

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 “Dividend on class stock.”

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

	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 six months	6,400	58.6	220	-	170	-	90	(94.1)	2.62
Full year	16,100	56.9	550	-	430	-	250	(54.0)	7.28

Note: Revision to financial results forecast announced most recently: None

* 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) Application of an accounting standard specific to the preparation of the quarterly consolidated financial statements: None
- (3) 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
- (4) Number of issued shares (common stock)
 - (i) Total number of issued shares at the end of the period (including treasury shares)

First quarter of the fiscal year ending March 31, 2023	34,721,103 shares
Fiscal year ended March 31, 2022	34,363,400 shares
 - (ii) Number of treasury shares at the end of the period

First quarter of the fiscal year ending March 31, 2023	2,500 shares
Fiscal year ended March 31, 2022	2,500 shares
 - (iii) Average number of shares outstanding during the period (cumulative for the quarter)

First quarter of the fiscal year ending March 31, 2023	34,376,623 shares
First quarter of the fiscal year ended March 31, 2022	32,090,214 shares

Notes on the number of issued shares

* Quarterly 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 “Explanation on future forecasts such as consolidated financial results forecasts” section on page 2 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, 2022	-	-	-	73,589.04	73,589.04
Fiscal year ending March 31, 2023	-				
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 began to 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.

(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, 2022	-	-	-	17,315.07	17,315.07
Fiscal year ending March 31, 2023	-				
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 began to be paid from the fiscal year ended March 31, 2022, in accordance with the Class D preferred stock issuance guidelines set forth at the time of issuance.

Table of Contents of Attachments

1.	Qualitative information on the quarterly financial results.....	2
	(1) Explanation on operating results.....	2
	(2) Explanation on financial position	2
	(3) Explanation on future forecasts such as consolidated financial results forecasts	2
	(4) Material matters on going concern assumption	3
2.	Quarterly Consolidated Financial Statements and Key Notes.....	4
	(1) Quarterly consolidated balance sheet.....	4
	(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income	6
	(3) Notes to quarterly consolidated financial statements.....	8
	(Notes on going concern assumption).....	8
	(Changes in accounting policies).....	9
	(Additional information).....	9

1. Qualitative information on the quarterly financial results

(1) Explanation on operating results

During the quarter under review, although the spread of COVID-19 slowed, the Japanese economy faced significant challenges as prices of goods soared, affected by global logistics disruptions and Russia's invasion of Ukraine, while consumer spending declined and production activities were stagnant.

It is unpredictable how the economy will fare in the future as the impact of COVID-19 on it remains uncertain due to unforeseeable mutations and vaccination status. 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 the diffusion of telework, and reluctance to go out, coupled with social distancing-based outlet operation intended to protect the safety and security of customers and employees.

In this situation, the izakaya pub business, the Company's mainstay, suffered a severe blow due to a decreased demand for large parties and after-parties due to reduced office workers, particularly in central urban areas, which had a serious impact on the Company's business performance and financial position for the quarter under review.

In response to this situation, under its business revival plan, the Company strove to reduce costs through efforts to: i) lower headquarters costs; ii) improve gross profit via menu revisions and menu mixes; iii) decrease cost of sales by cutting food wastage; and iv) enhance labor productivity by revamping outlet operations. At the same time, the Company worked to step up profitability by transforming its business into one that adapts to the COVID and post-COVID eras and by adding new services such as takeout, delivery, and e-commerce.

Our outlets numbered 335 (including 34 franchise outlets) at the end of the quarter under review following 17 closures (including three franchise outlets).

As a result, for the Group, during the quarter under review, net sales were 3,585 million yen (up 64.0% year on year), operating loss was 219 million yen (compared to operating loss of 373 million yen for the same quarter a year ago), ordinary loss was 230 million yen (compared to ordinary loss of 268 million yen for the same quarter a year ago), and loss attributable to owners of parent was 214 million yen (compared to profit attributable to owners of parent of 479 million yen for the same quarter a year ago).

(2) Explanation on financial position

Total assets for the quarter under review were 8,571 million yen, a decrease of 807 million yen compared to the end of the previous fiscal year.

This was due to a decrease of 223 million yen in cash and deposits, a decrease of 485 million yen in accounts receivable, and a decrease of 87 million yen in property, plant and equipment.

