced today (February 14, 2022).

(Note 2) The dividend resource at the end of the fiscal year ended December 31, 2021 includes capital surplus. For details, please refer to "The breakdown of dividends paid out from capital surplus" below.

3. Forecasts on the Consolidated Financial Results for the Fiscal 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)
Fiscal year ending December 31, 2022	336,000	27.0	10,000	(45.1)	7,500	(47.6)	4,000	(54.2)	17.58

(Reference)

Adjusted net income Fiscal 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 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 December 31, 2021	227,502,200	As of December 31, 2020	197,502,200
(ii) Number of treasury stock	As of December 31, 2021	－	As of December 31, 2020	－
(iii) Average number of issued shares during the period	Fiscal year ended December 31, 2021	214,429,245	Fiscal year ended December 31, 2020	197,502,200

* This financial report is not subject to audit procedures by 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 at 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 the Appendix “1. Overview of Consolidated Operating Results (4) Forecast for the Next Fiscal Year” for further details and disclaimer regarding the use of the forecasts and certain assumptions used in developing those forecast.

(3) Refer to page 2 of the Appendix “1. Overview of Consolidated Operating Results (1) Overview of Consolidated Operating Results for the Current Fiscal Year” for details on 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 the calculation method, and, as a result, their usefulness may decrease.

The breakdown of dividends paid out from capital surplus

Out of the year-end dividends paid for the fiscal year ended December 31, 2021, those paid out from capital surplus are as follows:.

Record date	Year-end	Total for Fiscal year ended December 31, 2021
Dividends per share (Yen)	12.00	12.00
Total dividends (Millions of yen)	2,730	2,730

(Note) Ratio of decrease in net assets: 0.000

(Appendix)

1. Overview of Consolidated Operating Results ….…….. 2
   (1) Overview of Consolidated Operating Results for the Current Fiscal Year……...……..…..…… 2
   (2) Overview of Consolidated Financial Position for the Current Fiscal Year…… 5
   (3) Overview of Consolidated Cash Flows for the Current Fiscal Year.…..... 5
   (4) Forecast for the Next Fiscal Year……..……..…. 6
   (5) Fundamental Policy for Distribution of Profit and Dividends for the Current and Next Fiscal Years……. 9
2. Basic Policy Regarding Selection of Accounting Standards……..…..…….. 11
3. Consolidated Financial Statements and Notes…… 12
   (1) Consolidated Statements of Financial Position…….…… 12
   (2) Consolidated Statements of Income ……..……...…… 14
   (3) Consolidated Statements of Comprehensive Income ……...…… 15
   (4) Consolidated Statements of Changes in Equity …… 16
   (5) Consolidated Statements of Cash Flows ……...…. 18
   (6) Notes to Consolidated Financial Statements…… 19

1. Overview of Consolidated Operating Results

(1) Overview of Consolidated Operating Results for the Current Fiscal Year

During the fiscal year ended December 31, 2021, the Japanese economy continued to be affected by the COVID-19 pandemic as in the previous fiscal year. Due to the intermittent declaration of state of emergency and the application of pre-emergency measures to prevent the spread of COVID-19, both business sentiment and consumer sentiment cooled, and severe economic situations continued. However, after September 30, 2021 when all the declaration of state of emergency and pre-emergency measures have been lifted, trends in market recovery have gradually become visible.

In the restaurant industry, the number of customers visiting our stores has declined significantly due to declaration of state of emergency, the application of pre-emergency measures to prevent the spread of COVID-19, and requests by the national and local governments to shorten business hours and ban the serving of alcoholic beverages. However, guest count has been on a recovery trend since the full lifting of the declaration of state of emergency and other measures from October 2021. The business environment has improved compared to the previous fiscal year due to the increase in sales of delivery and take-out, as well as the receipt of government subsidy for shortened business hours. On the other hand, we are in a very difficult situation in terms of costs due to the sharp rise in raw material prices, the increase in the unit price of utilities due to high crude oil prices, and the increase in labor costs. In addition, the business environment may take a downward turn again if the number of COVID-19 Omicron variant cases increase further in Japan.

In such a business environment, we have taken thorough measures for infection prevention to protect the health of our customers and employees, and have responded to requests from the national and local governments to shorten business hours and ban the serving of alcoholic beverages. In addition, we are building a robust business foundation by continuing to make self-help efforts to minimize the impact of declining sales on our profits and losses, such as improving productivity by promoting DX using the proceeds acquired through the public offering in June, and reducing fixed costs.

As for trends in sales revenue, while opportunities to eat out are decreasing due to the COVID-19 pandemic, consumers have continued to seek "meaning" and "value" in eating out and want to spend enriched meal times. As a result, among our brands, highly specialized brands and brands with comfortable ambience continue to perform well. Examples include Musashino Mori Coffee, which is inspired by a highland resort, Totoyamichi, a premium conveyor-belt sushi restaurant, and La Ohana, a Hawaiian-style restaurant.

In response to the change in consumer lifestyles caused by the COVID-19 pandemic, we have been working to provide customers with menus that cannot be enjoyed at home, quality, value for price, and mood that they are looking for. While it is difficult to travel freely, we held the "*Etchu-Toyama* Fair" at Yumean and Aiya, and the "*Hokkaido* Fair" at Jonathan's as limited time-offers, both of which focused on using ingredients and brands that are made in the featured areas, to give customers the feeling of a short trip. Similarly, Bamiyan's "Taiwan Gourmet Fair" and Yumean's "*Oma* Tuna Fair" were also very popular. In response to the growing health consciousness among customers, Gusto sold "Keema Curry," a dish made with 10 kinds of vegetables that is difficult to prepare at home. In addition, *karaage* (fried chicken) products from our *karaage* specialty brand Karayoshi, which had been available at some stores, were expanded to be available at all Gusto stores nationwide, making it even more convenient for customers to enjoy specialty store *karaage* for dine-in, take-out and delivery. The quad-sectioned pot uniquely developed by Syabu-Yo so that customers can enjoy multiple kinds of broth in one meal can also be used to designate a specific cooking space for each diner. Customers appreciated this alternative function of this new pot, as they can eat hotpot dishes with peace of mind, even in the COVID-19 pandemic.

