

Translation

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Summary of Consolidated Financial Results For the Nine Months ended December 31, 2020 (IFRS)

February 12, 2021

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 Stock exchange listing: Tokyo Stock Exchange
 Stock code: 3397
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 Date of release of quarterly securities report: February 12, 2021
 Starting date of dividend payments: -
 Preparation of explanatory materials on quarterly financial results: Yes
 Information meetings arranged related to quarterly financial results: No

(Amounts are rounded to the nearest million)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2020

(1) Consolidated Operating Results (% figures denote year-on-year change)

	Total trading transactions		Business profit		Operating profit		Profit before tax		Profit for the period	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2020	100,820	(15.5)	(2,630)	—	(1,727)	—	(3,282)	—	(2,173)	—
Nine months ended December 31, 2019	119,272	9.5	8,268	25.8	7,342	24.8	6,203	11.9	3,969	1.9

	Profit for the period attributable to owners of the parent		Comprehensive income for the period		Earnings per share attributable to owners of the parent (basic)	Earnings per share attributable to owners of the parent (diluted)
	Millions of yen	%	Millions of yen	%	Yen	Yen
Nine months ended December 31, 2020	(2,209)	—	(4,059)	—	(29.35)	(29.35)
Nine months ended December 31, 2019	3,880	(0.7)	3,352	(31.3)	45.54	45.39

(Reference) EBITDA (*)

Nine months ended December 31, 2020: ¥ 11,623 million (decreased 49.3% year-on-year basis)

Nine months ended December 31, 2019: ¥ 22,920 million

Adjusted EBITDA

Nine months ended December 31, 2020: ¥ 13,088 million (decreased 43.4% year-on-year basis)

Nine months ended December 31, 2019: ¥ 23,106 million

(*) The Company discloses EBITDA as comparative information.

EBITDA = Operating Profit + Other Operating Expenses - Other Operating Income
 + Depreciation + Amortization

Adjusted EBITDA = EBITDA + Impairment Loss + Extraordinary Expenses

Note: With an effective date of April 1, 2020, the company performed a 2-for-1 stock split of its common stock. The company calculated “Earnings per share attributable to owners of the parent (basic)” and “Earnings per share attributable to owners of the parent (diluted)” assuming that the stock split was implemented with an effective date of April 1, 2019.

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Equity attributable to owners of parent ratio	Equity per share attributable to owners of parent
	Millions of yen	Millions of yen	Millions of yen	%	Yen
As of December 31, 2020	215,506	40,510	40,048	18.6	463.91
As of March 31, 2020	209,978	46,565	45,427	21.6	532.32

Note: With an effective date of April 1, 2020, the company performed a 2-for-1 stock split of its common stock. The company calculated “Equity per share attributable to owners of parent” assuming that the stock split was implemented with an effective date of April 1, 2019.

2. Dividends

	Annual dividend per share				
	Q1	Q2	Q3	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal Year ended March 31, 2020	—	0.00	—	12.50	12.50
Fiscal Year ended March 31, 2021	—	0.00	—		
Fiscal Year ending March 31, 2021 (Forecast)				—	—

Note: With an effective date of April 1, 2020, the company performed a 2-for-1 stock split of its common stock. For dividends for the years ended March 31, 2020, the above dividends paid show the actual amounts prior to the stock split. The dividend for the year ending March 31, 2021 (previous forecast) reflects the stock split.

3. Consolidated Financial Result Forecasts for the Fiscal Year Ending March 31, 2021

Percentages indicate year-on-year changes

	Total trading transactions		Business profit		Operating profit		Profit before tax		Profit for the period	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year	134,600	(14.0)	(3,800)	—	(8,300)	—	(10,100)	—	(7,000)	—

	Profit for the period attributable to owners of the parent		Earnings per share attributable to owners of the parent (basic)	
	Millions of yen	%	Yen	
Fiscal year	(7,050)	—	(85.84)	

*** Notes**

- (1) Changes in significant subsidiaries during the period
(changes in specified subsidiaries resulting in the change in scope consolidation): No
New: —
Excluded: —

- (2) Changes in accounting policies and accounting estimates
1) Changes in accounting policies as required by IFRS: No
2) Changes in accounting policies other than 1) above: Yes
3) Changes in accounting estimates: No

- (3) Number of shares outstanding (ordinary shares)

- 1) Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2020	87,185,552 shares
As of March 31, 2020	87,143,352 shares

- 2) Number of treasury shares at the end of the period

As of December 31, 2020	858,344 shares
As of March 31, 2020	1,805,644 shares

- 3) Average number of shares during the period

Nine months ended December 31, 2020	86,260,654 shares
Nine months ended December 31, 2019	85,207,950 shares

Note: With an effective date of April 1, 2020, the company performed a 2-for-1 stock split of its common stock. The company calculated the above three numbers of shares assuming that the stock split was implemented with an effective date of April 1, 2019.

