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Financial Results of Fiscal 2022 Q3 (Supplementary Material)

January 14, 2022

create restaurants holdings inc.

【TSE1, Stock code: 3387】

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I . Financial Highlights

1. Financial Results Overview [IFRS]

Revenue: 55.7 billion yen, Operating profit: 11.7 billion yen, Profit attributable to owners of parent: 7.4 billion yen, Adjusted EBITDA: 24.2 billion yen

✓ Revenue

- Generally in line with the target*1 of the full-year forecast announced on October 14, 2021 (approx. 400 million yen increase)
- Actual YoY same-store sales (vs. FY2020)*2 was 49.4% in the first three quarters.

✓ Operating profit

- Exceeding the target by approximately 3.6 billion yen, secured a profit exceeding the full-year forecast by the third quarter. (progress rate: 108.5%)
- Completed and established a shift to a more lean cost structure that enables profits even with low sales.
- There is support from subsidy for shorten operation hours, employment adjustment subsidies, etc. that exceeded the initial expectations.

(Same-store sales transition vs. FY2020)

	Sep.	Oct.	Nov.	Q3 (Sep.-Nov.)	Q3 (cumulative) (Mar.-Nov.)
Target	40.4%	56.5%	78.9%	58.8%	48.9%
Result	40.5%	65.5%	74.1%	60.0%	49.4%

	FY2021 Q3		FY2022 Q3	
	Result	Ratio to revenue	Result	Ratio to revenue
Revenue	56,732		55,721	
Operating profit	△ 9,230	–	11,720	21.0%
Profit before taxes	△ 9,816	–	11,466	20.6%
Profit for the period	△ 9,869	–	8,385	15.0%
Profit attributable to owners of parent	△ 8,779	–	7,449	13.4%
Adjusted EBITDA *3	3,694	–	24,219	43.5%

FY2022 Q3		Vs. target Difference
Target *1	Ratio to revenue	
55,278		+442
8,141	14.7%	+3,578
7,859	14.2%	+3,606
5,773	10.4%	+2,612
5,203	9.4%	+2,246
19,758	35.7%	+4,460

FY2022 (Disclosed on October 14, 2021)		Progress rate
Forecast	Ratio to revenue	
91,200		61.1%
10,800	11.8%	108.5%
10,200	11.2%	112.4%
7,400	8.1%	113.3%
6,500	7.1%	114.6%
27,100	29.7%	89.4%

*1 : Figures for FY2022 Q3 (Target) are internal targets.

*2 : Actual same-store sales are calculated based on the figures for FY2020 before COVID-19, including closed outlet.

*3 : Adjusted EBITDA= Operating profit + Other operating expenses - Other operating revenues (excluding sponsorship income, employment adjustment subsidies, subsidy for shorten operation hours, rent reductions and exemptions, etc.) + Depreciation and amortization + non-recurring expense items (advisory expenses related to share acquisition, etc.)

2. Outlet Operating Conditions and Same-store Sales vs. FY2020

- Declaration of the fourth State of Emergency and the stricter COVID-19 measures were extended, and then lifted at the end of September.
 - In Tokyo, Osaka and other cities, requests to shorten business hours and refrain from serving alcohol continued until October 25 as a measure to prevent a rebound. Even after that, customers' consumption behavior, which had changed due to the self-restraint, did not return immediately.
- ⇒ 97.5% of the Group was in business as of the end of November, but 54.5% of the Group continued to operate at shorter hours in response to business conditions.

