# Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (Under Japanese GAAP)

May 13, 2022

Company name: VIA HOLDINGS INC.
Stock listing: Tokyo Stock Exchange Prime Section
Code number: 7918
URL: http://www.via-hd.co.jp
Representative: Kenichiro Kusumoto, Representative Director and President
Inquiries: Hideomi Hane, Executive Officer and General Manager of Management Promotion Department (Phone: +813-5155-6801)
Scheduled date of annual general meeting of shareholders: June 29, 2022
Scheduled date of dividend payment commencement: June 30, 2022
Scheduled date of securities report submission: June 29, 2022
Supplemental materials for the financial results: Yes
Presentation to explain for the financial results: Yes

(Yen amounts are rounded down to millions of yen.)

1. Consolidated financial results for the fiscal year ended March 31, 2022 (April 1, 2021 - March 31, 2022)

(1) Consolidated operating results (Percentage figures indicate year-on-year changes.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|---|---|---|---|---|---|---|---|---|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Fiscal year ended March 31, 2022 | 10,258 | (15.7) | (1,123) | - | (827) | - | 543 | - |
| Fiscal year ended March 31, 2021 | 12,168 | (50.1) | (2,631) | - | (2,543) | - | (5,606) | - |

Note: Comprehensive income Fiscal year ended March 31, 2022 543 million yen (-%)
Fiscal year ended March 31, 2021 -5,629 million yen (-%)

| | Profit per share | Diluted profit per share | Return on equity | Ratio of ordinary profit to total assets | Ratio of operating profit to net sales |
|---|---|---|---|---|---|
| | Yen | Yen | % | % | % |
| Fiscal year ended March 31, 2022 | 16.25 | 16.07 | - | (8.4) | (11.0) |
| Fiscal year ended March 31, 2021 | (175.64) | - | - | (20.9) | (21.6) |

Reference: Share of profit (loss) of entities accounted for using equity method Fiscal year ended March 31, 2022 - million yen
Fiscal year ended March 31, 2021 - million yen

Note: The presentation of return on equity (ROE) was omitted as equity was negative at the end of the consolidated previous fiscal year.

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|---|---|---|---|---|
| | Millions of yen | Millions of yen | % | Yen |
| Fiscal year ended March 31, 2022 | 9,379 | 2,498 | 26.6 | (101.95) |
| Fiscal year ended March 31, 2021 | 10,405 | (4,479) | (43.1) | (140.34) |

Reference: Equity Fiscal year ended March 31, 2022 2,496 million yen
Fiscal year ended March 31, 2021 -4,479 million yen

(3) Consolidated cash flows

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Balance of cash and cash equivalents at end of period |
|---|---|---|---|---|
| | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| Fiscal year ended March 31, 2022 | (649) | 324 | 1,124 | 1,374 |
| Fiscal year ended March 31, 2021 | (2,702) | 110 | 1,063 | 575 |

2. Cash dividends

| | Annual dividends per share | | | | | Total cash dividends (Total) | Payout ratio (Consolidated) | Ratio of dividends to net assets (Consolidated) |
|---|---|---|---|---|---|---|---|---|
| | First quarter-end | Second quarter-end | Third quarter-end | Fiscal year-end | Total | | | |
| | Yen | Yen | Yen | Yen | Yen | Millions of yen | % | % |
| Fiscal year ended March 31, 2021 | - | 0.00 | - | 0.00 | 0.00 | - | - | - |
| Fiscal year ended March 31, 2022 | - | 0.00 | - | 0.00 | 0.00 | - | - | - |
| Fiscal year ending March 31, 2023 (Forecast) | - | 0.00 | - | 0.00 | 0.00 | | - | |

Note: The cash dividends section above shows the status of dividends on common stock. For the status of dividends on a class of stock (unlisted) with rights that differ from those for common stock issued by the Company, see the section titled "Dividends on class stocks".

Note: With regard to the year-end dividend forecast for the fiscal year ending March 2023, we regret to inform you that we will not pay dividends due to the anticipated effects of COVID-19.

3. Consolidated financial results forecast for the fiscal year ending March 31, 2023 (April 1, 2022 - March 31, 2023)

(Percentage figures show year-on-year increase or decrease.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Profit per share |
|---|---|---|---|---|---|---|---|---|---|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| First 6 months | 6,400 | 58.6 | 220 | - | 170 | - | 90 | (91.4) | 2.62 |
| Full year | 16,100 | 56.9 | 550 | - | 430 | - | 250 | (54.0) | 7.28 |

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in a change in the scope of consolidation): None

New companies: -

Excluded companies: -

(2) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

(ii) Changes in accounting policies other than as provided in item (i) None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(3) Number of issued shares (common stock)

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

Fiscal year ended March 31, 2022 34,363,400 shares

Fiscal year ended March 31, 2021 32,369,400 shares

(ii) Number of treasury shares at the end of the period

Fiscal year ended March 31, 2022 2,500 shares

Fiscal year ended March 31, 2021 448,900 shares

(iii) Average number of shares for the period

Fiscal year ended March 31, 2022 33,453,745 shares

Fiscal year ended March 31, 2021 31,920,500 shares

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Non-consolidated operating results (Percentage figures indicate year-on-year changes.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit | |
|---|---|---|---|---|---|---|---|---|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Fiscal year ended March 31, 2022 | 911 | (0.1) | 219 | 229.9 | 357 | 325.5 | (615) | - |
| Fiscal year ended March 31, 2021 | 912 | (3.9) | 66 | - | 84 | - | (3,961) | - |

| | Profit per share | Diluted profit per share |
|---|---|---|
| | Yen | Yen |
| Fiscal year ended March 31, 2022 | (18.40) | - |
| Fiscal year ended March 31, 2021 | (124.10) | - |

Note: The presentation of diluted profit per share was omitted as there was a loss per share, although there existed dilutive shares.

(2) Non-consolidated financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|---|---|---|---|---|
| | Millions of yen | Millions of yen | % | Yen |
| Fiscal year ended March 31, 2022 | 6,909 | 2,729 | 39.5 | (95.22) |
| Fiscal year ended March 31, 2021 | 6,515 | (3,089) | (47.4) | (96.77) |

Reference: Equity Fiscal year ended March 31, 2022 2,728 million yen
Fiscal year ended March 31, 2021 -3,089 million yen

Financial results reports are exempt from audit procedures conducted by certified public accountants or an audit corporation.