From October onward, there were signs of a gradual recovery in sales due to a decrease in the number of new cases of COVID-19 and the lifting of requests to shorten business hours and ban the serving of alcoholic beverages. In order for customers to enjoy both food and alcohol at a restaurant for the first time in a long while, we expanded our menu of small dishes that go well with alcohol that can also be enjoyed as meals with rice, with the aim of capturing and strengthening demand for alcohol across all brands, which has been well received.

In December, we launched a campaign where seven brands sold alcoholic beverages for 99 yen per drink, and a campaign to offer four menu items at Gusto at a discount price of 399 yen per item. By airing TV commercials for each of these campaigns to appeal to a wide range of customers, we aimed to increase the number of our customers in anticipation of the ending of the COVID-19 pandemic. The 99-yen alcoholic drink campaign was particularly popular among younger

segments and new customers, and helped to stimulate recognition of new ways of using family restaurants. Gusto's campaign to sell four menu items, such as “hamburger steak and fried prawns” and “spaghetti with tomato sauce” for 399 yen each was effective in bringing back young family segments who had stopped visiting our restaurants due to the COVID-19 pandemic.

As a promotion to encourage customers to come back to our restaurants, Gusto, Jonathan’s, Yumean, Aiya, and Totoyamichi conducted campaigns to give away small designed plates to customers who spent over a certain amount in in-store dining, and these campaigns were well received, especially by female customers and senior segments. The "Platinum Passport" for senior customers, which was expanded to nine brands, offers a 5% discount on all products for in-store dining, delivery, and take-out, and the total number of users has exceeded one million. The "senior prices" newly introduced for each course at Syabu-Yo and the "special senior coupon price" offered on newspaper and free-paper flyers for several brands have also led to revisits by senior customers.

Sales for delivery and take-out increased significantly due to regulations such as the declarations of state of emergency and pre-emergency measures to prevent the spread of COVID-19, as well as increased demand from home-nesting during the Olympic Games in Tokyo. Delivery sales for the current fiscal year was 123% compared to the previous fiscal year (171% compared to FY2019), and take-out sales for the current fiscal year was 118% compared to the previous fiscal year (248% compared to FY2019). As of December 31, 2021, delivery services were offered at approximately 2,400 stores, and the area household coverage ratio in Tokyo and the adjacent three prefectures reached 94%. As a measure to strengthen take-out sales, we expanded our lineup of take-out menu items by developing menus for in-store dining that can also be taken out, as well as implemented limited-time take-out promotions for each brand, such as "Mayo-Corn Pizza for 299 yen" at Gusto. In addition, we added a "mobile order and pre-payment" function in the Skylark App with the aim of enhancing both customer convenience and our own marketing capacities by integrating the separate customer bases that our app and our take-out website had. The time that is created for our restaurant staff through the reduction of order-taking and cashier work with the introduction of mobile ordering and pre-payment in the app is used to provide high quality services to improve customer satisfaction as a table service restaurant, such as better hospitality, smooth ushering upon entrance, and serving food while hot. Jonathan’s has started selling "J's Crisp Chicken," a healthy fried chicken, at all stores targeting women, and it has been well received, especially for take-out.

We continue to promote DX for the convenience of our customers and to improve the productivity of our employees. In July, we introduced the take-out "mobile order and pre-payment" function in the Skylark App, which has reduced the waiting time for customers in our restaurants by approximately 90%, and has also significantly reduced the time required for employees to take orders. Since its introduction in the first quarter of FY2020, the digital menu book has been installed in approximately 2,400 stores of major brands. The digital menu book has been improved to make it easy for any customer to use, and was first introduced in our Japanese food brand Yumean, which welcomes many senior customers. We have received positive feedback from customers who have used the improved digital menu book and have confirmed its effectiveness in improving employee productivity, so we plan to roll out the new digital menu book to other brands such as Gusto, which already has the previous version of the digital menu book installed in its stores. In addition, floor service robots, which we have been experimenting with in test stores since the end of August, has improved customer satisfaction by not keeping customers waiting, and has also reduced the workload of employees. As of the end of the current fiscal year, the floor service robots have been introduced in 135 stores, mainly Gusto and Syabu-Yo.

As for store development, Bamiyan, which withdrew from Hokkaido prefecture in 2008, has been revamped to meet market needs and reentered the market in July after approximately 13 years with a new store opening in Sapporo, Hokkaido. At the same time, Karayoshi also opened its first store in Hokkaido, delivering the quality of a *karaage* specialty restaurant. In addition, with the aim of building a store portfolio that meets consumer needs, we converted 73 stores, mostly into specialty brands which warrant purpose-oriented visits, such as our café brand, Musashino Mori Coffee, our Hawaiian restaurant, La Ohana, and our Chinese food restaurant, Bamiyan. As a result, sales at converted stores increased by 61.7%. In addition, in order to create a comfortable store environment, we resumed store remodels that had been suspended to control cash outflows under the COVID-19 pandemic, and sales at the remodeled 106 stores increased by 4.8%.

We also opened the first Syabu-Yo restaurant in Chicago, Illinois, U.S. in September. Syabu-Yo is a brand that has already been successful in Taiwan and Malaysia, where customers can enjoy carefully selected quality meat and fresh vegetables as much as they like in a healthy manner. While leveraging our management resources and know-how, we will endeavor to

understand the tastes and needs of our U.S. customers and explore business development potentials in this market.