Total liabilities were 6,476 million yen, a decrease of 404 million yen compared to the end of the previous fiscal year. This was due to a decrease of 249 million yen in long-term borrowings, a decrease of 23 million yen in provision for loss on outlet closings, which stemmed from progress in closing outlets, and a decrease of 78 million yen in short-term asset retirement obligations.

Total net assets were 2,095 million yen, a decrease of 403 million yen compared to the end of the previous fiscal year. This was due to the fact that: i) paying dividends on Class C and Class D preferred stocks had an effect of reducing capital surplus by 188 million yen; ii) a loss compensation done in accordance with Article 452 of the Companies Act had an effect of lowering capital surplus by 4,576 million yen and increasing retained earnings by the same amount; iii) 214 million yen recorded in loss attributable to owners of parent had an effect of reducing retained earnings.

As a result, equity ratio decreased by 2.2 percentage points compared to the end of the previous fiscal year to 24.4%, bringing net assets per share of common stock to negative 117.16 yen.

(3) Explanation on future forecasts such as consolidated financial results forecasts

At present, there are no changes to the consolidated financial forecasts on net sales, operating profit, ordinary profit, and profit for the fiscal year ending March 31, 2023, from the figures announced in the "Financial Results Summary" dated May 13, 2022.

(4) Material matters on going concern assumption

The Group recorded 1,123 million yen in operating loss and 827 million yen in ordinary loss for the previous fiscal year, posting ordinary loss for the fourth consecutive year, and 219 million yen in operating loss and 230 million yen in ordinary loss for the quarter under review.

Thus, there exists material uncertainty regarding the going concern assumption for the Group.

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 the diffusion of telework, reluctance to go out, and a reduced number of incoming customers as a result of social distancing-based outlet operation intended to ensure the safety and security of customers and employees, making uncertain the extent and duration of the effects on our future sales; 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 “(3) Notes to quarterly consolidated financial statements (Notes on going concern assumption)” in the segment titled “2. Quarterly Consolidated Financial Statements and Key Notes.”

2. Quarterly Consolidated Financial Statements and Key Notes

(1) Quarterly consolidated balance sheet

(Millions of yen)

	Previous fiscal year (March 31, 2022)	First quarter of the current fiscal year (June 30, 2022)
Assets		
Current assets		
Cash and deposits	1,374	1,151
Accounts receivable - trade	406	438
Raw materials and supplies	115	119
Accounts receivable - other	1,379	894
Other	226	256
Total current assets	3,503	2,860
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,664	2,612
Machinery, equipment and vehicles, net	287	275
Tools, furniture and fixtures, net	93	86
Leased assets, net	69	52
Land	512	512
Total property, plant and equipment	3,627	3,540
Intangible assets		
Leased assets	122	111
Other	154	148
Total intangible assets	276	260
Investments and other assets		
Investment securities	371	371
Leasehold and guarantee deposits	1,566	1,507
Other	17	17
Total investments and other assets	1,955	1,896
Total non-current assets	5,859	5,696
Deferred assets		
Share issuance costs	15	13
Share acquisition rights issuance costs	1	1
Total deferred assets	17	14
Total assets	9,379	8,571

(Millions of yen)

	Previous fiscal year (March 31, 2022)	First quarter of the current fiscal year (June 30, 2022)
Liabilities		
Current liabilities		
Accounts payable - trade	514	653
Current portion of long-term borrowings	249	249
Accounts payable - other	453	442
Accrued expenses	444	483
Income taxes payable	62	15
Provision for bonuses	76	28
Lease obligations	127	120
Asset retirement obligations	206	127
Provision for loss on outlet closings	47	23
Other	431	345
Total current liabilities	2,613	2,490
Non-current liabilities		
Long-term borrowings	3,315	3,065
Lease obligations	46	21
Asset retirement obligations	699	702
Deferred tax liabilities	93	92
Other	111	104
Total non-current liabilities	4,267	3,986
Total liabilities	6,881	6,476
Net assets		
Shareholders' equity		
Share capital	316	316
Capital surplus	6,990	2,225
Retained earnings	(4,808)	(446)
Treasury shares	(2)	(2)
Total shareholders' equity	2,496	2,093
Share acquisition rights	1	1
Total net assets	2,498	2,095
Total liabilities and net assets	9,379	8,571

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income

Quarterly consolidated statement of income

First quarter of the current fiscal year

(Millions of yen)

