Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (Under Japanese GAAP)

May 12, 2023

Company name: VIA HOLDINGS INC.
Listing: Tokyo Stock Exchange
Securities code: 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 Office (Phone: +813-5155-6801)
Scheduled date of annual general meeting of shareholders: June 29, 2023
Scheduled date of dividend payment commencement: June 30, 2023
Scheduled date of filing annual securities report: June 29, 2023
Supplemental materials for financial results: Yes
Holding of financial results briefing: Yes

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

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

(1) Consolidated operating results (Percentages 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, 2023	14,553	41.9	(933)	-	(1,000)	-	(1,329)	-
Fiscal year ended March 31, 2022	10,258	(15.7)	(1,123)	-	(827)	-	543	-

Note: Comprehensive income Fiscal year ended March 31, 2023 (1,329) million yen (-%)
Fiscal year ended March 31, 2022 543 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, 2023	(37.05)	-	(76.5)	(12.0)	(6.4)
Fiscal year ended March 31, 2022	16.25	16.07	-	(8.4)	(11.0)

Reference: Share of profit (loss) of entities accounted for using equity method Fiscal year ended March 31, 2023 - million yen
Fiscal year ended March 31, 2022 - million yen

Notes: 1. The presentation of diluted profit per share for the fiscal year ended March 31, 2023, was omitted as there was a loss per share, although there existed dilutive shares.
2. The presentation of return on equity for the fiscal year ended March 31, 2022, was omitted as the average equity between the beginning and the end of the period was negative.

(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, 2023	7,300	980	13.4	(120.19)
Fiscal year ended March 31, 2022	9,379	2,498	26.6	(101.95)

Reference: Equity Fiscal year ended March 31, 2023 979 million yen
Fiscal year ended March 31, 2022 2,496 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, 2023	856	121	(700)	1,651
Fiscal year ended March 31, 2022	(649)	324	1,124	1,374

2. Cash dividends

	Annual dividends per share							
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total	Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	Yen
Fiscal year ended March 31, 2022	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ended March 31, 2023	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ending March 31, 2024 (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 "Dividend on class stock."

Note: With regard to the year-end dividend forecast for the fiscal year ending March 31, 2024, we regret to inform you that no payment will be made.

3. Consolidated financial results forecast for the fiscal year ending March 31, 2024 (April 1, 2023 - March 31, 2024)

(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	8,600	22.7	(20)	-	(80)	-	(130)	-	(3.39)
Full year	18,000	23.7	470	-	350	-	250	-	6.51

* 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, 2023	38,380,711 shares
Fiscal year ended March 31, 2022	34,363,400 shares

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

Fiscal year ended March 31, 2023	2,506 shares
Fiscal year ended March 31, 2022	2,500 shares

(iii) Average number of shares outstanding during the fiscal year

Fiscal year ended March 31, 2023	35,872,258 shares
Fiscal year ended March 31, 2022	33,453,745 shares

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2023 (April 1, 2022 - March 31, 2023)

(1) Non-consolidated operating results (Percentages 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, 2023	1,086	19.2	397	80.8	445	24.6	(991)	-
Fiscal year ended March 31, 2022	911	(0.1)	219	229.9	357	325.5	(615)	-

	Profit per share	Diluted profit per share
	Yen	Yen
Fiscal year ended March 31, 2023	(27.64)	-
Fiscal year ended March 31, 2022	(18.40)	-

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, 2023	5,103	1,549	30.3	(105.37)
Fiscal year ended March 31, 2022	6,909	2,729	39.5	(95.22)

Reference: Equity Fiscal year ended March 31, 2023 1,548 million yen
Fiscal year ended March 31, 2022 2,728 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 the financial results forecast, 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 forecast due to various factors. For matters related to the financial results 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, 2022	-	-	-	73,589.04	73,589.04
Fiscal year ended March 31, 2023	-	-	-	85,000.00	85,000.00
Fiscal year ending March 31, 2024 (Forecast)	-	-	-	85,000.00	85,000.00

Notes:
1. Class C preferred stock was 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.
2. Dividends for the fiscal year ended March 31, 2023 are funded by capital surplus. For details, see the section titled "Breakdown of dividends funded by capital surplus" discussed later.

(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 ended March 31, 2023	-	-	-	20,000.00	20,000.00
Fiscal year ending March 31, 2024 (Forecast)	-	-	-	20,000.00	20,000.00

Notes:
1. Class D preferred stock was 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.
2. Dividends for the fiscal year ended March 31, 2023 are funded by capital surplus. For details, see the section titled "Breakdown of dividends funded by capital surplus" discussed later.

