Consolidated Financial Report
For the Six-month Period Ended June 30, 2022 (IFRS)

August 12, 2022

Company Name	SKYLARK HOLDINGS CO., LTD.	Stock Exchange Listing: Tokyo Stock Exchange, Prime Market
Securities Code	3197	URL: http://www.skylark.co.jp
Representative	Makoto Tani, Chairman, President and Chief Executive Officer	
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Quarterly statement filing date (as planned)	August 12, 2022
Dividend payable date (as planned)	—
Supplemental material of quarterly results	Yes
Convening briefing of quarterly results	Yes (for analysts and institutional investors)

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

1. Consolidated Financial Results for the Six-month Period Ended June 30, 2022

(1) Consolidated Operating Results

(Percentages represent year-on-year changes)

	Revenue		Operating profit		Income before income taxes		Net income		Net income attributable to owners of the Company		Total comprehensive income	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Six-month period ended June 30, 2022	141,593	11.8	(2,423)	—	(3,797)	—	(2,780)	—	(2,780)	—	(2,530)	—
Six-month period ended June 30, 2021	126,655	(8.9)	459	—	(1,943)	—	(505)	—	(505)	—	(46)	—

	Basic earnings per share	Diluted earnings per share
	(Yen)	(Yen)
Six-month period ended June 30, 2022	(12.22)	(12.22)
Six-month period ended June 30, 2021	(2.51)	(2.51)

(Reference)

EBITDA	Six-month period ended June 30, 2022	20,950 million yen	[(13.5%)]	Six-month period ended June 30, 2021	24,214 million yen	[202.4%]
Adjusted EBITDA	Six-month period ended June 30, 2022	23,932 million yen	[(8.0%)]	Six-month period ended June 30, 2021	26,001 million yen	[127.2%]
Adjusted net income	Six-month period ended June 30, 2022	(2,780) million yen	[—%]	Six-month period ended June 30, 2021	(379) million yen	[—%]

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

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the Company	Ratio of equity attributable to owners of the Company to total assets
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(%)
As of June 30, 2022	435,201	160,901	160,901	37.0
As of December 31, 2021	457,993	166,161	166,161	36.3

2. Dividends

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

(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 31,2022” announced on August 12, 2022

3. Forecasts on the Consolidated Financial Results for the Year Ending December 31, 2022 (January 1, 2022 - December 31, 2022)

(Percentages represent year-on-year changes)

	Revenue		Operating profit		Income before income taxes		Net income attributable to owners of the Company		Basic earnings per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)
Year ending December 31, 2022	312,000	17.9	500	(97.3)	(2,000)	—	(2,000)	—	(8.79)

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

(Reference)

Adjusted net income Year ending December 31, 2022 (Forecasted) (2,000) 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 Fiscal Year Ended December 31, 2021" announced on February 14, 2022.
Please refer to “Notice Regarding the Revisions of Consolidated Financial Forecast and Dividend Forecast for the Year Ending December 31,2022” announced on August 12, 2022, 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 IFRS: No
(ii) Changes in accounting policies other than those in (i): No
(iii) Changes in accounting estimates: Yes

(3) Number of issued shares (common stock)

(i) Number of issued shares (including treasury stock)	As of June 30, 2022	227,502,200	As of December 31, 2021	227,502,200
(ii) Number of treasury stock	As of June 30, 2022	4	As of December 31, 2021	—
(iii) Average number of issued shares during the period	Six-month period ended June 30, 2022	227,502,197	Six-month period ended June 30, 2021	201,139,610

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

* Notes for using forecasted information and other matters

(1) We have adopted International Financial Reporting Standards (IFRS).

(2) The forecasts above are based on information available as of the date of this report and certain assumptions deemed to be reasonable. We do not provide any assurance as to achievement of these forecasts. In addition, the actual results may vary materially from the forecasts due to various factors. Refer to page 6 of Appendix "1. Qualitative Information on the Consolidated Financial Results for the Six-month Period Ended June 30, 2022 (3) Explanation of the Forward-looking Statements including the Forecasts on the Consolidated Financial Results" for further details and disclaimer regarding the use of the forecasts and certain assumptions used in developing those forecasts.

