



## Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2024 (Under Japanese GAAP)

November 8, 2023

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 Listing: Tokyo Stock Exchange  
 Securities code: 7918  
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Scheduled date of filing quarterly report: November 8, 2023

Scheduled date of dividend payment commencement: -

Supplemental materials for quarterly financial results: Yes

Holding of quarterly financial results briefing: Yes

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

### 1. Consolidated financial results for the first half of the fiscal year ending March 31, 2024 (April 1, 2023 - September 30, 2023)

#### (1) Consolidated operating results (YTD) (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	%
The second quarter of the fiscal year ending March 31, 2024	8,435	20.4	77	-	47	-	(30)	-
The second quarter of the fiscal year ended March 31, 2023	7,006	73.6	(563)	-	(589)	-	(537)	-

Note: Comprehensive income      The second quarter of the fiscal year ending March 31, 2024      (30) million yen (-%)  
 The second quarter of the fiscal year ended March 31, 2023      (537) million yen (-%)

	Profit per share	Diluted profit per share
	Yen	Yen
The second quarter of the fiscal year ending March 31, 2024	(0.73)	-
The second quarter of the fiscal year ended March 31, 2023	(15.56)	-

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

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
The second quarter of the fiscal year ending March 31, 2024	6,802	821	12.1	(98.11)
Fiscal year ended March 31, 2023	7,300	980	13.4	(120.19)

(Reference) Equity      The second quarter of the fiscal year ending March 31, 2024      821 million yen  
 Fiscal year ended March 31, 2023      979 million yen

Note: Net assets per share are negative because they are calculated by deducting the amount to be paid in by class shareholders and the amount to be paid as preferred dividends to such shareholders.

### 2. Cash dividends

	Annual dividends 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, 2023	-	0.00	-	0.00	0.00
Fiscal year ending March 31, 2024	-	0.00	-	-	-
Fiscal year ending March 31, 2024 (forecast)	-	-	-	0.00	0.00

Note: Revision to the most recently announced dividend forecast: None

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, 2024 (April 1, 2023 - March 31, 2024)  
(Percentages 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
Full year	18,000	23.7	470	-	350	-	250	-	6.51

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

\*Notes

- (1) Changes in significant subsidiaries during the period: None  
(Changes in specified subsidiaries resulting in a change in the scope of consolidation)  
New companies: -  
Excluded companies: -
- (2) Application of accounting treatment 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: None
  - (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)
 

Second quarter of the fiscal year ending March 31, 2024	42,647,682 shares
Fiscal year ended March 31, 2023	38,380,711 shares
  - (ii) Number of treasury shares at the end of the period
 

Second quarter of the fiscal year ending March 31, 2024	2,506 shares
Fiscal year ended March 31, 2023	2,506 shares
  - (iii) Average number of shares outstanding during the period (YTD)
 

Second quarter of the fiscal year ending March 31, 2024	40,943,160 shares
Second quarter of the fiscal year ended March 31, 2023	34,548,547 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 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 forecast mentioned above, see the "Explanation of forward-looking information such as consolidated financial results forecast" section on page 3 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, 2023	-	-	-	85,000	85,000
Fiscal year ending March 31, 2024	-	-			
Fiscal year ending March 31, 2024 (forecast)			-	85,000	85,000

Note: 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.

(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, 2023	-	-	-	0.00	0.00
Fiscal year ending March 31, 2024	-	-			
Fiscal year ending March 31, 2024 (forecast)			-	40,000	40,000

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. Revision to the most recently announced dividend forecast: None

The dividend per share for the consolidated fiscal year ending March 31, 2024 (forecast) is unchanged from “Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2024 (Under Japanese GAAP)” dated August 9, 2023. For details, see “(ii) Revision of Dividend Forecasts” in “(3) Explanation of Consolidated Financial Results Forecast and Other Forward-Looking Information” in “1. Qualitative Information on Quarterly Financial Results.”