○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, 2023.

(Class C preferred stock)

Record date	Fiscal year-end	Total
Dividend per share	85,000 yen	85,000 yen
Total cash dividends	127 million yen	127 million yen

Note: Percentage decrease in net assets: 0.148

(Class D preferred stock)

Record date	Fiscal year-end	Total
Dividend per share	20,000 yen	20,000 yen
Total cash dividends	77 million yen	77 million yen

Note: Percentage decrease in net assets: 0.033

○Table of Contents of Attachments

1. Overview of Operating Results, etc.

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

During the consolidated fiscal year under review, although the spread of COVID-19 halted and restrictions such as declarations of states of emergency and special measures to prevent the disease from spreading were lifted nationwide in March 2022, the Japanese economy saw a limited recovery in consumer behavior as the seventh and eighth waves hit in summer and winter. In addition, the economy faced significant challenges as prices of goods and energy costs continued to soar, affected by global logistics disruptions and Russia's invasion of Ukraine, while consumer behavior declined and production activities stagnated.

The future outlook of the economy is unpredictable as it remains uncertain how it will fare in the face of the no prospects of containment of the aforementioned global tensions, high prices of goods and energy costs. This is despite the movement toward the post-COVID-19 era with no restrictions imposed with the positioning of COVID-19 as category V under the Infectious Diseases Control Law in May 2023.

In the restaurant sector, the spread of COVID-19 significantly affected consumer sentiment, and the Company had to respond to new needs arising from lifestyle changes, such as increased telecommuting and refraining from eating out. Competition to win over customers is increasingly severe.

Although the Group was able to operate unrestricted from March 2022, in particular, the rural-suburban izakaya pub business, the Group's mainstay, struggled to secure net sales. This was due to changes in consumer behavior caused by the spread of COVID-19 and the impact of the high cost of living to households differed significantly by area.

Faced with this situation, the Company, under its business turnaround plan, continued to further transform itself into 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. In addition to the "Taiwan Mazesoba Hanabi" and "Nadai Una Toto" restaurants transformed in the previous fiscal year, 1 outlet newly shifted to a "Sumibiyaki Himono Teishoku Shinpachi Shokudo" restaurant during the current fiscal year. Meanwhile, as an experiment to design business formats and in-store spaces according to target customers, the Company transformed 3 outlets into "Sumibi Yakitori Ogiya" restaurants. It also raised profitability through measures that matched new demand, such as revamping "Pastel" Italian restaurants with a view of rebranding while adding specialties such as sashimi and sushi of "Uoya Iccho" to the extensive "Ichigen" menu lineup as a Group collaborative business.

Our outlets numbered 324 (including 31 franchise outlets) at the end of the fiscal year under review following 1 opening (franchise outlet) and 29 closures (including 7 franchise outlets).

Extraordinary losses, including impairment losses of 296 million yen, were recorded as we closed the abovementioned outlets while applying impairment accounting.

As a result, for the Group, during the consolidated fiscal year under review, net sales were 14,553 million yen (up 41.9% year on year), operating loss was 933 million yen (compared with an operating loss of 1,123 million yen for the previous consolidated fiscal year), ordinary loss was 1,000 million yen (compared with an ordinary loss of 827 million yen for the previous consolidated fiscal year), and loss attributable to owners of parent was 1,329 million yen (compared with a profit attributable to owners of parent of 543 million yen for the previous consolidated fiscal year.)

Shown below is the status of business operations of our subsidiaries. Net sales for each subsidiary are net sales before the elimination and offsetting of consolidated transactions and therefore do not match the net sales in the consolidated statement of income.

(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, a shift was made to the local target-oriented business format of "Sumibi Yakitori Ogiya" restaurants and the "Sumibiyaki Himono Teishoku Shinpachi Shokudo" restaurants, which provide 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 6,721 million yen (up 48.7% year on year). They opened 1 outlet (franchise outlet) and closed 24 outlets (including 7 franchise outlets) during the period, bringing the total to 204 (including 30 franchise outlets) at the end of the fiscal year.

(b) Fu Dream Co., Ltd.

Fu Dream 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. It also revamped Pastel by rebranding.

For the consolidated fiscal year under review, Fu Dream Co., Ltd. recorded net sales of 4,822 million yen (up 19.0% year on year). The number of outlets remained the same, bringing the total to 75 outlets at the end of the fiscal year.

(c) Iccho Co., Ltd.

