



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

February 6, 2024

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 filing quarterly report: February 6, 2024

Scheduled date of dividend payment commencement: -

Supplemental materials for quarterly financial results: Yes

Holding of quarterly financial results briefing: None

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

1. Consolidated financial results for the first nine months of the fiscal year ending March 31, 2024 (April 1, 2023 - December 31, 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	%
First nine months of the fiscal year ending March 31, 2024	12,735	18.7	227	-	179	-	103	-
First nine months of the fiscal year ended March 31, 2023	10,730	40.8	(742)	-	(787)	-	(772)	-

Note: Comprehensive income First nine months of the fiscal year ending March 31, 2024 103 million yen (-%)
First nine months of the fiscal year ended March 31, 2023 (772) million yen (-%)

	Profit per share	Diluted profit per share
	Yen	Yen
First nine months of the fiscal year ending March 31, 2024	2.50	-
First nine months of the fiscal year ended March 31, 2023	(21.99)	-

Note: Diluted profit per share for the third quarter of the fiscal year ended March 31, 2023, was omitted, as it represents a net loss per share, and although there existed dilutive shares, they have no dilutive effect. Diluted profit per share for the third quarter of the fiscal year ending March 31, 2024, was also omitted, because although there existed dilutive shares, they have no dilutive effect.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
First nine months of the fiscal year ending March 31, 2024	6,901	955	13.9	(94.97)
Fiscal year ended March 31, 2023	7,300	980	13.4	(120.19)

(Reference) Equity First nine months of the fiscal year ending March 31, 2024 955 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)

Third 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

Third quarter of the fiscal year ending March 31, 2024	2,530 shares
Fiscal year ended March 31, 2023	2,506 shares
 - (iii) Average number of shares outstanding during the period (YTD)

Third quarter of the fiscal year ending March 31, 2024	41,512,556 shares
Third quarter of the fiscal year ended March 31, 2023	35,148,209 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 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, 2023	-	-	-	85,000	85,000
Fiscal year ending March 31, 2024	-	-	-		
Fiscal year ending March 31, 2024 (forecast)				85,000	85,000

Note: 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

Note: 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.

Table of Contents of Attachments

1.	Qualitative Information on Quarterly Financial Results	2
	(1) Explanation of operating results for the quarter under review	2
	(2) Explanation of financial position for the quarter under review.....	2
	(3) Explanation of forward-looking information such as consolidated financial results forecast.....	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 consolidated statement of comprehensive income.....	6
	Quarterly consolidated statement of income.....	6
	Consolidated first nine months under review	6
	Quarterly consolidated statement of comprehensive income.....	7
	Consolidated first nine months under review	7
	(3) Notes to quarterly consolidated financial statements.....	8
	(Notes on going concern assumption).....	8
	(Note on a substantial change in the amount of shareholders' equity).....	9
	(Significant events after the reporting period)	10

1. Qualitative Information on Quarterly Financial Results

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

During the first nine months 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 Turnaround Plan, we have been striving 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.

In addition, we have made thorough efforts to get back to the essence of our business by improving the quality of the main items in each business category and rebuilding the techniques to achieve this. To address the new structural changes in costs, etc., and to continuously generate profits, we have taken measures such as structural reforms; repairs, renovation and renewal of existing outlets; development of new outlet types such as offering different products at lunch and dinner times and operating a double-name business which combines different brands; a shift from focusing on large outlets to strengthening specialized outlets and small outlets; reform of organizational culture to adjust to changes; and renovation of management systems, with an aim to rebuild the Group's strengths and raise the base of our investment recovery model.

Among these initiatives, the new Nihonbashi Beniton, which we launched in the fiscal year under review, and the Shinpachi Shokudo, which had undergone a business transformation, achieved results as planned and are in a position to be targeted with future developments.