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## 1. Qualitative Information on Quarterly Financial Results

### (1) Explanation of operating results for the quarter under review

During the consolidated quarter under review, the Japanese economy recovered moderately as economic activity moved closer to normal, supported by government decisions to leave mask-wearing to the discretion of individual citizens in March 2023 and to reclassify COVID-19 as a Category 5 infectious disease under the Infectious Diseases Act in May 2023, among other factors. Meanwhile, the outlook for the economy remained uncertain due to the further weakening of the yen and inflation caused by the crisis in Ukraine.

In this situation, the Group worked to address issues such as labor shortages, rising costs, and changes in the business environment. Under our business revival plan, we strove to lower costs by i) cutting headquarters costs; ii) raising customer gross margin through menu revisions and menu mixes; iii) improving costs by lowering ingredient losses; and iv) stepping up labor productivity through revamping our outlet operation. Moreover, we worked to boost the profitability of existing outlets by offering higher added-value, a visit motivator, and to develop outlet categories that motivate people to eat out more strongly.

Our outlets numbered 315 (including 30 franchise outlets) at the end of the quarter under review following 2 openings and 11 closures (including 1 franchise outlet).

As a result, for the Group, during the consolidated first half under review, net sales were 8,435 million yen (up 20.4% year on year), operating profit came to 77 million yen (compared with an operating loss of 563 million yen for the first half of the previous consolidated fiscal year), ordinary profit was 47 million yen (compared with an ordinary loss of 589 million yen for the first half of the previous consolidated fiscal year), and loss attributable to owners of parent was 30 million yen (compared with a loss attributable to owners of parent of 537 million yen for the first half of the previous consolidated fiscal year).

### (2) Explanation of financial position for the quarter under review

#### (i) Assets, liabilities and net assets

Total assets at the end of the consolidated second quarter under review were 6,802 million yen, a decrease of 498 million yen compared with the end of the previous consolidated fiscal year.

This was due to a respective decrease of 339 million yen in cash and deposits, 118 million yen in property, plant and equipment, and 38 million yen in intangible assets.

Total liabilities were 5,980 million yen, a decrease of 339 million yen compared with the end of the previous consolidated fiscal year. This was mainly due to a decrease of 283 million yen as a result of repaying long-term borrowings, to a decrease of 41 million yen in advances received, and to a decrease of 36 million yen in short-term lease obligations.

Total net assets were 821 million yen, a decrease of 159 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 preferred stocks had an effect of reducing capital surplus by 127 million yen; ii) we lowered share capital and legal capital surplus by 216 million yen and 191 million yen, respectively, under Article 447, Paragraph 1 and Article 448, Paragraph 1 of the Companies Act and transferred these amounts to other capital surplus; and iii) we reduced other capital surplus by 991 million yen and transferred the same amount to retained earnings for deficit disposition under Article 452 of the Companies Act; iv) and retained earnings declined as we recorded 30 million yen in loss attributable to owners of parent.

As a result, the equity ratio decreased 1.3 percentage points compared with the end of the previous consolidated fiscal year to 12.1%, bringing net assets per share of common stock to negative 98.11 yen.

#### (ii) Cash flows

The balance of cash and cash equivalents (“Cash”) at the end of the consolidated first half under review was 1,312 million yen, a decrease of 339 million yen compared with the end of the previous consolidated fiscal year.

Shown below are cash flows and their factors for the consolidated first half under review.

#### (Cash flows from operating activities)

Cash provided from operating activities was 232 million yen (compared with 105 million yen in Cash provided for the first half of the previous fiscal year). This was mainly due to 8 million yen in loss before income taxes including 244 million yen in depreciation, which was not associated with cash payment, and 33 million yen in impairment loss.

#### (Cash flows from investing activities)

Cash used in investing activities was 121 million yen (compared with 62 million yen in Cash used for the first half of the previous fiscal year). This was mainly due to: i) 127 million yen in expenditure for purchase of property, plant and equipment and 27 million yen in payment of leasehold and guarantee deposits for the opening of the new Beniton Kichijoji Minamiguchi Outlet; and ii) 34 million yen in income from sale of non-current assets.

