



Consolidated Financial Report

For the Three-month Period Ended March 31, 2025 (IFRS)

May 15, 2025

Company Name	SKYLARK HOLDINGS CO., LTD.	Stock Exchange Listing: Tokyo Stock Exchange, Prime Market
Securities Code	3197	URL: https://corp.skylark.co.jp/en/
Representative	Minoru Kanaya, President and Chief Operating Officer	
Contact for enquiries	Yoshiaki Kita, Executive Director and Chief Finance Officer, Managing Director of Finance Division (TEL) 0422-51-8111	
Dividend payable date (as planned)	—	
Supplemental material of quarterly results	Yes	
Convening briefing of quarterly results	Yes (for analysts and institutional investors)	

(Millions of yen; amounts are rounded to the nearest million yen)

1. Consolidated Financial Results for the Three-month Period Ended March 31, 2025

(1) Consolidated Operating Results

(Percentages represent year-on-year changes)

	Revenue		Business profit		Operating profit		Income before income taxes		Net income		Net income attributable to owners of the Company		Total comprehensive income	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Three-month period ended March 31, 2025	111,670	16.8	8,236	29.6	7,629	25.1	6,811	25.0	4,361	27.5	4,361	27.5	4,066	13.1
Three-month period ended March 31, 2024	95,580	13.0	6,356	218.1	6,100	—	5,449	—	3,421	—	3,421	—	3,594	—

	Basic earnings per share	Diluted earnings per share
	(Yen)	(Yen)
Three-month period ended March 31, 2025	19.17	19.17
Three-month period ended March 31, 2024	15.04	15.04

(Reference)

EBITDA	Three-month period ended March 31, 2025	19,609 million yen	[11.3%]	Three-month period ended March 31, 2024	17,616 million yen	[53.6%]
Adjusted EBITDA	Three-month period ended March 31, 2025	20,450 million yen	[10.6%]	Three-month period ended March 31, 2024	18,492 million yen	[30.2%]
Adjusted net income	Three-month period ended March 31, 2025	4,361 million yen	[27.5%]	Three-month period ended March 31, 2024	3,421 million yen	[—%]

(Note1) We use business profit, EBITDA, adjusted EBITDA and adjusted net income to evaluate the results of its operations. Refer to “* Notes for using forecasted information and other matters (3) - (5)” below for details.

(Note2) Business profit is calculated by deducting cost of sales and selling, general and administrative expenses from revenue, and operating profit is calculated by adding or subtracting other operating income and other operating expenses from business profit.

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the Company	Ratio of equity attributable to owners of the Company to total assets
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(%)
As of March 31, 2025	478,821	174,936	174,936	36.5
As of December 31, 2024	470,866	173,372	173,372	36.8

2. Dividends

	Dividends per share				
	First quarter	Second quarter	Third quarter	Fourth quarter	Total
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
Year ended December 31, 2024	—	7.50	—	11.00	18.50
Year ending December 31, 2025	—				
Year ending December 31, 2025 (Forecasted)		8.00	—	12.00	20.00

(Note) Revision of dividend forecast: None

3. Forecasts on the Consolidated Financial Results for the Year Ending December 31, 2025 (January 1, 2025 - December 31, 2025)

(Percentages represent year-on-year changes)

	Revenue		Business profit		Operating profit		Income before income taxes		Net income attributable to owners of the Company		Basic earnings per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)
Year ending December 31, 2025	445,000	10.9	27,500	13.4	25,000	3.4	22,300	3.9	14,800	6.0	65.05

(Note) Revision of forecasts on the results of operations: None

(Reference)

Adjusted net income Year ending December 31, 2025 (Forecasted) 14,800 million yen (6.0%)

*** Notes**

- (1) Significant changes in the scope of consolidation during the period: Yes

Number of subsidiaries newly consolidated: 6 (Company name: Createries Consultancy Sdn. Bhd., KKT Consultancy Sdn. Bhd., MKK2 Consultancy Sdn. Bhd., Sukiya Sdn. Bhd., Sukiya2 Sdn. Bhd., Sukiya3 Sdn. Bhd.)