In order to move forward from the current revitalization phase, which aims to achieve profitability, to the next phase of regrowth, we plan to change our outlet strategy, which has been centered on restructuring the business to an appropriate size. With our structural reform efforts, we will make a turnaround to re-expansion by opening new outlets and developing new business types through remodeling and with new concepts for regrowth. For this purpose, to strengthen the financial base and ensure financial flexibility that enables the Company to respond swiftly to future investment demand, the Company adopted a resolution in December 2023, on the issuance of the 26th and 27th series of share acquisition rights with an exercise price revision clause (with an exercise designation and suspension of exercise designation clause) through a third-party allotment.

Our outlets numbered 312 (including 29 franchise outlets) at the end of the quarter under review following 2 openings and 14 closures (including 2 franchise outlets).

As a result, for the Group, during the first nine months under review, net sales were 12,735 million yen (up 18.7% year on year), operating profit came to 227 million yen (compared with an operating loss of 742 million yen for the same period a year ago), ordinary profit was 179 million yen (compared with an ordinary loss of 787 million yen for the same period a year ago), and profit attributable to owners of parent was 103 million yen (compared with a loss attributable to owners of parent of 772 million yen for the same period a year ago).

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

Total assets at the end of the nine months under review were 6,901 million yen, a decrease of 399 million yen compared with the end of the previous fiscal year.

This was mainly due to a decrease of 147 million yen in current assets as a result of a decrease of 296 million yen in cash and deposits, a decrease of 142 million yen in property, plant and equipment, and a decrease of 51 million yen in intangible assets.

Total liabilities were 5,945 million yen, a decrease of 374 million yen compared with the end of the previous fiscal year. This was mainly due to a decrease of 283 million yen in long-term borrowings as a result of repayment, a decrease of 61 million yen in advances received, and a decrease of 40 million yen in short-term lease obligations.

Total net assets were 955 million yen, a decrease of 25 million yen compared with the end of the previous 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; 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; and iv) we recorded 103 million yen in profit attributable to owners of parent.

As a result, the equity ratio increased 0.5 percentage points compared with the end of the previous fiscal year to 13.9%, bringing net assets per share of common stock to negative 94.97 yen.

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

As the Company announced in the "Notice Concerning Revision of Consolidated Financial Results Forecast for the Second Quarter of the Fiscal Year Ending March 31, 2024" dated October 18, 2023, there is no change from the figures

of net sales, operating profit, ordinary profit and profit attributable to owners of parent for the consolidated financial results forecast for the year ending March 31, 2024 disclosed in the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 [Under Japanese GAAP]” dated May 12, 2023.

(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 fiscal year, posting an ordinary loss for five consecutive years. However, during the first nine months under review, the Group turned a profit, recording 227 million yen in operating profit and 179 million yen in ordinary profit, due to improved financial results.

Nevertheless, at the end of the previous 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.

In order to move forward from the current revitalization phase, which aims to achieve profitability, to the next phase of regrowth, we plan to change our outlet strategy, which has been centered on restructuring the business to an appropriate size. With our structural reform efforts based on the Business Turnaround Plan, we will make a turnaround to re-expansion by opening new outlets and developing new business types through remodeling and with new concepts for regrowth. For this purpose, to strengthen the financial base and ensure financial flexibility that enables the Company to respond swiftly to future investment demand, the Company adopted a resolution in December 2023, on the issuance of the 26th and 27th series of share acquisition rights with an exercise price revision clause (with an exercise designation and suspension of exercise designation clause) through a third-party allotment.

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 and the extent and duration of the impact on our future sales is uncertain; ii) we are seeking a business turnaround under the Business Turnaround Plan while consulting with our partner financial institutions on our financial position and cash plans, however, this business revival is still ongoing and iii) regarding the 26th and 27th series of share acquisition rights, the number of rights to be exercised in the future, exercise price, and exercise timing are yet to be determined.