(3) Refer to page 2 of Appendix "1. Qualitative Information on the Consolidated Financial Results for the Six-month Period Ended June 30, 2022 (1) Explanation of the Consolidated Operating Results" for the details of EBITDA, adjusted EBITDA and adjusted net income.

(4) EBITDA, adjusted EBITDA and adjusted net income are not measures prescribed in accordance with IFRS but are financial measures that we believe are useful for investors to assess the operating results of our business. These financial measures exclude the effect of non-cash items and non-recurring expense items, such as public offering-related expenses, loss on redemption of borrowings before the repayment date and gain or loss on the associated hedge transactions, and gain or loss on modification of financial liabilities in accordance with the adoption of IFRS 9, Financial Instruments (2014) (including readjustment of the amount of impact from the retroactive application of changes in accounting policies), that we do not consider to be indicative of the results of its normal operations or comparable to its competitors' operating results.

(5) The EBITDA, adjusted EBITDA and adjusted net income may not be comparable to those of other companies in the same industry due to the difference in calculation methods, and, as a result, their usefulness may decrease.

(Appendix)

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1. Qualitative Information on the Consolidated Financial Results for the Six-month Period Ended June 30, 2022

(1) Explanation of the Consolidated Operating Results

During the six-month period ended June 30, 2022 (January 1, 2022 to June 30, 2022), the Japanese economy has been on a gradual recovery trend since the lifting of pre-emergency government measures to prevent the spread of COVID-19 on March 22, 2022. However, future outlook remains uncertain due to the impact of soaring food material costs and crude oil prices, the more-than-expected depreciating of Japanese Yen, and geopolitical risks stemming from the situation in Russia and Ukraine becoming more significant.
Under these circumstances, Skylark Group's sales trend are as follows.

1. Sales trend since the lifting of pre-emergency government measures to prevent the spread of COVID-19
   - The young family segment increased due to the combination of the lifting of shortened business hours and the start of spring break
   - Sales slower after spring break
   - Golden Week (April 29-May 8): People move back into action and sales are on a recovery trend
   - Sales slowed down again after Golden Week
   - From May 26, resumed sales promotion activities boost visits of family segments, which had been declining
   - Sales recovered at the end of June due to the earliest end of the rainy season in history and a heat wave

2. Sales trend by customer segment, daypart, region, and brand
   - By customer segment: While the return of the family segment is weak, the number of male senior customers is noticeably over 100% compared to 2019
   - By daypart: Slower recovery in dinner hours compared to lunch hours
   - By region: With gasoline prices soaring, local areas where most people travel by car are slow
   - By brand: Specialty store brands continue to perform well (Musashino Mori Coffee, Totoyamichi, La Ohana)

During the six-month period ended June 30, 2022, sales fell under expectations due to the longer-than-expected period of application of pre-emergency government measures to prevent the spread of COVID-19. On the other hand, the additional recording of government subsidy for shortening of operating hours due to the extension of pre-emergency government measures to prevent the spread of COVID-19 was a factor that boosted profits to a certain extent, but due to the progression of inflation, including increases in raw material prices and utility costs, and the recording of losses due to impairment losses on store closures and extraordinary losses related to salary calculation, operating loss was recorded in the six-month period ended June 30, 2022.

During the six-month period ended June 30, 2022, the Group implemented the following basic strategies.
(i) Enhance menu items suited to the characteristics of each brand
(ii) Thoroughly improve store QSC (quality, service, and cleanliness) levels
(iii) Aggressively promote DX (digital transformation) investments

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

We are consciously providing attractive menus and affordable menu price structures that will make customers want to go out of their way to visit us, even as frequencies to dine out decrease. In addition to quickly identifying and offering what customers want to eat, for each brand, we focused on menu development of healthy menus, menus using premium ingredients and menus that are newsworthy.

To commemorate its 30th anniversary, Gusto renewed its hamburger steaks to make them even more delicious. As a result of an improvement in the meat ratio, an improvement in the quality of food ingredients, and the increase in the volume of patties, the new hamburger steaks have been well received by our customers. We also strive to provide the “value” in dining out and focus on serving our food in the most delicious condition to our customers by such measures as carefully battering each pork cutlet by hand before frying it. At the same time, to meet the needs of health-conscious customers, we are expanding the menu lineup of menus made using lots of vegetables, high protein, and low carbohydrate content.