Number of subsidiaries excluded from consolidation: —

- (2) Changes in accounting policies and accounting estimates

- (i) Changes in accounting policies required by IFRS: Yes
(ii) Changes in accounting policies other than those in (i): No
(iii) Changes in accounting estimates: No

- (3) Number of issued shares (common stock)

- (i) Number of issued shares
(including treasury stock)

As of March 31, 2025	227,502,200	As of December 31, 2024	227,502,200
As of March 31, 2025	120	As of December 31, 2024	120
Three month-period ended March 31, 2025	227,502,080	Three month-period ended March 31, 2024	227,502,185

- (ii) Number of treasury stock

- (iii) Average number of issued shares
during the period

* This quarterly financial report is not subject to quarterly review procedures by certified public accountants or independent auditors.

*** Notes for using forecasted information and other matters**

- (1) We have adopted International Financial Reporting Standards (IFRS).
- (2) The forecasts above are based on information available as of the date of this report and certain assumptions deemed to be reasonable. We do not provide any assurance as to achievement of these forecasts. In addition, the actual results may vary materially from the forecasts due to various factors. Refer to page 6 of Appendix “1. Qualitative Information on the Consolidated Financial Results for the Three-month Period Ended March 31, 2025 (3) Explanation of the Forward-looking Statements including the Forecasts on the Consolidated Financial Results” for further details and disclaimer regarding the use of the forecasts and certain assumptions used in developing those forecasts.
- (3) Refer to page 2 of Appendix “1. Qualitative Information on the Consolidated Financial Results for the Three-month Period Ended March 31, 2025 (1) Explanation of the Consolidated Operating Results” for the details of business profit, EBITDA, adjusted EBITDA and adjusted net income.
- (4) Business profit, EBITDA, adjusted EBITDA and adjusted net income are not measures prescribed in accordance with IFRS but are financial measures that we believe are useful for investors to assess the operating results of our business. These financial measures exclude the effect of non-cash items and non-recurring expense items, such as public offering-related expenses, loss on redemption of borrowings before the repayment date and gain or loss on the associated hedge transactions, and gain or loss on modification of financial liabilities in accordance with the adoption of IFRS 9, Financial Instruments (2014) (including readjustment of the amount of impact from the retroactive application of changes in accounting policies), that we do not consider to be indicative of the results of its normal operations or comparable to its competitors’ operating results.
- (5) The business profit, EBITDA, adjusted EBITDA and adjusted net income may not be comparable to those of other companies in the same industry due to the difference in calculation methods, and, as a result, their usefulness may decrease.

(Appendix)

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1. Qualitative Information on the Consolidated Financial Results for the Three-month Period Ended March 31, 2025

(1) Explanation of the Consolidated Operating Results (Operating Results)

During the three-month period ended March 31, 2025, the Japanese economy continued to show a positive trend toward request for salary increases, either fully accepting the labor union's requests in the annual labor talks or agreeing to pay more than the percentage increase requested by the union. On the other hand, the restaurant industry continues to face a challenging business environment due to persistently high costs, including surging prices of food ingredients exemplified by the sharp rise in rice prices, a longer-than-expected prolonged depreciation of the yen, and soaring logistics and utilities costs.

Under these circumstances, our Group implemented menu strategies across our brands to align with shifting consumer spending patterns. In particular, we strengthened our good value menus by expanding our selection of small dishes, providing customers with more enjoyable choices within their budget. At Gusto, we introduced the weekday-only "Gusto Fit Menu," which allows customers to choose any three small dishes along with free refills on soft drinks and soup for approximately 1,000 yen. This initiative contributed to an increase in weekday customer traffic.

In addition, we strengthened our digital promotions and pursued store-centered management strategies. As a result, our Group's comparable store sales for the three-month period ended March 31, 2025 were 109.7% compared to the previous year.

During the three-month period ended March 31, 2025, we opened 10 new stores and converted 2 stores. 4 of the 10 new stores were international store openings, including 1 Syabu-Yo, 1 Musashino Mori Coffee, and 1 Yokohama Steak in Taiwan. Store renovations (remodeling) also continued, with 40 stores remodeled during the three-month period ended March 31, 2025.