Proper use of earnings forecasts, and other special matters

The forward-looking statements provided in this document, such as financial results forecasts, are based on information currently available to the Company and certain assumptions deemed to be reasonable. Actual financial results could potentially differ markedly from the forecasts due to various factors. For matters related to the financial results forecast mentioned above, see the “Future outlook” section on page 4 of the attached document.

Dividend on class stock

Shown below is a breakdown of the dividend per share on class stock whose rights differ from those of common stock.

(Class C preferred stock)

| | Dividend per share | | | | |
|---|---|---|---|---|---|
| | First quarter-end | Second quarter-end | Third quarter-end | Fiscal year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal year ended March 31, 2021 | - | - | - | 0.00 | 0.00 |
| Fiscal year ended March 31, 2022 | - | - | - | 73,589.04 | 73,589.04 |
| Fiscal year ending March 31, 2023 (Forecast) | - | - | - | 85,000.00 | 85,000.00 |

Note:
1. Class C preferred stock were issued in May 2021. Dividends will be paid from the fiscal year ended March 31, 2022 in accordance with the Class C preferred stock issuance guidelines set forth at the time of issuance.
2. Dividends for the fiscal year ended March 31, 2022 are funded by capital surplus. For details, see the section titled “Breakdown of dividends funded by capital surplus”.

(Class D preferred stock)

| | Dividend per share | | | | |
|---|---|---|---|---|---|
| | First quarter-end | Second quarter-end | Third quarter-end | Fiscal year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal year ended March 31, 2021 | - | - | - | 0.00 | 0.00 |
| Fiscal year ended March 31, 2022 | - | - | - | 17,315.07 | 17,315.07 |
| Fiscal year ending March 31, 2023 (Forecast) | - | - | - | 20,000.00 | 20,000.00 |

Note:
1. Class D preferred stock were issued in May 2021. Dividends will be paid from the fiscal year ended March 2022 in accordance with the Class D preferred stock issuance guidelines set forth at the time of issuance.
2. Dividends for the fiscal year ended March 31, 2022 are funded by capital surplus. For details, see the section titled "Breakdown of dividends funded by capital surplus".

## Breakdown of dividends funded by capital surplus

Shown below is the breakdown of dividends funded by capital surplus, among dividends for the fiscal year ended March 31, 2022.

(Class C preferred stock)

| Record date | Fiscal year-end | Total |
|---|---|---|
| Dividend per share | 73,589.04 yen | 73,589.04 yen |
| Total cash dividends | 110 million yen | 110 million yen |

Note: Percentage decrease in net assets: 0.117

(Class D preferred stock)

| Record date | Fiscal year-end | Total |
|---|---|---|
| Dividend per share | 17,315.07 yen | 17,315.07 yen |
| Total cash dividends | 77 million yen | 77 million yen |

Note: Percentage decrease in net assets: 0.028

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## 1. Overview of Operating Results, etc.

### (1) Overview of operating results for the fiscal year under review

During the consolidated fiscal year under review, the Japanese economy continued to face a highly challenging situation as the effects of COVID-19 persisted while consumer spending declined and production activities were stagnant.

The outlook was unpredictable as it was uncertain how the economy would fare in the face of the seventh wave of COVID-19 and rising tensions overseas. This was despite a nationwide lifting in March 2022 of restrictions such as the state of emergency declaration and special measures to prevent the disease from spreading.

The restaurant sector remained in an extremely challenging operating environment as competition to win customers increasingly intensified, including in the ready-meal segment. This followed a decrease in the number of in-person customers due to lifestyle changes resulting from the effects of COVID-19, such as shortened business hours, decreased demand from inbound tourists, the diffusion of telework, and reluctance to go out, coupled with social distancing-based services intended to protect the safety and security of customers and employees.

The Group took measures such as the temporary closure of some 200 outlets, mainly bar restaurants (izakaya pubs), in response to closure requests from municipalities after a state of emergency was declared by the national government amid the ongoing effects of COVID-19. Although allowed to operate unrestricted from October to December 2021, the izakaya pub business, the Group's mainstay, struggled to generate sales due to a sharp decline in demand for parties, such as year-end parties and after-parties attended by many, due to ongoing changes in consumer behavior and lifestyles in response to the spread of COVID-19.

Faced with this situation, the Company, under its business revival plan, is in the process of shifting to a collaborative business that gives people a strong incentive to dine out as a business format that adapts to an operating environment in the COVID and post-COVID era. Taiwan "Mazesoba Hanabi" restaurants, a collaborative business, came into operation in the previous fiscal year before growing to 14 outlets at the end of the fiscal year under review. Meanwhile, "Nadai Una Toto" restaurants, after becoming operational in September 2021, increased to 36 outlets at the end of fiscal year under review through conversion. We revamped "Uoya Iccho" as an experiment for next- generation urban izakaya pubs, renovated "Pastel" Italian restaurants with a view to rebranding them, and worked to attain higher profitability by adding new services such as takeout, delivery, and e-commerce.

Our outlets numbered 352 (including 37 franchise outlets) at the end of the fiscal year under review following one opening and 20 closures (including six franchise outlets).

Extraordinary loss, including impairment loss of 514 million yen, was recorded as we extensively closed unprofitable outlets while applying impairment accounting. We recorded a total of 2,621 million yen in extraordinary loss for the consolidated fiscal year under review due to recognizing 1,875 million yen under extraordinary loss attributable to COVID-19 by specifying fixed expenses (personnel expenses and rent, among other items) incurred during outlet closure periods.

Meanwhile, we recorded 4,030 million yen in extraordinary income for the consolidated fiscal year under review, including 352 million in employment adjustment subsidies and 3,408 million in subsidies for shortened business hours and the like.

As a result, for the Group, during the consolidated fiscal year under review, net sales were 10,258 million yen (down 15.7% year on year), operating loss was 1,123 million yen (compared to operating loss of 2,631 million yen for the previous consolidated fiscal year), ordinary loss was 827 million yen (compared to ordinary loss of 2,543 million yen for the previous consolidated fiscal year), and profit attributable to owners of parent was 543 million yen (compared to 5,606 million yen for the previous consolidated fiscal year).

Shown below is the status of business operations by our subsidiaries. Net sales of subsidiaries differ from net sales in the consolidated statement of income due to being that before the elimination and offsetting of consolidated transactions.

(a) Ogiya East Japan Co., Ltd. and Ogiya West Japan Co., Ltd.

"Bincho Ogiya" and "Yakitori no Ogiya", yakitori izakaya pubs improved the quality of their yakitori dishes by changing ingredients and cooking methods, enhancing lunch and take-out sales.

In addition, we developed and expanded a collaborative business with “Nadai UnaToto” in a manner that gives people a strong incentive to dine out.

