

Translation

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Summary of Consolidated Financial Results For the Nine Months ended December 31, 2021 (IFRS)

February 14, 2022

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 Stock exchange listing: Tokyo Stock Exchange
 Stock code: 3397
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 Date of release of quarterly securities report: February 14, 2022
 Starting date of dividend payments: -
 Preparation of explanatory materials on quarterly financial results: Yes
 Information meetings arranged related to quarterly financial results: No

(Amounts are rounded to the nearest million)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2021

(1) Consolidated Operating Results (% figures denote year-on-year change)

	Revenue		Business profit		Operating profit		Profit before tax		Profit for the period	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2021	116,922	16.0	6,215	—	14,506	—	13,948	—	9,290	—
Nine months ended December 31, 2020	100,820	(15.5)	(2,630)	—	(1,727)	—	(3,282)	—	(2,173)	—

	Profit for the period attributable to owners of the parent		Comprehensive income for the period		Earnings per share attributable to owners of the parent (basic)	Earnings per share attributable to owners of the parent (diluted)
	Millions of yen	%	Millions of yen	%	Yen	Yen
Nine months ended December 31, 2021	9,121	—	11,122	—	102.05	101.23
Nine months ended December 31, 2020	(2,209)	—	(4,059)	—	(29.35)	(29.35)

(Reference) EBITDA (*)

Nine months ended December 31, 2021: ¥ 21,107 million (increased 81.6% year-on-year basis)

Nine months ended December 31, 2020: ¥ 11,623 million

Adjusted EBITDA

Nine months ended December 31, 2021: ¥ 22,186 million (increased 69.5% year-on-year basis)

Nine months ended December 31, 2020: ¥ 13,088 million

(*) The Company discloses EBITDA as comparative information.

EBITDA = Operating Profit + Other Operating Expenses - Other Operating Income
+ Depreciation + Amortization

Adjusted EBITDA = EBITDA + Impairment Loss + Extraordinary Expenses

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Equity attributable to owners of parent ratio	Equity per share attributable to owners of parent
	Millions of yen	Millions of yen	Millions of yen	%	Yen
As of December 31, 2021	227,501	66,640	59,223	26.0	682.64
As of March 31, 2021	209,411	39,940	39,461	18.8	456.92

2. Dividends

	Annual dividend per share				
	Q1	Q2	Q3	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal Year ended March 31, 2021	—	0.00	—	4.50	4.50
Fiscal Year ended March 31, 2022	—	0.00	—		
Fiscal Year ending March 31, 2022 (Forecast)				—	—

3. Consolidated Financial Result Forecasts for the Fiscal Year Ending March 31, 2022

Percentages indicate year-on-year changes

Fiscal year	Revenue		Business profit		Operating profit		Profit before tax		Profit for the period	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
	155,000	15.0	6,400	—	11,300	—	10,200	—	5,800	—

Fiscal year	Profit for the period attributable to owners of the parent		Earnings per share attributable to owners of the parent (basic)	
	Millions of yen	%	Yen	
	5,400	—	57.96	

*** Notes**

(1) Changes in significant subsidiaries during the period
(changes in specified subsidiaries resulting in the change in scope consolidation): No
New: —
Excluded: —

(2) Changes in accounting policies and accounting estimates
1) Changes in accounting policies as required by IFRS: No
2) Changes in accounting policies other than 1) above: No
3) Changes in accounting estimates: No

(3) Number of shares outstanding (ordinary shares)

1) Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2021	87,607,952 shares
As of March 31, 2021	87,221,952 shares

2) Number of treasury shares at the end of the period

As of December 31, 2021	851,372 shares
As of March 31, 2021	858,344 shares

3) Average number of shares during the period

Nine months ended December 31, 2021	86,519,310 shares
Nine months ended December 31, 2020	86,260,654 shares

*Summary quarterly financial statements are not subject to quarterly review by a public certified accountant or an auditing firm.

* Appropriate use of financial results forecasts and other notes

The forward-looking statements in this report are based upon various assumptions, including, without limitation, business forecasts, management's estimates, assumptions, and projections at the time of publication. These statements do not represent a promise or commitment by the Company to achieve these forecasts. Actual results may differ significantly from these forecasts due to a wide range of factors.

