create restaurants holdings inc.

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Financial Results of Fiscal 2023（Supplementary Material）

April 14, 2023

create restaurants holdings inc.

【TSE Prime, Stock code: 3387】

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Ⅰ. Financial Highlights

1. Financial Results Overview [IFRS]

Revenue: 118.2 billion yen, Operating profit: 5.1 billion yen, Profit attributable to owners of parent: 3.4 billion yen, Adjusted EBITDA: 23.7 billion yen

✓ **Revenue**

・Revenue reached 118.2 billion yen, up 3.2 billion yen from the initial forecast.

⇒ Saint-Germain Co., Ltd and Hokkaido Saint-Germain Co., Ltd joined our group (consolidated from December 2022: sales contribution from both companies is 3.1 billion yen)

⇒ Same-store sales YoY (compared to FY2022) is 131.0% for the full year.

⇒ Actual same-store sales vs. FY2020 (pre-COVID)*1 is 79.5% for the full year (vs. plan: +1.0%)

✓ **Operating profit**

・Operating profit reached 5.1 billion yen, down 2.2 billion yen compared to the initial forecast.

⇒ Conservative impairment losses of 3.4 billion yen (+2.4 billion yen vs. forecast).

⇒ Excluding subsidy for shorten operation hours and impairment losses, the "Actual operating profit"*2 achieved profitability in each quarter (full-year: 4.1 billion yen)

(Million yen)	FY2022 (Previous fiscal year)	FY2023 Q1 (Mar.-May)	FY2023 Q2 (Jun.-Aug.)	FY2023 Q3 (Sep.-Nov.)	FY2023 Q4 (Dec.-Feb.)	FY2023	FY2023	Vs. forecasts
	Results	Results	Results	Results	Results	Results	Initial Forecasts (Disclosed on Apr. 14, 2022)	
Revenue	78,324	26,243	28,163	29,614	34,218	**118,240**	**115,000**	+3,240
Operating profit	7,633	5,166	-79	593	-597	**5,083**	**7,300**	-2,216
Profit before taxes	7,134	5,130	-103	394	-855	**4,565**	**6,800**	-2,234
Profit for the period	6,660	3,873	19	312	-326	**3,878**	**5,100**	-1,221
Profit attributable to owners of parent	5,919	3,422	88	275	-400	**3,385**	**4,500**	-1,114
Adjusted EBITDA *2	27,088	9,294	4,149	5,100	5,119	**23,664**	**24,700**	-1,035
Actual operating profit (Operating profit, -subsidies+impairment losses)	△ 6,428	1,155	454	1,377	1,161	**4,149**		

(Ref.) There is a provision for shareholder benefits in Q2 and Q4 FY2023 (2Q: 440 million yen / Q4: 500 million yen).

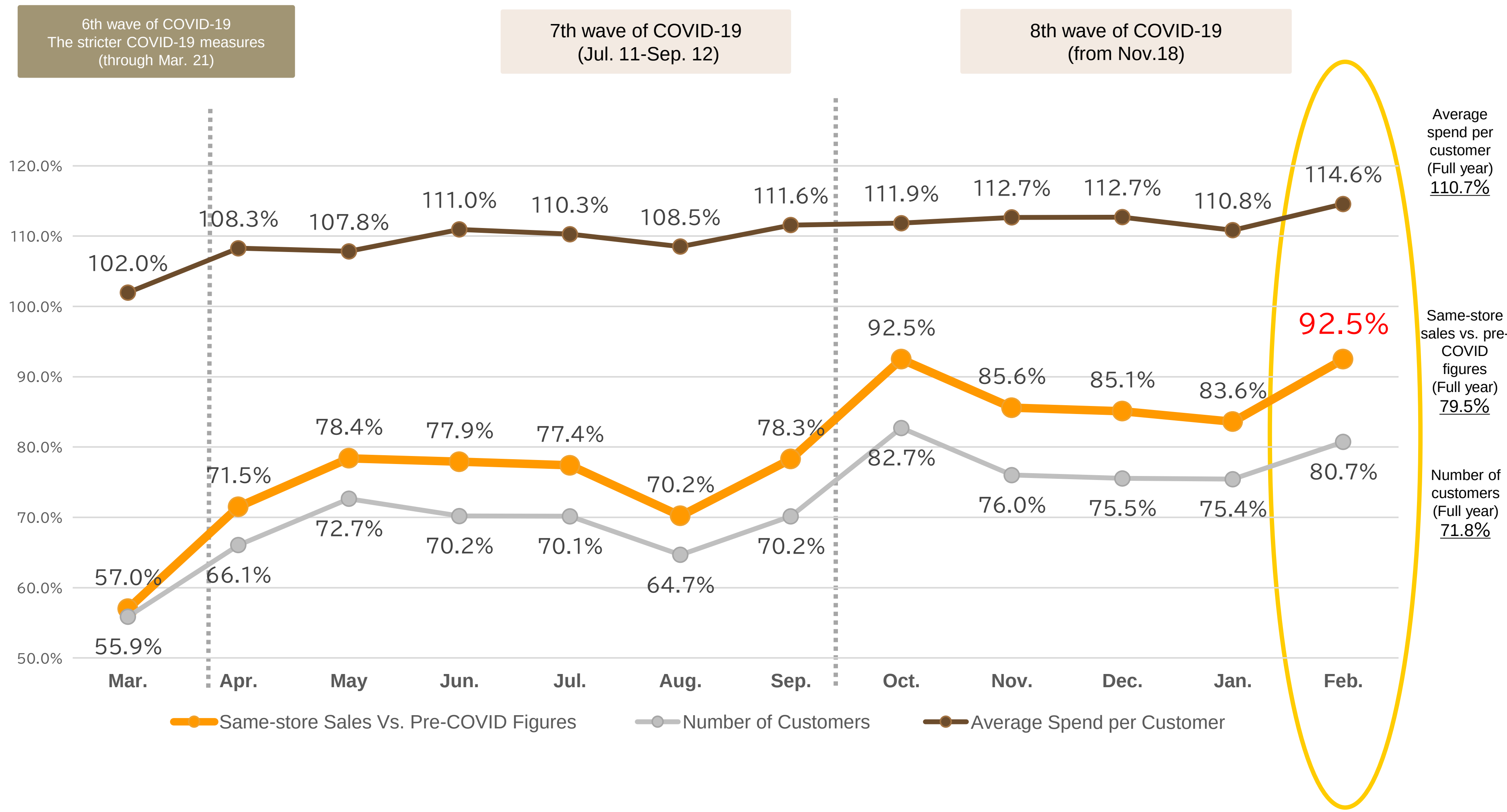
*1:Actual same-store sales are calculated using figures for FY2020 before the COVID-19 disaster and including closed outlets.
*2:Actual operating profit excludes subisidies and impairment losses from operating profit.
*3：Adjusted EBITDA= Operating profit + Other operating expenses - Other operating revenues (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. Same-store Sales Vs. Pre-COVID Figures/ Trends in Number of Customers, and Average Spend per Customer

The stricter COVID-19 measures continued until March 21, 2022

After the lifting of the stricter COVID-19 measures, most outlets resumed operations (of which, half were short-time operations). However, customer traffic slowed due to the 7th wave of COVID-19 in July.

After the 7th wave of COVID-19, the performance recovered from October due to the national travel subsidy program and resumption of inbound tourism demand. Despite the 8th wave of the infection, the actual same-store sales vs. pre-COVID figures recovered to 92.4% in February.