Combined net sales of Ogiya East Japan Co., Ltd. and Ogiya West Japan Co., Ltd. for the consolidated fiscal year under review totaled 4,519 million yen (down 23.1% year on year). They closed 12 outlets (including six franchise pubs) during the period, bringing the total to 227 (including 36 franchise outlets) at the end of the fiscal year.

(b) Foodream Co., Ltd.

Foodream Co., Ltd., an operator of a variety of brands such as “Pastel Italiana”, “Cappuccina”, “Steakhouse Matsuki”, and “Tsurukamedo”, mainly in shopping centers and commercial facilities, kept improving its profitability by taking measures to introduce high-value-added products and enhance its services, and continued to bolster takeout and delivery sales.

For the consolidated fiscal year under review, Foodream Co., Ltd. recorded net sales of 4,052 million yen (up 1.9% year on year), and closed five outlets, bringing the total to 75 outlets at the end of the fiscal year.

(c) Iccho Inc.

Sashimi izakaya pub “Uoya Iccho”, operating mainly in terminal train stations in the Tokyo metropolitan area, was greatly affected by COVID-19 due to being a chain of large outlet located in central Tokyo; therefore, extensive closures were carried out during the previous fiscal year. We began to experiment with next-generation urban izakaya pubs with a view to reopening outlets going forward.

Sales of Iccho Inc. were 263 million yen for the consolidated fiscal year under review (down 53.9% year on year), and it had a total of five outlets (including one franchise outlets) at the end of the period.

(d) Ichigen Co., Ltd.

“Ichigen”, a composite izakaya pub chain in operation mainly in Saitama Prefecture, is characterized by the wide variety of Japanese, western and Chinese dishes it offers. To enlarge its family-based targets, the company proposed menus and events that can be enjoyed by female customers and families. In response to declining demand for parties, the company enhanced its set meal menus, conducting delivery sales.

For the consolidated fiscal year under review, Ichigen Co., Ltd. recorded net sales of 636 million yen (down 23.6% year on year), and closed two outlets, bringing the total to 14 at the end of the fiscal year.

(e) Beniton Co., Ltd.

“Nihonbashi Beniton”, a chain of charcoal-grilled food specialty pubs in operation mainly in terminal train stations in central Tokyo, worked to permeate the concept of “an energy source for working fathers” by developing items and improving skewer cooking skills in a way that only a specialty pub chain can. The company continued to expand “Hanabi,” a Taiwanese mixed noodle item, as a “double-cropping” business that uses daytime hours effectively.

For the consolidated fiscal year under review, Beniton Co., Ltd. recorded net sales of 785 million yen (down 13.2% year on year), having 31 outlets at the end of the fiscal year.

(2) Overview of financial position for the fiscal year under review

Total assets at the end of the consolidated fiscal year under review were 9,379 million yen, a decrease of 1,025 million yen compared to the end of the previous consolidated fiscal year.

This was due to a decrease of 1,369 million yen in property, plant and equipment as a result of land selling and recording impairment losses, coupled with a decrease of 509 million yen in leasehold and guarantee deposits stemming from outlet closures although cash and deposits grew by 799 million yen.

Total liabilities were 6,881 million yen, a decrease of 8,003 million yen compared to the end of the previous consolidated fiscal year. This was due to a decrease of 4,500 million yen in borrowings, which was caused by financial assistance for the conversion of debt into shares, a decrease of 821 million yen in accounts payable - other, and a decrease of 394 million yen in provision for loss on outlet closures, which stemmed from progress in closing outlets, and a decrease of 657 million yen in short-term asset retirement obligations.

Total net assets came to 2,498 million, an increase of 6,978 million yen compared to the end of the previous consolidated fiscal year. This was due to that fact that: i) share capital and legal capital surplus each increased by 750 million yen as a result of the issuance of Class C preferred stock by way of a third-party allotment; ii) share capital and legal capital surplus each increased by 2,250 million yen due to the conversion of debt into shares by financial institutions; iii) share capital and legal capital surplus each increased by 216 million yen as a result of the exercise of the 25th series of Share Acquisition Rights (with an exercise price adjustment clause); and iv) retained earnings grew as a result of recording 543 million yen in profit attributable to owners of parent.

As a result, the equity ratio increased by 69.7 percentage points compared to the end of the previous consolidated fiscal year to 26.6%, bringing net assets per share of common stock to negative 101.95 yen.

### (3) Overview of cash flows for the fiscal year under review

The balance of cash and cash equivalents (“funds”) at the end of the consolidated fiscal year under review amounted to 1,374 million yen, an increase of 799 million compared to the end of the previous consolidated fiscal year.

Shown below are cash flows and the underlying factors therefor for the consolidated fiscal year under review.

#### Cash flows from operating activities

Funds used in operating activities amounted to 649 million yen (compared to 2,702 million yen for the previous consolidated fiscal year). This was mainly because profit before income taxes was 581 million yen, of which depreciation and amortization was 684 million yen and impairment loss was 514 million yen, both of which did not involve cash spending, while provision for loss on outlet closures decreased by 394 million yen, accrued consumption taxes decreased by 401 million yen, and other current liabilities decreased by 1,072 million yen.

#### Cash flows from investing activities

Funds provided by investing activities was 324 million yen (compared to 110 million yen for the previous consolidated fiscal year). This was mainly due to 188 million yen in expenditure for acquisitions of property, plant and equipment in relation to a renovation of existing outlets while proceeds from sales of property, plant and equipment amounted to 563 million yen.

#### Cash flows from financing activities

Funds provided by financing activities was 1,124 million yen (compared to 1,063 million yen for the previous consolidated fiscal year). This was mainly due to 500 million yen in proceeds from long-term borrowings, 5,977 million yen in proceeds from the issuance of shares of preferred stock, and 431 million yen in proceeds from the issuance of shares upon the exercise of stock acquisition rights while the repayment of long-term borrowings amounted to 5,467 million yen.

(Reference) Changes in cash flow indicators

| | Fiscal year ended March 31, 2018 | Fiscal year ended March 31, 2019 | Fiscal year ended March 31, 2020 | Fiscal year ended March 31, 2021 | Fiscal year ended March 31, 2022 |
|---|---|---|---|---|---|
| Equity ratio (%) | 27.0 | 17.8 | 8.2 | (43.1) | 26.6 |
| Equity ratio on a fair value basis (%) | 116.4 | 131.7 | 112.6 | 65.6 | 55.3 |
| Ratio of interest-bearing debt to cash flows (annual) | 8.8 | 32.7 | 10.8 | (3.3) | (5.8) |
| Interest coverage ratio (times) | 10.0 | 2.8 | 8.2 | (19.5) | (6.2) |

Equity ratio: Equity / Total assets

Equity ratio on a fair value basis: Stock market capitalization / Total assets

Ratio of interest-bearing debt to cash flows: Interest-bearing debt / Cash flows

Interest coverage ratio: Cash flows / Interest payments

* All of the indicators were calculated using consolidated financial values.