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 outlets located in central Tokyo. Therefore, extensive closures were carried out during the fiscal year ended March 31, 2021. We began to experiment with next-generation urban izakaya pubs with a view to reopening outlets going forward.

For the consolidated fiscal year under review, Iccho Co., Ltd. recorded net sales of 484 million yen (up 83.9% year on year). The number of outlets remained the same, bringing the total to 5 outlets (including 1 franchise outlet) at the end of the fiscal year.

(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. It also started to offer collaborative dishes with specialties of “Uoya Iccho”.

For the consolidated fiscal year under review, Ichigen Co., Ltd. recorded net sales of 929 million yen (up 46.0% year on year), and closed 3 outlets during the period, bringing the total to 11 outlets 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 the “Taiwan Mazesoba Hanabi” as a double-opening business type that uses daytime hours effectively.

For the consolidated fiscal year under review, Beniton Co., Ltd. recorded net sales of 1,621 million yen (up 106.3% year on year), and closed 2 outlets during the period, bringing the total to 29 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 7,300 million yen, a decrease of 2,079 million yen compared with the end of the previous consolidated fiscal year.

This was due to an increase of 276 million yen in cash and deposits, and a respective decrease of 1,360 million yen in accounts receivable - other, 805 million yen in property, plant and equipment, and 222 million yen in leasehold and guarantee deposits.

Total liabilities were 6,319 million yen, a decrease of 561 million yen compared with the end of the previous consolidated fiscal year. This was mainly due to a drop of 385 million yen in long-term borrowings and a decrease of 152 million yen in short-term asset retirement obligations, which stemmed from progress in closing outlets.

Total net assets were 980 million yen, a decrease of 1,517 million yen compared with the end of the previous consolidated 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; and iii) 1,329 million yen recorded in loss attributable to owners of parent had an effect of reducing retained earnings.

As a result, equity ratio decreased by 13.2 percentage points compared with the end of the previous consolidated fiscal year to 13.4%, bringing net assets per share of common stock to negative 120.19 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 1,651 million yen, an increase of 276 million yen compared with 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 provided by operating activities amounted to 856 million yen (compared with 649 million yen used for the previous consolidated fiscal year). This was mainly due to 1,310 million yen in loss before income taxes, of which 594 million yen was depreciation and amortization and 296 million yen was impairment losses, both of which did not involve cash spending, while 1,424 million yen amounted from subsidies received.

Cash flows from investing activities

Funds provided by investing activities were 121 million yen (compared with 324 million yen for the previous consolidated fiscal year). This was mainly due to 168 million yen in purchase of property, plant and equipment in relation to the renovation of existing outlets, while proceeds from sale of property, plant and equipment amounted to 195 million yen, and proceeds from refund of leasehold and guarantee deposits amounted to 219 million yen.

Cash flows from financing activities

Funds used in investing activities were 700 million yen (compared with 1,124 million yen provided for the previous consolidated fiscal year). This was mainly due to 385 million yen in repayments of long-term borrowings and 188 million yen in dividends paid.

(Reference) Changes in cash flow indicators

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Equity-to-asset ratio (%)	17.8	8.2	(43.1)	26.6	13.4
Equity-to-asset ratio on a fair value basis (%)	131.7	112.6	65.6	55.3	48.9
Ratio of interest-bearing debt to cash flows (annual)	32.7	10.8	(3.3)	(5.8)	3.8
Interest coverage ratio (times)	2.8	8.2	(19.5)	(6.2)	8.1

Equity-to-asset ratio: equity / total assets
Equity-to-asset 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 in the next fiscal year is unpredictable as it remains uncertain how the economy will fare in the face of the no prospects of containment of the tensions overseas, high prices of goods and energy costs. This is despite the movement toward the post-COVID-19 era with no restrictions imposed with the positioning of COVID-19 as category V under the Infectious Diseases Control Law in May 2023.

In the restaurant sector, the spread of COVID-19 significantly affected consumer sentiment, and the Company had to respond to new needs arising from lifestyle changes, such as increased telecommuting and refraining from eating out. Competition to win over customers is increasingly severe.

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 financial results forecast for the fiscal year ending March 31, 2024, the Company forecasts net sales of 18,000 million yen (up 23.7% compared with the fiscal year under review), operating profit of 470 million yen (compared with an operating loss of 933 million yen for the consolidated fiscal year under review), ordinary profit of 350 million yen (compared with an ordinary loss of 1,000 million yen for the consolidated fiscal year under review), and profit attributable to owners of parent of 250 million yen (compared with a loss attributable to owners of parent of 1,329 million yen).