(Cash flows from financing activities)

Cash used in financing activities was 450 million yen (compared with 502 million yen in Cash used for the first half of the previous fiscal year). This was mainly due to 283 million yen in repayment of long-term borrowings and 127 million yen in payment of dividends to Class C preferred shareholders.

(3) Explanation of forward-looking information such as consolidated financial results forecast

(i) Revision to consolidated financial results forecasts

The Company has revised its financial results forecast for the first half of the consolidated fiscal year ending March 31, 2024, based on currently available information and forecasts, taking into account net sales up to the first half of the consolidated fiscal year ending March 31, 2024.

For details, please see “Notice Concerning Revision of Consolidated Financial Results Forecast for the Second Quarter of the Fiscal Year Ending March 31, 2024” announced on October 18, 2023. Net sales from the third quarter onward are expected to move almost in line with the previous forecast mainly due to continuous measures to attract customers. In terms of costs, the business environment remains uncertain due to a continuous increase in raw material costs and hourly wages. Accordingly, the Company has decided not to revise the full-year consolidated financial results forecast for the fiscal year ending March 31, 2024, as shown in “Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (Under Japanese GAAP)” released on May 12, 2023.

(ii) Revision to dividend forecast

A. Dividend description (Class D preferred stock)

	Determined amount	Latest dividend forecast (Published on May 12, 2023)	Previous fiscal year, actual (Fiscal year ended March 31, 2022)
Record date	March 31, 2023	Same as on the left	March 31, 2022
Dividend per share	0.00 yen	20,000.00 yen	17,315.07 yen
Total cash dividends	-	77 million yen	77 million yen
Effective Date	-	June 30, 2023	June 30, 2022
Dividend source	-	Capital surplus	Capital surplus

B. Revision to year-end dividend forecast (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
Previous forecast (Published on May 12, 2023)	-	-	-	20,000.00	20,000.00
Revised forecast Fiscal year ending March 31, 2024	-	-	-	40,000.00	40,000.00
Current fiscal year, actual Fiscal year ending March 31, 2024	-	-			
Previous fiscal year, actual (Fiscal year ended March 31, 2023)	-	-	-	0.00	0.00

C. Reason for revision

The Group will pay to Class D preferred shareholders dividends amassed until the last fiscal year under an accumulation clause set forth in the Class D Preferred Stock Issuance Guidelines laid down at the time of issuance and in combination with current fiscal year dividends for them. This is despite our decision to pay no dividends due to the fact that the Company at the end of the previous fiscal year had been in breach of the financial covenants of the term loan agreement under the credit agreement concluded between creditor financial institutions, as shown in “Notes on going concern assumption” among “Notes to consolidated financial statements.”

#### (4) 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. However, for the first half under review, the Group turned to a surplus, recording 77 million yen in operating profit and 47 million yen in ordinary profit, due to improved financial results.

Nevertheless, at the end of the previous consolidated fiscal year, the Group was in breach of: i) the financial covenants of the term loan agreement under the credit agreement concluded April 20, 2021, between creditor financial institutions; and ii) the restriction on exercise of claim by Class C preferred shareholders in exchange for cash under the stock investment agreement. As a result, a material uncertainty exists 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”). The Group was examined, instructed, and advised by procedure administrators 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, a material uncertainty exists regarding the going concern assumption for the Group given that: i) although heading for a post-COVID period, helped by a government decision to reclassify the infectious disease as a Category 5 one under the Infectious Disease Act, among other factors, the economic outlook remains unclear due to lifestyle changes such as the permeation of telework and consumer reluctance to eat out, rising inflation stemming from the weak yen and the Ukraine crisis, labor shortages and soaring costs; ii) the extent and duration of the impact on our future sales are uncertain; and iii) a business revival is now underway although we are seeking a business turnaround while consulting with our partner financial institutions on our financial position and cash plans.