* Stock market capitalization was calculated by multiplying the share price at the end of the period by the number of shares outstanding at the end of the period (after deducting treasury stock).

* We used cash flows from operating activities in the consolidated statement of cash flows.

### (4) Future outlook

The outlook for Japan for the next fiscal year is unpredictable as it is uncertain how the economy will fare in the face of the effects of COVID-19 and rising tensions overseas.

The restaurant sector will likely remain in an extremely challenging operating environment as competition to win customers will increasingly intensify, including in the ready-meal segment. This will follow a decrease in the number of in-person customers due to lifestyle changes resulting from COVID-19, such as shortened business hours, decreased demand from inbound tourists, the diffusion of telework, and reluctance to go out, coupled with social distancing-based services intended to protect the safety and security of customers and employees.

In this situation, the Group's investments in outlets for the next fiscal year will consist mainly of renovations in order to securely revive our operations through regrowth, based on a fundamental review of our business and development, and advance our principal business activities with a view to getting on a regrowth track under our business revival plan. At the same time, we will deliver increased profitability through value-added new services.

In light of the operating environment and business measures described above, for the consolidated fiscal year ending March 31, 2023, the Company forecasts net sales of 16,100 million yen (up 56.9% compared to the fiscal year under review), an operating profit of 550 million yen (compared to an operating loss of 1,123 million yen for the consolidated fiscal year under review), an ordinary profit of 430 million yen (compared to an ordinary loss of 827 million yen for the consolidated fiscal year under review), and a profit attributable to owners of parent of 250 million yen (down 54.0% compared to the fiscal year under review).

The financial results forecasts shown above were prepared on the basis of information available to the Company on the date of releasing this document. Actual financial results could potentially differ from the forecasts due to various future factors.

(5) Material matters on a going concern assumption

In order to establish a strong earnings structure and fundamentally improve its financial position toward a business turnaround in the future, the Group formulated a business turnaround plan (the "Business Turnaround Plan") by being examined, instructed, and advised by procedure conductors selected by the Japanese Association of Turnaround Professionals, an agency that was fair and impartial, while consulting with the creditor financial institutions in accordance with a dispute resolution procedure certified specifically ("Business Turnaround ADR Procedure") under the Industrial Competitiveness Enhancement Act. The Group completed the procedure for the alternative dispute resolution (ADR) for the business turnaround as we obtained consent from all the creditor financial institutions at a meeting of creditors held on April 20, 2021 for resolving the proposed business turnaround plan (the 3rd meeting of creditors) in accordance with the business turnaround ADR procedure.

Currently, however, there exists material uncertainty regarding the going concern assumption for the Group as: i) the economic outlook is unclear considering lifestyle changes resulting from COVID-19, such as shortened business hours, decreased demand from inbound tourists, the diffusion of telework, and reluctance to go out, making the extent and duration of the effects on our future sales uncertain; and ii) our business turnaround efforts under the Business Turnaround Plan are now underway. Measures to eliminate or rectify such circumstances are described in the section titled "(5) Notes to Consolidated Financial Statements (Notes on Going Concern Assumption)" in the segment titled "3. Consolidated Financial Statements and Key Notes."

(6) Accounting treatment relating to COVID-19

In accordance with Notes on "Audits Relating to COVID-19 (Part 4)" issued by the Japanese Institute of Certified Public Accountants, the Group deemed as accidental the fixed costs incurred during the periods in which its outlets were closed due to requests and statements issued by the national and local governments to prevent the spread of COVID-19, and recorded such amount as loss caused by the disease under extraordinary loss in the consolidated statements of income.

Subsidies for complying with requests from the national government and local governments to shorten business hours in order to prevent the spread of COVID-19 were recorded as subsidy income under extraordinary income while employment adjustment subsidies were recorded as employment adjustment subsidy income under extraordinary income.

However, the following post-reclassification consolidated statement of income will likely apply if the Company deems the situation as no longer accidental because the effects of COVID-19 continue over a significantly protracted period and reclassifies: i) subsidy income due to shortening of business hours, currently under extraordinary income, as sales compensation; ii) employment adjustment subsidies, currently under extraordinary income, as compensation for personnel expenses; iii) and loss caused by COVID-19, currently under extraordinary loss, as selling, general and administrative expenses.

Reference: Post-reclassification consolidated statement of income

(Millions of yen)

| | Consolidated statement of income | Reclassification | Post-reclassification consolidated statement of income |
|---|---|---|---|
| Net sales | 10,258 | 3,408 | 13,667 |
| Cost of sales | 3,421 | - | 3,421 |
| Gross profit | 6,837 | 3,408 | 10,245 |
| Selling, general and administrative expenses | 7,961 | 1,523 | 9,484 |
| Operating profit | (1,123) | 1,885 | 761 |
| Ordinary profit | (827) | 1,885 | 1,057 |
| Extraordinary income | 4,030 | (3,760) | 269 |
| Extraordinary loss | 2,621 | (1,875) | 745 |
| Profit before income taxes | 581 | - | 581 |

(7) Progress of insolvency resolution plan

As stated in the Notice Concerning Establishment of Turnaround ADR Procedure and Financial Assistance Including Conversion of Debt into Shares (published on April 20, 2021), the Group endeavored to improve its profit structure under the Business Turnaround Plan, the first year of which was the consolidated fiscal year under review, and recorded an operating loss of 1,123 million yen, an ordinary loss of 827 million yen, and a profit attributable to owners of parent of 543 million yen for the consolidated fiscal year under review. The Company resolved insolvency with net assets amounting to 2,498 million yen at the end of the consolidated fiscal year under review. This was achieved by obtaining share capital through the issuance of Class C preferred stock and the conversion of debt into shares by way of the issuance of class D preferred stock as described in the following notice: Notice on Completion of Payment of Issuance Prices of Class C Preferred Stock, Class D Preferred Stock, and the 25th series of Share Acquisition Rights (with an exercise price adjustment clause) through Third-Party Allotment and on Reduction of Share Capital and Capital Reserve and Appropriation of Surplus (published on May 20, 2021).