*1:Periods of various requests, etc. listed are based on the Tokyo Metropolitan Government announcement.
*2:Actual same-store sales are calculated using figures for FY2020 before the COVID-19 disaster and including closed outlets.

3. Maintaining a Lean Cost Structure

Absorbed the impacts of recent inflation and maintained a lean cost structure

Cost of sales ratio

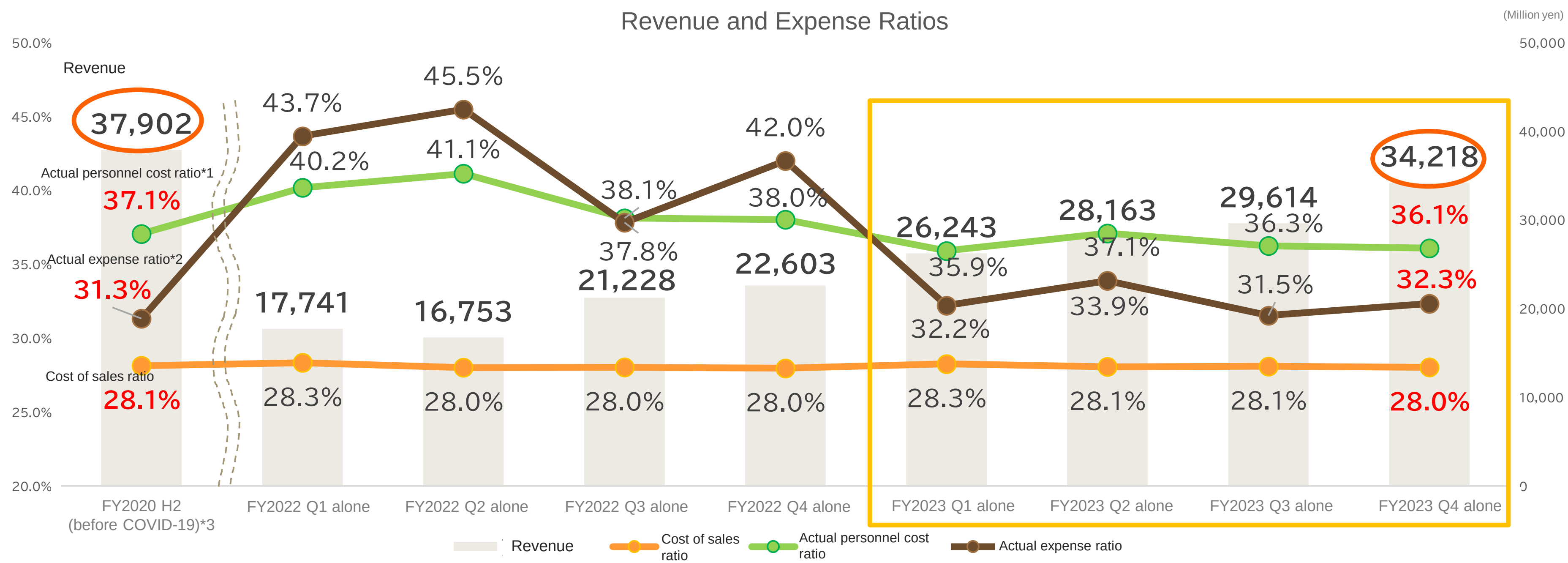
- The impact of the steep rise in purchase prices is gradually passed on to sales prices.
- Implemented centralized purchasing measures by CMD, which consolidates group-wide purchasing functions.
- Achieve fair prices as necessary in the future.

Personnel cost ratio (actual)

- Thorough employee shift management, appropriate personnel allocation, and reduction of recruiting costs have been successful.
- Responded to the shortage of human resources by promoting DX (introduction of mobile ordering, self-checkout system, and catering robots, etc.)

Expense ratio (actual)

- Thorough reduction of fixed costs by consolidating head office functions and negotiating rent reductions/exemptions, etc.
- Absorbed the current increase in utility expenses (impact of +1 billion yen for the full year) partly due to the decrease in depreciation expenses due to the recording of conservative impairment losses and store closures in the past.



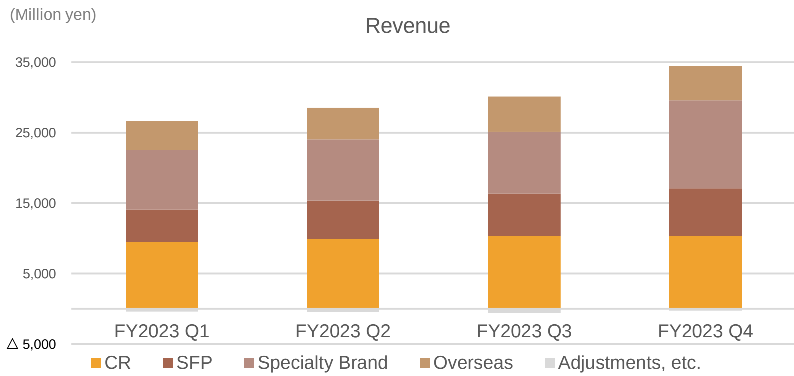
*1:The actual personnel expense ratio is calculated by taking into account employment adjustment subsidies in personnel expenses within SG&A expenses.
*2:The actual overhead cost ratio is calculated by taking into account the amount of rent reductions and exemption in various expenses within SG&A expenses.
*3:Revenue and each expense ratio for the second half of FY2020 (before COVID-19) are calculated based on the average value for the second half of FY2020.

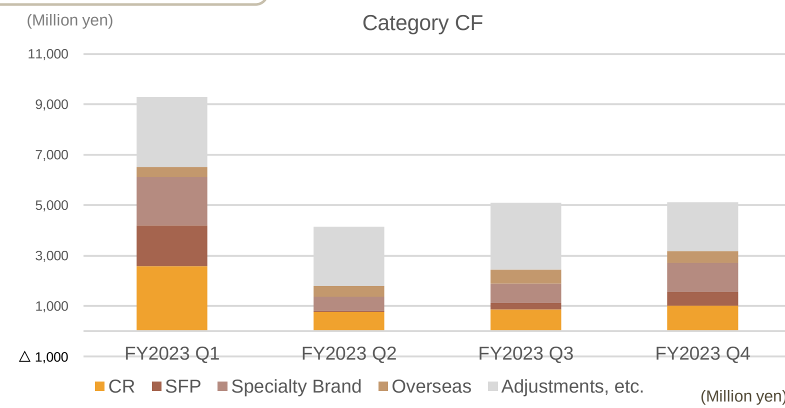
4. Financial Results Overview（By Category）

Tokyo metropolitan area	・Restaurant formats that capture demand for unusual experiences have performed well since the H2 ・Strong performance at tourism locations due to the national travel subsidy program and recovery of inbound tourism demand (CR category: Create Dining, create restaurants, Specialty brand category: LG&EW, etc.) ・Although the Izakaya (Japanese-style pub) format has recovered to nearly 80% of the level before COVID-19, but late night sales have not yet recovered much (SFP category)
Local areas	・Sluggish growth in some areas due to a decline in consumer sentiment caused by rising prices and other factors ⇒ In March, there was a revenge-spending demand (CR category: create restaurants, Specialty brand category: Icchou, etc.) ・Daily meals (soba, bread, Tsukemen, etc.) remained firm (Specialty brand category: YUZURU, Gourmet Brands Company, Saint-Germain, YUNARI, etc.)
Overseas	・The performance continues to exceed that before COVID-19. Even excluding the impact of the yen's depreciation, it remained at around 110% compared to the pre-COVID figure.