As for gross profit margin, the impact of increases in ingredient cost was restrained to a certain extent by improving the gross margin through price increases on select menu items, reducing food losses at stores, and implementing measures through a cross-divisional COGS reduction project. As a result, the gross profit margin for the three-month period ended March 31, 2025 was 66.7%, down 0.9% from the same period in the previous year, but it still maintains a high level in the industry.

Selling, general and administrative expenses for the three-month period ended March 31, 2025 were 66,247 million yen, an increase of 7,961 million yen compared to the same period in the previous year. However, through the implementation of a company-wide profitability improvement project and enhanced store productivity, labor costs were contained, resulting in a significant reduction in the selling, general and administrative expenses to revenue.

In other operating expenses, a loss on disposal of goodwill of 358 million yen related to store closures was recorded for the three-month period ended March 31, 2025. This was due to the closure of 13 stores during the three-month period ended March 31, 2025.

As a result of the above, for the three-month period ended March 31, 2025, revenue was 111,670 million yen (an increase of 16,091 million yen compared to the same period in the previous year), business profit (Note 2) was 8,236 million yen (an increase of 1,880 million yen compared to the same period in the previous year), operating profit was 7,629 million yen (an increase of 1,528 million yen compared to the same period in the previous year), income before income taxes was 6,811 million yen (an increase of 1,362 million yen compared to the same period in the previous year), and net income attributable to owners of the Company was 4,361 million yen (an increase of 941 million yen compared to the same period in the previous year).

EBITDA (Note 3) was 19,609 million yen (an increase of 1,993 million yen compared to the same period in the previous year), adjusted EBITDA (Note 4) was 20,450 million yen (an increase of 1,958 million yen compared to the same period in the previous year), and adjusted net income (Note 5) was 4,361 million yen (an increase of 941 million yen compared to the same period in the previous year). As of the end of March 2025, the number of stores was 3,071 (including 8 stores temporarily closed for renovations; the number of stores at the beginning of the period was 3,068).

(Note 1) (Note 2) to (Note 5) are not measures as defined in IFRS.

(Note 2) Business profit is calculated by deducting cost of sales and selling, general and administrative expenses from revenue.

(Note 3) EBITDA = Income before income taxes + Interest Expense + Loss on redemption of borrowings before the repayment date and gain and loss from associated hedge transactions + Other financial expenses^(a) (excluding loss on redemption of borrowings before the repayment date and gain and loss from associated hedge transactions) - Interest income - Other financial income^(b) + Depreciation and amortization + Amortization of long-term prepaid expense + Amortization of long-term prepaid expense (deposit)

(a) Other financial expenses are disclosed as “Other expenses” in the Condensed Interim Consolidated Statements of Income.

(b) Other financial income is disclosed as “Other income” in the Condensed Interim Consolidated Statements of Income.

(Note 4) Adjusted EBITDA = EBITDA + Loss on disposal of fixed assets + Impairment loss of non-financial assets – Reversal of impairment loss of non-financial assets + public offering-related expenses (Note 6)

(Note 5) Adjusted net income (loss) = Net income (loss) + public offering-related expenses (Note 6) + Loss on redemption of borrowings before the repayment date and gain and loss from associated hedge transactions + Tax effects of adjustments

(Note 6) Public offering-related expenses are one-time expenses incurred at the time of IPO and public offering of the Company’s shares, including advisory fees.

(Management Strategy)

The management strategy of our Group aims to further enhance customer support and expand earnings by making the most of our management assets amid a challenging business environment shaped by changes in consumer behavior and ongoing inflation. Our group will steadily implement four key management strategies: (i) growth of existing stores, (ii) new store openings in Japan, (iii) international store growth, and (iv) mergers and acquisitions (M&A), in parallel with (v) store-centered management. Furthermore, we will continue to engage in (vi) ESG initiatives and (vii) initiatives of food safety and assurance.

(i) Growth of Existing Stores

We will improve profitability by investing in strengthening the operational capabilities of our stores, which are the source of our earnings. At the same time, we will drive growth in customer traffic through brand conversions and store renovations (remodeling) tailored to market needs. Additionally, we will pursue growth in average ticket by refining our menus to reflect selective consumer spending, offering a customer-friendly menu line-up and improving menu mix analysis, and adjusting prices to respond to inflation.