- Net sales

Although the premise of the Group's Business Turnaround Plan was that all its outlets would resume operation in April 2021, we took measures such as the temporary closure of more than 200 outlets, mainly izakaya pubs, as well as shortened business hours in response to closure requests from municipalities after a state of emergency was declared by the national government. Although allowed to operate unrestricted from October to December 2021, the izakaya pub business, the Group's mainstay, struggled to generate sales due to a sharp decline in demand for parties, such as year-end parties and after-parties attended by many, due to ongoing changes in consumer behavior and lifestyles in response to the spread of COVID-19.

Faced with this situation, the Company, under its business revival plan, is in the process of shifting to a collaborative business that gives people a strong incentive to dine out as a business format that adapts to an operating environment in the COVID and post-COVID era. "Taiwan Mazesoba Hanabi" restaurants, a collaborative business, came into operation in the previous fiscal year before growing to 14 outlets at the end of the consolidated fiscal year under review (4 more than the plan). Meanwhile, "Nadai Una Toto" restaurants became operational in September 2021, and we completed the conversion 36 outlets into "Nadai Una Toto" restaurants by the consolidated fiscal year-end (in line with the plan). Both business types were shown to have boosted sales in excess of 1 million yen per month at one outlet. We revamped "Uoya Iccho" as an experiment for next-generation urban izakaya pubs, renovated "Pastel" with a view to rebranding them, and worked to attain higher profitability by adding new services such as takeout, delivery, and e-commerce. However, net sales for the consolidated fiscal year under review were 10,258 million yen (down 15.7% year on year), a level constituting approx. 60% of our projection under the Business Turnaround Plan.

- Cost reduction

  Continuing on from the previous consolidated fiscal year, we integrated our personnel by function to attain a small-sized organizational platform befitting our sales level by changing the divisional functions in place on a company-by-company basis to ones in place across the entire group. For our cost reduction plan, we specified the period from February 2019 to January 2020 as the base year, which was before the spread COVID-19. For the consolidated fiscal year under review, we reduced costs by 390 million yen compared to the base year, which was ahead of the target under the Business Turnaround Plan.

- Profit attributable to owners of parent

  As stated above, the progress of sales is below the level of the Business Turnaround Plan. However, as a result of the posting of 3,408 million yen in subsidies for shortened business hours from local governments as extraordinary income, profit attributable to parent company shares for the current consolidated fiscal year was 543 million yen, which is above the level of the Business Turnaround Plan.

We will endeavor to further improve our earnings structure by continuing to execute the Business Turnaround Plan.

## 2. Our basic approach regarding choice of accounting principles

For the foreseeable future, the Group will continue to prepare consolidated financial statements in accordance with Japanese GAAP, considering the comparability of consolidated financial statements between reporting periods and between companies.

With regard to the application of International Financial Reporting Standards (IFRS), we will take appropriate steps in consideration of various circumstances in and outside Japan.

## 3. Consolidated Financial Statements and Key Notes

### (1) Consolidated balance sheet

(Millions of yen)

| | Previous consolidated fiscal year (March 31, 2021) | Consolidated fiscal year under review (March 31, 2022) |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 575 | 1,374 |
| Accounts receivable - trade | 402 | 406 |
| Raw materials and supplies | 124 | 115 |
| Accounts receivable - other | 1,246 | 1,379 |
| Other | 251 | 226 |
| Total current assets | 2,600 | 3,503 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 3,204 | 2,664 |
| Machinery, equipment and vehicles, net | 381 | 287 |
| Tools, furniture and fixtures, net | 128 | 93 |
| Leased assets, net | 138 | 69 |
| Land | 1,144 | 512 |
| Total property, plant and equipment | 4,996 | 3,627 |
| Intangible assets | | |
| Goodwill | 27 | - |
| Leased assets | 167 | 122 |
| Other | 141 | 154 |
| Total intangible assets | 336 | 276 |
| Investments and other assets | | |
| Investment securities | 371 | 371 |
| Leasehold and guarantee deposits | 2,075 | 1,566 |
| Other | 24 | 17 |
| Total investments and other assets | 2,472 | 1,955 |
| Total non-current assets | 7,804 | 5,859 |
| Deferred assets | | |
| Share issuance costs | - | 15 |
| Share acquisition rights issuance costs | - | 1 |
| Total deferred assets | - | 17 |
| Total assets | 10,405 | 9,379 |

(Millions of yen)

| | Previous consolidated fiscal year (March 31, 2021) | Consolidated fiscal year under review (March 31, 2022) |
|---|---|---|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 555 | 514 |
| Short-term borrowings | 1,438 | - |
| Current portion of long-term borrowings | 7,282 | 249 |
| Accounts payable - other | 1,275 | 453 |
| Accrued expenses | 537 | 444 |
| Income taxes payable | 127 | 62 |
| Provision for bonuses | 61 | 76 |
| Lease obligations | 134 | 127 |
| Asset retirement obligations | 863 | 206 |
| Provision for loss on outlet closings | 441 | 47 |
| Provision for shareholder benefit program | 7 | - |
| Other | 861 | 431 |
| Total current liabilities | 13,586 | 2,613 |
| Non-current liabilities | | |
| Long-term borrowings | - | 3,315 |
| Lease obligations | 174 | 46 |
| Asset retirement obligations | 752 | 699 |
| Deferred tax liabilities | 118 | 93 |
| Other | 254 | 111 |
| Total non-current liabilities | 1,298 | 4,267 |
| Total liabilities | 14,885 | 6,881 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 4,935 | 316 |
| Capital surplus | 1,229 | 6,990 |
| Retained earnings | (10,142) | (4,808) |
| Treasury shares | (501) | (2) |
| Total shareholders' equity | (4,479) | 2,496 |
| Share acquisition rights | - | 1 |
| Total net assets | (4,479) | 2,498 |
| Total liabilities and net assets | 10,405 | 9,379 |