Actual Same-store sales vs. pre-COVID figures*1

	Q1 (Mar.-May)	Q2 (Jun.-Aug.)	Q3 (Sep.-Nov.)	Q4 (Dec.-Feb.)	Full-year	Mar. (Preliminary)	As of Apr. 9 (preliminary)
CR	67.1%	68.9%	79.7%	86.1%	75.2%	82.7%	93.6%
SFP	54.7%	67.3%	76.8%	77.5%	69.2%	82.4%	88.7%
Specialty Brand	70.1%	75.0%	83.6%	81.5%	77.7%	82.2%	90.2%
Overseas	100.7%	116.3%	131.2%	127.1%	122.8%	125.2%	120.0%
Consolidate	**68.7%**	**75.1%**	**85.5%**	**86.7%**	**79.5%**	**86.9%**	**93.5%**





(Million yen)

Category	FY2023 Q1			FY2023 Q2			FY2023 Q3			FY2023 Q4			FY2023 (total)			FY2023 (initial forecast)		Vs. forecast	
	Revenue	Category CF *2	Ratio to revenue	Revenue	Category CF *2	Ratio to revenue	Revenue	Category CF *2	Ratio to revenue	Revenue	Category CF *2	Ratio to revenue	Revenue	Category CF *2	Ratio to revenue	Revenue	Category CF *2	Revenue	Category CF *2
CR	9,478	2,572	27.1%	9,883	767	7.8%	10,335	870	8.4%	10,325	1,020	9.9%	40,022	5,231	13.1%	40,500	5,600	-477	-368
SFP	4,626	1,630	35.3%	5,502	36	0.7%	6,023	243	4.0%	6,761	536	7.9%	22,913	2,447	10.7%	24,500	3,000	-1,586	-552
Specialty Brand	8,437	1,925	22.8%	8,655	563	6.5%	8,810	776	8.8%	12,494	1,166	9.3%	38,398	4,432	11.5%	36,600	4,400	+1,798	+32
Overseas	4,085	387	9.5%	4,535	424	9.3%	4,998	558	11.2%	4,887	449	9.2%	18,506	1,818	9.8%	15,000	1,200	+3,506	+618
Adjustments, etc.*3	-383	2,778	-	-413	2,357	-	-553	2,651	-	-249	1,946	-	-1,600	9,734	-	-1,600	10,500	+0	-765
Total	**26,243**	**9,294**	35.4%	**28,163**	**4,149**	14.7%	**29,614**	**5,100**	17.2%	**34,218**	**5,119**	15.0%	**118,240**	**23,664**	20.0%	**115,000**	**24,700**	**+3,240**	**-1,035**

*1:Actual same-store sales are calculated using figures for FY2020 before the COVID-19 disaster and including closed outlets.
*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.)
*3: "Other adjustments, etc." mainly consist of depreciation expenses associated with the adoption of IFRS No. 16. as well as head office expenses that are not allocated to individual categories.

5. Condensed Balance Sheet

✔ Total assets remained unchanged YoY.
(Increase due to consolidation of Saint-Germain and Hokkaido Saint-Germain, while the decrease in fixed assets due to recording impairment loss of 3.4 billion yen)
✔ equity ratio and adjusted equity ratio further improved due to the accumulation of net income.

(Million yen)

	FY2022	FY2023	Change	Note
Current assets	28,685	32,266	+3,581	
[Cash and deposits]	21,502	23,895	+2,393	
Non-current assets	104,919	101,288	-3,631	Impairment loss (3,418 million yen)
[Goodwill]	23,309	23,688	+379	Impact of exchange rate (554 million yen) Goodwill of Saint-Germain (11 million yen)
Total assets	**133,605**	**133,555**	-50	
Current liabilities	32,018	36,841	+4,823	
Non-current liabilities	70,855	62,270	-8,585	
[Bonds and borrowings (total)]	41,387	35,375	-6,012	Repayment of borrowings
Total liabilities	**102,874**	**99,112**	**-3,762**	
Total equity	30,730	34,443	+3,713	
[Ownership of parent]	23,788	27,251	+3,463	
Total liabilities and equity	**133,605**	**133,555**	**-50**	
equity ratio (equity attributable to owners of parent ratio)	17.8%	20.4%	+2.6%	
Net D/E ratio	2.65x	1.89x	-0.76x	

<Reference> Figures excluding the impact of IFRS No.16

	FY2022	FY2023	Change	Note
Total assets (Excluding the impact of IFRS No. 16)	**93,583**	**97,036**	**+3,453**	
Total liabilities (Excluding Impact of IFRS No. 16)	**60,211**	**59,668**	**-543**	
[Ownership of parent] (Excluding the impact of IFRS No. 16)	26,376	30,122	+3,746	
Adjusted equity ratio (*1)	28.0%	31.0%	+3.0%	
Adjusted net D/E ratio (*2)	0.79x	0.41x	-0.38x	

*1: Adjusted equity ratio: Ratio of equity ratio (ratio of equity attributable to owners of parent) excluding the impact of adopting IFRS No. 16.
*2: Adjusted net D/E ratio: Multiple of net D/E ratio excluding the impact of IFRS No. 16.

6. Condensed Statement of Cash Flows

- ✔ Operating cash flow: Increase of 24.6 billion yen despite a decrease of 2.5 billion yen YoY, due in part to a decrease in subsidy for shorten operation hours.
- ✔ Investing cash flow: Cash used in investing activities was 2.3 billion yen, an increase of 1.6 billion yen YoY, due to a decline in the collection of guarantee deposits following the completion of the closure of unprofitable outlets and an increase in new outlet openings.
- ✔ Financing cash flow: Expenditure of 20.1 billion yen due to a decrease of 22.1 billion yen YoY, in part due to a reaction to a significant reduction in interest-bearing debt after a public offering in the previous fiscal year

(Million yen)

	FY2022	FY2023	Change
Cash flows from operating activities	**27,109**	**24,593**	***-2,516***
Profit Before Tax for the year	7,134	4,565	*-2,569*
Depreciation and amortization	16,429	15,155	*-1,274*
Impairment loss	3,302	3,418	*+116*
Other changes	244	1,455	*+1,211*
Cash flows from investing activities	**-759**	**-2,311**	***-1,552***
Purchase of property, plant and equipment	-1,376	-1,738	*-362*
Proceeds from collection of guarantee deposits	1,076	333	*-743*
Other	-459	-906	*-447*
Cash flows from financing activities	**-42,206**	**-20,131**	***+22,075***
Changes in long-and-short-term borrowings	-28,458	**-5,736**	***+22,722***
Proceeds from issuance of shares	16,090	-	*-16,090*
Repayments of lease liabilities	-13,146	-12,546	*+600*
Cash dividends paid	-284	-1,259	*-975*
Redemption of other capital instruments	-15,000	-	*+15,000*
Other	-1,408	-590	*+818*
Net increase (decrease) in cash and cash equivalents	**-15,809**	**2,392**	***+18,201***
Balance of cash and cash equivalents at year-end	**21,502**	**23,895**	***+2,393***

Ⅱ. Business Forecasts for Fiscal 2024

1. FY2024 Overview of Business Forecasts

Revenue: 141 billion yen ; Operating profit: 6.5 billion yen ; Profit attributable to owners of parent: 4.2 billion yen ; Adjusted EBITDA: 22.6 billion yen

Business Environment

- Recovering recently, including increased demand in reaction to self-restraint lifestyle and recovery in inbound tourism demand.
- On the other hand, costs continue to increase, including high raw material prices, rising labor costs due to labor shortages and rising utility costs such as electricity and gas.