(ii) New Store Openings in Japan

We opened 31 new stores in fiscal 2024 and plan to open 65 to 75 stores in fiscal 2025.

In addition to expanding successful specialty brands such as Syabu-Yo and Musashino Mori Coffee, we will open everyday-use brands such as Gusto and Bamiyan, particularly in areas where our expansion has been delayed, such as commercial districts in front of train stations and in city center areas.

Furthermore, Sukesan Udon, which has recently entered the Kanto region, continues to attract a large number of customers daily. We plan to open a total of 21 new or converted stores for this brand in fiscal 2025.

(iii) International Store Growth

As of the end of March 2025, we operate 80 stores in Taiwan. In 2024, we opened 10 stores, and we plan to open 12 stores in 2025. Our Japanese brands such as Syabu-Yo, Musashino Mori Coffee, and La Ohana have been performing exceptionally well in the market. In Malaysia, we currently operate 6 Syabu-Yo stores and 13 SUKI-YA stores, which we acquired during the current fiscal year. We plan to open 3 additional stores for each brand this fiscal year. In the United States, we are operating 2 Syabu-Yo stores.

(iv) Mergers and Acquisitions (M&A)

In January 2025, we completed the acquisition of shares of Createries Consultancy Sdn. Bhd. and other related companies (CC Group), which operate shabu-shabu restaurants for Muslim customers in shopping malls in the Kuala Lumpur metropolitan area of Malaysia. Going forward, we will continue to actively pursue M&A opportunities both domestically and internationally, focusing on those that can generate synergies by leveraging the business foundation of our Group, with the aim of expanding our overall business scale.

(v) Store-centered management

We will actively invest in strengthening store operational capabilities, aiming to maximize sales during peak hours and improve store productivity, thereby contributing to overall profit growth.

(vi) ESG Initiatives

In December 2020, we established the Group Sustainability Committee to promote our responsibilities towards achieving the Sustainable Development Goals (SDGs) and realizing a sustainable society across our Group. In 2021, we defined our purpose as “To contribute to enriching people’s lives and to the advancement of society as a whole by creating the future of dining,” and set our long-term strategic vision for 2030 as “Help all people lead enriched lives; Contribute to realizing an enriched society; Environmental conservation.” We have identified the issues that we should prioritize as materiality and have disclosed them on our website.

<https://corp.skylark.co.jp/en/sustainability/management/materiality/>

Our commitment to sustainability also continued to be recognized during the three-month period ended March 31, 2025, and we were selected for the first time as a “Yearbook Member” in “The Sustainability Yearbook 2025” published by S&P Global, a leading global ESG research and ratings agency in the field of corporate sustainability. Furthermore, we were selected as an “A List Company” by CDP, an international non-profit organization, with the highest ratings in the categories of both “Climate Change” and “Water Security.” This is a highly prestigious recognition, granted to only 86 companies worldwide and just 34 companies in Japan.

(vii) Initiatives of Food Safety and Assurance

Our Quality Charter stipulates that our basic policy is to ensure food safety by establishing standards for quality and hygiene management and implementing thorough controls for all foreseeable risks at each process, from procurement of ingredients to processing, distribution, cooking, and serving to customers. We have acquired ISO22000 certification, an international food-safety management standard, for our own central kitchen (10 factories) in Japan, procurement department, menu development department, quality control department, and internal audit department. By incorporating hygiene management methods based on HACCP approach in our stores, we have built a comprehensive food-safety management system across our entire supply chain.

Our Group embraces the management philosophy of “Creating Richness with Value to Society” and aims to lead the way in delivering true enrichment by offering “good value” aligned with the times and creating enjoyable experiences for our customers in our stores.

Our mission is “to offer great tasting food at affordable prices with good service in our comfortable restaurants to as many people as possible.” To fulfill this role, we are committed to creating a comfortable store environment and offering services that enrich our customers’ lives, while continuously striving to enhance our corporate value. To this end, we have established the “Skylark Group Charter of Corporate Behavior,” which is shared among all executives and employees. We are committed to complying with laws, international rules, and the spirit thereof, and strive to act with social decency. Furthermore, we implement various initiatives to ensure the soundness, efficiency, and transparency of our management, thereby working to enhance our corporate governance.