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, 2023)	Third quarter of the current fiscal year (December 31, 2023)
Assets		
Current assets		
Cash and deposits	1,651	1,355
Accounts receivable - trade	565	667
Raw materials and supplies	125	141
Other	224	254
Total current assets	2,566	2,419
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,125	2,003
Machinery, equipment and vehicles, net	207	220
Tools, furniture and fixtures, net	79	88
Leased assets, net	2	-
Land	395	365
Construction in progress	10	-
Total property, plant and equipment	2,821	2,678
Intangible assets		
Leased assets	80	42
Other	107	94
Total intangible assets	187	136
Investments and other assets		
Investment securities	371	371
Leasehold and guarantee deposits	1,344	1,291
Other	0	0
Total investments and other assets	1,716	1,663
Total non-current assets	4,725	4,478
Deferred assets		
Share issuance costs	8	2
Share acquisition rights issuance costs	0	-
Total deferred assets	8	2
Total assets	7,300	6,901

(Millions of yen)

	Previous fiscal year (March 31, 2023)	Third quarter of the current fiscal year (December 31, 2023)
Liabilities		
Current liabilities		
Accounts payable - trade	765	849
Current portion of long-term borrowings	249	249
Accounts payable - other	347	316
Accrued expenses	503	560
Income taxes payable	41	38
Provision for bonuses	51	27
Lease obligations	45	4
Asset retirement obligations	53	24
Provision for loss on outlet closings	28	9
Other	414	356
Total current liabilities	2,502	2,437
Non-current liabilities		
Long-term borrowings	2,929	2,646
Lease obligations	1	-
Asset retirement obligations	734	727
Deferred tax liabilities	65	61
Other	86	72
Total non-current liabilities	3,817	3,507
Total liabilities	6,319	5,945
Net assets		
Shareholders' equity		
Share capital	316	100
Capital surplus	2,225	1,322
Retained earnings	(1,560)	(464)
Treasury shares	(2)	(2)
Total shareholders' equity	979	955
Share acquisition rights	1	-
Total net assets	980	955
Total liabilities and net assets	7,300	6,901

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

Quarterly consolidated statement of income

Consolidated first nine months under review

(Millions of yen)

	First nine months of the previous fiscal year (From April 1, 2022, to December 31, 2022)	First nine months of the current fiscal year (From April 1, 2023, to December 31, 2023)
Net sales	10,730	12,735
Cost of sales	3,504	4,166
Gross profit	7,226	8,569
Selling, general and administrative expenses	7,969	8,341
Operating profit (loss)	(742)	227
Non-operating income		
Interest and dividend income	4	7
Rental income	25	9
Penalty income	-	10
Other	12	6
Total non-operating income	43	33
Non-operating expenses		
Interest expenses	75	68
Other	11	13
Total non-operating expenses	87	82
Ordinary profit (loss)	(787)	179
Extraordinary income		
Subsidy income	72	-
Gain on sale of non-current assets	1	-
Reversal of provision for loss on outlet closings	19	19
Other	20	0
Total extraordinary income	113	20
Extraordinary losses		
Loss on sale of non-current assets	16	2
Impairment losses	20	20
Loss on retirement of non-current assets	6	16
Loss on outlet closings	15	16
Other	6	8
Total extraordinary losses	64	63
Profit (loss) before income taxes	(738)	136
Income taxes - current	37	36
Income taxes - deferred	(3)	(3)
Total income taxes	34	32
Profit (loss)	(772)	103
Profit (loss) attributable to owners of parent	(772)	103

Quarterly consolidated statement of comprehensive income

Consolidated first nine months under review

(Millions of yen)

	First nine months of the previous fiscal year (From April 1, 2022, to December 31, 2022)	First nine months of the current fiscal year (From April 1, 2023, to December 31, 2023)
Profit (loss)	(772)	103
Comprehensive income	(772)	103
(Breakdown)		
Comprehensive income attributable to owners of parent	(772)	103

(3) 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 fiscal year, posting an ordinary loss for five consecutive years. However, during the first nine months under review, the Group turned a profit, recording 227 million yen in operating profit and 179 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.

To resolve the situation, the Company, which is submitting consolidated financial statements, is steadily working on its business turnaround 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 financial measures described in “1. Outline of financial measures under the Business Turnaround Plan” below.