## (2) Consolidated statement of income and consolidated statement of comprehensive income

Consolidated statement of income

(Millions of yen)

| | Previous consolidated fiscal year (From April 1, 2020 to March 31, 2021) | Consolidated fiscal year under review (From April 1, 2021 to March 31, 2022) |
|---|---|---|
| Net sales | 12,168 | 10,258 |
| Cost of sales | 4,147 | 3,421 |
| Gross profit | 8,021 | 6,837 |
| Selling, general and administrative expenses | 10,652 | 7,961 |
| Operating loss | (2,631) | (1,123) |
| Non-operating income | | |
| Interest and dividend income | 3 | 1 |
| Rental income | 66 | 49 |
| Subsidy income | 193 | 376 |
| Other | 19 | 18 |
| Total non-operating income | 283 | 445 |
| Non-operating expenses | | |
| Interest expenses | 138 | 131 |
| Costs associated with borrowing agreements | 35 | - |
| Other | 20 | 18 |
| Total non-operating expenses | 194 | 149 |
| Ordinary loss | (2,543) | (827) |
| Extraordinary income | | |
| Subsidies for employment adjustment | 603 | 352 |
| Subsidy income | 1,045 | 3,408 |
| Gain on sale of non-current assets | 0 | 3 |
| Gain on sale of investment securities | 127 | - |
| Other | 123 | 266 |
| Total extraordinary income | 1,901 | 4,030 |
| Extraordinary losses | | |
| Loss caused by COVID-19 | 1,629 | 1,875 |
| Impairment losses | 2,679 | 514 |
| Loss on sale of non-current assets | - | 86 |
| Loss on retirement of non-current assets | 11 | 17 |
| Extra retirement payments | 50 | - |
| Other | 528 | 127 |
| Total extraordinary losses | 4,900 | 2,621 |
| Profit (loss) before income taxes | (5,542) | 581 |
| Income taxes - current | 61 | 61 |
| Income taxes - deferred | 2 | (24) |
| Total income taxes | 64 | 37 |
| Profit (loss) | (5,606) | 543 |
| Loss attributable to non-controlling interests | (0) | - |
| Profit (loss) attributable to owners of parent | (5,606) | 543 |

Consolidated statement of comprehensive income

(Millions of yen)

| | Previous consolidated fiscal year (From April 1, 2020 to March 31, 2021) | Consolidated fiscal year under review (From April 1, 2021 to March 31, 2022) |
|---|---|---|
| Profit (loss) | (5,606) | 543 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (22) | - |
| Total other comprehensive income | (22) | - |
| Comprehensive income | (5,629) | 543 |
| Breakdown | | |
| Comprehensive income attributable to owners of parent | (5,629) | 543 |
| Comprehensive income attributable to non-controlling interests | (0) | - |

## (3) Consolidated statement of changes in equity

Previous consolidated fiscal year (from April 1, 2020 to March 31, 2021)

(Millions of yen)

| | Shareholders' equity | | | | |
|---|---|---|---|---|---|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 4,935 | 1,229 | (4,535) | (501) | 1,126 |
| Changes during period | | | | | |
| Issuance of new shares | | | | | - |
| Capital reduction | | | | | - |
| Deficit disposition | | | | | - |
| Loss attributable to owners of parent | | | (5,606) | | (5,606) |
| Cancellation of treasury shares | | | | | - |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | - | - | (5,606) | - | (5,606) |
| Balance at end of period | 4,935 | 1,229 | (10,142) | (501) | (4,479) |

| | Accumulated other comprehensive income | | Share acquisition rights | Non-controlling interests | Total net assets |
|---|---|---|---|---|---|
| | Valuation difference on available-for-sale securities | Total accumulated other comprehensive income | | | |
| Balance at beginning of period | 22 | 22 | 3 | 0 | 1,153 |
| Changes during period | | | | | |
| Issuance of new shares | | | | | - |
| Capital reduction | | | | | - |
| Deficit disposition | | | | | - |
| Loss attributable to owners of parent | | | | | (5,606) |
| Cancellation of treasury shares | | | | | - |
| Net changes in items other than shareholders' equity | (22) | (22) | (3) | (0) | (26) |
| Total changes during period | (22) | (22) | (3) | (0) | (5,632) |
| Balance at end of period | - | - | - | - | (4,479) |

Consolidated fiscal year under review (from April 1, 2021 to March 31, 2022)

(Millions of yen)

| | Shareholders' equity | | | | |
|---|---|---|---|---|---|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 4,935 | 1,229 | (10,142) | (501) | (4,479) |
| Changes during period | | | | | |
| Issuance of new shares | 3,216 | 3,216 | | | 6,432 |
| Capital reduction | (7,835) | 7,835 | | | - |
| Deficit disposition | | (4,790) | 4,790 | | - |
| Profit attributable to owners of parent | | | 543 | | 543 |
| Cancellation of treasury shares | | (499) | | 499 | - |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | (4,618) | 5,761 | 5,333 | 499 | 6,976 |
| Balance at end of period | 316 | 6,990 | (4,808) | (2) | 2,496 |

| | Accumulated other comprehensive income | | Share acquisition rights | Non-controlling interests | Total net assets |
|---|---|---|---|---|---|
| | Valuation difference on available-for-sale securities | Total accumulated other comprehensive income | | | |
| Balance at beginning of period | - | - | - | - | (4,479) |
| Changes during period | | | | | |
| Issuance of new shares | | | | | 6,432 |
| Capital reduction | | | | | - |
| Deficit disposition | | | | | - |
| Profit attributable to owners of parent | | | | | 543 |
| Cancellation of treasury shares | | | | | - |
| Net changes in items other than shareholders' equity | - | - | 1 | - | 1 |
| Total changes during period | - | - | 1 | - | 6,978 |
| Balance at end of period | - | - | 1 | - | 2,498 |

## (4) Consolidated statement of cash flows

(Millions of yen)

| | Previous consolidated fiscal year (From April 1, 2020 to March 31, 2021) | Consolidated fiscal year under review (From April 1, 2021 to March 31, 2022) |
|---|---|---|
| Cash flows from operating activities | | |
| Profit (loss) before income taxes | (5,542) | 581 |
| Depreciation | 916 | 684 |
| Amortization of goodwill | 53 | 9 |
| Amortization of deferred assets | 1 | 7 |
| Impairment losses | 2,679 | 514 |
| Increase (decrease) in provision for bonuses | (96) | 14 |
| Increase (decrease) in provision for loss on outlet closings | 236 | (394) |
| Increase (decrease) in provision for shareholder benefit program | (29) | (7) |
| Interest and dividend income | (3) | (1) |
| Interest expenses | 138 | 131 |
| Compensation income | (25) | (117) |
| Insurance claim income | - | (28) |
| Subsidy income | (1,820) | (4,137) |
| Loss caused by COVID-19 | 1,629 | 1,875 |
| Extra retirement payments | 50 | - |
| Loss (gain) on sale and valuation of investment securities | (126) | - |
| Loss (gain) on sale and retirement of non-current assets | 11 | 100 |
| Decrease (increase) in trade receivables | 38 | (3) |
| Decrease (increase) in inventories | 49 | 8 |
| Decrease (increase) in other current assets | 27 | 144 |
| Increase (decrease) in trade payables | (430) | (40) |
| Increase (decrease) in advances received | (247) | (200) |
| Increase (decrease) in accrued consumption taxes | 192 | (401) |
| Increase (decrease) in other current liabilities | 408 | (1,072) |
| Other | 381 | (286) |
| Subtotal | (1,502) | (2,619) |
| Interest and dividends received | 3 | 1 |
| Interest paid | (138) | (104) |
| Proceeds from compensation | 15 | 17 |
| Proceeds from insurance income | - | 36 |
| Subsidies received | 595 | 4,023 |
| Payments associated with loss caused by COVID-19 | (1,629) | (1,875) |
| Extra retirement payments | (40) | - |
| Income tax paid | (5) | (129) |
| Income tax refund | 0 | 1 |
| Cash flows from operating activities | (2,702) | (649) |