Measures to eliminate or rectify such circumstances are described in the section titled “(4) 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, 2023)	Second quarter of the current fiscal year (September 30, 2023)
<b>Assets</b>		
Current assets		
Cash and deposits	1,651	1,312
Accounts receivable - trade	565	574
Raw materials and supplies	125	135
Other	224	210
Total current assets	2,566	2,232
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,125	2,032
Machinery, equipment and vehicles, net	207	218
Tools, furniture and fixtures, net	79	86
Leased assets, net	2	0
Land	395	365
Construction in progress	10	-
Total property, plant and equipment	2,821	2,702
Intangible assets		
Leased assets	80	51
Other	107	97
Total intangible assets	187	148
Investments and other assets		
Investment securities	371	371
Leasehold and guarantee deposits	1,344	1,341
Other	0	0
Total investments and other assets	1,716	1,713
Total non-current assets	4,725	4,565
Deferred assets		
Share issuance costs	8	4
Share acquisition rights issuance costs	0	-
Total deferred assets	8	4
Total assets	7,300	6,802



(Millions of yen)

	Previous fiscal year (March 31, 2023)	Second quarter of the current fiscal year (September 30, 2023)
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	765	786
Current portion of long-term borrowings	249	249
Accounts payable - other	347	328
Accrued expenses	503	515
Income taxes payable	41	27
Provision for bonuses	51	52
Lease obligations	45	8
Asset retirement obligations	53	63
Provision for loss on outlet closings	28	31
Other	414	407
<b>Total current liabilities</b>	<b>2,502</b>	<b>2,473</b>
Non-current liabilities		
Long-term borrowings	2,929	2,646
Lease obligations	1	-
Asset retirement obligations	734	725
Deferred tax liabilities	65	62
Other	86	72
<b>Total non-current liabilities</b>	<b>3,817</b>	<b>3,507</b>
<b>Total liabilities</b>	<b>6,319</b>	<b>5,980</b>
Net assets		
Shareholders' equity		
Share capital	316	100
Capital surplus	2,225	1,322
Retained earnings	(1,560)	(598)
Treasury shares	(2)	(2)
<b>Total shareholders' equity</b>	<b>979</b>	<b>821</b>
Share acquisition rights	1	-
<b>Total net assets</b>	<b>980</b>	<b>821</b>
<b>Total liabilities and net assets</b>	<b>7,300</b>	<b>6,802</b>

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

## Quarterly consolidated statement of income

Consolidated first half under review

(Millions of yen)

	First half of the previous fiscal year (From April 1, 2022, to September 30, 2022)	First half of the current fiscal year (From April 1, 2023, to September 30, 2023)
Net sales	7,006	8,435
Cost of sales	2,257	2,784
Gross profit	4,748	5,650
Selling, general and administrative expenses	5,312	5,573
Operating profit (loss)	(563)	77
Non-operating income		
Interest and dividend income	4	7
Rental income	17	6
Penalty income	-	10
Other	9	3
Total non-operating income	31	27
Non-operating expenses		
Interest expenses	50	47
Other	6	9
Total non-operating expenses	57	57
Ordinary profit (loss)	(589)	47
Extraordinary income		
Subsidy income	72	-
Gain on sale of non-current assets	0	-
Reversal of provision for loss on outlet closings	15	6
Other	20	0
Total extraordinary income	108	7
Extraordinary losses		
Loss on sale of non-current assets	-	2
Impairment losses	18	33
Loss on retirement of non-current assets	0	0
Loss on outlet closings	11	13
Other	2	12
Total extraordinary losses	33	63
Profit (loss) before income taxes	(514)	(8)
Income taxes - current	24	24
Income taxes - deferred	(1)	(2)
Total income taxes	23	21
Profit (loss)	(537)	(30)
Profit (loss) attributable to owners of parent	(537)	(30)

## Quarterly consolidated statement of comprehensive income

Consolidated first half under review

(Millions of yen)

	First half of the previous fiscal year (From April 1, 2022, to September 30, 2022)	First half of the current fiscal year (From April 1, 2023, to September 30, 2023)
Profit (loss)	(537)	(30)
Comprehensive income	(537)	(30)
(Breakdown)		
Comprehensive income attributable to owners of parent	(537)	(30)

## (3) Quarterly consolidated statement of cash flows

(Millions of yen)