	March (As of March 31, 2021)	April (As of April 30, 2021)	May (As of May 31, 2021)	June (As of June 30, 2021)	July (As of July 31, 2021)	August (As of August 31, 2021)	September (As of September 30, 2021)	October (As of October 31, 2021)	November (As of November 30, 2021)	December (As of December 31, 2021)
Total number of outlets	1,073	1,075	1,068	1,067	1,066	1,060	1,059	1,057	1,059	1,059
Number of outlets in operation	1,041	760	790	994	870	831	842	1,039	1,033	986
(Number of outlets in operation / Total number of outlets)	97.0%	70.7%	74.0%	93.2%	81.6%	78.4%	79.5%	98.3%	97.5%	93.1%
Number of outlets with shortened operating hours	637	468	549	724	542	649	671	607	563	589
(Number of outlets with shortened operating hours / Number of outlets in operation)	61.2%	61.6%	69.5%	72.8%	62.3%	78.1%	79.7%	58.4%	54.5%	59.7%
Actual same-store sales vs. FY2020 *2	51.9%	47.6%	35.5%	42.2%	51.0%	38.3%	40.5%	65.5%	74.1%	74.8%

* Preliminary figures for December

(Reference) SFP Category										
Total number of outlets	226	226	226	226	227	227	227	225	225	225
Number of outlets in operation	222	79	41	180	68	42	48	222	222	222
(Number of outlets in operation / Total number of outlets)	98.2%	35.0%	18.1%	79.6%	30.0%	18.5%	21.1%	98.7%	98.7%	98.7%
Number of outlets with shortened operating hours	176	54	24	149	36	30	32	177	152	153
(Number of outlets with shortened operating hours / Number of outlets in operation)	79.3%	68.4%	58.5%	82.8%	52.9%	71.4%	66.7%	79.7%	68.5%	68.9%
Actual same-store sales vs. FY2020 *2	36.5%	30.2%	7.1%	14.7%	16.4%	5.4%	5.3%	40.4%	68.2%	67.7%

* Preliminary figures for December

*1 The request was lifted on October 25 in Tokyo, Osaka, etc., the timing of the lifting varies by municipality.

*2 Definition of actual same-store sales vs. FY2020 : Calculated based on figures for outlets opened two years ago (FY2020) or earlier, and include outlets that were closed during the period.

3. Financial Results Overview (By Category)

Overview by category

- While sales in the CR category / Specialty Brand category increased compared to Q2, cash flow decreased compared to Q2 due to a decrease in the amount of subsidy because of the lifting of the shorten operation hours request.
- In the SFP category, the number of closed outlets decreased compared to Q2 due to the lifting of the voluntary restraint on serving alcohol, resulting in a significant increase in both sales and cash flow.
- In the Overseas category, sales and cash flow both increased compared to Q2 due to the reduction of infection.

[Actual Same-store Sales vs. FY2020 by category]

Category	Q1 (Mar.-May)	Q2 (Jun.-Aug.)	Q3 (Sep.-Nov.)	Q3 (cumulative) (Mar.-Nov.)
CR	47.8%	46.7%	61.6%	51.8%
SFP	24.6%	12.0%	38.3%	24.8%
Specialty Brand	52.8%	52.4%	65.8%	56.7%
Overseas	58.1%	79.4%	88.0%	75.8%
Consolidated	45.1%	43.6%	60.0%	49.4%

(Million yen)

Category	FY2021 Q3 (cumulative)			FY2022 Q1			FY2022 Q2			FY2022 Q3			FY2022 Q3 (cumulative)		
	Revenue	Category CF *2	Ratio to revenue	Revenue	Category CF *2	Ratio to revenue	売上収益	Category CF *2	Ratio to revenue	Revenue	Category CF *2	Ratio to revenue	Revenue	Category CF *2	Ratio to revenue
CR	20,361	△ 1,460	-	7,033	1,509	21.5%	6,894	3,358	48.7%	8,165	2,359	28.9%	22,093	7,226	32.7%
SFP	13,818	△ 1,511	-	2,229	139	6.3%	1,096	1,452	132.4%	3,136	1,911	60.9%	6,462	3,503	54.2%
Specialty Brand	19,374	△ 378	-	6,374	979	15.4%	6,000	1,787	29.8%	6,904	1,624	23.5%	19,280	4,391	22.8%
Overseas	3,935	△ 191	-	2,401	101	4.2%	3,021	189	6.3%	3,384	242	7.2%	8,808	534	6.1%
Adjustments, etc.*1	△ 758	7,236	-	△ 298	2,831	-	△ 260	2,770	-	△ 365	2,960	-	△ 924	8,562	-
Total	56,732	3,694	6.5%	17,740	5,562	31.4%	16,753	9,558	57.1%	21,227	9,098	42.9%	55,721	24,219	43.5%