In terms of costs and expenses, we made maximum efforts to restrain cash-out to lower our break-even point. We have reduced fixed labor costs and utility costs by abolishing late-night operating hours, curbed promotional expenses, improved store productivity by promoting DX, reduced store rents and changed rent contracts to a percentage of sales with the cooperation of our owners, reduced headquarters expenses and suspended the execution of other non-essential costs. In terms of cost reduction measures, we lowered the unit purchasing price by increasing the buying volume per raw material through modularization of ingredients and menus, internalization of outsourced ingredients and changing delivery routes and frequencies. As a result, we achieved a reduction in selling, general and administrative expenses of approximately 4,100 million yen and a reduction in costs of approximately 2,400 million yen in the current consolidated fiscal year compared to FY2020.

<Countermeasures Against COVID-19 Infections>
We believe that our social mission is to do our utmost to prevent the spread of COVID-19. During the current fiscal year, we took all possible measures to prevent infections at a cost of approximately 300 million yen to ensure the safety of our customers and employees.

In addition, we have been complying with requests from the national and local governments and various guidelines. In the current fiscal year, we recorded 42,700 million yen as “Subsidy for Shortening of Business Hours to Prevent the Spread of Infectious Diseases” under other operating income, for applications which have been filed by December 31, 2021.

As a result, we have recorded revenue of 264,570 million yen (a decrease of 23,865 million yen compared to the previous year), operating profit of 18,213 million yen (operating loss of 23,031 million yen for the previous year), income before income taxes of 14,325 million yen (loss before income taxes of 26,433 million yen for the previous year), and net income attributable to the owners of the Company of 8,742 million yen (net loss attributable to the owners of the Company of 17,214 million yen for the previous year) for the current consolidated fiscal year.

EBITDA (Note 1) was 65,706 million yen (an increase of 37,323 million yen compared to the previous year), adjusted EBITDA (Note 2) was 72,331 million yen (an increase of 35,413 million yen compared to the previous year) and adjusted net income (Note 3) was 8,890 million yen (adjusted net loss of 17,214 million yen for the previous year). In addition, the number of restaurants was 3,098 as of December 31, 2021 (3,126 as of January 1, 2021), including 4 restaurants which are unopened for future brand conversion.

(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 (excluding loss on redemption of borrowings before the repayment date and gain and loss from associated hedge transactions) - Interest income - Other financial income + Depreciation and amortization + Amortization of long-term prepaid expenses + Amortization of long-term prepaid expenses (deposits)
・Other financial expenses are disclosed as “Other expenses” in the Consolidated Statements of Income.
・Other financial income is disclosed as “Other income” in the 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 offering of the Company’s shares, including advisory fees.

(2) Overview of Consolidated Financial Position for the Current Fiscal Year

Analysis of assets, liabilities, and equity as of the current consolidated fiscal year is summarized as follows:

Current assets amounted to 67,446 million yen, which was an increase of 31,128 million yen compared to the end of the previous fiscal year mainly due to increases in cash and cash equivalents and trade and other receivables. Non-current assets amounted to 390,547 million yen, which was a decrease of 14,808 million yen compared to the end of the previous fiscal year, mainly due to a decrease in property, plant and equipment.

Total assets amounted to 457,993 million yen, which was an increase of 16,321 million yen compared to the end of the previous fiscal year.

Current liabilities amounted to 89,863 million yen, which was a decrease of 113,863 million yen compared to the end of the previous fiscal year mainly due to a decrease in short-term borrowings. Non-current liabilities amounted to 201,968 million yen, which was an increase of 77,783 million yen compared to the end of the previous fiscal year mainly due to an increase of long-term borrowings.

Total liabilities amounted to 291,831 million yen, which was a decrease of 36,080 million yen compared to the end of the previous fiscal year.

Equity amounted to 166,161 million yen, which was an increase of 52,401 million yen compared to the end of the previous fiscal year, mainly due to an increase from the proceeds from the issuance of new shares (42,868 million yen) and an increase in the recording of net income (8,742 million yen).

(3) Overview of Consolidated Cash Flows for the Current Fiscal Year

Cash and cash equivalents as of the end of the current consolidated fiscal year amounted to 38,331 million yen, which was an increase of 21,302 million yen compared to the end of the previous fiscal year. The conditions and factors thereof for each category of cash flows for the current consolidated fiscal year were as follows:

Cash flows from operating activities:
Net cash provided by operating activities was 50,065 million yen, an increase of 13,341 million yen compared to the previous year. This was primarily due to recording of income before income taxes of 14,325 million yen in the current consolidated fiscal year (loss before income taxes of 26,433 million yen was recorded in the previous consolidated fiscal year), increases and decreases in trade and other receivables decreased by 7,695 million yen, increases and decreases in other financial liabilities (current) decreased by 7,503 million yen, and increases and decreases in other current liabilities decreased by 12,840 million yen.

Cash flows from investing activities:
Net cash used in investing activities was 12,987 million yen, a decrease of 2,755 million yen compared to the previous year. This was primarily due to a decrease of 2,009 million yen in payments for acquisition of property, plant and equipment including investments in new, converted and remodeled restaurants, and an increase of 923 million yen in 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 16,011 million yen, a decrease of 6,910 million yen compared to the previous year. This was primarily due to a decrease of 25,000 million yen in the proceeds from short-term borrowings, a decrease of 18,000 million yen in repayments of short-term borrowings, a decrease of 29,319 million yen in the proceeds from long-term borrowings, and an increase of 42,808 million yen in proceeds from the issuance of new shares.