	First half of the previous fiscal year (From April 1, 2022, to September 30, 2022)	First half of the current fiscal year (From April 1, 2023, to September 30, 2023)
<b>Cash flows from operating activities</b>		
Profit (loss) before income taxes	(514)	(8)
Depreciation	302	244
Amortization of deferred assets	4	3
Impairment losses	18	33
Difference in fulfillment of asset retirement obligations	(18)	(3)
Increase (decrease) in provision for bonuses	(19)	1
Increase (decrease) in provision for loss on outlet closings	(39)	3
Interest and dividend income	(4)	(7)
Interest expenses	50	47
Compensation income	(20)	-
Loss (gain) on sale and retirement of non-current assets	(0)	2
Decrease (increase) in trade receivables	(3)	(9)
Decrease (increase) in inventories	(4)	(9)
Decrease (increase) in other current assets	(86)	(42)
Increase (decrease) in trade payables	102	20
Increase (decrease) in advances received	(195)	(49)
Increase (decrease) in accrued consumption taxes	54	24
Increase (decrease) in other current liabilities	(123)	(17)
Other	4	24
Subtotal	(493)	258
Interest and dividends received	4	7
Interest paid	(54)	(49)
Proceeds from compensation	20	-
Subsidies received	687	-
Income taxes paid	(62)	(49)
Income taxes refund	3	65
Cash flows from operating activities	105	232

(Millions of yen)

	First half of the previous fiscal year (From April 1, 2022, to September 30, 2022)	First half of the current fiscal year (From April 1, 2023, to September 30, 2023)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(61)	(127)
Proceeds from sale of property, plant and equipment	-	34
Purchase of intangible assets	(5)	(9)
Proceeds from collection of long-term loans receivable	0	-
Payments of leasehold and guarantee deposits	(13)	(27)
Proceeds from refund of leasehold and guarantee deposits	113	20
Payments for asset retirement obligations	(95)	(10)
<b>Cash flows from investing activities</b>	<b>(62)</b>	<b>(121)</b>
<b>Cash flows from financing activities</b>		
Repayments of long-term borrowings	(249)	(283)
Repayments of lease obligations	(63)	(37)
Purchase of treasury share acquisition rights	-	(1)
Dividends paid	(188)	(127)
<b>Cash flows from financing activities</b>	<b>(502)</b>	<b>(450)</b>
Net increase (decrease) in cash and cash equivalents	(459)	(339)
Cash and cash equivalents at beginning of period	1,374	1,651
Cash and cash equivalents at end of period	915	1,312

## (4) Notes to quarterly consolidated financial statements

## (Notes 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. However, for the first half under review, the Group turned to a surplus, recording 77 million yen in operating profit and 47 million yen in ordinary profit, due to improved financial results.

Nevertheless, at the end of the previous consolidated fiscal year, the Group was in breach of: i) the financial covenants of the term loan agreement under the credit agreement concluded April 20, 2021, between creditor financial institutions; and ii) restriction on exercise of claim by Class C preferred shareholders in exchange for cash under the stock investment agreement. As a result, a material uncertainty exists 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”). The Group was examined, instructed, and advised by procedure administrators 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.

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.

Currently, however, a material uncertainty exists regarding the going concern assumption for the Group given that: i) although heading for a post-COVID period, helped by a government decision to reclassify the infectious disease as a Category 5 one under the Infectious Disease Act, among other factors, the economic outlook remains unclear due to lifestyle changes such as permeation of telework and consumer reluctance to eat out, rising inflation stemming from the yen’s weakness and the Ukraine crisis, labor shortages and soaring costs; ii) the extent and duration of the impact on our future sales are uncertain; and iii) a business revival is now underway although we are seeking a business turnaround while consulting with our partner financial institutions on our financial position and cash plans.

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

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

On June 29, 2023, as resolved by a general meeting of shareholders held on the same day, we reduced share capital and legal capital surplus by 216 million yen and 191 million yen, respectively, under Article 447, Paragraph 1 and Article 448, Paragraph 1 of the Companies Act and transferred these amounts to other capital surplus. We reduced other capital surplus by 991 million yen and transferred the same amount to retained earnings brought forward for deficit disposition under Article 452 of the Companies Act.