*1 Adjustments, etc. is mainly head office expenses not allocated to the respective Category and Adjustments, etc. included depreciation and amortization related to the adoption of IFRS 16.

*2 Category CF = Operating income (Japan GAAP) + depreciation + amortization of goodwill + sponsorship income + non-recurring expenses + Limited-time earnings items (employment adjustment subsidy and subsidy for cooperation of shorten operating hours, etc.)

4. Topics①—Capital Increase—

Outline of capital increase

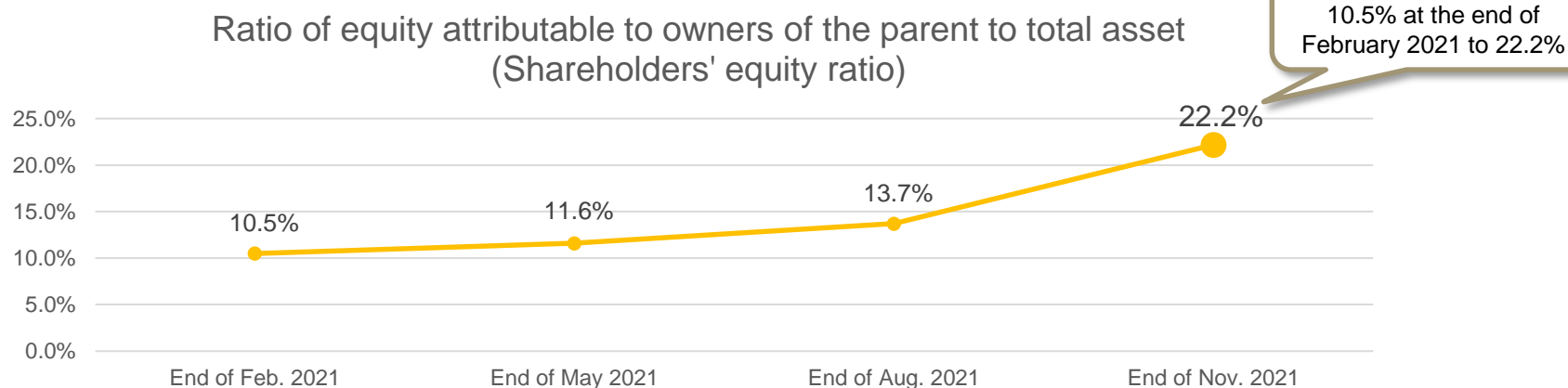
Objective: To further expand the financial base and secure funds for growth

⇒ Public offering of new shares resolved at the Board of Directors meeting on October 28; payment completed on December 15, including third-party allotment

(1)	Number of new shares to be issued	23,369,000 shares
(2)	Amount raised	16,176 million yen
(3)	Use of the funds raised	①Funds for new outlet openings, format changes, and renovations to review the portfolio toward post-COVID era, etc. ②Funds for DX promotion to improve productivity and address human resource shortages ③Repayment of long-term debt (including perpetual subordinated loans) [5 billion yen for ① and ②, and the remainder for ③]

*1 The number of new shares to be issued and the amount to be raised are the total of the capital increase through public offering and the third-party allotment for over-allotment.

*2 In order to prepare for flexible capital policies in the future, the same amount of capital reduction was carried out on the same day as the payment date of the capital increase.