(2) Explanation of the Consolidated Financial Position

(i) Assets, Liabilities and Equity

Analysis of assets, liabilities, and equity as of March 31, 2025 is summarized as follows:

Current assets were 45,707 million yen (a decrease of 3,403 million yen compared to the end of the previous fiscal year), mainly due to a decrease in cash and cash equivalents. Non-current assets were 433,114 million yen (an increase of 11,358 million yen compared to the end of the previous fiscal year), mainly due to an increase in goodwill and other intangible assets.

Total assets were 478,821 million yen (an increase of 7,956 million yen compared to the end of the previous fiscal year).

Current liabilities were 116,848 million yen (a decrease of 680 million yen from the end of the previous fiscal year), mainly due to a decrease in trade and other payables and other current liabilities, and an increase in corporate bonds and short-term borrowings. Non-current liabilities were 187,038 million yen (an increase of 7,073 million yen from the end of the previous fiscal year), mainly due to an increase in corporate bonds and long-term borrowings, deferred tax liabilities, and other financial liabilities.

Total liabilities were 303,886 million yen (an increase of 6,392 million yen from the end of the previous fiscal year).

Equity was 174,936 million yen (an increase of 1,563 million yen from the end of the previous fiscal year), mainly due to a decrease in dividend payments (2,503 million yen) and an increase from the recording of income for the three-month period ended March 31, 2025 (4,361 million yen).

(ii) Cash Flows

Cash and cash equivalents as of March 31, 2025 were 16,651 million yen (a decrease of 2,519 million yen compared to the end of the previous fiscal year). Each category of cash flows and its factors for the three-month period ended March 31, 2025 are summarized as follows:

Cash flows from operating activities:

Net cash from operating activities was 12,787 million yen (a decrease of 958 million yen compared to the same period in the previous year). This was primarily due to cash outflows such as an increase of 2,276 million yen in income taxes paid and a decrease of 2,113 million yen in trade and other payables, and cash inflows such as an increase of 1,362 million yen in income before income taxes and an increase of 818 million yen in trade and other receivables.

Cash flows from investing activities:

Net cash used in investing activities was 14,204 million yen (an increase of 11,239 million yen compared to the same period in the previous year). This was primarily due to cash outflows such as an 8,754 million yen increase in purchase of shares of subsidiaries, a 1,300 million yen increase in expenditures for the acquisition of property, plant and equipment, including investments in new, converted and remodeled restaurants, an 869 million yen decrease in proceeds from sale of property, plant and equipment, and a 221 million yen increase in payments of lease deposits and guarantee deposits. Our Group, normally make payments of cash and cash equivalents one or two months after an increase in assets from investing activities.

Cash flows from financing activities:

Net cash used in financing activities was 954 million yen (a decrease of 10,200 million yen compared to the same period in the previous year). This was primarily due to cash inflows such as an increase of 16,000 million yen in the proceeds from short-term borrowings and an increase of 3,757 million yen in the proceeds from long-term borrowings, and cash outflows such as an increase of 7,000 million yen in the repayments of short-term borrowing, an increase of 1,146 million yen in the payments of commissions related to borrowings, and an increase of 898 million yen in dividends paid.

(3) Explanation of the Forward-looking Statements including the Forecasts on the Consolidated Financial Results

Regarding the forecast for the current consolidated financial performance, we disclosed the items on February 13, 2025. These items, which include adjusted net income, are considered useful financial indicators by our group to evaluate our performance for investors.

Please note that there have been no changes to the forecasted figures disclosed on February 13, 2025.

The forecasts are based on information available as of the date of publication of this document, and actual results may differ from the forecasts due to various factors in the future.