(Reference) Indexes Related to Cash Flows

	Fiscal Year Ended December 31, 2017	Fiscal Year Ended December 31, 2018	Fiscal Year Ended December 31, 2019	Fiscal Year Ended December 31, 2020	Fiscal Year Ended December 31, 2021
Ratio of equity attributable to owners of the Company to total assets (%)	40.0	39.5	29.3	25.8	36.3
Ratio of equity attributable to owners of the Company to total assets based on a fair value basis (%)	99.2	103.4	92.9	71.4	75.1
Net leverage ratio (multiple)	2.7	3.0	3.1	6.5	2.6
Interest coverage ratio (multiple)	22.3	24.0	30.8	16.6	20.2

(Note) Ratio of equity attributable to owners of the Company to total assets: Equity attributable to owners of the Company / Total assets
Ratio of equity attributable to owners of the Company to total assets based on a fair value basis: Total market value of the Company's shares / Total assets
Net leverage ratio: Net interest-bearing liabilities / Adjusted EBITDA
Interest coverage ratio: Cash flows from operating activities / Interest paid
* Each measure is calculated using financial figures on a consolidated basis (IFRSs).
* Total market value of the Company's shares is calculated using share price at the end of the period multiplied by the number of issued shares at the end of the period (after deducting treasury stock).
* Net interest-bearing liabilities are calculated by subtracting cash and deposits from interest-bearing liabilities.
* The amounts of cash flows from operating activities and interest paid are obtained from "Cash flows from operating activities" and "Interest paid" on the consolidated statements of cash flows.

(4) Forecast for the Next Fiscal Year

We expect to achieve revenue of 336,000 million yen (an increase of 71,430 million yen), operating profit of 10,000 million yen (a decrease of 8,213 million yen), income before income taxes of 7,500 million yen (a decrease of 6,825 million yen), net income attributable to owners of the Company of 4,000 million yen (a decrease of 4,742 million yen), and adjusted net income of 4,000 million yen (a decrease of 4,890 million yen).

Our business environment continued to be very challenging due to several declarations of state of emergency by the government and requests by local governments to shorten business hours and ban the serving of alcoholic beverages in restaurants following increases in COVID-19 cases. On the other hand, new customer needs were born, such as customers being more selective of restaurant and menu choices when dining out, demand for goods, experiences and ambience that cannot be experienced at home, and an increase in options other than dining out, such as prepared foods and home delivery, which became more prominent during the COVID-19 pandemic. Now, there are concerns that the business environment may worsen due to a decline in consumer confidence with the ongoing COVID-19 pandemic as well as cost pressures such as soaring utility and food costs and rising labor costs, and the restaurant industry may enter an era of shakeout.

In our post-COVID roadmap, we aim to achieve further growth in becoming an integrated food service company in the three phases described below. The three key elements underlying all phases are: 1) promotion of digital transformation (DX), 2) human resource development and work system reforms, and 3) reinforcement of environmental initiatives.

<Phase 1 (2021-2022)>

We will focus on strengthening existing stores. We will strive to increase guest count by improving our service in general as well as cleanliness in our restaurants to provide a comfortable space for customers; renewing store facilities through remodeling efforts; expanding our menus to meet changing consumer lifestyles, and implementing improved promotion strategies. By promoting DX, we aim to provide maximum support for both increased guest count and improved productivity in our stores. At the same time, we will work to develop a new business model in preparation for the next era.

<Phase 2 (2022 to 2025)>

By establishing a highly profitable structure, we will make a full-scale entry into the e-commerce and retail sales businesses, which we consider to be businesses for the next era, as well as full-scale development of multiple overseas stores. As the baby-boom generation reaches the age of 75 by 2025, demand for meal delivery services to households and businesses is expected to increase. To meet this demand, we will begin preparations to enter the meal delivery and home-meal businesses.

<Phase 3 (2025 and onwards)>
We will expand the scale of our business through M&A, and aim to increase our market share, not only in the restaurant business but also in the meal delivery and home-meal business domains by further expanding the businesses started in the previous phase. As for M&A, we will actively consider any opportunities that arise, even before reaching this phase.

After almost two years of the COVID-19 pandemic, customers have become more selective, and there are concerns that the business environment will continue to be cost-pushed, with rising costs of food ingredients such as meat, rising energy costs, and soaring labor costs. In order to overcome the shakeout that lies ahead in this severe business environment, it is essential to create a robust business foundation. To respond quickly to this business environment, we believe that achieving sales growth by "improving the quality of existing stores" should be our top priority. Therefore, in phase 2, we will aim to achieve sales growth by increasing guest count in our existing stores through the creation of stores that are widely accepted by customers.

(1) Growth strategy of our Group
In order to achieve sales and profit growth by increasing guest count, we will implement the following three growth strategies. (i) Thorough improvement of Quality, Service, and Cleanliness (QSC), (ii) brush-up of menu items and improved promotion strategies, and (iii) promoting DX throughout the company and in all business categories.

(i) Thorough improvement of Quality, Service, and Cleanliness (QSC)
We will thoroughly improve QSC in order to provide customers with a comfortable dining space and delicious food so that they will want to come back. By reducing operational burdens, our staff can focus more on customer service, which will further improve customer satisfaction. Specifically, we will reduce the workload of employees by using floor service robots and digital menu books and use the time made available to further clean the restaurant and provide better service; improve cooking skills of our staff by optimizing the frequency of menu revisions; and maximize training results by utilizing digital tools.

We will also work to create a comfortable store environment for our customers. We will form a cleaning team and make thorough daily cleaning a habit to maintain a clean store environment. In addition, we resumed store remodeling in the fourth quarter of the current fiscal year, which had temporarily been suspended, and we will continue to improve the comfort of our stores during the next fiscal year. We will also enhance employee training and strive to provide quality services so that our customers can have a pleasant time in our restaurants.