Assumptions

- Revenue: Same-store sales (full-year) are expected to be 110.9% YoY and 89.8% compared to FY2020 (pre-COVID figure).
  →(Ref.) Preliminary figures for March 2023: same-store sales were 145.3% YoY and 86.9% compared to FY2020 (pre-COVID figure).
- Profitability due to the full-year contribution of revenue from Saint-Germain and Hokkaido Saint-Germain
- Efforts to further improve the quality of existing outlets and plans to open 30 new outlets
- Strengthen initiatives for human assets (to implement measures across the Group)

(Million yen)	FY2023 Result	FY2023 Ratio to revenue	FY2024 Forecast	FY2024 Ratio to revenue	Change	Pct. change
Revenue	118,240		**141,000**		***+22,759***	*+19.2%*
Operating profit	5,083	*4.3%*	**6,500**	***4.6%***	***+1,416***	*+27.9%*
Profit before taxes	4,565	*3.9%*	**6,000**	***4.3%***	***+1,434***	*+31.4%*
Profit for the year	3,878	*3.3%*	**4,600**	***3.3%***	***+721***	*+18.6%*
Profit attributable to owners of parent	3,385	*2.9%*	**4,200**	***3.0%***	***+814***	*+24.1%*
Adjusted EBITDA *1	23,664	20.0%	**22,600**	***16.0%***	***-1,064***	*-4.5%*
Actual operating profit *2	4,149	3.5%	**7,500**	***5.3%***	***+3,350***	*+80.7%*

*1: 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: Actual operating profit excludes subsidy for shorten operation hours and impairment losses from operating profit.

2. FY2024 Business Forecasts (By Category)

Category	FY2023 (Previous year results)			FY2024 (Full-year forecasts)			Change		
	Revenue	Category CF	Ratio to revenue	Revenue	Category CF	Ratio to revenue	Revenue	Category CF	Ratio to revenue
CR	40,022	5,231	13.1%	**45,500**	**4,320**	**9.5%**	+5,478	-911	-3.6%
SFP	22,913	2,447	10.7%	**27,000**	**2,270**	**8.4%**	+4,087	-177	-2.3%
Specialty Brand	38,398	4,432	11.5%	**51,100**	**4,290**	**8.4%**	+12,702	-142	-3.1%
Overseas	18,506	1,818	9.8%	**19,300**	**2,400**	**12.4%**	+794	+581	+2.6%
Adjustments, etc.	-1,600	9,734	–	**-1,900**	**9,320**	**–**	-300	-414	–
Total	118,240	23,644	20.0%	**141,000**	**22,600**	**16.0%**	+22,760	-1,064	-4.0%

* 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.)

* 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 No. 16.

Category	Total no. at end of Feb. 2023	Increase /Decrease		End-FY2024 Forecasts
		New	Close	
CR	502	12	10	504
SFP	208	5	5	208
Specialty Brand	381	12	5	388
Overseas	54	1	3	52
Group total	**1,145**	**30**	**23**	**1,152**

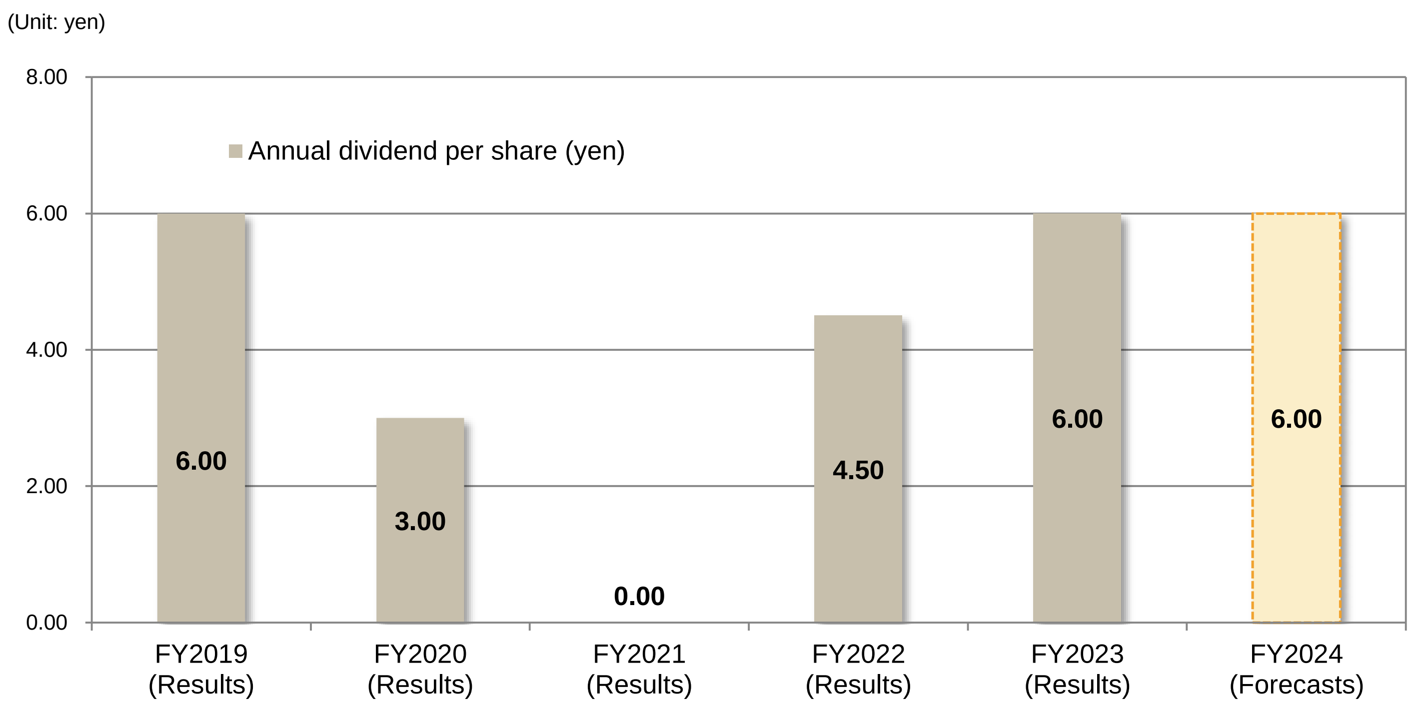
Ⅲ. Shareholder Reward Policy

1. Dividends

Dividend

Dividend Policy:
We regard the return of profits to shareholders as an important management policy. Our basic policy is to pay a stable dividend after taking into account factors such as business performance, financial condition, and future business development. In addition, our basic policy is to pay dividends from retained earnings twice a year, consisting of interim and year-end dividends.

✔ The annual dividend forecast for FY2024⇒ Interim: 3.00, Year-end; 3.00 yen



*As the Company conducted a 2-for-1 stock split on March 1, 2020, the figures are retroactively adjusted.