2. Condensed Interim Consolidated Financial Statements and Notes
(1) Condensed Interim Consolidated Statements of Financial Position
As of December 31, 2024 and March 31, 2025 (Unaudited)

(Millions of yen)

	As of December 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and cash equivalents	¥ 19,170	¥ 16,651
Trade and other receivables	20,808	20,095
Other financial assets	93	85
Inventories	7,772	7,269
Other current assets	1,267	1,606
Total current assets	49,110	45,707
Non-current assets		
Property, plant and equipment	210,718	212,174
Goodwill	157,636	163,308
Other intangible assets	15,451	18,636
Other financial assets	23,615	24,052
Deferred tax assets	13,955	13,622
Other non-current assets	380	1,321
Total non-current assets	421,756	433,114
Total assets	¥ 470,866	¥ 478,821

(Millions of yen)

	As of December 31, 2024	As of March 31, 2025
Liabilities and equity		
Liabilities		
Current liabilities		
Corporate bonds and Short-term borrowings	¥ 31,943	¥ 37,811
Trade and other payables	32,558	28,862
Other financial liabilities	27,762	28,288
Income tax payable	3,175	2,313
Provisions	1,465	1,338
Other current liabilities	20,626	18,234
Total current liabilities	117,528	116,848
Non-current liabilities		
Corporate bonds and Long-term borrowings	74,388	79,945
Other financial liabilities	86,874	87,841
Provisions	14,170	13,974
Deferred tax liabilities	3,502	4,279
Other non-current liabilities	1,031	998
Total non-current liabilities	179,965	187,038
Total liabilities	297,493	303,886
Equity		
Share capital	25,134	25,134
Capital surplus	57,240	54,738
Treasury shares	(0)	(0)
Other components of equity	1,137	842
Retained earnings	89,861	94,223
Equity attributable to owners of the Company	173,372	174,936
Total equity	173,372	174,936
Total liabilities and equity	¥ 470,866	¥ 478,821

(2) **Condensed Interim Consolidated Statements of Income**
For the Three-Month Period Ended March 31, 2024 and 2025 (Unaudited)

(Millions of yen)

	For the three-month period ended March 31, 2024	For the three-month period ended March 31, 2025
Revenue	¥ 95,580	¥ 111,670
Cost of sales	(30,937)	(37,187)
Gross profit	64,643	74,484
Other operating income	754	486
Selling, general and administrative expenses	(58,286)	(66,247)
Other operating expenses	(1,010)	(1,093)
Operating profit	6,100	7,629
Interest income	3	11
Interest expense	(612)	(778)
Other expenses	(42)	(50)
Income before income taxes	5,449	6,811
Income taxes	(2,028)	(2,449)
Net income	¥ 3,421	¥ 4,361
Net income attributable to:		
Owners of the Company	¥ 3,421	¥ 4,361
Net income	¥ 3,421	¥ 4,361
Interim earnings per share		
Basic (Yen)	¥ 15.04	¥ 19.17
Diluted (Yen)	15.04	19.17

(3) Condensed Interim Consolidated Statements of Comprehensive Income
For the Three-Month Period Ended March 31, 2024 and 2025 (Unaudited)

(Millions of yen)

	For the three-month period ended March 31, 2024	For the three-month period ended March 31, 2025
Net income	¥ 3,421	¥ 4,361
Other comprehensive income		
Items that are not reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	—	(14)
Total items that are not reclassified to profit or loss	—	(14)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	66	(500)
Cash flow hedges	108	218
Total items that may be reclassified to profit or loss	174	(282)
Other comprehensive income (loss), net of tax	174	(296)
Total comprehensive income	¥ 3,594	¥ 4,066
Comprehensive income attributable to:		
Owners of the Company	¥ 3,594	¥ 4,066
Total comprehensive income	¥ 3,594	¥ 4,066

(4) Condensed Interim Consolidated Statements of Changes in Equity
For the Three-Month Period Ended March 31, 2024 (Unaudited)

(Millions of yen)

	Share capital	Capital surplus	Treasury shares	Other components of equity			
				Financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Cash flow hedges	Total
As of January 1, 2024	¥ 25,134	¥ 60,539	¥ (0)	¥ 62	¥ 796	¥ (131)	¥ 727
Net income	—	—	—	—	—	—	—
Other comprehensive income, net of tax	—	—	—	—	66	108	174
Total comprehensive income	—	—	—	—	66	108	174
Acquisition of treasury stock	—	—	(0)	—	—	—	—
Dividends	—	(1,593)	—	—	—	—	—
Total contributions by and distributions to owners of the Company	—	(1,593)	(0)	—	—	—	—
Total transactions with owners of the Company	—	(1,593)	(0)	—	—	—	—
As of March 31, 2024	¥ 25,134	¥ 58,946	¥ (0)	¥ 62	¥ 862	¥ (23)	¥ 901