(ii) Brush-up of menu items and improved promotion strategies
When customers eat out, there is an ever-increasing trend for them to seek professional taste that they cannot cook at home. We are continuously striving to improve the quality of our core products and make sure that we offer products that are worth eating out for. We have also enhanced the variety of our alcoholic beverages, which could not be enjoyed by our customers when eating out due to the banning of alcoholic beverages during the declarations of state of emergency, and are developing dishes that go well with alcoholic drinks in each brand. In addition, for family restaurant brands such as Gusto and Bamiyan, we will further extend the line-up of products in the lower price range to provide a variety of menu choices where customers can order according to their needs. In order to broaden the range of choices for customers, we will increase the number of small portion menu items as well as strengthen side- and dessert menus with more items in price ranges that make it easier for customers to order as additions. For specialty store brands such as Syabu-Yo, Jonathan’s, and Musashino Mori Coffee, we will offer more specialized menus and offer “healthy” or “local delicacy” value-added menus.

On the promotion side, we will continue to execute integrated marketing activities to increase the frequency of revisits and to encourage new customers to visit our restaurants.

Promotion through the distribution of coupons using the Skylark App, which is used by approximately 15 million people, has been effective in attracting many customers to return to stores and increasing customer loyalty. In addition, the number of users of the "Platinum Passport" program, which aims to increase the frequency of visits of senior segment customers, has already

exceeded one million and has been very well received. Going forward, in addition to the continued implementation of proven measures, we will strengthen our efforts to increase the number of registered app members, with the aim of increasing customer visit frequencies.

We will also enhance promotions to encourage customers to return to our stores, such as campaigns targeting young children, give-away campaigns of small plates and other items, and distribution of flyers to neighborhood homes for when stores reopen after remodeling. Furthermore, as a measure to inform a wide audience of our menus and services and to remind people of our brands for when they contemplate where to eat out, we will continue to broadcast TV commercials as well as strengthen digital marketing such as digital ads and social media marketing. In particular, in order to appeal to the younger generation, we will utilize both paid and earned media to promote a sense of price value and volume.

(iii) Promoting DX throughout the company and in all business categories
We will further invest in IT and digital technologies that contribute to "improving customer convenience" and "increasing employee productivity". We will improve the efficiency of store operations and back-office operations to reduce the workload of employees, improve the productivity of stores as well as headquarters, dramatically increase the operational productivity of the entire company, and strengthen our resistance to future increases in labor costs. As a result of these combined efforts, we will have a highly profitable structure.

The "Digital Menu Book," which has been gradually introduced since the first quarter of FY2020, will be renewed with a more advanced software with customer-friendly specifications. In our Japanese food brands, where there are many elderly customers, we will use the new digital menu book in combination with conventional printed menus to improve both convenience of customers and productivity of store operations. Floor service robots, which were introduced in October 2021, have been installed in 135 stores as of the end of the current fiscal year, in brands such as Gusto, Syabu-Yo, Bamiyan, Jonathan’s, and Steak Gusto, and an accumulated total of 3,000 robots are scheduled to be installed in our stores by the end of the next fiscal year. These floor service robots have improved customer satisfaction by not making customers wait, by our employees being able to offer higher quality services with the time made available, and at the same time, have also reduced the workload of store employees. Introduction of these robots is also expected to create a positive cycle of motivating employees to continue working in our stores, promoting the improvement of service skills and providing even better services to customers. In addition to renewing the POS cash registers in all stores, the cashless self-checkout cashiers will be introduced in approximately 1,000 stores by the end of FY2022, reducing the high burden of cashier work on employees. In the future, we will promote the use of digital devices by our employees to facilitate better internal communication and further improve productivity.

(2) Establishing a highly profitable structure through continuous cost reduction efforts
As the outlook for sales growth becomes uncertain due to the COVID-19 pandemic, we are striving to establish a highly profitable structure by continuing to cut costs and reduce costs through self-help efforts. We are promoting menu reforms, such as reviewing the frequency of menu revisions and using common food ingredients among brands, and reducing costs such as store labor costs, promotion costs, and headquarters expenses. In addition, we are working to improve productivity and reduce costs in our central kitchens by reviewing production processes, reducing the frequency of deliveries, internalization of outsourced products, and reducing the total number of food ingredients used by revising menus catered to reducing food loss.

(3) ESG initiatives
We recognize that our business activities are deeply related to the Sustainable Development Goals (SDGs). In December 2020, we established the Sustainability Committee in order to strengthen the system for promoting our responsibilities across our Group toward the realization of a sustainable society, including implementation of measures in line with the global goals set by the United Nations.

In the current fiscal year, we defined our purpose as “To contribute to enriching people’s lives and to the advancement of society as a whole by creating the future of dining,” and our long-term strategic vision for 2030 as "Help all people lead enriched lives; Contribute to realizing an enriched society; Environmental conservation.” In addition, based on our Sustainability Policy, which calls for the realization of a sustainable society and the enhancement of corporate value through food service, we have specified our materiality, issues we must address with priority, through an analysis of its significance to our Group and to our various stakeholders. Our materiality is disclosed on our website both as a list and as a materiality matrix.
https://www.skylark.co.jp/csr/materiality.html

Our ESG initiatives contribute to global environmental conservation and the development of a sustainable society through our products, services, and corporate activities, from procurement and production to store operations, and simultaneously realize our corporate growth.