In order to move forward from the current revitalization phase, which aims to achieve profitability, to the next phase of regrowth, we plan to change our outlet strategy, which has been centered on restructuring the business to an appropriate size. With our structural reform efforts based on the Business Turnaround Plan, we will make a turnaround to re-expansion by opening new outlets and developing new business types through remodeling and with new concepts for regrowth. For this purpose, to strengthen the financial base and ensure financial flexibility that enables the Company to respond swiftly to future investment demand, the Company adopted a resolution on the issuance of the 26th and 27th series of share acquisition rights with an exercise price revision clause (with an exercise designation and suspension of exercise designation clause) through a third-party allotment as described in “2. Fundraising” below.

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, as well as to invest in store facilities such as conversions and renewal and to fund 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 allocated the cash to restructuring funds (including for refinancing its outstanding short-term loans) and working capital.

2. Fundraising

At a Board of Directors meeting held on December 20, 2023, the Company adopted a resolution to issue the 26th and 27th series of share acquisition rights with an exercise price revision clause (with an exercise designation and suspension of exercise designation clause) with Nomura Securities Co., Ltd. as the allottee, aiming to strengthen the financial base and ensuring financial flexibility that enables the Company to respond swiftly to future investment

demand in light of starting the Group's turnaround to re-expansion by opening new outlets and development of new business types through remodeling and with new concepts for regrowth.

The Company issued the 26th and 27th series of share acquisition rights in January 2024, and raised 80 million yen by January 31, 2024, through partial exercise of the 26th series of share acquisition rights.

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 and the extent and duration of the impact on our future sales are uncertain; ii) we are seeking a business turnaround under the Business Turnaround Plan while consulting with our partner financial institutions on our financial position and cash plans, however, this business revival is still ongoing and iii) regarding the 26th and 27th series of share acquisition rights, the number of rights to be exercised in the future, exercise price, and exercise timing are yet to be determined.

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 the 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.

(Significant events after the reporting period)

1. Issuance of share acquisition rights

At a meeting of the Board of Directors held on December 20, 2023, the Company resolved to issue the 26th and 27th series of share acquisition rights with an exercise price revision clause (with an exercise designation and suspension of exercise designation clause), (individually or collectively, the “Share Acquisition Rights”). The payment of the total issue price of the share acquisition rights was completed on January 5, 2024. An outline of the Share Acquisition Rights is as follows.

(1) Date of allotment	January 5, 2024
(2) Total number of share acquisition rights	100,000 26th series of share acquisition rights: 60,000 27th series of share acquisition rights: 40,000
(3) Issue price	Total: 5,680,000 yen (64 yen per 26th series share acquisition right and 46 yen per 27th series share acquisition right)
(4) Number of potential shares resulting from the issuance	Number of potential shares: 10,000,000 (100 shares per share acquisition right) 26th series of share acquisition rights: 6,000,000 27th series of share acquisition rights: 4,000,000 There is no upper limit of the exercise price. The lower limit of the exercise price is 129 yen for the 26th series share acquisition rights and 258 yen initially for the 27th series share acquisition rights (as described in “(6) Exercise price and conditions for revision of exercise price” below, these prices may be revised). However, the number of potential shares is 10,000,000 (6,000,000 shares of the 26th series share acquisition rights and 4,000,000 shares of the 27th series share acquisition rights) even at their lower limit of the exercise prices.
(5) Amount of funds to be procured (estimated net proceeds)	2,317,680,000 yen (Note)
(6) Exercise price and conditions for revision of exercise price	Initial exercise price 26th series of share acquisition rights: 215 yen 27th series of share acquisition rights: 258 yen After January 9, 2024, the exercise price will be revised to the value equivalent to 91.5% of the closing price of the Company’s common stock in ordinary transactions on Tokyo Stock Exchange, Inc. (the “TSE Closing Price”) on the trading day immediately preceding the date on which the notice of each exercise request of the Share Acquisition Rights is given (if there is no closing price on the same day, it will be the closing price immediately before the day). In the event that the revised price will be less than the lower limit of exercise price of each series of the Share Acquisition Rights, the lower limit of exercise price of each series of the Share Acquisition Rights will be the revised exercise price. However, the Company may amend the lower limit of exercise price of the 27th series of the Share Acquisition Rights by resolution of the Company’s Board of Directors (the “Resolution to Amend the Lower Limit of Exercise Price”) on or after January 9, 2024. If such amendment is made, the lower limit of exercise price of the 27th Share Acquisition Rights will be amended to 129 yen or the amount equivalent to 60% of the TSE Closing Price, rounding up to the nearest yen, on the trading day immediately preceding the day on which the Resolution to Amend the Lower Limit of Exercise Price is made, whichever is higher.
(7) Method of offering or allotment (allottee)	Third-party allotment to Nomura Securities Co., Ltd.
(8) Exercise period	January 9, 2024, to January 8, 2027
(9) Amounts of share capital and legal capital surplus to be increased in cases where shares will be issued	The amount of share capital to be increased when shares are issued upon the exercise of the Share Acquisition Rights shall be the amount obtained by multiplying the maximum amount of increase in stated capital