4. Topics② – Apply to Select Prime Market –

New Market Segments

- ✓ Transition to the new market scheduled for April 4, 2022
 - Confirmation of compliance with the listing maintenance standards of the Prime Market
 - Implementation of application for selection as "Prime Market" by the resolution of the Board of Directors Meeting held on December 17, 2021
- ✓ Submit Corporate Governance Report
 - Responding to the basic principles of the revised Corporate Governance Code
 - ⇒ Examining new directions to achieve sustainable growth and enhance corporate value over the medium to long term

Principles

Exercise of rights at general meetings of shareholders

Issues related to sustainability, including social and environmental problems

Roles and Responsibilities of the Board of Directors

Direction of the Company

• Preparing to introduce voting via the Internet, etc. (including electronic voting platforms) from the next General Meeting of Shareholders

• Establish a Sustainability Committee in November 2021
⇒ Improve corporate value over the medium and long term by promoting and continuing the Group's sustainability efforts

• Plan to increase the number of independent outside directors from the current two to three, including female directors, at the next General Meeting of Shareholders so that the total number of independent outside directors will be at least one third

• Plan to establish a Nomination and Compensation Committee, taking into account gender and other diversity and skills (majority of directors to be independent outside directors)



4.Topics③ – Further Pursuit of Group Synergies –

Strengthen menu coordination among group companies

- Restaurants at golf course begin offering collaborative menus from group companies



- At "TANTO TANTO", an Italian restaurant operated by LGEW, bread from "IKEDAYAMA", a bakery operated by GBC, is offered on the grand menu as a bread buffet

Check

IKEDAYAMA curry bread won "Highest Gold Award" in the Curry Bread Grand Prix (East Japan Baked Curry Bread Division)
⇒ Considering sales at other group companies in the future



*GBC: Abbreviation for Gourmet Brands Company inc. / LGEW: Abbreviation for LG&EW inc.

Overseas franchise development

- Accelerate the opening of franchise outlets overseas
⇒ Additional outlets opened, including "Kagonoya" in Thailand and "Momiji Chaya" in Hong Kong

II . Business Forecasts for Fiscal 2022

1. FY2022 Overview of Business Forecasts

The full-year forecasts disclosed on October 14, 2021⇒ No change

Revenue: 91.2 billion yen, Operating profit: 10.8 billion yen, Profit attributable to owners of parent: 6.5 billion yen, Adjusted EBITDA: 27.1 billion yen

Full-year forecasts remain unchanged due to a number of uncertain factors, including the application of the stricter COVID-19 measures to prevent the spread of the Omicron strain.

(Million yen)	FY2022 Q3		FY2022 (Disclosed on Oct. 14, 2021)		Progress rate
	Result	Ratio to revenue	Forecast	Ratio to revenue	
Revenue	55,721		91,200		61.1%
Operating profit	11,720	21.0%	10,800	11.8%	108.5%
Profit before taxes	11,466	20.6%	10,200	11.2%	112.4%
Profit for the year	8,385	15.0%	7,400	8.1%	113.3%
Profit attributable to owners of parent	7,449	13.4%	6,500	7.1%	114.6%
Adjusted EBITDA *	24,219	43.5%	27,100	29.7%	89.4%

* Adjusted EBITDA= Operating profit + Other operating expenses - Other operating revenues (excluding sponsorship income, employment adjustment subsidies, subsidy for shorten operation hours, rent reductions and exemptions, etc.) + Depreciation and amortization + non-recurring expense items (advisory expenses related to share acquisition, etc.)

III. Shareholder Reward Policy

1. Shareholder Reward *No change from the contents disclosed on October 14, 2021

Dividends

✓ **Based on a stable dividend policy, we have decided to resume dividend payments thanks to the steady recovery in business performance**

- Interim dividend for FY2022 ⇒ **1.5 yen per share** (implemented)
- Forecasts for year-end dividend for FY2022 ⇒ **3.0 yen per share**

Shareholder special benefit plan

We will continue to implement it as part of our corporate policy since we have positioned this as an important measure for returning profits to shareholders.