2. Shareholder Reward

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.**

The meal vouchers have also been available for 95 outlets* operated by Saint-Germain and Hokkaido Saint-Germain since February 2023.

* Number of available outlets is as of April 1, 2023, see our website for details.
https://www.createrestaurants.com/ir/stock/shareholder/

Saint-Germain | PREMIER SAINT-GERMAIN | TENDRESSE SAINT GERMAIN | FROMENT D'OR BAKERY & CAFE | LES DEUX MAGOTS PARIS | L'air bon レブボン | Cent Varie サンヴァリエ | 小樽サンジェルマン SAINT-GERMAIN

Ⅳ. Medium-term Management Plan

<Medium- to Long-Term Management Targets>

Corporate group to provide "enrichment" to its stakeholders through food business

1. Mid- to Long-term Growth Strategy (Overview)

*Disclosed on July 14, 2021 (re-post)

Three Pillars of Growth Strategy

- ① Reviewing portfolio toward post-COVID
- ② Further development of the Group Federal Management
- ③ Improving productivity by promoting DX and addressing the shortage of human resources

Medium and Long-Term Management Goals

Corporate group to provide "enrichment" to its stakeholders through food business

Customers / Society	Business partners	Employees	Shareholders
Providing safe and secure outlets, food, and services that familiar to the community	Building long-term mutually beneficial relationships	Provide stable employment and a diverse work styles	Sustainable profit growth

2. Progress of the Medium-term Management Plan

① Reviewing portfolio toward post-COVID

② Further development of the Group Federal Management

③ Improving productivity by promoting DX and addressing the shortage of human resources

HOP

FY2023

1st year of regrowth period

[Revitalization of intra-group synergies]
Change in intra-group business format/ Implementation of intra-group FC

Group-wide staffing

Introduction of the expense settlement system

Standardization of foodstuffs and review of logistics

Introduction of self-checkout and serving robots

[Implementation of M&A]
Saint-German (2 companies) joined our group in December 2022

Introduction of workflow systems within the group

[Invest in DX]
Introduction of mobile orders

Shift to a lean cost structure
⇒ Achieved profitability without subsidy

STEP

FY2024

2nd year of regrowth period

[Shift from "defensive" to "offensive"]
Aggressive renovation in addition to new outlet openings
(Restart investment toward "pursuing quality and quantity") * P20

[Further improvement of the quality of existing outlets]
From Location Business to Brand Business
(Strengthen concepts, expertise, and fair prices)* P19

[Response to shortage of human resources]

Established the Human Resources Project Team
(Group-wide)* P21

Changes in the environment
(Downgrading of the legal status of COVID-19 to "Class 5", increase in inbound tourists, shortage of human resources, soaring raw material/utilities prices)
⇒ Responding to Changes in Customer Attraction Locations

JUMP

From FY2025

Growth of core brands
Sowing seeds to create new core brands

Wakuwaku Project
(Large-scale investment and concept development)

Use of CRM
Promotion of digital marketing

Digitalization of shareholder benefit system

Increasing the Group's centrifugal force and moving to a new stage of growth.

3. Initiative Policy for Fiscal 2024 ① -Further Improvement of Existing Outlets

Initiatives ①
Further improve the quality of existing outlets

Concept → Expertise → Fair price

✔ Improve "quality" of cooking and servicing at existing outlets ⇒ Increase customer satisfaction

Focus on creating attractive outlets that will be loved over the long term by refining the 25 core brands
(Clarify the reasons (concepts) for visiting our outlets for many years, narrow down menus and product items, and strengthen our expertise)

Location business ⇒ **Brand business**

<Core brands>

・Shabusai	・Kagonoya	・Tsukemen TETSU
・Dessert Oukoku	・Azusa Coffee	・JEAN FRANÇOIS
・MACCHA HOUSE	・ICCHOU	・YUZURU
・Café formats	・YOROZU-YA	・ISOMARU SUISAN (including Shokudou formats)
・Hina Sushi	・AWkitchen	・Toriyoshi
・Ginza Kiya	・Mr.FARMER	・Casual Izakaya formats
・Okinawa formats	・TANTO TANTO	・Saint-Germain
・HAINAN JEEFAN SHOKUDO	・Yasaiya Mei	・L'airbon
		・Cent Varie

3. Initiative Policy for Fiscal 2024 ② -Shift from "Defensive" to "Offensive"

Initiatives ②
Shift from "defensive" to "offensive"

Expand DX investment and introduce CRM

Aggressive renovation

Opening of new outlets through relaxation of investment standards

✔Resumption of investment for pursuing "quality and quantity"

・Aggressive DX investment in digital marketing and CRM (customer relationship management) systems to increase the number of customers (repeaters and fans).

・Strategically renovating and repairing outlets that have deteriorated over time, and investment in new formats aimed at future core branding

・Relaxed the maximum investment payback period and total investment amount, and opened new outlets (30 outlets) and changed business formats, mainly for core brands.

・Preparation for major investments and concept development as **"Wakuwaku projects"** that are unique to our Group

3. Initiative Policy for Fiscal 2024 ③ -Response to the Shortage of Human Resources

Initiatives ③
Responding to shortage of human resources

Increase employees' salary and hourly wage for crews → Enhancement of training → Creating a positive working environment

✔ Invest in human resources across the Group ⇒ Establish the Human Resource Project Team

（as of March 1, 2023）

- **4.1% increase** in the total fund amount for employee salary increases from the previous year
- Flexible response to increase in hourly wages for crews
- Enhance training programs
  (Conducting **Wakuwaku (exciting)** training, social gatherings, crews, etc.)
- Diversification of recruitment methods
  (Resumption of new graduate recruitment/expansion of foreign recruitment/employment of crew members as employees/strengthening comeback of retirees, etc.)
- Creating a positive working environment
  (Promoting the acquisition of paid holidays, career trainees, revisions to the reemployment system, etc.)

Establishment of Basic Policy on Human Resources

The create restaurants Group recognizes that human resources are an extremely important source of sustainable growth. In order to secure and grow human resources, we will aggressively implement initiatives and investments in line with our priority items.

<Priority items>

- Create an environment and structure in which our employees are excited about their work **（Motivation)**
- Promote the active participation of diverse human resources **（Diversity & Inclusion)**
- Respect each and every employee as a colleague **（Respect)**
- Support the growth of human resources through education and training **（Development)**

4. Numerical Targets

For FY2026, we target revenue of 154 billion yen, operating profit of 10.8 billion yen, and adjusted EBITDA of 26.6 billion yen.