Bamiyan implemented a major revision of its grand menu in April. We have expanded the range of menu items that are popular among customers in price ranges that are easy to order. In order to make our customers want to come back again,

we revised the cooking procedures for our standard items such as fried rice and ramen noodles so that we can serve hotter and tastier dishes to customers. Although the number of reasonably priced menu items is increasing, because the number of plates ordered has also increased, the average ticket price per customer has been maintained.

Yumean has renewed its soba noodles, dipping sauce and noodle soup. We will strengthen our menu lineup as an everyday brand that can be chosen for various occasions, such as enjoying casual Japanese food or for quick “soba/udon” dining demands.

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

For the future growth of our group, it is essential to gain the trust and support of our customers by dramatically improving the quality, service, and cleanliness (QSC) of each and every store. We believe that encouraging as many customers as possible to want to come back to our stores is of highest importance.

The QSC Improvement Committee, whose members include the executive officers in charge, continues to sincerely listen to customer feedback received by our Customer Services Center on a daily basis, and we are working as a team to improve customer satisfaction by considering possible responsive actions to the feedback received and implementing them. The quality of in-store customer service may deteriorate if store employees take too much time in trying to find the correct contact point for different inquiries to headquarters, so the inquiry system has been simplified so that all inquiries from stores can be sent to a single contact point at headquarters. Then, each inquiry received is assigned at the headquarter side to necessary departments for a detailed and timely response. In addition, we have reduced the frequency of menu revisions and increased the cooking and serving proficiency of store employees so that high quality menu items can be served in a consistent manner.

To contribute to the improvement of QSC, we have conducted quarterly surveys by mystery shoppers since FY2022 and we use this information to further improve customer service at each store. In fact, the number of compliments we receive from our customers is increasing, and the average number of compliments per month from April to June 2022 increased 133% compared to January to March 2022.

(iii) Aggressively Promote DX (Digital Transformation) Investments

The number of stores with floor service robots is expanding as planned, and 1,694 units had been installed in 1,213 stores by the end of June, mainly in Gusto, Syabu-Yo, Bamiyan, and Jonathan’s.

The installation of the new digital menu book (table order terminal), which has been modified so that it is easy to use even for seniors, has been completed at Gusto, Bamiyan, and Yumean. The new user interface is easy and stress-free to use for a wide range of customers.

We plan to sequentially renew the POS cash registers in all stores and introduce cashless self-service checkout counters in some stores from July onwards.

Key measures implemented in addition to the above basic strategies are as follows.

(i) Resuming of promotion activities
In order to focus on improving QSC and employee proficiency, promotion activities at our main brands such as Gusto and Bamiyan have been significantly cut down since the beginning of the year. However, since the end of May, we have resumed promotion activities, including sales promotions for remodeled stores, and are actively encouraging customers to visit our stores. To provide a motive to bring back customers who had stayed away from dining out, we distributed special weekly discount coupons for six consecutive weeks from May 26, offering big discounts on specific products across brands. Gusto, Bamiyan, Yumean, Steak Gusto, and Grazie Gardens offered a total of 19 kid’s menu items for 99 yen, and this campaign was highly effective among young families, who had especially been reluctant to go out due to concerns around COVID-19 infections and in rural areas where price sensitivity is high.
.
(ii) Store opening strategy centered around overseas openings
During the six-months period ended June 30, 2022, we opened 7 new stores, remodeled 141 stores, and converted 13

stores. Of the 7 new stores, 5 were overseas openings. We opened 2 Syabu-Yo stores, 1 Aiya and 1 Yokohama Steakhouse in Taiwan, and a third Syabu-Yo store in Malaysia.

(iii) Measures to overcome inflation/Cost reductions

During the six-month period ended June 30, 2022, we continued our efforts to reduce costs and control expenses. As measures to reduce costs, we are strengthening measures such as reviewing food ingredients through menu revisions, reducing costs by modularizing menus and food ingredients and expanding in-house manufacturing, and reducing distribution costs by reviewing delivery routes and frequency. In terms of controlling of expenses, we are reducing utility costs through energy-saving equipment, improving store productivity through promoting DX, and reducing headquarters expenses, and a portion of these reductions are used to pay for expenditures to improve the store environment.