	Retained earnings	Equity attributable to owners of the Company	Total equity
As of January 1, 2024	¥ 75,890	¥ 162,290	¥ 162,290
Net income	3,421	3,421	3,421
Other comprehensive income, net of tax	—	174	174
Total comprehensive income	3,421	3,594	3,594
Acquisition of treasury stock	—	(0)	(0)
Dividends	—	(1,593)	(1,593)
Total contributions by and distributions to owners of the Company	—	(1,593)	(1,593)
Total transactions with owners of the Company	—	(1,593)	(1,593)
As of March 31, 2024	¥ 79,311	¥ 164,292	¥ 164,292

Condensed Interim Consolidated Statements of Changes in Equity – Continued
For the Three-Month Period Ended March 31, 2025 (Unaudited)

(Millions of yen)

	Share capital	Capital surplus	Treasury shares	Other components of equity			
				Financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Cash flow hedges	Total
As of January 1, 2025	¥ 25,134	¥ 57,240	¥ (0)	¥ 44	¥ 869	¥ 224	¥ 1,137
Net income	—	—	—	—	—	—	—
Other comprehensive income, net of tax	—	—	—	(14)	(500)	218	(296)
Total comprehensive income	—	—	—	(14)	(500)	218	(296)
Acquisition of treasury stock	—	—	—	—	—	—	—
Dividends	—	(2,503)	—	—	—	—	—
Total contributions by and distributions to owners of the Company	—	(2,503)	—	—	—	—	—
Total transactions with owners of the Company	—	(2,503)	—	—	—	—	—
As of March 31, 2025	¥ 25,134	¥ 54,738	¥ (0)	¥ 30	¥ 369	¥ 443	¥ 842

	Retained earnings	Equity attributable to owners of the Company	Total equity
As of January 1, 2025	¥ 89,861	¥ 173,372	¥ 173,372
Net income	4,361	4,361	4,361
Other comprehensive income, net of tax	—	(296)	(296)
Total comprehensive income	4,361	4,066	4,066
Acquisition of treasury stock	—	—	—
Dividends	—	(2,503)	(2,503)
Total contributions by and distributions to owners of the Company	—	(2,503)	(2,503)
Total transactions with owners of the Company	—	(2,503)	(2,503)
As of March 31, 2025	¥ 94,223	¥ 174,936	¥ 174,936

(5) Condensed Interim Consolidated Statements of Cash Flows
For the Three-Month Period Ended March 31, 2024 and 2025 (Unaudited)

(Millions of yen)

	For the three-month period ended March 31, 2024	For the three-month period ended March 31, 2025
Cash flows from operating activities		
Income before income taxes	¥ 5,449	¥ 6,811
Adjustments for:		
Depreciation and amortization	11,488	11,956
Loss on impairment of non-financial assets	244	401
Profit and loss on sale and disposal of fixed assets	458	440
Interest income	(3)	(11)
Interest expense	612	778
Other expenses	42	50
	18,291	20,426
Changes in working capital and other:		
Decrease (increase) in trade and other receivables	(155)	663
Decrease (increase) in inventories	297	518
Increase (decrease) in trade and other payables	(134)	(2,247)
Increase (decrease) in other financial liabilities (current)	55	151
Increase (decrease) in other current liabilities	(2,763)	(2,434)
Others	(316)	(467)
Cash generated from operations	15,274	16,611
Interest and dividends received	1	9
Interest paid	(504)	(529)
Income taxes paid	(1,026)	(3,303)
Net cash from operating activities	13,746	12,787
Cash flows from investing activities		
Acquisition of property, plant and equipment	(3,278)	(4,579)
Proceeds from sale of property, plant and equipment	870	0
Acquisition of intangible assets	(593)	(602)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(8,754)
Payments of lease deposits and guarantee deposits	(36)	(257)
Proceeds from collection of lease deposits and guarantee deposits	119	65
Others	(46)	78
Net cash used in investing activities	(2,965)	(14,204)
Cash flows from financing activities		
Proceeds from short-term borrowings	—	16,000
Repayments of short-term borrowings	—	(7,000)
Proceeds from long-term borrowings	3,243	7,000
Repayments of long-term borrowings	(4,363)	(4,466)
Repayments of lease liabilities	(8,454)	(8,864)
Dividends paid	(1,538)	(2,436)
Payments of commissions related to borrowings	(42)	(1,188)
Others	(0)	—
Net cash from (used in) financing activities	(11,154)	(954)
Effect of exchange rate on the balance of cash and cash equivalents held in foreign currency	80	(148)
Net increase (decrease) in cash and cash equivalents	(294)	(2,519)
Cash and cash equivalents at the beginning of the period	26,790	19,170
Cash and cash equivalents at the end of the period	¥ 26,496	¥ 16,651