✓ **Extension of expiration date**

- ① Valid until May 31, 2021 (light brown tickets) ⇒ Extended until **February 28, 2022**
- ② Valid until November 30, 2021 (purple tickets) ⇒ Extended until **February 28, 2022**

* Eligible for shareholder benefit tickets with an expiration date of May 31, 2021 (delivered in November 2020) and November 30, 2021 (delivered in May 2021)



✓ **Expansion of available outlets**

- Shareholder gift certificates are available at some of our outlets at golf courses from November 2021
- ⇒ Terms and conditions: Maximum of 2,000 yen per person (4 shareholder gift certificates)
- ⇒ Available outlets: 32 outlets (as of the end of December 2021)



*Available when using both golf course and the restaurant (not available when only using golf course or only using the restaurant)

IV. Appendix

1. Opening and Closing of Outlets

➤ **Opened: 12 outlets, Closed: 30 outlets, Brand change: 8 outlets**

⇒ **Group total at the end of November 2021: 1,059 outlets**

• **Newly opened**

2 outlets in Kyoto Research Park ("Kagonoya"/"GOCONC"), Lalaport Fujimi (CHEESE RESTAURANT "RICCOTA")

Outlets opening through business alliance with Zen-Noh ("Minori Café" Fukuoka-Tenjin / "Minoru Syokudo" Amu plaza kumamoto) / Icchou Hanyu

Overseas: Opened a "SARASHINA HORII" in New York, U.S.A. / a franchised "Kagonoya" in Thailand / a franchised "Momiji Chaya" in Hong Kong

• **Closing unprofitable outlets and closing due to contract expiration**

Buffet format and contracted outlets, etc. closed due to expiration of contracts

• **Changed formats tailored to each location and customer needs**

Izakaya format changed to combination meal format and sushi format

【Opening/Closing in FY2022 Q3】

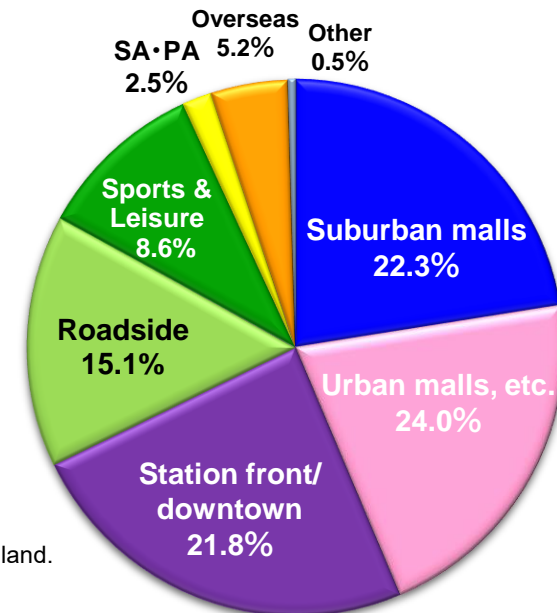
Category	Total no. at end of Feb. 2021	Increase /Decrease		Transfer, etc. (adjustment) *1	Total no. at end of Nov. 2021	Brand Changes *1
		New	Close			
CR	553	1	16	+1	539	1
SFP	227	1	3		225	6
Specialty Brand	243	6	8	-1	240	1
Overseas *2	53	4	3	+1	55	0
Group total *3	1,076	12	30	+1	1,059	8

*1: Number of outlets in Group including brand changes.

*2: The number of overseas outlets includes LG&EW's 2 franchise outlets in Jakarta and KR's 11 franchise outlets in Thailand.

*3: Total number of outlets include all outsourced outlets and franchise outlets as of the end of November 2021.