(Million yen)

	FY2023 (Results)		FY2024 (Forecasts)		FY2025 (Plan)		FY2026 (Plan)	
Same-store sales YoY	131.0%		110.9%		103.8%		102.8%	
Same-store sales Vs. FY2020 (pre-COVID)	79.5%		89.8%		93.2%		95.9%	
New openings	25 outlets（＋M&A: 146）		30 outlets		30 outlets		30 outlets	
Revenue	**118,240**		**141,000**		**148,000**		**154,000**	
Operating profit	**5,083**	*4.3%*	**6,500**	*4.6%*	**9,300**	*6.3%*	**10,800**	*7.0%*
Profit before taxes	**4,565**	*3.9%*	**6,000**	*4.3%*	**8,800**	*5.9%*	**10,200**	*6.6%*
Profit for the year	**3,878**	*3.3%*	**4,600**	*3.3%*	**6,700**	*4.5%*	**7,800**	*5.1%*
Profit attributable to owners of parent	**3,385**	*2.9%*	**4,200**	*3.0%*	**6,100**	*4.1%*	**7,100**	*4.6%*
Adjusted EBITDA	**23,664**	*20.0%*	**22,600**	*16.0%*	**25,300**	*17.1%*	**26,600**	*17.3%*

5. Progress in Sustainability Initiatives

Formulation of policies

✔ Newly formulated a sustainable procurement policy

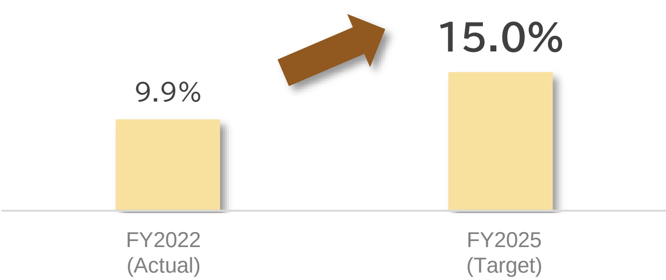
In all purchasing and procurement activities, the create restaurants Group, with its business partners, complies with all laws, regulations, and other social norms, and conducts fair trade activities.
We will also conduct responsible procurement in consideration of human rights and the environment.
Through these efforts, we aim to realize a sustainable society and promote sustainable management to become a company trusted by society.

Establishment of targets for promoting the active participation of diverse human resources

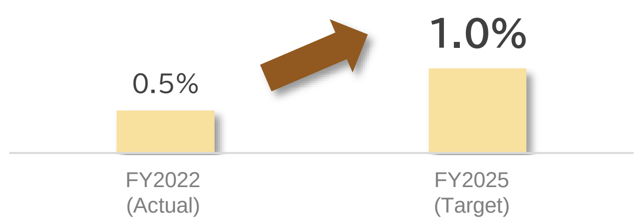
✔ Set each targets for FY2025

Aggressive investment in human capital

Percentage of female managerial staff



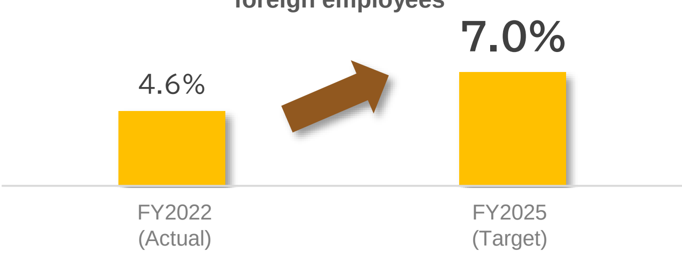
Percentage of foreign managers



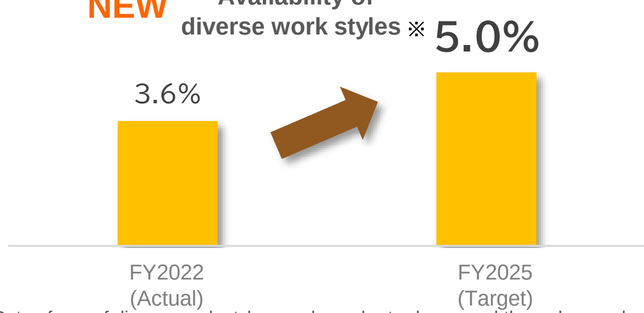
NEW **Employment ratio of people with disabilities**

2.5%
FY2025 (Target)

NEW **Percentage of foreign employees**

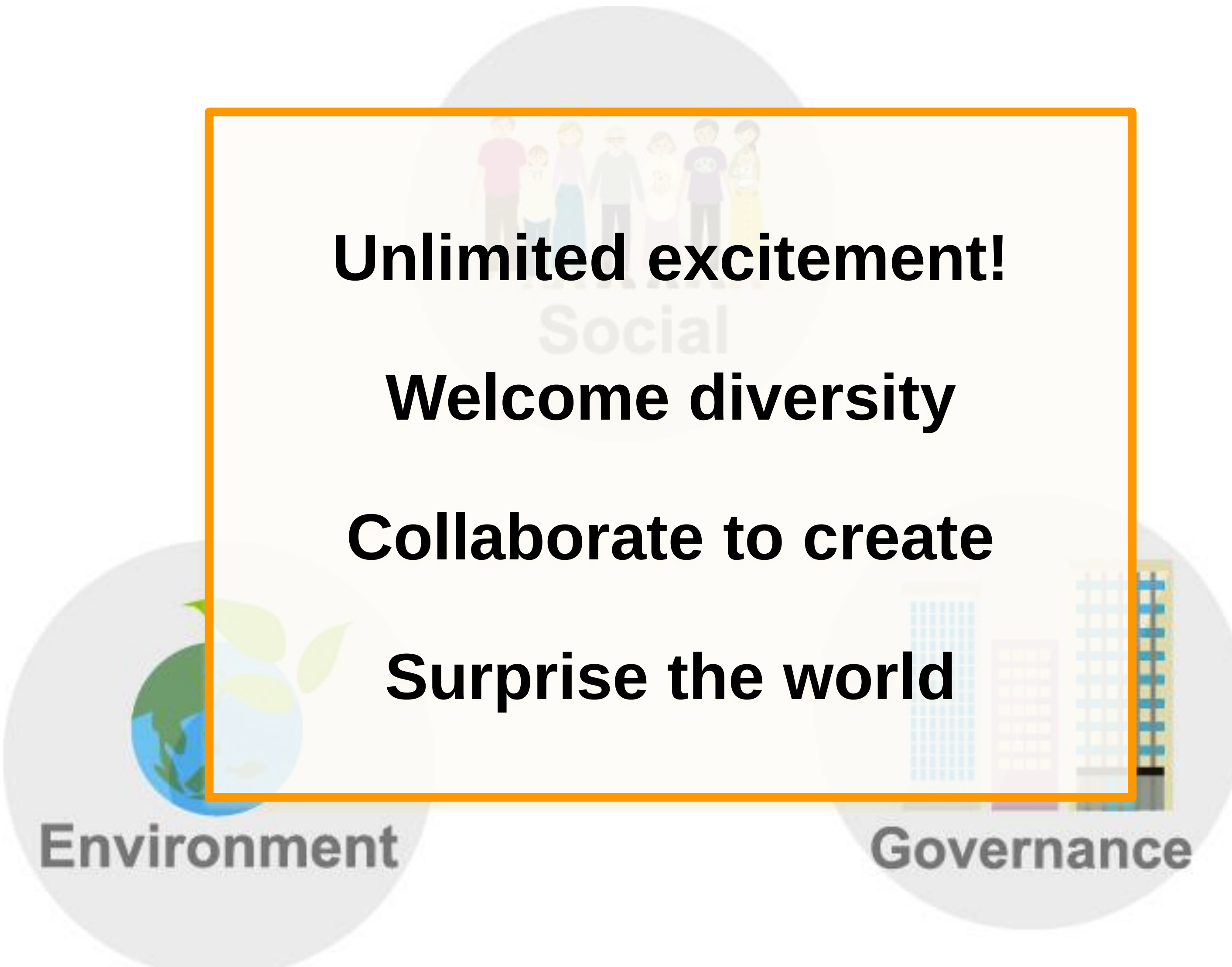


NEW **Availability of diverse work styles ※**



*Rate of use of diverse work styles, such as shorter hours and three-day weekends.