(Millions of yen)

| | Previous consolidated fiscal year (From April 1, 2020 to March 31, 2021) | Consolidated fiscal year under review (From April 1, 2021 to March 31, 2022) |
|---|---|---|
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (245) | (188) |
| Proceeds from sale of property, plant and equipment | 0 | 563 |
| Purchase of intangible assets | (16) | (49) |
| Proceeds from sale of investment securities | 193 | - |
| Proceeds from collection of long-term loans receivable | 0 | 0 |
| Payments of leasehold and guarantee deposits | (10) | (34) |
| Proceeds from refund of leasehold and guarantee deposits | 365 | 541 |
| Other | (177) | (508) |
| Cash flows from investing activities | 110 | 324 |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | 1,438 | (188) |
| Proceeds from long-term borrowings | - | 500 |
| Repayments of long-term borrowings | (218) | (5,467) |
| Repayments of lease obligations | (150) | (132) |
| Purchase of treasury share acquisition rights | (3) | - |
| Proceeds from issuance of shares | - | 5,977 |
| Proceeds from issuance of share acquisition rights | - | 3 |
| Proceeds from issuance of shares resulting from exercise of share acquisition rights | - | 431 |
| Dividends paid | (1) | - |
| Cash flows from financing activities | 1,063 | 1,124 |
| Net increase (decrease) in cash and cash equivalents | (1,528) | 799 |
| Cash and cash equivalents at beginning of period | 2,103 | 575 |
| Cash and cash equivalents at end of period | 575 | 1,374 |

(5) Notes to consolidated financial statements

(Notes on going concern assumption)

There exists material uncertainty regarding the going concern assumption for the Group as it recorded an operating loss of 1,123 million yen, an ordinary loss of 827 million yen, and a profit attributable to owners of parent of 543 million yen for the consolidated fiscal year under review, posting an ordinary loss for the fourth consecutive year.

In order to establish a strong earnings structure and fundamentally improve its financial position toward a business turnaround in the future, the Group formulated a business turnaround plan (the "Business Turnaround Plan") by being examined, instructed, and advised by procedure conductors selected by the Japanese Association of Turnaround Professionals, an agency that was fair and impartial, while consulting with the creditor financial institutions in accordance with a dispute resolution procedure certified specifically ("Business Turnaround ADR Procedure") under the Industrial Competitiveness Enhancement Act. The Group completed the procedure for the alternative dispute resolution (ADR) for the business turnaround as we obtained consent from all the creditor financial institutions at a meeting of creditors held on April 20, 2021 for resolving the proposed business turnaround plan (the 3rd meeting of creditors) in accordance with the business turnaround ADR procedure.

To resolve the situation, the Company, which is submitting consolidated financial statements, is working on its business turnaround steadily under the Business Turnaround Plan by fundamentally reviewing its business structure toward a regrowth track and regrowing through deepening and evolving its core businesses, and is carrying out the following financial measures.

1. Outline of financial measures under the Business Turnaround Plan

Shown below is an outline of the financial measures under the Business Turnaround Plan, including financial assistance such as that for a debt-for-shares swap.

(1) Assistance from financial institutions

(i) Subscription to Class D preferred stock through a debt-for-shares swap

The Company resolved insolvency after stabilizing its financial position by receiving assistance from five eligible creditor financial institutions that hold claims for a certain amount or more against us, through a debt-for-shares swap deal for some of our outstanding debt. The assistance was worth 4,500 million yen in total.

(ii) Revision to the terms and conditions of debt repayment

Seven eligible creditor banks assisted the Group by changing the terms and conditions of the repayment of its outstanding borrowings.

(2) Capital contribution and loans from RKD Encourage Fund Limited Investment Partnership

(i) Subscription to Class C preferred stock through payment of cash

The Group used a capital contribution of 1.5 billion yen from RKD Encourage Fund Limited Investment Partnership to enhance its share capital, conducting outlet capital expenditure for business format conversion, renewal etc., and funding its working capital.

(ii) Lending in the form of a subordinated loan

The Group borrowed 500 million yen from RKD Encourage Fund Limited Investment Partnership and appropriated the cash to restructuring funds (including for refinancing its outstanding short-term loans) and working capital.

2. Issuance of the 25th series of share acquisition rights (with an exercise price revision clause)

In addition to taking the measures set forth in the Business Turnaround Plan, the Company allotted the 25th series of share acquisition rights (with an exercise price revision clause) to Barclays Bank PLC (the amount obtained was 1,033 million yen (composed of 3 million yen in share acquisition rights issued and 1,030 million yen for the exercise of share acquisition rights) as a financial measure outside the Business Turnaround Plan in order to further improve its financial position. The allotment date of the share acquisition rights was May 20, 2021, and the exercisable period was specified as from May 21, 2021 to May 22, 2023.

Currently, however, there exists material uncertainty regarding the going concern assumption for the Group as: i) the economic outlook is unclear considering lifestyle changes resulting from COVID-19, such as shortened business hours, decreased demand from inbound tourists, the diffusion of telework, and reluctance to go out, making the extent and duration of the effects on our future sales uncertain; and ii) our business turnaround efforts under the Business Turnaround Plan are now underway.

The consolidated financial statements were prepared on the basis of a going concern assumption, and the effects of material uncertainty regarding the going concern assumption are not reflected in the consolidated financial statements.

(Note on a substantial change in the amount shareholders' equity)

On May 20, 2021, the share capital and legal capital surplus of the Company each increased by 3,000 million yen due to being paid: i) 1,500 million by RKD Encourage Fund Limited Investment Partnership for a third-party allotment capital increase involving Class C preferred stock; and ii) 4,500 million yen by Resona Bank, Ltd., Mizuho Bank, Ltd., Bank of Yokohama, Ltd., Sumitomo Mitsui Banking Corporation, and Deutsche Bank Tokyo Branch for a third-party allotment capital increase involving Class D preferred stock.