・Impairment loss from store closures

The Company recorded an impairment loss of 2.3 billion yen from fixed assets of stores for the six-month period ended June 30, 2022. This was due to the decision to close approximately 100 stores, based on a broad selection of stores with declining sales or delayed recovery due to the prolonged impact of COVID-19.

・Booking of Non-Recurring Loss related to Salary Calculation

As has been announced on May 13, 2022, we have introduced a new working hours management system calculated in one-minute increments. As of the end of the three-month period ended March 31, 2022, the change was to be applied only for wage earning part-time workers, but we have changed our policy thereafter to also include full-time employees. As a result, for the six-month period ended June 30, 2022, we have booked a loss of 2 billion yen

As a result of the above, for the six-month period ended June 30, 2022, revenue was 141,593 million yen (an increase of 14,937 million yen compared to the same period in the previous year), operating loss was 2,423 million yen (operating profit for the same period in the previous year was 459 million yen), quarterly loss before income taxes was 3,797 million yen (quarterly loss before income taxes for the same period in the previous year was 1,943 million yen), and net quarterly loss attributable to owners of the parent company was 2,780 million yen (net quarterly loss attributable to owners of the parent company for the same period in the previous year was 505 million yen).

EBITDA (Note 1) was 20,950 million yen (a decrease of 3,264 million yen compared to the same period in the previous year), adjusted EBITDA (Note 2) was 23,932 million yen (a decrease of 2,069 million yen compared to the same period in the previous year), and adjusted quarterly loss (Note 3) was 2,780 million yen (adjusted quarterly loss for the same period in the previous year was 379 million yen). As of the six-month period ended June 30, 2022, the number of stores was 3,088 (stores temporarily closed in preparation for conversions was 3; the number of stores at the beginning of the period was 3,098).

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

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

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

(Note 3) Adjusted net income (adjusted quarterly loss) = Net income (quarterly 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 IPO and public offering of the Company's shares, including advisory fees.

(2) Explanation of the Consolidated Financial Position

(i) Assets, Liabilities and Equity

Analysis of assets, liabilities, and equity as of June 30, 2022 is summarized as follows:

Current assets were 48,234 million yen (a decrease of 19,212 million yen compared to the end of the previous fiscal year), mainly due to a decrease in cash and cash equivalents and a decrease in trade and other receivables. Non-current assets were 386,967 million yen (a decrease of 3,580 million yen compared to the end of the previous fiscal year), mainly due to a decrease in property, plant and equipment and an increase in deferred tax assets.

Total assets were 435,201 million yen (a decrease of 22,792 million yen compared to the end of the previous fiscal year).

Current liabilities were 82,958 million yen (a decrease of 6,905 million yen from the end of the previous fiscal year), mainly due to a decrease in trade and other payables. Non-current liabilities were 191,342 million yen (a decrease of 10,626 million yen from the end of the previous fiscal year), mainly due to a decrease in long-term borrowings.

Total liabilities were 274,300 million yen (a decrease of 17,531 million yen from the end of the previous fiscal year).

Equity was 160,901 million yen (a decrease of 5,260 million yen from the end of the previous fiscal year). This was mainly due to a decrease from dividend payments (2,730 million yen) and a decrease from the recording of loss for the six-month period ended June 30, 2022 (2,780 million yen).

(ii) Cash Flows

Cash and cash equivalents as of June 30, 2022 were 26,283 million yen (a decrease of 12,049 million yen compared to the end of the previous fiscal year). Each category of cash flows and its factors for the six-month period ended June 30, 2022 are summarized as follows:

Cash flows from operating activities:

Net cash from operating activities was 23,934 million yen (an increase of 9,725 million yen compared to the same period in the previous year). This was primarily due to an increase of 14,186 million yen in increases and decreases in other current liabilities.

Cash flows from investing activities:

Net cash used in investing activities was 7,483 million yen (a decrease of 876 million yen compared to the same period in the previous year). This was primarily due to a 1,226 million yen decrease in expenditures for the purchase of property, plant and equipment, including investments in new, converted and remodeled restaurants. 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 28,631 million yen (net cash provided in the same period of the previous year was 9,657 million yen). This was primarily due to a decrease of 85,000 million yen in the proceeds from short-term borrowings, a decrease of 91,000 million yen in the repayments of short-term borrowings, and a decrease 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

In addition to a sales decline due to a longer than initially expected period of application of pre-emergency government measures to prevent the spread of COVID-19, in light of the Japanese Yen depreciating beyond expectations and the impact of various prolonged inflationary events due to the unstable external environment, we have decided to revise our full-year forecast for FY2022 and have announced this today.