The above-mentioned financial results forecast was prepared on the basis of information available to the Company as of the date of release of this document. Actual financial results could potentially differ from the forecasts due to various future factors.

(5) Material matters on going concern assumption

The Group recorded 933 million yen as an operating loss and 1,000 million yen as an ordinary loss for the previous consolidated fiscal year, posting an ordinary loss for five consecutive years.

Due to the breach of the financial covenants of the term loan agreement under the credit agreement concluded April 20, 2021 between creditor financial institutions, material uncertainty exists regarding the going concern assumption for the Group for the consolidated fiscal year under review.

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”). The Group was 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. At the Group, we 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.

Currently, however, material uncertainty exists regarding the going concern assumption for the Group as: i) the economic outlook remains unclear mainly due to the lifestyle changes resulting from the impact of COVID-19, such as the spread of telecommuting and refraining from going out, global logistics disruptions, and the soaring prices of goods and energy costs, making the extent and duration of the effects on our future net sales uncertain; and ii) our business turnaround under the Business Turnaround Plan is 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.”

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 inside and outside Japan.

3. Consolidated Financial Statements and Key Notes

(1) Consolidated balance sheet

(Millions of yen)

	Previous consolidated fiscal year (March 31, 2022)	Consolidated fiscal year under review (March 31, 2023)
Assets		
Current assets		
Cash and deposits	1,374	1,651
Accounts receivable - trade	406	565
Raw materials and supplies	115	125
Accounts receivable - other	1,379	19
Other	226	205
Total current assets	3,503	2,566
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,664	2,125
Machinery, equipment and vehicles, net	287	207
Tools, furniture and fixtures, net	93	79
Leased assets, net	69	2
Land	512	395
Construction in progress	-	10
Total property, plant and equipment	3,627	2,821
Intangible assets		
Leased assets	122	80
Other	154	107
Total intangible assets	276	187
Investments and other assets		
Investment securities	371	371
Leasehold and guarantee deposits	1,566	1,344
Other	17	0
Total investments and other assets	1,955	1,716
Total non-current assets	5,859	4,725
Deferred assets		
Share issuance costs	15	8
Share acquisition rights issuance costs	1	0
Total deferred assets	17	8
Total assets	9,379	7,300

(Millions of yen)

	Previous consolidated fiscal year (March 31, 2022)	Consolidated fiscal year under review (March 31, 2023)
Liabilities		
Current liabilities		
Accounts payable - trade	514	765
Current portion of long-term borrowings	249	249
Accounts payable - other	453	347
Accrued expenses	444	503
Income taxes payable	62	41
Provision for bonuses	76	51
Lease obligations	127	45
Asset retirement obligations	206	53
Provision for loss on outlet closings	47	28
Other	431	414
Total current liabilities	2,613	2,502
Non-current liabilities		
Long-term borrowings	3,315	2,929
Lease obligations	46	1
Asset retirement obligations	699	734
Deferred tax liabilities	93	65
Other	111	86
Total non-current liabilities	4,267	3,817
Total liabilities	6,881	6,319
Net assets		
Shareholders' equity		
Share capital	316	316
Capital surplus	6,990	2,225
Retained earnings	(4,808)	(1,560)
Treasury shares	(2)	(2)
Total shareholders' equity	2,496	979
Share acquisition rights	1	1
Total net assets	2,498	980
Total liabilities and net assets	9,379	7,300

(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, 2021 to March 31, 2022)	Consolidated fiscal year under review (From April 1, 2022 to March 31, 2023)
Net sales	10,258	14,553
Cost of sales	3,421	4,781
Gross profit	6,837	9,772
Selling, general and administrative expenses	7,961	10,705
Operating loss	(1,123)	(933)
Non-operating income		
Interest and dividend income	1	4
Rental income	49	31
Subsidy income	376	-
Other	18	13
Total non-operating income	445	50
Non-operating expenses		
Interest expenses	131	103
Other	18	14
Total non-operating expenses	149	117
Ordinary loss	(827)	(1,000)
Extraordinary income		
Subsidies for employment adjustment	352	-
Subsidy income	3,408	72
Gain on sale of non-current assets	3	1
Compensation income	117	20
Reversal of provision for loss on outlet closings	119	20
Other	28	-
Total extraordinary income	4,030	113
Extraordinary losses		
Loss caused by COVID-19	1,875	-
Impairment losses	514	296
Loss on sale of non-current assets	86	50
Loss on retirement of non-current assets	17	12
Other	127	63
Total extraordinary losses	2,621	422
Profit (loss) before income taxes	581	(1,310)
Income taxes - current	61	47
Income taxes - deferred	(24)	(28)
Total income taxes	37	18
Profit (loss)	543	(1,329)
Profit (loss) attributable to owners of parent	543	(1,329)