(6) Notes to Condensed Interim Consolidated Financial Statements**(i) Financial Reporting Framework**

Condensed interim consolidated financial statements have been prepared in accordance with Article 5, Paragraph 2 of the Standards for Preparation of Quarterly Financial Statements, etc., of Tokyo Stock Exchange, Inc. (However, in accordance with Article 5, Paragraph 5 of the Standards for Preparation of Quarterly Financial Statements, etc., certain disclosures in “IAS 34 Interim Financial Reporting” are omitted.)

(ii) Notes on the Going Concern Assumption

No items to report.

(iii) Changes in Accounting Policies

Newly-adopted accounting standards and amendments

The material accounting policies adopted for the condensed interim consolidated financial statements are the same as those for the consolidated financial statements for the fiscal year ended December 31, 2024, except for the following standards, which have been newly adopted.

The Group calculates income taxes for the three-month period ended March 31, 2025 based on the estimated average annual effective tax rate.

The Group has adopted the following standards from the three-month period ended March 31, 2025.

IAS	Title	Description of New Standards/Amendments
IAS 12	Income Taxes	Amendments requiring the disclosure of an entity's exposure to income taxes arising from tax regimes enacted or substantively enacted to implement the OECD's Pillar Two Model Rules.
IAS 21	Impact of fluctuations in foreign currency exchange rates	Clarifying a consistent approach to assessing whether currencies are convertible into other currencies and, if not, determining the exchange rates to be used and the disclosures to be provided.

The adoption of the above standards had no material impact on the condensed interim consolidated financial statements.

(iv) Segment Information

The reportable segments of the Group are determined based on the operating segments that are components of the Group for which discrete financial information is available and whose operating results are reviewed regularly by the Board of Directors to make decisions about resources to be allocated to the segments and assess its performance. Operating segments are components of business activities from which the Group may earn revenues and incur expenses, including revenues and expenses relating to transactions with other operating segments.

The restaurant business is the only reportable segment of the Group. Accordingly, the Group has not disclosed reportable segment information.

(v) Selling, general and administrative expenses

The breakdown of Selling, general and administrative expenses for each reporting period is as follows :

(Millions of yen)

	For the three-month period ended March 31, 2024	For the three-month period ended March 31, 2025
Salaries	¥ 30,860	¥ 35,196
Utilities expenses	4,268	4,843
Depreciation and amortization	10,574	10,951
Others	12,584	15,257
Total	¥ 58,286	¥ 66,247

(vi) Interim Earnings per Share

(Millions of yen, except per share amounts)

	For the three-month period ended March 31, 2024	For the three-month period ended March 31, 2025
Net income attributable to common shareholders of the Company	¥ 3,421	¥ 4,361
Net income not attributable to common shareholders of the Company	—	—
Net income attributable to common shareholders used for calculation of basic interim earnings per share	3,421	4,361
Adjustment	—	—
Net income attributable to common shareholders used for calculation of diluted interim earnings per share	¥ 3,421	¥ 4,361
Weighted-average number of common shares during the period (Shares)	227,502,185	227,502,080
Weighted-average number of common shares used for calculation of diluted interim earnings per share (Shares)	227,502,185	227,502,080
Basic interim earnings per share (Yen)	¥ 15.04	¥ 19.17
Diluted interim earnings per share (Yen)	15.04	19.17

(Note) Diluted earnings per share was the same as the basic earnings per share because there were no dilutive potential common stocks.