Further, as announced on July 14, 2022, an average price increase of approximately 5% has been implemented for around half of the menu items in five brands of Gusto, Bamiyan, Syabu-Yo, Jonathan's and Steak Gusto. We have been striving to maintain prices by streamlining our supply chain through cost reduction efforts in procurement, manufacturing and logistics throughout the Group, but due to the recent sharp rise in raw material prices and logistics costs, we decided a price hike was unavoidable.

With regard to the consolidated financial forecast for the current year, items announced today include adjusted net income as a financial indicator 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 report, and actual results may differ from forecasts due to various factors.

2. Condensed Interim Consolidated Financial Statements and Notes

(1) Condensed Interim Consolidated Statements of Financial Position

As of December 31, 2021 and June 30, 2022 (Unaudited)

(Millions of yen)

	As of December 31, 2021	**As of June 30, 2022**
Assets		
Current assets		
Cash and cash equivalents	¥ 38,331	**¥ 26,283**
Trade and other receivables	24,247	**15,881**
Other financial assets	50	**63**
Inventories	3,972	**5,103**
Other current assets	846	**904**
Total current assets	67,446	**48,234**
Non-current assets		
Property, plant and equipment	199,468	**196,198**
Goodwill	146,001	**145,567**
Other intangible assets	4,179	**4,261**
Other financial assets	24,038	**23,199**
Deferred tax assets	16,314	**17,284**
Other non-current assets	546	**457**
Total non-current assets	390,547	**386,967**
Total assets	¥ 457,993	**¥ 435,201**

(Millions of yen)

	As of December 31, 2021	**As of June 30, 2022**
Liabilities and equity		
Liabilities		
Current liabilities		
Short-term borrowings	¥ 17,810	**¥ 17,815**
Trade and other payables	28,347	**19,947**
Other financial liabilities	27,620	**26,719**
Income tax payable	3,217	**7**
Provisions	1,668	**1,648**
Other current liabilities	11,201	**16,822**
Total current liabilities	89,863	**82,958**
Non-current liabilities		
Long-term borrowings	104,634	**95,903**
Other financial liabilities	81,691	**79,824**
Provisions	14,727	**14,682**
Other non-current liabilities	916	**932**
Total non-current liabilities	201,968	**191,342**
Total liabilities	291,831	**274,300**
Equity		
Share capital	25,134	**25,134**
Capital surplus	77,963	**75,233**
Treasury shares	—	**(0)**
Other components of equity	301	**550**
Retained earnings	62,763	**59,984**
Equity attributable to owners of the Company	166,161	**160,901**
Total equity	166,161	**160,901**
Total liabilities and equity	¥ 457,993	**¥ 435, 201**

(2) Condensed Interim Consolidated Statements of Income

For the Six-Month Period Ended June 30, 2021 and 2022 (Unaudited)

(Millions of yen)

	For the six-month period ended June 30, 2021	**For the six-month period ended June 30, 2022**
Revenue	¥ 126,655	**¥ 141,593**
Cost of sales	(38,878)	**(45,009)**
Gross profit	87,778	**96,583**
Other operating income	13,164	**11,768**
Selling, general and administrative expenses	(98,409)	**(105,628)**
Other operating expenses	(2,074)	**(5,146)**
Operating profit (loss)	459	**(2,423)**
Interest income	5	**4**
Other income	1	**3**
Interest expense	(1,541)	**(1,311)**
Other expenses	(866)	**(70)**
Loss before income taxes	(1,943)	**(3,797)**
Income taxes	1,438	**1,017**
Net income (loss)	¥ (505)	**¥ (2,780)**
Net income (loss) attributable to:		
Owners of the Company	¥ (505)	**¥ (2,780)**
Net income (loss)	¥ (505)	**¥ (2,780)**
Interim earnings (loss) per share		
Basic (Yen)	¥ (2.51)	**¥ (12.22)**
Diluted (Yen)	(2.51)	**(12.22)**