Consolidated statement of comprehensive income

(Millions of yen)

	Previous consolidated fiscal year (From April 1, 2021 to March 31, 2022)	Consolidated fiscal year under review (From April 1, 2022 to March 31, 2023)
Profit (loss)	543	(1,329)
Other comprehensive income		
Comprehensive income	543	(1,329)
(Breakdown)		
Comprehensive income attributable to owners of parent	543	(1,329)
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated statement of changes in equity

Previous consolidated fiscal year (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
Dividends of surplus - other capital surplus					-
Capital reduction	(7,835)	7,835			-
Deficit disposition		(4,790)	4,790		-
Profit attributable to owners of parent			543		543
Purchase of treasury shares					-
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
Dividends of surplus - other capital surplus					-
Capital reduction					-
Deficit disposition					-
Profit attributable to owners of parent					543
Purchase of treasury shares					-
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

Consolidated fiscal year under review (from April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	316	6,990	(4,808)	(2)	2,496
Changes during period					
Issuance of new shares					-
Dividends of surplus - other capital surplus		(188)			(188)
Capital reduction					-
Deficit disposition		(4,576)	4,576		-
Loss attributable to owners of parent			(1,329)		(1,329)
Purchase of treasury shares				(0)	(0)
Cancellation of treasury shares					-
Net changes in items other than shareholders' equity					
Total changes during period	-	(4,765)	3,247	(0)	(1,517)
Balance at end of period	316	2,225	(1,560)	(2)	979

	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	-	-	1	-	2,498
Changes during period					
Issuance of new shares					-
Dividends of surplus - other capital surplus					(188)
Capital reduction					-
Deficit disposition					-
Loss attributable to owners of parent					(1,329)
Purchase of treasury shares					(0)
Cancellation of treasury shares					-
Net changes in items other than shareholders' equity	-	-	-	-	-
Total changes during period	-	-	-	-	(1,517)
Balance at end of period	-	-	1	-	980

(4) Consolidated statement of cash flows

(Millions of yen)

	Previous consolidated fiscal year (From April 1, 2021 to March 31, 2022)	Consolidated fiscal year under review (From April 1, 2022 to March 31, 2023)
Cash flows from operating activities		
Profit (loss) before income taxes	581	(1,310)
Depreciation	684	594
Amortization of goodwill	9	-
Amortization of deferred assets	7	9
Impairment losses	514	296
Performance difference on asset retirement obligations	(297)	(48)
Increase (decrease) in provision for bonuses	14	(24)
Increase (decrease) in provision for loss on outlet closings	(394)	(18)
Increase (decrease) in provision for shareholder benefit program	(7)	-
Interest and dividend income	(1)	(4)
Interest expenses	131	103
Compensation income	(117)	(20)
Insurance claim income	(28)	-
Subsidy income	(4,137)	(72)
Loss caused by COVID-19	1,875	-
Loss (gain) on sale and retirement of non-current assets	100	61
Decrease (increase) in trade receivables	(3)	(159)
Decrease (increase) in inventories	8	(9)
Decrease (increase) in other current assets	144	75
Increase (decrease) in trade payables	(40)	251
Increase (decrease) in advances received	(200)	(244)
Increase (decrease) in accrued consumption taxes	(401)	303
Increase (decrease) in other current liabilities	(1,072)	(181)
Other	11	61
Subtotal	(2,619)	(337)
Interest and dividends received	1	4
Interest paid	(104)	(105)
Proceeds from compensation	17	20
Proceeds from insurance income	36	-
Subsidies received	4,023	1,424
Payments associated with loss caused by COVID-19	(1,875)	-
Income tax paid	(129)	(153)
Income tax refund	1	3
Net cash provided by (used in) operating activities	(649)	856

(Millions of yen)