In addition, the share capital and legal capital surplus of the Company each increased by 216 million yen as the Company was paid 3 million yen by Barclays Bank PLC for third-party allotment-based 25th series of share acquisition rights allotted to it and share acquisition rights were exercised in the consolidated fiscal year under review.

Moreover, as the Board Benefit Trust (BBT) ended in the consolidate fiscal year under review, the Company acquired, on a gratis basis, 446,400 shares in it, which were the residual assets of the trust, on July 9, 2021 before cancelling 446,400 shares of treasury share on July 31, 2021 by resolution of a Board of Directors meeting held on June 29, 2021, thereby reducing treasury share by 499 million yen.

In accordance with the resolution of the Extraordinary General Meeting of Shareholders held on April 28, 2021, the Company, on May 20, 2021, transferred to other capital surplus a total of 11,562 million yen, composed of 7,835 million yen from the stated capital and 3,727 million yen from the additional share capital. In addition, in accordance with the provisions of Article 452 of the Companies Act, the Company reduced other capital surplus by 4,790 million yen and transferred the amount to other retained earnings to compensate for loss.

As a result, share capital was 316 million yen, capital surplus was 6,990 million yen, and treasury share was 2 million yen at the end of the consolidated fiscal year under review.

(Changes in accounting policies)

Application of the accounting standard, etc. for revenue recognition

Starting from the beginning of the consolidated fiscal year under review, the Company began to apply the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), recognizing revenue in an amount likely to be received in exchange for a promised good or service when control of the good or service is transferred to the customer. The effect of this change on the Group's consolidated financial statements was minor.

Application of the accounting standard, etc. for fair value calculation

Starting from the beginning of the consolidated fiscal year under review, the Company began to apply the Accounting Standard for Fair Value Calculation (ASBJ Statement No. 30, July 4, 2019; "Fair Value Accounting Standard"), and decided to apply, going forward, the new accounting policy set forth in the Standard in accordance with the transitional treatment stipulated in paragraph 19 of the Accounting Standard for Fair Value Calculation and paragraph 2 of Article 44 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). The application of the accounting standard had no effect on the consolidated financial statements.

(Additional information)

Treatment of the application of tax effect accounting for the transition from the consolidated taxation system to the group tax sharing system

With regard to the items for which the non-consolidated taxation system was revised in conjunction with the transition to the group tax sharing system established in the Act for Partial Revision of the Income Tax Act, etc. (Act No. 8 of 2020), pursuant to paragraph 3 of the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System (ASBJ PITF No. 39, March 31, 2020), the amounts of deferred tax assets and deferred tax liabilities of the Company and certain domestic consolidated subsidiaries of the Company conformed to the provisions of the pre-amended Income Tax Act without applying the provision of Paragraph 44 of the Implementation Guidance on Tax Effect Accounting (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018).

Accounting estimates relating to the effects of COVID-19

The Group took measures such as the temporary closure of over 200 outlets, mainly izakaya pubs, and shortening of business hours in response to the application of priority measures to prevent infections from spreading and to closure requests from municipalities after a state of emergency was declared by the national government while COVID-19 was spreading. Although allowed to operate unrestricted from October to December 2021, the izakaya pub business, the Group’s mainstay, struggled to generate sales due to a sharp decline in demand for parties, such as year-end parties and after-parties attended by many, due to ongoing changes in consumer behavior and lifestyles in response to the spread of COVID-19.

In this situation, in assessing the impairment of non-current assets, including goodwill, and the recoverability of deferred tax assets at the end of the consolidated fiscal year under review, we made accounting estimates in relation to the effects of COVID-19 assuming that demand will decline to a certain extent due to lifestyle changes even after such effects subside in the future.

(Segment information)

The presentation of segment information was omitted since the Group has only the restaurant service business segment and such presentation is considered to be of little importance as disclosure information.

(Per-share information)

| Item | Previous consolidated fiscal year (ended March 31, 2021) | Consolidated fiscal year under review (ended March 31, 2022) |
|---|---|---|
| Net assets per share | -140.34 yen | -101.95 yen |
| Profit (loss) per share | -175.64 yen | 16.25 yen |
| Diluted profit per share | - | 16.07 yen |

Notes: 1. The presentation of diluted profit per share for the consolidated previous fiscal year was omitted as there was a loss per share, although there existed dilutive shares.

2. Shown below is the basis for calculating profit per share or loss per share and diluted profit per share.

| Item | Previous consolidated fiscal year (from April 1, 2020 to March 31, 2021) | Consolidated fiscal year under review (from April 1, 2021 to March 31, 2022) |
|---|---|---|
| Profit (loss) per share | -175.64 yen | 16.25 yen |
| (Basis for calculation) | | |
| Profit (loss) attributable to owners of parent (Millions of yen) | (5,606) | 543 |
| Profit not attributable to common stock shareholders (Millions of yen) | - | - |
| Profit (loss) attributable to owners of parent associated with common stock shareholders (Millions of yen) | (5,606) | 543 |
| Average number of shares outstanding during the period (Thousands of shares) | 31,920 | 33,453 |
| | | |
| Diluted profit per share | - | 16.07 yen |
| (Basis for calculation) | | |
| Adjustment of profit attributable to owners of parent (Millions of yen) | - | - |
| Increase in common stock shares (Thousands of shares) | - | 388 |
| Outline of dilutive shares excluded from the calculation of diluted profit per share due to having no dilutive effect | The 22nd series of share acquisition rights with an exercise price amendment clause based on a third-party allotment to be conducted by resolution of a Board of Directors meeting on July 19, 2017 (the class and the number of shares to be issued: 2 million shares of common stock) | - |

Notes: The Company's treasury shares remaining in trust and recorded as treasury shares under shareholders' equity are included in treasury shares to be deducted in the calculation of the average number of treasury shares during the period for calculating profit per share or loss per share, and are included in the number of treasury shares to be deducted from the total number of shares outstanding at the end of the period for calculating the amount of net assets per share.

The average number of treasury shares during the period deducted for the calculation of profit per share or loss per share was 446,400 shares in the previous consolidated fiscal year and 147,985 shares in the current consolidated fiscal year. The number of treasury shares deducted for the calculation of net assets per share was 446,400 shares in the previous consolidated fiscal year and 0 shares in the current consolidated fiscal year.

(Significant subsequent events)

Not applicable.