- With regards to disposable plastic products such as packaging containers, cutlery and plastic shopping bags for delivery and take-out, we are proceeding to switch to products made of biomass materials and paper materials to reduce the use of petroleum-based plastics.
- To reduce CO2 emissions, we are promoting power saving activities, energy saving initiatives, and optimization of our logistics network. We are also conducting preparatory research for the transitioning to alternative and renewable energy sources and accelerating our efforts toward decarbonization. We have set a goal of reducing CO2 emissions to virtually zero by 2050 as a Group. At the same time, we have set a short-term goal of improving CO2 emissions per million yen of sales by at least 1% per year on average, and a medium-term goal of reducing CO2 emissions by 50% by 2030 from our FY2018 levels.
- To ensure that our customers can enjoy their meals with peace of mind, we make efforts to disclose salt content, calories, allergens, and origin information of major ingredients. In addition, considering the seriousness of allergic reactions, we have revamped our allergy information website so that customers can search for information on allergens both from menu items and from designated allergens.
- We also strive to develop menus that allow customers to enjoy their meals in a healthy manner. For example, we offer menus that are rich in vegetable content or low in carbohydrates, as well as balanced plates and set menus that allow customers to enjoy multiple items in one meal, and also offer set menus where customers can choose not just white rice but also salads or multigrain rice to complement their meals. We will continue to be conscious of the health of our customers in the development of our menus in each of our brands.
- As a company in food service, actions to reduce food loss is our important responsibility. We have a system of producing on an as-needed basis at our 10 central kitchens located across the country and delivering them to stores on a daily basis. We are also working to reduce food waste by recycling 100% of the food waste from our central kitchens.
- We make efforts to minimize food loss in our restaurants by allowing customers to choose how much rice they want and offering a la carte menus so that customers can enjoy the food without leaving much behind. In addition, in September 2020, to further reduce food loss, we introduced a take-out container named "Skylark *Mottainai* Pack®" to encourage customers to take home the food when they are unable to finish eating, and promoted the use of this pack to our customers through our digital menu books and our website.
- As a company that handles alcoholic beverages, we comply with applicable laws and regulations and ensure that alcohol is served and consumed responsibly.
- We will promote diversity and will create a rewarding work environment for all employees.
- We will accelerate our energy conservation efforts in air conditioning and kitchen facilities.
- We will promote health management and work to maintain and improve the health and performance of our employees.

Our various ESG initiatives are disclosed on the following website.
https://www.skylark.co.jp/csr/index.html
Information on health management is disclosed on the following website.
https://www.skylark.co.jp/csr/health.html

Our management philosophy is “Creating Richness with Value to Society.” We will strive to enhance our corporate value by realizing our mission, “To offer great tasting food at affordable prices with good service in our comfortable restaurants to as many people as possible,” and by aiming to create a comfortable store environment and offer services which enrich the lives of our customers. To this end, we have established the "Skylark Group Charter of Corporate Behavior," which is shared by all executives and employees, and each of us strive to comply with laws, international rules, and the spirit of these rules, as well as to act in a socially responsible manner. In addition, various initiatives are implemented to enhance corporate governance to ensure sound, efficient, and transparent management of our Group.

(5) Fundamental Policy for Distribution of Profit and Dividends for the Current and Next Fiscal Years

We aim to provide stable dividend payments to our shareholders while ensuring that adequate internal reserve is maintained in preparation for future business deployment and investments to further improve corporate value. Under this policy, we have decided to pay dividends of 12.00 yen per share for the fiscal year ended December 31, 2021(12.00 yen annually).

With regard to dividends in the next fiscal year, we have decided to pay dividends in a stable manner with the aim of achieving

a consolidated dividend payout ratio of approximately 30% on the basis of adjusted net income, taking into consideration investments for future growth. Accordingly, an annual dividend of 6.00 yen per share is planned to be paid, based on the assumption that the business forecast as discussed in “1. Overview of Consolidated Operating Results (4) Forecast for the Next Fiscal Year” on page 6 of the Appendix will be achieved.

(Note) 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

2. Basic Policy Regarding Selection of Accounting Standards

The Group has adopted the International Financial Reporting Standards (IFRSs) effective from the fiscal year ended December 31, 2013 to improve effective usage for stakeholders such as domestic and foreign shareholders, investors, and trading partners.

3. Consolidated Financial Statements and Notes

(1) Consolidated Statements of Financial Position

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

(Millions of yen)

	As of December 31, 2020	**As of December 31, 2021**
Assets		
Current assets		
Cash and cash equivalents	¥ 17,030	**¥ 38,331**
Trade and other receivables	13,588	**24,247**
Other financial assets	46	**50**
Inventories	4,304	**3,972**
Other current assets	1,350	**846**
Total current assets	36,317	**67,446**
Non-current assets		
Property, plant and equipment	210,530	**199,468**
Goodwill	146,059	**146,001**
Other intangible assets	4,726	**4,179**
Other financial assets	25,108	**24,038**
Deferred tax assets	18,331	**16,314**
Other non-current assets	600	**546**
Total non-current assets	405,354	**390,547**
Total assets	¥ 441,672	**¥ 457,993**

SKYLARK HOLDINGS CO., LTD. and Subsidiaries

(1) Consolidated Statements of Financial Position－Continued
As of December 31, 2020 and December 31, 2021 (Unaudited)

(Millions of yen)

	As of December 31, 2020	**As of December 31, 2021**
Liabilities and equity		
Liabilities		
Current liabilities		
Short-term borrowings	¥ 125,845	**¥ 17,810**
Trade and other payables	24,435	**28,347**
Other financial liabilities	31,735	**27,620**
Income tax payable	203	**3,217**
Provisions	2,601	**1,668**
Other current liabilities	18,908	**11,201**
Total current liabilities	203,726	**89,863**
Non-current liabilities		
Long-term borrowings	20,000	**104,634**
Other financial liabilities	88,311	**81,691**
Provisions	14,967	**14,727**
Other non-current liabilities	906	**916**
Total non-current liabilities	124,185	**201,968**
Total liabilities	327,911	**291,831**
Equity		
Share capital	3,634	**25,134**
Capital surplus	56,595	**77,963**
Other components of equity	(510)	**301**
Retained earnings	54,041	**62,763**
Equity attributable to owners of the Company	113,761	**166,161**
Total equity	113,761	**166,161**
Total liabilities and equity	¥ 441,672	**¥ 457,993**