*Summary quarterly financial statements are not subject to quarterly review by a public certified accountant or an auditing firm.

*** Appropriate use of financial results forecasts and other notes**

The forward-looking statements in this report are based upon various assumptions, including, without limitation, business forecasts, management's estimates, assumptions, and projections at the time of publication. These statements do not represent a promise or commitment by the Company to achieve these forecasts. Actual results may differ significantly from these forecasts due to a wide range of factors.

Condensed Quarterly Consolidated Financial Statements

Condensed Quarterly Consolidated Statements of Financial Position

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
Assets		
Current assets		
Cash and cash equivalents	25,801	28,875
Trade and other receivables	3,967	5,303
Inventories	836	829
Other current assets	1,931	1,786
Total current assets	32,536	36,793
Non-current assets		
Property, plant and equipment	34,581	32,962
Right-of-use assets	78,773	82,397
Intangible assets and goodwill	40,257	38,713
Investments accounted for using the equity method	4,770	3,818
Other financial assets	14,698	14,626
Deferred tax assets	3,464	5,323
Other non-current assets	900	874
Total non-current assets	177,443	178,713
Total assets	209,978	215,506

	(Millions of yen)	
	As of March 31, 2020	As of December 31, 2020
Liabilities		
Current liabilities		
Trade and other payables	10,855	13,597
Short-term loans payable	29	7,022
Current portion of long-term loans payable	12,424	13,003
Lease liabilities	13,625	15,950
Income taxes payable	794	1,133
Provisions	727	821
Other current liabilities	4,240	4,777
Total current liabilities	42,694	56,303
Non-current liabilities		
Long-term loans payable	45,578	45,236
Lease liabilities	70,079	67,991
Provisions	2,807	2,862
Deferred tax liabilities	1,475	1,548
Other non-current liabilities	780	1,056
Total non-current liabilities	120,719	118,693
Total liabilities	163,414	174,996
Equity		
Equity attributable to owners of the parent		
Capital stock	4,159	4,185
Capital surplus	3,848	2,353
Other equity instruments	10,847	10,847
Retained earnings	29,503	26,374
Treasury shares	(2,124)	(1,020)
Other components of equity	(806)	(2,692)
Total equity attributable to owners of the parent	45,427	40,048
Non-controlling interests	1,138	462
Total equity	46,565	40,510
Total liabilities and equity	209,978	215,506

Condensed Quarterly Consolidated Statements of Income

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Total trading transactions	119,272	100,820
Cost of sales	(30,737)	(26,093)
Gross profit	88,535	74,727
Selling, general and administrative expenses	(80,267)	(77,357)
Impairment loss	(147)	(1,435)
Other operating income	417	3,460
Other operating expenses	(1,196)	(1,121)
Operating profit (loss)	7,342	(1,727)
Finance income	149	74
Finance costs	(874)	(867)
Finance income (costs), net	(725)	(792)
Share of profit (loss) of investments accounted for using the equity method	(413)	(763)
Profit (loss) before tax	6,203	(3,282)
Income tax expense	(2,235)	1,109
Profit (loss) for the period	3,969	(2,173)
Profit (loss) for the period attributable to		
Owners of the parent	3,880	(2,209)
Non-controlling interests	88	36
Profit (loss) for the period	3,969	(2,173)
Earnings (losses) per share attributable to owners of the parent (yen)		
Basic earnings (losses) per share	45.54	(29.35)
Diluted earnings (losses) per share	45.39	(29.35)

Condensed Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Profit (loss) for the period	3,969	(2,173)
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translating foreign operations	(415)	(1,667)
Share of other comprehensive income of investments accounted for using the equity method	(202)	(219)
Other comprehensive income	(617)	(1,886)
Comprehensive income for the period	3,352	(4,059)
Comprehensive income for the period attributable to		
Owners of the parent	3,321	(4,098)
Non-controlling interests	31	39

Condensed Quarterly Consolidated Statements of Changes in Equity

For the nine months ended December 31, 2019

(Millions of yen)