(3) Condensed Interim Consolidated Statements of Comprehensive Income
For the Six-Month Period Ended June 30, 2021 and 2022 (Unaudited)

(Millions of yen)

	For the six-month period ended June 30, 2021	**For the six-month period ended June 30, 2022**
Net income (loss)	¥ (505)	**¥ (2,780)**
Other comprehensive income		
Items that are not reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	142	**(337)**
Total items that are not reclassified to profit or loss	142	**(337)**
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	180	**163**
Cash flow hedges	137	**425**
Total items that may be reclassified to profit or loss	317	**587**
Other comprehensive income (loss), net of tax	459	**250**
Total comprehensive income (loss)	¥ (46)	**¥ (2,530)**
Comprehensive income attributable to:		
Owners of the Company	¥(46)	**¥ (2,530)**
Total comprehensive income (loss)	¥(46)	**¥ (2,530)**

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

(Millions of yen)

	Share capital	Capital surplus	Other components of equity			
			Financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Cash flow hedges	**Total**
As of January 1, 2021	¥ 3,634	¥ 56,595	¥ 328	¥ 326	¥ (1,163)	¥ (510)
Net income (loss)	—	—	—	—	—	—
Other comprehensive income, net of tax	—	—	142	180	137	459
Total comprehensive income	—	—	142	180	137	459
Issuance of common stock	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 June 30, 2021	¥ 25,134	¥ 77,963	¥ 470	¥ 506	¥ (1,026)	¥ (50)

	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)	(505)	(505)	(505)
Other comprehensive income, net of tax	—	459	459
Total comprehensive income	(505)	(46)	(46)
Issuance of common stock	—	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 June 30, 2021	¥ 53,536	¥ 156,583	¥ 156,583

Condensed Interim Consolidated Statements of Changes in Equity – Continued
For the Six-Month Period Ended June 30, 2022 (Unaudited)

(Millions of yen)

	Share capital	Capital surplus	Treasury shares	Other components of equity			
				Financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Cash flow hedges	Total
As of January 1, 2022	**¥ 25,134**	**¥ 77,963**	—	**¥ 432**	**¥ 602**	**¥ (734)**	**¥ 301**
Net income (loss)	—	—	—	—	—	—	—
Other comprehensive income, net of tax	—	—	—	**(337)**	**163**	**425**	**250**
Total comprehensive income	—	—	—	**(337)**	**163**	**425**	**250**
Purchase of treasury shares	—	**(0)**	**(0)**	—	—	—	—
Dividends	—	**(2,730)**	—	—	—	—	—
Transfer from Other components of equity to retained earnings	—	—	—	**(1)**	—	—	**(1)**
Total contributions by and distributions to owners of the Company	—	**(2,730)**	**(0)**	**(1)**	—	—	**(1)**
Total transactions with owners of the Company	—	**(2,730)**	**(0)**	**(1)**	—	—	**(1)**
As of June 30, 2022	**¥25,134**	**¥ 75,233**	**¥ (0)**	**¥ 94**	**¥ 765**	**¥ (309)**	**¥ 550**

	Retained earnings	Equity attributable to owners of the Company	Total equity
As of January 1, 2022	**¥ 62,763**	**¥ 166,161**	**¥ 166,161**
Net income (loss)	**(2,780)**	**(2,780)**	**(2,780)**
Other comprehensive income, net of tax	—	**250**	**250**
Total comprehensive income	**(2,780)**	**(2,530)**	**(2,530)**
Purchase of treasury shares	—	**(0)**	**(0)**
Dividends	—	**(2,730)**	**(2,730)**
Transfer from Other components of equity to retained earnings	**1**	—	—
Total contributions by and distributions to owners of the Company	**1**	**(2,730)**	**(2,730)**
Total transactions with owners of the Company	**1**	**(2,730)**	**(2,730)**
As of June 30, 2022	**¥ 59,984**	**¥ 160,901**	**¥ 160,901**

(5) Condensed Interim Consolidated Statements of Cash Flows

For the Six-Month Period Ended June 30, 2021 and 2022 (Unaudited)

(Millions of yen)