as a result of the exercise of share acquisition rights	calculated in accordance with the provisions of Article 17 of the Regulation on Corporate Accounting by 0.5, and any fraction less than one yen resulting from the calculation shall be rounded up. The amount of legal capital surplus to be increased shall be the amount obtained by subtracting the amount of share capital to be increased from the maximum amount of increase in stated capital.
(10) Other	The Company and Nomura Securities Co., Ltd. (the “Allottee”) have agreed on the following matters in a purchase agreement to be concluded between the Company and the Allottee after the notification concerning offering of the Share Acquisition Rights based on the Financial Instruments and Exchange Act comes into effect: i) the Company may designate to the Allottee that the Allottee shall exercise the Share Acquisition Rights of each series and the number of the Share Acquisition Rights of each series to be exercised; ii) the Company may designate a period during which the Allottee may not exercise all or part of the Share Acquisition Rights of each series; iii) in certain cases, the Allottee may request the acquisition of the Share Acquisition Rights of each series by notifying the Company. When such request is made, the Company shall acquire the Share Acquisition Rights of each series in accordance with the issuance conditions of the Share Acquisition Rights of each series; and iv) the Allottee shall not transfer the Share Acquisition Rights of each series without obtaining approval of the Company’s Board of Directors.

Note: The amount of funds to be procured is the sum of the total amount to be paid in for the Share Acquisition Rights and the total value of the assets to be contributed upon exercise of the Share Acquisition Rights, less the estimated amount of the issuance costs related to the Share Acquisition Rights. The total value of the assets to be contributed upon the exercise of the Share Acquisition Rights is based on the assumption that all the Share Acquisition Rights are exercised at the initial exercise price, but the actual amount of funds to be procured will increase or decrease depending on the level of the exercise price. In addition, if all or part of the Share Acquisition Rights are not exercised within the exercise period of the Share Acquisition Rights or the Company cancels the acquired Share Acquisition Rights, the amount of funds to be procured will decrease.

2. Specific use of funds to be procured

Specific use of funds	Amount (millions of yen)	Scheduled timing of expenditure
(i) Investment in opening new outlets	1,500	April 2024 to March 2027
(ii) Investment in renovation of existing outlets	600	April 2024 to March 2027
(iii) Other investments associated with the reform of earnings structure (system investments, etc.)	217	April 2024 to March 2027
Total	2,317	

3. Exercise of share acquisition rights

During the period from the end of the third quarter under review to January 31, 2024, a portion of the 26th series of share acquisition rights with an exercise price revision clause were exercised.

(i) Number of share acquisition rights exercised	5,000
(ii) Number of shares issued	500,000
(iii) Total exercise price	80 million yen
(iv) Increase in share capital	40 million yen
(v) Increase in legal capital surplus	40 million yen

As a result of the above, the total number of issued shares of common stock as of January 31, 2024, was 43,147,682, capital stock was 140 million yen, and legal capital surplus was 65 million yen.