6. Group Mission



Unlimited excitement!

Welcome diversity

Collaborate to create

Surprise the world

Ⅴ. Appendix

1. Opening and Closing of Outlets

- **Opened: 25 outlets, Closed: 63 outlets, M&A: 146 outlets, Brand change: 22 outlets**
  ⇒ Group total at the end of February 2023: 1,145 outlets

・**Breakdown of New Outlet Openings (25 outlets)**
"ISOMARU SUISAN" (including "Isomaru Suisan Shokudo"): 4 outlets (including 1 outlet through intra-group FC)
New contract business of golf course restaurant operations (4 outlets)
Collaboration with JA ZEN-NOH ("Minori Cafe" at Nagasaki/"Ginga Rikyu" at Iwate), opening at roadside stations and rest areas, etc.
Overseas ⇒ "OSTERIA del Fornaio" in Santa Monica, U.S.A. / "Kagonoya" franchise in Thailand / "ENZO" franchise outlet in Hong Kong

・**Closing unprofitable outlets and closing due to contract expiration (63 outlets)**

・**Changed formats tailored to each location and customer needs (22 outlets)**
Changed "Toriyoshi" to "Omotenashi Toriyoshi" or retro-style Japanese pubs ("Torihei-chan")

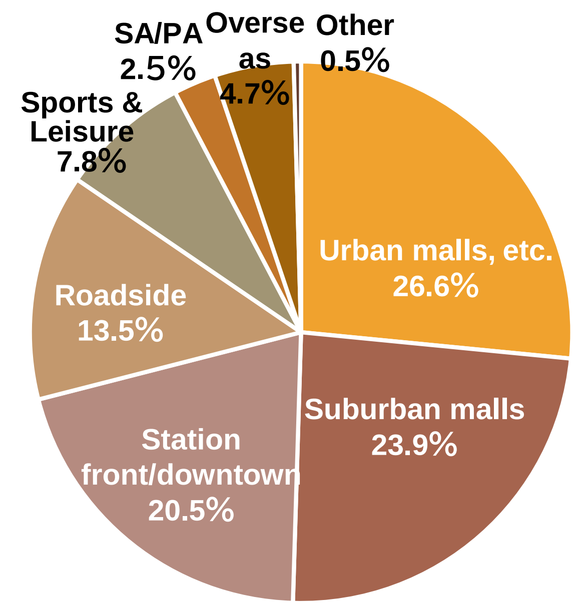
・**Actively implement intra-group transfer among operating companies and intra-group brand changes or changes to FC outlets**
Brand changes beyond barriers ("Hamachika", "Azusa Coffee", and "Kimihan") and "ISOMARU SUISAN" intra-group franchise outlet

【Opening/Closing in FY2023】

Category	Total no. at end of Feb. 2022	Increase /Decrease		M&A	Intra-Group Transfer	Total no. at end of Feb. 2023	Brand Changes *1
		New	Close				
CR	526	7	39		+8	502	10
SFP	215	5	10		-2	208	11
Specialty Brand	241	9	9	146	-6	381	1
Overseas *2	55	4	5			54	0
Group total *3	**1,037**	**25**	**63**	**146**	**+0**	**1,145**	**22**

*1: Number of outlets in Group including brand changes.
*2: The number of overseas outlets includes LGEW's 2 franchise outlets in Jakarta and KR's 13 franchise outlets in Thailand.
*3: Total number of outlets include all outsourced outlets and franchise outlets as of the end of February 2023.

【Breakdown of number of outlets by location (End-FY2023)】



2. Same-store Sales Transition vs. FY2020 (Pre-COVID Figures)

【Consolidated】

	Mar.	Apr.	May	Q1 Total	Jun.	Jul.	Aug.	Q2 Total	Sep.	Oct.	Nov.	Q3 Total	Dec.	Jun.	Feb.	Full-year	March (preliminary)	As of Apr. 9 (preliminary)
FY2023 Actual Same-store Sales Vs. before COVID-19*	**57.0%**	**71.5%**	**78.4%**	**68.7%**	**77.9%**	**77.4%**	**70.2%**	**72.3%**	**78.3%**	**92.5%**	**85.6%**	**76.8%**	**85.1%**	**83.6%**	**92.5%**	**79.5%**	**86.9%**	**93.5%**
FY2022 Actual Same-store Sales Vs. before COVID-19*	51.9%	47.6%	35.5%	45.1%	42.2%	51.0%	38.3%	44.4%	40.5%	65.5%	74.1%	49.4%	74.9%	58.1%	47.1%	52.7%	57.0%	-

【By category】

		Mar.	Apr.	May	Q1 Total	Jun.	Jul.	Aug.	Q2 Total	Sep.	Oct.	Nov.	Q3 Total	Dec.	Jan.	Feb.	Full-year	March (preliminary)	As of Apr. 9 (preliminary)
CR	**FY2023** Actual Same-store Sales Vs. before COVID-19*	59.6%	67.9%	74.3%	67.1%	70.0%	71.5%	65.8%	68.1%	71.8%	87.3%	80.2%	71.7%	82.3%	83.9%	93.7%	75.2%	82.7%	93.6%
	FY2022 Actual Same-store Sales Vs. before COVID-19*	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%	61.8%	53.9%	54.8%	59.6%	-
SFP	**FY2023** Actual Same-store Sales Vs. before COVID-19*	29.2%	63.9%	71.8%	54.7%	73.3%	69.3%	59.6%	61.2%	69.1%	83.6%	78.0%	66.3%	74.7%	75.1%	84.4%	69.2%	82.4%	88.7%
	FY2022 Actual Same-store Sales Vs. before COVID-19*	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%	42.9%	12.0%	30.1%	29.2%	-
Specialty Brand	**FY2023** Actual Same-store Sales Vs. before COVID-19*	61.2%	70.7%	79.3%	70.1%	78.4%	79.1%	69.2%	72.5%	75.6%	92.8%	83.0%	76.0%	80.5%	80.2%	84.7%	77.7%	82.2%	90.2%
	FY2022 Actual Same-store Sales Vs. before COVID-19*	59.4%	52.9%	45.6%	52.8%	50.9%	62.5%	45.3%	52.6%	47.3%	74.3%	75.7%	56.7%	73.4%	62.0%	52.1%	58.4%	61.2%	-
Overseas	**FY2023** Actual Same-store Sales Vs. before COVID-19*	89.3%	104.1%	103.5%	100.7%	110.3%	115.2%	119.0%	111.3%	124.6%	131.7%	132.3%	121.8%	126.9%	120.8%	134.9%	122.8%	125.2%	120.0%
	FY2022 Actual Same-store Sales Vs. before COVID-19*	50.0%	61.3%	63.5%	58.1%	75.1%	85.5%	77.2%	69.1%	82.6%	86.1%	94.6%	75.8%	89.6%	71.1%	86.0%	78.2%	89.3%	-

*Same-store sales are calculated using figures for FY2020 before the COVID-19 disaster and including closed outlets.