	Previous consolidated fiscal year (From April 1, 2021 to March 31, 2022)	Consolidated fiscal year under review (From April 1, 2022 to March 31, 2023)
Cash flows from investing activities		
Purchase of property, plant and equipment	(188)	(168)
Proceeds from sale of property, plant and equipment	563	195
Purchase of intangible assets	(49)	(19)
Proceeds from sale of golf club membership	-	10
Payments for asset retirement obligations	(515)	(98)
Proceeds from collection of long-term loans receivable	0	0
Payments of leasehold and guarantee deposits	(34)	(17)
Proceeds from refund of leasehold and guarantee deposits	541	219
Other	7	-
Net cash provided by (used in) investing activities	324	121
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(188)	-
Proceeds from long-term borrowings	500	-
Repayments of long-term borrowings	(5,467)	(385)
Repayments of lease obligations	(132)	(126)
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	-	(188)
Net cash provided by (used in) financing activities	1,124	(700)
Net increase (decrease) in cash and cash equivalents	799	276
Cash and cash equivalents at beginning of period	575	1,374
Balance of cash and cash equivalents at end of period	1,374	1,651

(5) Notes to consolidated financial statements

(Notes on going concern assumption)

The Group recorded 933 million yen as an operating loss, 1,000 million yen as an ordinary loss, and 1,329 million yen as a loss attributable to owners of parent for the consolidated fiscal year under review, posting an ordinary loss for five consecutive years.

Due to the breach of the financial covenants of the term loan agreement under the credit agreement concluded April 20, 2021, between creditor financial institutions, material uncertainty exists regarding the going concern assumption for the Group for the consolidated fiscal year under review.

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"). The Group was 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. At the Group, we 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

At the Company, we resolved insolvency after stabilizing our 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 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, and is appropriating it to store capital investment such as business format conversion and renewal, as well as ordinary 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.

To resolve this situation, the Group will discuss its financial condition and financial plans with the creditor financial institutions and will work the business turnaround under the Business Turnaround Plan.

Currently, however, material uncertainty exists regarding the going concern assumption for the Group as: i) the economic outlook remains unclear mainly due to the lifestyle changes resulting from COVID-19, such as the spread of telecommuting and refraining from going out, global logistics disruptions, and the soaring prices of goods and energy costs, making the extent and duration of the effects on our future net sales uncertain; and ii) our business turnaround under the Business Turnaround Plan is 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)

Not applicable.

(Changes in accounting policies)

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

Starting from the beginning of the first quarter of the current fiscal year, 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 consolidated financial statements.

(Additional information)

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

Starting from the first quarter of the current fiscal year, 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 Report No. 42, August 12, 2021 ("Practical Solution Report No. 42"). The impact from the change in the accounting policy due to the application of Practical Solution Report No. 42 in accordance with Paragraph 32 (1) of the report is deemed to have no effect.

(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 in 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 are contained in the future.

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

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

(Changes in presentation method)

(Consolidated statement of income)

Compensation income and reversal of provision for loss on outlet closings included in other under extraordinary income in the previous consolidated fiscal year are presented independently from the consolidated fiscal year under review as their monetary importance has increased.

The consolidated financial statements for the previous consolidated fiscal year have been reclassified to reflect this change in presentation. As a result, 117 million yen included in other has been reclassified as compensation income and 119 million yen as reversal of provision for loss on outlet closings.

(Segment information)

(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)

(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.

Item	Previous consolidated fiscal year (From April 1, 2021 to March 31, 2022)	Consolidated fiscal year under review (From April 1, 2022 to March 31, 2023)
Net assets per share	-101.95 yen	-120.19 yen
Profit (loss) per share	16.25 yen	-37.05 yen
Diluted profit per share	16.07 yen	-

Notes: 1. The presentation of diluted profit per share for the consolidated fiscal year under review 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, 2021 to March 31, 2022)	Consolidated fiscal year under review (From April 1, 2022 to March 31, 2023)
Profit (loss) per share	16.25 yen	-37.05 yen
(Basis for calculation)		
Profit (loss) attributable to owners of parent (Millions of yen)	543	(1,329)
Amount not attributable to common stock shareholders (Millions of yen)	-	-
Profit (loss) attributable to owners of parent associated with common stock shareholders (Millions of yen)	543	(1,329)
Average number of shares outstanding during the period (Thousands of shares)	33,453	35,872
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	-	-

Notes: 1. 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 shares outstanding during the period for calculating profit per share or loss per share.
The average number of treasury shares during the period deducted for the calculation of profit per share or loss per share was 147,985 shares in the previous consolidated fiscal year and 0 shares in the current consolidated fiscal year.

2. The presentation of diluted profit per share for the consolidated fiscal year under review was omitted as it was a loss per share, and there were no dilutive shares with a dilutive effect, although there existed dilutive shares.

(Important subsequent events)

Not applicable.