	Equity attributable to owners of the parent										
	Capital stock	Capital surplus	Other equity instruments	Retained earnings	Treasury shares	Other components of equity			Total	Non-controlling interests	Total equity
						Exchange differences on translating foreign operations	Subscription rights to shares	Total			
As of April 1, 2019	4,076	4,085	—	28,477	(2,143)	(894)	378	(516)	33,979	1,110	35,090
Cumulative effect of changes in accounting policies				(880)				—	(880)		(880)
Restated balance	4,076	4,085	—	27,597	(2,143)	(894)	378	(516)	33,099	1,110	34,210
Profit for the period				3,880					3,880	88	3,969
Other comprehensive income						(559)		(559)	(559)	(57)	(617)
Total comprehensive income for the period	—	—	—	3,880	—	(559)	—	(559)	3,321	31	3,352
Issuance of new shares (exercise of subscription rights)	65	65					(38)	(38)	93		93
Share-based payment transactions	1	1					76	76	79		79
Purchase and disposal of treasury shares		(0)			16			—	16		16
Dividends				(64)				—	(64)		(64)
Issue of other equity instruments			10,847					—	10,847		10,847
Other		(244)						—	(244)	2	(243)
Total transaction amount with owners	67	(178)	10,847	(64)	16	—	38	38	10,727	2	10,728
Transfer to retained earnings from other components of equity				10			(10)	(10)	—		—
As of December 31, 2019	4,143	3,908	10,847	31,423	(2,127)	(1,453)	406	(1,047)	47,147	1,143	48,290

For the nine months ended December 31, 2020

(Millions of yen)

(millions of yen)

	Equity attributable to owners of the parent										
	Capital stock	Capital surplus	Other equity instruments	Retained earnings	Treasury shares	Other components of equity			Total	Non-controlling interests	Total equity
						Exchange differences on translating foreign operations	Subscription rights to shares	Total			
As of April 1, 2020	4,159	3,848	10,847	29,503	(2,124)	(1,224)	418	(806)	45,427	1,138	46,565
Profit (loss) for the period				(2,209)				—	(2,209)	36	(2,173)
Other comprehensive income						(1,889)		(1,889)	(1,889)	3	(1,886)
Total comprehensive income for the period	—	—	—	(2,209)	—	(1,889)	—	(1,889)	(4,098)	39	(4,059)
Issuance of new shares (exercise of subscription rights)	25	25					(12)	(12)	37		37
Share-based payment transactions	1	1					66	66	67		67
Purchase and disposal of treasury shares		(0)			1,105			—	1,104		1,104
Dividends				(533)				—	(533)	(50)	(583)
Distribution to owners of other equity instruments				(387)				—	(387)		(387)
Change in ownership interests in subsidiaries without loss of control		(1,184)				(50)		(50)	(1,234)	(665)	(1,899)
Other		(336)						—	(336)		(336)
Total transaction amount with owners	25	(1,495)	—	(920)	1,105	(50)	53	4	(1,281)	(715)	(1,996)
As of December 31, 2020	4,185	2,353	10,847	26,374	(1,020)	(3,163)	472	(2,692)	40,048	462	40,510

Condensed Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Cash flows from operating activities		
Profit (loss) before tax	6,203	(3,282)
Depreciation and amortization	14,799	15,689
Impairment loss	147	1,435
Interest income	(149)	(74)
Interest expenses	795	716
Share of loss (profit) of investments accounted for using the equity method	413	763
Decrease (increase) in trade and other receivables	(439)	(1,793)
Decrease (increase) in inventories	(47)	(4)
Increase (decrease) in trade and other payables	2,151	4,169
Other, net	1,234	481
Subtotal	25,109	18,100
Interest income received	107	73
Interest expenses paid	(797)	(741)
Income taxes paid	(1,022)	(192)
Net cash provided by (used in) operating activities	23,398	17,240
Cash flows from investing activities		
Purchase of property, plant and equipment	(8,659)	(6,919)
Purchase of intangible assets	(172)	(70)
Payments for lease and guarantee deposits	(418)	(447)
Proceeds from collection of lease and guarantee deposits	219	417
Payments of construction assistance fund receivables	(180)	(304)
Collection of construction assistance fund receivables	368	374
Other, net	(778)	(646)
Net cash provided by (used in) investing activities	(9,621)	(7,594)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(35)	6,994
Proceeds from long-term loans payable	11,108	9,146
Repayments of long-term loans payable	(9,016)	(8,909)
Repayments of lease liabilities	(11,256)	(11,525)
Cash dividends paid	(64)	(533)
Proceeds from issue of other equity instruments	10,780	—
Distribution to owners of other equity instruments	—	(558)
Payments for purchase of shares of subsidiaries that do not result in change in scope of consolidation	(130)	(801)
Other, net	360	(13)
Net cash provided by (used in) financing activities	1,749	(6,199)
Net increase (decrease) in cash and cash equivalents	15,525	3,447
Cash and cash equivalents at beginning of period	14,398	25,801
Effect of exchange rate change on cash and cash equivalents	(195)	(373)
Cash and cash equivalents at end of period	29,729	28,875