Responding to Climate Change

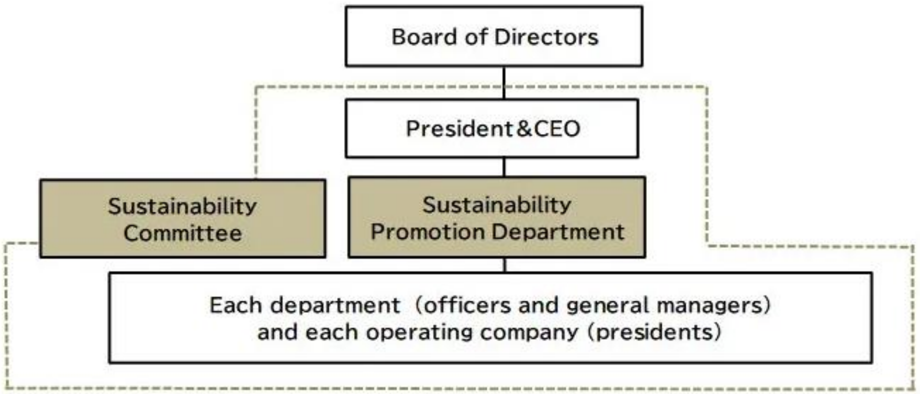
✔ **Formulate ① Governance, ② Strategy, ③ Risk Management, and ④ Indicators and Targets to advance climate-change initiatives**

① Governance

・The Company's sustainability policy, including climate change, is promoted by the Board of Directors, relevant general managers and the presidents of the operating subsidiaries. A Sustainability Committee has been established and the Board of Directors oversees this committee.

・The President chairs the Sustainability Committee and gives direct instructions to the Sustainability Promotion Office, which is the Committee's secretariat.

・The Board of Directors supervises the Sustainability Committee from time to time, including receiving regular reports on climate change initiatives from the Sustainability Committee, and will give due consideration to climate change perspectives as necessary when discussing important management issues.



② Strategy

✔ The Company is at risk from climate change, including increased costs due to tighter laws and regulations and the introduction of a carbon tax, food supply instability and price increases, higher energy prices, a decline in the reputation of the Company by various stakeholders, and more difficult customer visits due to the severity of natural disasters. These are considered to have a direct or indirect impact on our business and financials through lower sales and higher costs.

✔ On the other hand, we believe that our environmental initiatives and the dissemination of information on climate change will increase the reputation of our products and business categories with low environmental impact, which will lead to opportunities for increased sales.

✔ We aim to improve our business continuity by addressing these risks and seizing opportunities.

3. Sustainability Initiatives - Response to Climate Change

② Strategy: Risks, Opportunities, and Response Policies

Type		Item	Details	Impact on business and finances: Less than 2° C	Impact on business and finances: 4°C	Timeframe	Our risk management policy and strategies
Transition risk	**Policy and Legal**	**Strengthening environmental laws and regulations**	Increased costs due to stricter regulations on the use of plastic products, etc.	△	△	Short-term	Promote efforts on reducing the use of plastic products.
Transition risk	**Policy and Legal**	**Introduction of a carbon tax**	Increased costs due to the introduction of a carbon tax.	◎	△	Medium-term	Promote the introduction of energy-saving equipment.
Transition risk	**Market**	**Unstable food supply** **Price increases**	Supply of food with low environmental impact becomes unstable, and prices increase.	○	△	Short-term	Diversify risks by offering a variety of restaurant categories and menu, which we think is our strength. Develop sustainable food in cooperation with suppliers. Develop price strategies reflecting the increase in food purchase price.
Transition risk	**Market**	**Higher energy prices**	Rising energy prices with conversion to renewable energy.	○	△	Medium-term	Promote the introduction of energy-saving equipment.
Transition risk and Opportunities	**Reputation**	**Changes in consumer behavior**	The provision of environmental initiatives and information on environmental initiatives leads to an increase in sales, while the lack of such initiatives and such information leads to a decrease in sales. The sales of products with a high environmental impact will decrease, and the sales of products with a low environmental impact will increase.	◎	○	Short-term	Strengthen environmental initiatives, disclose appropriate information on the initiatives, and develop products and menu with low environmental impact.
Transition risk and Opportunities	**Reputation**	**Changes in investor behavior** **Changes in employee behavior**	Strengthening the provision of environmental initiatives and information on environmental initiatives will improve evaluations from investors and employees, while the lack of such initiatives and such information leads to negative feedback.	○	△	Short-term	Strengthen environmental initiatives and disclose appropriate information on the initiatives.
Physical risk	**Acute**	**Serious natural disasters**	Increase in scale and frequency of natural disasters will deprive customers of opportunities to visit stores. Supply chain disrupted and food supply no longer available.	○	◎	Medium-term	Advance the sophistication of BCP plans (including minimization of losses in the event of disasters). Diversify food suppliers.
Physical risk	**Chronic**	**Instability in food supply** **Price increases**	Food supply becomes unstable and prices rise.	○	◎	Long-term	Diversify risks by offering a variety of restaurant categories and menu, which we think is our strength. Diversify food suppliers. Develop menu and price strategies reflecting the increase in food purchase price.

Short-term: 10 years or less, Medium-term: 30 years or less, Long-term: More than 30 years
Minor impact: △, Medium impact: ○, Large impact: ◎

3. Sustainability Initiatives - Response to Climate Change

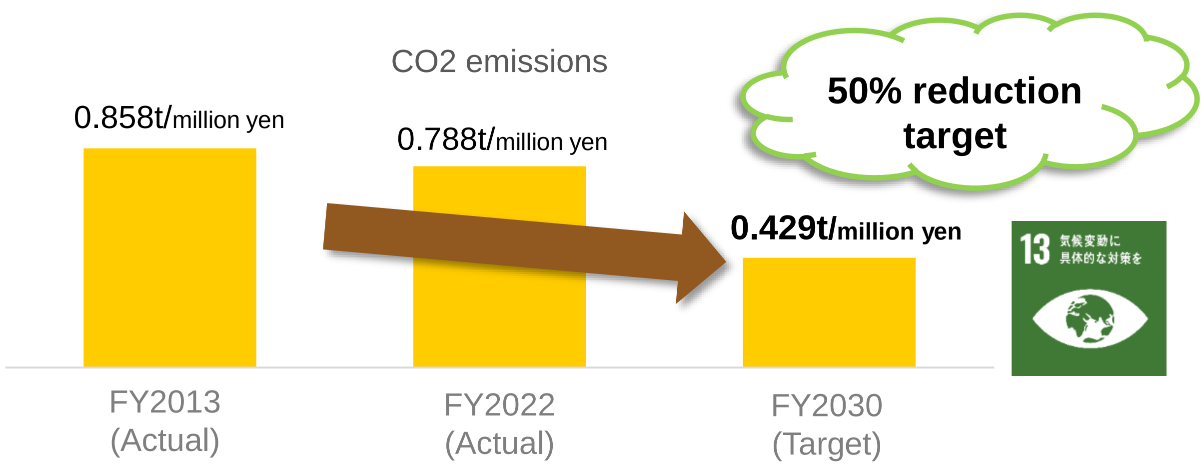
③ Risk Management

・The Company regards the management of climate-related risks as an important management issue, and the relevant departments of the Sustainability Committee will collect and recognize information on climate-related risks, assess them and consider measures to deal with them, and systematically implement the measures within the framework of the 'Promotion of Sustainability Initiatives'.

・The Board of Directors receives and supervises reports from the Sustainability Committee on the content of such reports from time to time.

④ Indicators and Targets

・Set targets for reducing CO2 emissions to advance climate-change initiatives (Scope 1+2).
⇒ Aiming to reduce CO2 emissions per unit of sales (in millions of yen) by 50% from the 2013 level by 2030.



Disclaimer

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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.

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