Condensed Quarterly Consolidated Financial Statements
Condensed Quarterly Consolidated Statements of Financial Position

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
Assets		
Current assets		
Cash and cash equivalents	24,969	49,250
Trade and other receivables	5,497	5,496
Inventories	718	538
Other current assets	1,638	2,047
Total current assets	32,823	57,331
Non-current assets		
Property, plant and equipment	31,955	31,676
Right-of-use assets	78,110	75,581
Intangible assets and goodwill	40,258	40,890
Investments accounted for using the equity method	3,684	3,796
Other financial assets	13,706	12,700
Deferred tax assets	7,778	4,386
Other non-current assets	1,096	1,141
Total non-current assets	176,588	170,170
Total assets	209,411	227,501

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
Liabilities		
Current liabilities		
Trade and other payables	12,232	10,347
Short-term loans payable	7,022	4,024
Current portion of long-term loans payable	13,295	12,040
Lease liabilities	14,429	14,979
Income taxes payable	1,215	1,045
Provisions	970	901
Other current liabilities	5,249	5,002
Total current liabilities	54,412	48,338
Non-current liabilities		
Long-term loans payable	41,974	43,249
Lease liabilities	66,605	62,577
Provisions	4,002	3,990
Deferred tax liabilities	1,383	1,542
Other non-current liabilities	1,096	1,165
Total non-current liabilities	115,059	112,524
Total liabilities	169,471	160,862
Equity		
Equity attributable to owners of the parent		
Capital stock	4,208	4,464
Capital surplus	2,348	11,977
Other equity instruments	10,847	10,847
Retained earnings	23,131	31,422
Treasury shares	(1,026)	(1,022)
Other components of equity	(46)	1,535
Total equity attributable to owners of the parent	39,461	59,223
Non-controlling interests	478	7,416
Total equity	39,940	66,640
Total liabilities and equity	209,411	227,501

Condensed Quarterly Consolidated Statements of Income

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Revenue	100,820	116,922
Cost of sales	(26,093)	(28,984)
Gross profit	74,727	87,938
Selling, general and administrative expenses	(77,357)	(81,723)
Impairment loss	(1,435)	(1,078)
Other operating income	3,460	11,294
Other operating expenses	(1,121)	(1,924)
Operating profit (loss)	(1,727)	14,506
Finance income	74	422
Finance costs	(867)	(856)
Finance income (costs), net	(792)	(434)
Share of profit (loss) of investments accounted for using the equity method	(763)	(124)
Profit (loss) before tax	(3,282)	13,948
Income tax expense	1,109	(4,658)
Profit (loss) for the period	(2,173)	9,290
Profit (loss) for the period attributable to		
Owners of the parent	(2,209)	9,121
Non-controlling interests	36	169
Profit (loss) for the period	(2,173)	9,290
Earnings (losses) per share attributable to owners of the parent (yen)		
Basic earnings (losses) per share	(29.35)	102.05
Diluted earnings (losses) per share	(29.35)	101.23

Condensed Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Profit (loss) for the period	(2,173)	9,290
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translating foreign operations	(1,667)	1,590
Share of other comprehensive income of investments accounted for using the equity method	(219)	243
Other comprehensive income	(1,886)	1,832
Comprehensive income for the period	(4,059)	11,122
Comprehensive income for the period attributable to		
Owners of the parent	(4,098)	10,832
Non-controlling interests	39	290

Condensed Quarterly Consolidated Statements of Changes in Equity

For the nine months ended December 31, 2020

(Millions of yen)

	Equity attributable to owners of the parent								Total	Non-controlling interests	Total equity
	Capital stock	Capital surplus	Other equity instruments	Retained earnings	Treasury shares	Other components of equity		Total			
						Exchange differences on translating foreign operations	Subscription rights to shares				
As of April 1, 2020	4,159	3,848	10,847	29,503	(2,124)	(1,224)	418	(806)	45,427	1,138	46,565
Profit (loss) for the period				(2,209)				—	(2,209)	36	(2,173)
Other comprehensive income						(1,889)		(1,889)	(1,889)	3	(1,886)
Total comprehensive income for the period	—	—	—	(2,209)	—	(1,889)	—	(1,889)	(4,098)	39	(4,059)
Issuance of new shares (exercise of subscription rights)	25	25					(12)	(12)	37		37
Share-based payment transactions	1	1					66	66	67		67
Purchase and disposal of treasury shares		(0)			1,105			—	1,104		1,104
Dividends				(533)				—	(533)	(50)	(583)
Distribution to owners of other equity instruments				(387)				—	(387)		(387)
Change in ownership interests in subsidiaries without loss of control		(1,184)				(50)		(50)	(1,234)	(665)	(1,899)
Other		(336)						—	(336)		(336)
Total transaction amount with owners	25	(1,495)	—	(920)	1,105	(50)	53	4	(1,281)	(715)	(1,996)
As of December 31, 2020	4,185	2,353	10,847	26,374	(1,020)	(3,163)	472	(2,692)	40,048	462	40,510