	For the six-month period ended June 30, 2021	**For the six-month period ended June 30, 2022**
Cash flows from operating activities		
Loss before income taxes	¥ (1,943)	**¥ (3,797)**
Adjustments for:		
Depreciation and amortization	23,650	**23,291**
Loss on impairment of non-financial assets	1,538	**2,329**
Profit and loss on sale and disposal of fixed assets	31	**662**
Interest income	(5)	**(4)**
Other income	(1)	**(3)**
Interest expense	1,541	**1,311**
Other expenses	866	**70**
	25,677	**23,859**
Changes in working capital and other:		
Decrease (increase) in trade and other receivables	2,587	**8,423**
Decrease (increase) in inventories	748	**(1,120)**
Increase (decrease) in trade and other payables	(3,639)	**(6,840)**
Increase (decrease) in other financial liabilities (current)	(1,260)	**(1,763)**
Increase (decrease) in other current liabilities	(8,360)	**5,825**
Others	(245)	**(162)**
Cash generated from operations	15,508	**28,222**
Interest and dividends received	1	**4**
Interest paid	(1,341)	**(1,109)**
Income taxes paid	(342)	**(3,183)**
Income taxes refunded	382	**—**
Net cash from operating activities	14,209	**23,934**
Cash flows from investing activities		
Acquisition of property, plant and equipment	(7,924)	**(6,698)**
Proceeds from sale of property, plant and equipment	3	**32**
Acquisition of intangible assets	(476)	**(1,029)**
Payments of lease deposits and guarantee deposits	(353)	**(95)**
Proceeds from collection of lease deposits and guarantee deposits	992	**388**
Others	(602)	**(81)**
Net cash used in investing activities	(8,360)	**(7,483)**
Cash flows from financing activities		
Proceeds from short-term borrowings	85,000	**—**
Repayments of short-term borrowings	(91,000)	**—**
Proceeds from long-term borrowings	—	**—**
Repayments of long-term borrowings	(8,924)	**(8,928)**
Proceeds from issuance of common stock	42,808	**—**
Repayments of lease liabilities	(17,314)	**(16,904)**
Dividends paid	(10)	**(2,721)**
Payments of commissions related to borrowings	(904)	**(78)**
Others	—	**(0)**
Net cash from (used in) financing activities	9,657	**(28,631)**
Effect of exchange rate on the balance of cash and cash equivalents held in foreign currency	148	**132**
Net increase (decrease) in cash and cash equivalents	15,653	**(12,049)**
Cash and cash equivalents at the beginning of the period	17,030	**38,331**
Cash and cash equivalents at the end of the period	¥ 32,683	**¥ 26,283**

(6) Notes on the Going Concern Assumption

No items to report.

(7) Notes to Condensed Interim Consolidated Financial Statements

(i) Changes in Accounting Estimates

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

(ii) Changes in Presentation

Notes to Condensed Interim Consolidated Statements of Cash Flows

"Proceeds from collection of loans" in "Cash flows from investing activities" for the six-month period ended June 30, 2021 is shown under "Others" for the six-month period ended June 30, 2022, since it became insignificant in terms of amount. To reflect this change in presentation, reclassification was made in the condensed interim consolidated financial statements for the six-month period ended June 30, 2021.

As a result, 0 million yen presented in "Proceeds from collection of loans" under "Cash flows from investing activities" in the condensed interim consolidated statements of cash flows for the six-month period ended June 30, 2021 was reclassified to "Others".

(iii) Segment Information

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

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

(iv) Interim Earnings per Share

(Millions of yen, except per share amounts)

	For the Six-month period ended June 30, 2021	**For the Six-month period ended June 30, 2022**
Net income (loss) attributable to common shareholders of the Company	¥ (505)	**¥ (2,780)**
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	(505)	**(2,780)**
Adjustment	—	—
Net income (loss) attributable to common shareholders used for calculation of diluted interim earnings per share (Millions of yen)	¥ (505)	**¥ (2,780)**
Weighted-average number of common shares during the period (Shares)	201,139,610	**227,502,197**
Weighted-average number of common shares used for calculation of diluted interim earnings per share (Shares)	201,139,610	**227,502,197**
Basic interim earnings (loss) per share (Yen)	¥ (2.51)	**¥ (12.22)**
Diluted interim earnings (loss) per share (Yen)	(2.51)	**(12.22)**

(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.