	First quarter of the previous fiscal year (From April 1 to June 30, 2021)	First quarter of the current fiscal year (From April 1 to June 30, 2022)
Net sales	2,186	3,585
Cost of sales	770	1,146
Gross profit	1,415	2,438
Selling, general and administrative expenses	1,789	2,658
Operating loss	(373)	(219)
Non-operating income		
Interest and dividend income	1	4
Rental income	16	8
Subsidy income	130	-
Other	4	3
Total non-operating income	152	16
Non-operating expenses		
Interest expenses	45	24
Other	1	2
Total non-operating expenses	46	27
Ordinary loss	(268)	(230)
Extraordinary income		
Subsidies for employment adjustment	130	-
Subsidy income	1,171	29
Gain on sale of non-current assets	-	0
Reversal of provision for loss on outlet closings	57	5
Total extraordinary income	1,359	36
Extraordinary losses		
Loss caused by COVID-19	551	-
Impairment losses	17	0
Loss on retirement of non-current assets	-	0
Loss on outlet closings	27	8
Other	0	0
Total extraordinary losses	597	8
Profit (loss) before income taxes	494	(203)
Income taxes - current	16	12
Income taxes - deferred	(1)	(1)
Total income taxes	14	11
Profit (loss)	479	(214)
Profit (loss) attributable to owners of parent	479	(214)

Quarterly consolidated statement of comprehensive income

First quarter of the current fiscal year

(Millions of yen)

	First quarter of the previous fiscal year (From April 1 to June 30, 2021)	First quarter of the current fiscal year (From April 1 to June 30, 2022)
Profit (loss)	479	(214)
Other comprehensive income		
Comprehensive income	479	(214)
(Breakdown)		
Comprehensive income attributable to owners of parent	479	(214)
Comprehensive income attributable to non- controlling interests	-	-

(3) Notes to quarterly consolidated financial statements

(Notes on going concern assumption)

The Group recorded 1,123 million yen in operating loss and 827 million yen in ordinary loss for the previous fiscal year, posting ordinary loss for the fourth consecutive year, and 219 million yen in operating loss and 230 million yen in ordinary loss for the quarter under review.

Thus, there exists material uncertainty regarding the going concern assumption for the Group.

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 Business Turnaround Plan (the 3rd meeting of creditors) in accordance with the business turnaround ADR procedure. As the business turnaround ADR procedure was completed, financial restriction provisions were laid down in an agreement between the Company and seven eligible creditor banks.

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, while 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 1,500 million 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 the diffusion of telework, reluctance to go out, and a reduced number of incoming customers as a result of social distancing-based outlet operation intended to ensure the safety and security of customers and employees, making uncertain the extent and duration of the effects on our future sales; and ii) our business turnaround efforts under the Business Turnaround Plan are now underway.

The quarterly 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 quarterly consolidated financial statements.

(Changes in accounting policies)

Application of the Implementation Guidance on Accounting Standard for Fair Value Measurement

Starting from the beginning of the quarter under review, the Company began to apply the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021; “Implementation Guidance on Accounting Standard for Fair Value Measurement”), and decided to apply, going forward, the new accounting policy set forth in the Implementation Guidance on Accounting Standard for Fair Value Measurement in accordance with the transitional treatment stipulated in paragraph 27-2 of the implementation guidance. The application of the accounting policy had no effect on the quarterly consolidated financial statements.

(Additional information)

Application of the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System

Starting from the quarter under review, the Company and some of its domestic consolidated subsidiaries transitioned from the consolidated taxation system to the group tax sharing system. Accordingly, the accounting treatment and disclosure of income taxes and local income taxes and of tax effect accounting were governed by the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (Practical Solution No. 42, August 12, 2021; “Practical Solution No. 42”). There were no effects from the accounting policy change due to the application of Practical Solution No. 42 in accordance with paragraph 32 (1) of the practical solution.

Accounting estimates relating to the effects of COVID-19

The izakaya pub business, the Group’s mainstay, suffered a severe blow due to a decrease caused by reduced office workers, particularly in central urban areas, and lower demand for large parties even though outlets were able to operate amid the spread of COVID-19.

In this situation, 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.

However, actual results may differ from the estimates as we are in an extremely uncertain environment and there is uncertainty for predicting when COVID-19 will end.

During the quarter under review, in comparison to the previous fiscal year, there were no significant changes in assumptions about how COVID-19 will spread in the future and when it will end.