For the nine months ended December 31, 2021

(Millions of yen)

	Equity attributable to owners of the parent								Total	Non-controlling interests	Total equity
	Capital stock	Capital surplus	Other equity instruments	Retained earnings	Treasury shares	Other components of equity					
						Exchange differences on translating foreign operations	Subscription rights to shares	Total			
As of April 1, 2021	4,208	2,348	10,847	23,131	(1,026)	(519)	473	(46)	39,461	478	39,940
Profit for the period				9,121				—	9,121	169	9,290
Other comprehensive income						1,711		1,711	1,711	121	1,832
Total comprehensive income for the period	—	—	—	9,121	—	1,711	—	1,711	10,832	290	11,122
Issuance of new shares (exercise of subscription rights)	256	256					(116)	(116)	396		396
Share-based payment transactions							112	112	112		112
Purchase and disposal of treasury shares		(5)			4			—	(1)		(1)
Dividends				(389)				—	(389)		(389)
Distribution to owners of other equity instruments				(388)				—	(388)		(388)
Change in ownership interests in subsidiaries without loss of control		9,321				(125)		(125)	9,195	6,648	15,844
Other		58		(53)				—	5		5
Total transaction amount with owners	256	9,629	—	(830)	4	(125)	(5)	(130)	8,930	6,648	15,578
As of December 31, 2021	4,464	11,977	10,847	31,422	(1,022)	1,067	468	1,535	59,223	7,416	66,640

Condensed Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Cash flows from operating activities		
Profit (loss) before tax	(3,282)	13,948
Depreciation and amortization	15,689	15,971
Impairment loss	1,435	1,078
Interest income	(74)	(127)
Interest expenses	716	736
Share of loss (profit) of investments accounted for using the equity method	763	124
Decrease (increase) in trade and other receivables	(1,793)	(557)
Decrease (increase) in inventories	(4)	(129)
Increase (decrease) in trade and other payables	4,169	(1,101)
Other, net	481	(929)
Subtotal	18,100	29,014
Interest income received	73	120
Interest expenses paid	(741)	(729)
Income taxes paid	(192)	(768)
Net cash provided by (used in) operating activities	17,240	27,636
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,919)	(5,248)
Purchase of intangible assets	(70)	(56)
Collection of long-term loans receivable	69	2,018
Payments for lease and guarantee deposits	(447)	(366)
Proceeds from collection of lease and guarantee deposits	417	573
Payments of construction assistance fund receivables	(304)	(14)
Collection of construction assistance fund receivables	374	388
Purchase of investments accounted for using the equity method	—	(1,200)
Other, net	(715)	82
Net cash provided by (used in) investing activities	(7,594)	(3,823)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	6,994	(3,000)
Proceeds from long-term loans payable	9,146	12,075
Repayments of long-term loans payable	(8,909)	(12,054)
Repayments of lease liabilities	(11,525)	(11,882)
Proceeds from share issuance to non-controlling shareholders	—	15,403
Cash dividends paid	(533)	(389)
Distribution to owners of other equity instruments	(558)	(560)
Payments for purchase of shares of subsidiaries that do not result in change in scope of consolidation	(801)	—
Other, net	(13)	396
Net cash provided by (used in) financing activities	(6,199)	(10)
Net increase (decrease) in cash and cash equivalents	3,447	23,803
Cash and cash equivalents at beginning of period	25,801	24,969
Effect of exchange rate change on cash and cash equivalents	(373)	478
Cash and cash equivalents at end of period	28,875	49,250