(2) Consolidated Statements of Income

For the Fiscal Years Ended December 31, 2020 and 2021 (Unaudited)

(Millions of yen)

	For the fiscal year ended December 31, 2020	**For the fiscal year ended December 31, 2021**
Revenue	¥ 288,434	**¥ 264,570**
Cost of sales	(91,288)	**(81,511)**
Gross profit	197,146	**183,059**
Other operating income	2,394	**45,748**
Selling, general and administrative expenses	(212,637)	**(203,420)**
Other operating expenses	(9,935)	**(7,174)**
Operating profit (loss)	(23,031)	**18,213**
Interest income	14	**9**
Other income	2	**3**
Interest expense	(2,813)	**(2,938)**
Other expenses	(605)	**(962)**
Income (loss) before income taxes	(26,433)	**14,325**
Income taxes	9,219	**(5,582)**
Net income (loss)	¥ (17,214)	**¥ 8,742**
Net income (loss) attributable to:		
Owners of the Company	¥ (17,214)	**¥ 8,742**
Net income (loss)	¥ (17,214)	**¥ 8,742**
Earnings per share		
Basic (Yen)	¥ (87.16)	**¥ 40.77**
Diluted (Yen)	(87.16)	**40.77**

(3) Consolidated Statements of Comprehensive Income

For the Fiscal Year Ended December 31, 2020 and 2021 (Unaudited)

(Millions of yen)

	For the fiscal year ended December 31, 2020	**For the fiscal year ended December 31, 2021**
Net income (loss)	¥(17,214)	**¥ 8,742**
Other comprehensive income		
Items that are not reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	178	**105**
Remeasurements of the net defined benefit liability (asset)	2	**(20)**
Total items that are not reclassified to profit or loss	180	**85**
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	41	**276**
Cash flow hedges	(89)	**430**
Total items that may be reclassified to profit or loss	(48)	**706**
Other comprehensive income, net of tax	133	**791**
Total comprehensive income	¥(17,081)	**¥ 9,533**
Comprehensive income attributable to:		
Owners of the Company	¥(17,081)	**¥ 9,533**
Total comprehensive income	¥(17,081)	**¥ 9,533**

SKYLARK HOLDINGS CO., LTD. and Subsidiaries

(4) Consolidated Statements of Changes in Equity

(Millions of yen)

	Share capital	Capital surplus	Other components of equity				
			Financial assets measured at fair value through other comprehensive income	Remeasurements of the net defined benefit liability (asset)	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	－	－	178	2	41	(89)	133
Total comprehensive income	－	－	178	2	41	(89)	133
Dividends	－	－	－	－	－	－	－
Transfer from other components of equity to retained earnings	－	－	－	(2)	－	－	(2)
Total contributions by and distributions to owners of the Company	－	－	－	(2)	－	－	(2)
Total transactions with owners of the Company	－	－	－	(2)	－	－	(2)
As of December 31, 2020	¥ 3,634	¥ 56,595	¥ 328	¥ －	¥ 326	¥ (1,163)	¥ (510)
Net income (loss)	－	－	－	－	－	－	－
Other comprehensive income, net of tax	－	－	105	(20)	276	430	791
Total comprehensive income	－	－	105	(20)	276	430	791
Issuance of common stock	21,500	21,368	－	－	－	－	－
Dividends	－	－	－	－	－	－	－
Transfer from other components of equity to retained earnings	－	－	－	20	－	－	20
Total contributions by and distributions to owners of the Company	21,500	21,368	－	20	－	－	20
Total transactions with owners of the Company	21,500	21,368	－	20	－	－	20
As of December 31, 2021	¥ 25,134	¥ 77,963	¥ 432	¥ －	¥ 602	¥ (734)	¥ 301

SKYLARK HOLDINGS CO., LTD. and Subsidiaries

(4) Consolidated Statements of Changes in Equity

	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)	**(17,214)**	**(17,214)**	**(17,214)**
Other comprehensive income, net of tax	**—**	**133**	**133**
Total comprehensive income	**(17,214)**	**(17,081)**	**(17,081)**
Dividends	**(1,975)**	**(1,975)**	**(1,975)**
Transfer from other components of equity to retained earnings	**2**	**—**	**—**
Total contributions by and distributions to owners of the Company	**(1,973)**	**(1,975)**	**(1,975)**
Total transactions with owners of the Company	**(1,973)**	**(1,975)**	**(1,975)**
As of December 31, 2020	**¥ 54,041**	**¥ 113,761**	**¥ 113,761**
Net income (loss)	**8,742**	**8,742**	**8,742**
Other comprehensive income, net of tax	**—**	**791**	**791**
Total comprehensive income	**8,742**	**9,533**	**9,533**
Issuance of common stock	**—**	**42,868**	**42,868**
Dividends	**—**	**—**	**—**
Transfer from other components of equity to retained earnings	**(20)**	**—**	**—**
Total contributions by and distributions to owners of the Company	**(20)**	**42,868**	**42,868**
Total transactions with owners of the Company	**(20)**	**42,868**	**42,868**
As of December 31, 2021	**¥ 62,763**	**¥ 166,161**	**¥ 166,161**

SKYLARK HOLDINGS CO., LTD. and Subsidiaries

(5) Consolidated Statements of Cash Flows

For the Fiscal Year Ended December 31, 2020 and 2021 (Unaudited)

(Millions of yen)