【Breakdown of number of outlets by location】
(as of the end of November, 2021)



2. Same-store Sales Transition Vs. FY2020

【Consolidated】

	Mar.	Apr.	May	Q1 Total	Jun.	Jul.	Aug.	Q2 Total	Sep.	Oct.	Nov.	Q3 Total	Dec. (Preliminary)	Jan.	Feb.	Full-year
FY2022 Actual Same-store Sales *1	51.9%	47.6%	35.5%	45.1%	42.2%	51.0%	38.3%	44.4%	40.5%	65.5%	74.1%	49.4%	74.8%	—	—	—
FY2021 Actual Same-store Sales *2	57.4%	11.7%	14.1%	27.8%	47.4%	55.0%	52.1%	39.4%	61.1%	72.6%	69.1%	48.4%	53.3%	38.2%	47.5%	48.5%

【By category】

		Mar.	Apr.	May	Q1 Total	Jun.	Jul.	Aug.	Q2 Total	Sep.	Oct.	Nov.	Q3 Total	Dec. (Preliminary)	Jan.	Feb.	Full-year
CR	FY2022 Actual Same-store Sales *1	55.5%	50.4%	37.4%	47.8%	42.5%	55.5%	42.6%	47.2%	44.8%	69.5%	71.0%	51.8%	75.4%	—	—	—
	FY2021 Actual Same-store Sales *2	45.9%	11.7%	8.9%	22.9%	44.7%	52.7%	53.8%	36.9%	60.3%	72.9%	69.9%	46.7%	60.6%	45.2%	57.2%	48.6%
SFP	FY2022 Actual Same-store Sales *1	36.5%	30.2%	7.1%	24.6%	14.7%	16.4%	5.4%	18.3%	5.3%	40.4%	68.2%	24.8%	67.7%	—	—	—
	FY2021 Actual Same-store Sales *2	62.1%	5.2%	16.1%	28.3%	43.8%	54.1%	43.9%	37.8%	57.2%	69.3%	65.6%	47.2%	52.9%	26.0%	27.7%	47.6%
Specialty Brand	FY2022 Actual Same-store Sales *1	59.4%	52.9%	45.6%	52.8%	50.9%	62.5%	45.3%	52.6%	47.3%	74.3%	75.7%	56.7%	73.5%	—	—	—
	FY2021 Actual Same-store Sales *2	63.2%	19.9%	22.1%	35.9%	57.3%	62.2%	58.6%	47.3%	66.7%	78.8%	76.3%	55.9%	56.3%	44.6%	53.3%	54.8%
Overseas	FY2022 Actual Same-store Sales *1	50.0%	61.3%	63.5%	58.1%	75.1%	85.5%	77.2%	69.1%	82.6%	86.1%	94.6%	75.8%	90.0%	—	—	—
	FY2021 Actual Same-store Sales *2	46.1%	3.7%	4.1%	20.0%	27.1%	33.1%	36.2%	25.7%	45.4%	47.3%	41.9%	32.1%	21.6%	21.7%	46.8%	31.5%

*1: Calculated based on figures for outlets opened two years ago or earlier, and include outlets that were closed during the period.

*2: Calculated based on figures for outlets opened a year ago or earlier, and include outlets that were closed during the period.

3. Financial Position

(Million yen)

Major indicator	End of Feb. 2021	End of Nov. 2021	Difference
Total assets (million yen)	161,966	177,035	+15,069
Total liabilities (million yen)	138,702	130,654	-8,048
Total capital (million yen)	23,264	46,381	+23,117
Ratio of equity attributable to owners of the parent to total asset (Shareholders' equity ratio)	10.5%	22.2%	+11.7%
Net D/E ratio	4.79 times	1.41 times	-3.38 times

Disclaimer

The purpose of this material is to provide information regarding the financial results of the fiscal 2022 Q3 and is not intended to solicit investment in securities issued by the Company.

Furthermore, although the contents in this material is prescribed based on reasonable assumptions of the Company at the time of publication, it does not warrant or guarantee the information's accuracy or completeness and is subject to change without prior announcement.

<<For inquiries regarding IR>>
Corporate Planning Division IR Team
8022@createrestaurants.com