	For the fiscal year ended December 31, 2020	**For the fiscal year ended December 31, 2021**
Cash flows from operating activities		
Income(loss) before income taxes	¥ (26,433)	**¥ 14,325**
Adjustments for:		
Depreciation and amortization	51,168	**47,293**
Loss on impairment of non-financial assets	8,232	**6,225**
Gain or loss on sale and disposal of fixed assets	294	**180**
Interest income	(14)	**(9)**
Other income	(2)	**(3)**
Interest expense	2,813	**2,938**
Other expenses	605	**962**
	36,664	**71,911**
Changes in working capital, etc.:		
Decrease (increase) in trade and other receivables	(2,893)	**(10,588)**
Decrease (increase) in inventories	596	**346**
Increase (decrease) in trade and other payables	(819)	**2,526**
Increase (decrease) in other financial liabilities (current)	4,078	**(3,425)**
Increase (decrease) in other current liabilities	5,152	**(7,688)**
Other	668	**(204)**
Cash generated from operations	43,445	**52,877**
Interest and dividends received	8	**4**
Interest paid	(2,219)	**(2,479)**
Income taxes paid	(4,511)	**(748)**
Income taxes refunded	—	**410**
Net cash from operating activities	36,724	**50,065**
Cash flows from investing activities		
Payments into time deposits	(380)	**—**
Proceeds from withdrawals of time deposits	651	**—**
Acquisition of property, plant and equipment	(14,230)	**(12,221)**
Proceeds from sale of property, plant and equipment	8	**5**
Acquisition of intangible assets	(1,540)	**(1,014)**
Payment of loans	(1)	**—**
Proceeds from collection of loans	0	**0**
Payments of lease deposits and guarantee deposits	(594)	**(460)**
Proceeds from collection of lease deposits and guarantee deposits	682	**1,605**
Other	(339)	**(903)**
Net cash used in investing activities	(15,742)	**(12,987)**
Cash flows from financing activities		
Proceeds from short-term borrowings	110,000	**85,000**
Repayments of short-term borrowings	(109,000)	**(91,000)**
Proceeds from long-term borrowings	29,319	**—**
Repayments of long-term borrowings	(14,212)	**(17,849)**
Proceeds from issuance of common stock	—	**42,808**
Repayments of lease liabilities	(36,477)	**(33,957)**
Dividends paid	(1,986)	**(17)**
Payments of commissions related to borrowings	(565)	**(995)**
Net cash used in financing activities	(22,921)	**(16,011)**
Effect of exchange rate on the balance of cash and cash equivalents held in foreign currency	19	**235**
Net increase (decrease) in cash and cash equivalents	(1,919)	**21,302**
Cash and cash equivalents at the beginning of the year	18,949	**17,030**
Cash and cash equivalents at the end of the year	¥ 17,030	**¥ 38,311**

(6) Notes to Consolidated Financial Statements

(i) Notes on the Going Concern Assumption

No items to report

(ii) Newly-adopted accounting standards and amendments

We have adopted the following standards from the current consolidated fiscal year.

IFRSs	Title	Description of New Standards/Amendments/Transitional Provisions
IFRS 7	Financial Instruments: Disclosures	・Modification of specific hedge accounting requirements in response to IBOR reform (phase 2)
IFRS 9	Financial Instruments	・Modification of specific hedge accounting requirements in response to IBOR reform (phase 2)

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

We have adopted the following standard from the current consolidated fiscal year.

IFRSs	Title	Description of New Standards/Amendments/Transitional Provisions
IFRS 16	Leases	・Amendment concerning extension of the application period by one year so that the practical expedients for rent abatements related to COVID-19 can be applied to certain rent abatements until the end of June 2022.

(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 Group's business segment includes Gusto, Jonathan's, Bamiyan, Syabu-Yo, Yumean, Steak Gusto and others. These are aggregated in the "Restaurant Business". The gross profit ratio of each business segment in the restaurant business is at a similar level, and it shares similar economic characteristics. In addition, each business segment in the restaurant segment has similarities in procurement, production, cooking, and distribution methods to each restaurant as the "table service" restaurant business which targets consumers.

1) Revenues and Performance of Segments

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

2) Geographic Information

The Group's revenue in the consolidated statements of income mainly consists of revenues from domestic sales to external customers. Accordingly, the Group has not disclosed revenue by region or geographic information.

In addition, the carrying amount of non-current assets mainly consists of those attributable to domestic locations. Accordingly, the Group has not disclosed non-current assets by region or geographic information.

3) Information about Major Customers

The Group operates in the consumer industry and has no single external customer (and a group of customers) that accounts for 10% or more of revenue of the Group. Accordingly, the Group has not disclosed major customer information.

(iv) Earnings per Share

(Millions of yen, except per share amounts)

	For the fiscal year ended December 31, 2020	**For the fiscal year ended December 31, 2021**
Net income (loss) attributable to common shareholders of the Company	¥ (17,214)	**¥ 8,742**
Net income (loss) not attributable to common shareholders of the Company	—	**—**
Net income (loss) attributable to common shareholders used for calculation of basic earnings per share	(17,214)	**8,742**
Adjustment	—	**—**
Net income (loss) attributable to common shareholders used for calculation of diluted earnings per share	¥ (17,214)	**¥ 8,742**
Weighted-average number of common shares during the period (Share)	197,502,200	**214,429,245**
Increase in number of common shares used for calculation of diluted earnings per share (Share)	—	**—**
Increased number of common shares by stock options	—	**—**
Weighted-average number of common shares used for calculation of diluted earnings per share (Share)	197,502,200	**214,429,245**
Basic earnings per share (Yen)	¥ (87.16)	**¥ 40.77**
Diluted earnings per share (Yen)	(87.16)	**40.77**

(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.