create restaurants holdings inc.

JPX PRIME

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Financial Results of FY 2024 (Supplementary Material)

April 12, 2024

create restaurants holdings inc.

[TSE Prime, Stock Code 3387]

Contents

I. Financial Highlights

1. Financial Results Overview [IFRS]

Both sales and profits increased compared to FY 2023, and revenue reached a record high (real Operating profit also a record high)

Revenue: 145.8 billion yen (+27.5 billion yen), Operating profit: 7.1 billion yen (+2 billion yen), Profit attributable to owner of parent: 4.8 billion yen (+1.4 billion yen)Adjusted EBITDA: 25.6 billion yen (+1.9 billion yen)

✓ **Revenue**

[YoY] Sales increased 27.5 billion yen (+23.3%) owing to steady demand for restaurants and full-year contribution from San Germain and L'air bon (+ 9 billion yen YoY).

[Compared to Forecast] Sales also exceeded forecast at +2.8 billion yen (101.9% of forecast)

⇒ Same-store sales YoY*1: 116.0%

⇒ Same-store sales compared to Pre-Covid *2: 92.9%, (+1.8%) against the target of 91.1%

*2: Same-store sales ratio compared to Pre-Covid

	Q1 (Mar.-May)	Q2 (Jun.-Aug.)	Q3 (Spt.-Nov.)	Dec.	Jan.	Feb.	Q4 (Dec.-Feb.)	Full-year
Target	86.0%	89.2%	91.7%	92.3%	90.3%	96.5%	92.7%	91.1%
Result	89.4%	89.9%	95.7%	95.8%	92.5%	101.4%	96.1%	92.9%

NOTE :Covid impact from the second half of February 2020

✓ **Profits**

[YoY] Operating profit: Profit increased 2 billion yen despite a reactionary decline following the previous fiscal year's short-term cooperation payment (4.3 billion yen) (Excluding subsidy for shorten operation hours and impairment losses, the "Real Operating profit"*4 was 10.2 billion yen, about 2.4 times FY 2023.)

[Compared to Forecast] Despite the conservative booking of impairment losses (3.1 billion yen for the full year) will result in a slight shortfall in profits at each stage, profit for the period and profit attributable to owners of parent exceeded the forecast, partly due to the tax effect of an improvement in the recoverability of deferred tax assets. "Real Operating Profit" exceeded the forecast (9.6 billion yen) and landed at 10.2 billion yen (+0.6 billion yen).

(Million yen)	FY2023 (total) Results	FY2024 Q1 (Mar-May) Results	FY2024 Q2 (Jun-Aug) Results	FY2024 Q3 (Sep-Nov) Results	FY2024 Q4 (Dec-Feb) Results	FY2024 (total) Results	Change	FY2024 Forecast (Disclosed on Oct. 13, 2023)	Achievement rate
Revenue	118,240	36,607	36,375	35,465	37,311	145,759	+27,519	143,000	101.9%
Operating profit	5,083	2,981	1,178	1,603	1,312	7,075	+1,992	7,400	95.6%
Profit before taxes	4,565	2,924	1,001	1,453	1,253	6,632	+2,066	6,900	96.1%
Profit for the period	3,878	2,360	909	929	1,409	5,608	+1,729	5,500	102.0%
Profit attributable to owners of parent	3,385	2,150	887	863	1,140	5,041	+1,656	5,000	100.8%
Adjusted EBITDA *3	23,664	7,242	6,197	5,789	6,354	25,583	+1,919	24,700	103.6%
Actual operating profit*4 (Operating profit, subsidies+impairment losses)	4,149	3,467	2,248	2,007	2,450	10,173	+6,023	9,600	106.0%

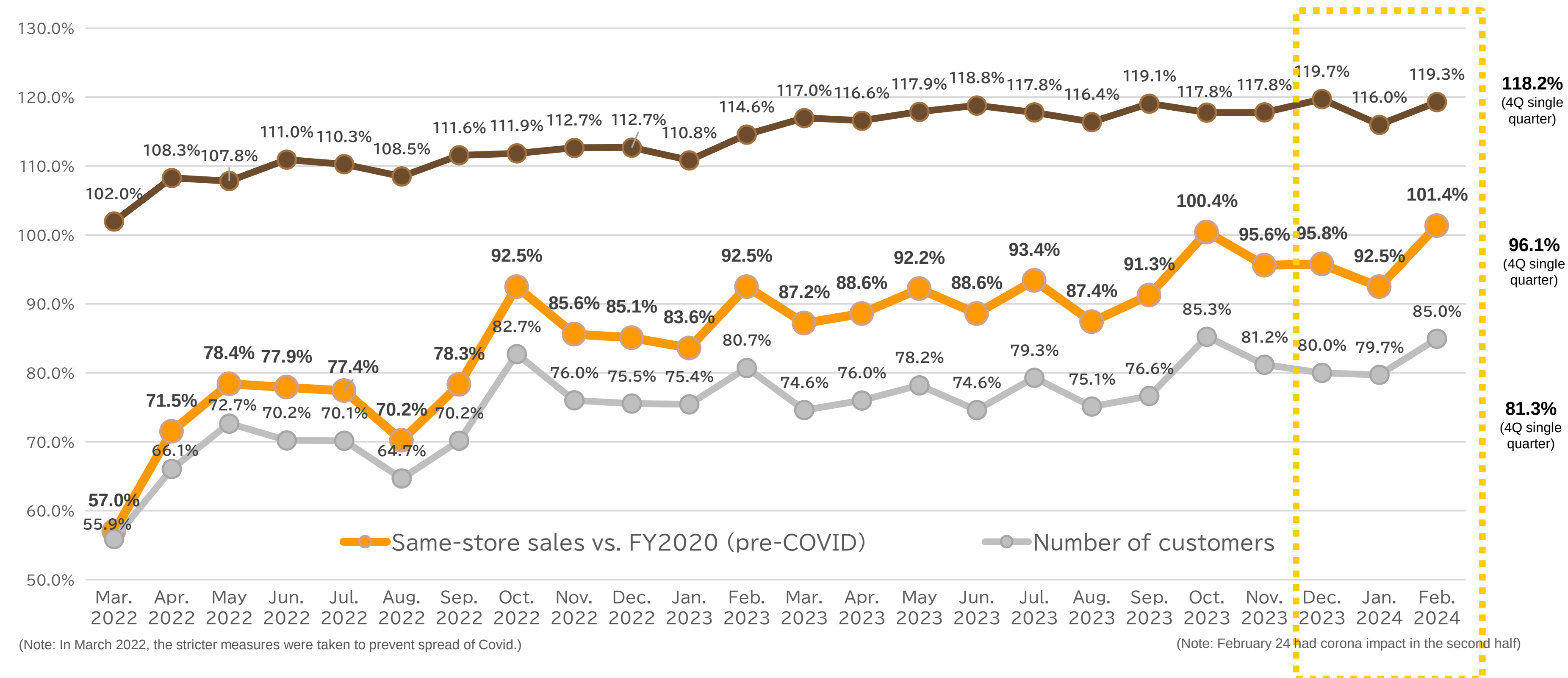
*1: Same-store sales YoY ratio is calculated using the figures for the FY 2023, and also including stores that are closed.
*2: Same-store sales ratio compared to Pre-Covid is calculated using the figures for the FY 2020 before Covid and including closed stores.
*3: Adjusted EBITDA = operating profit + other operating expenses - other operating revenues (excluding sponsorship income, employment adjustment subsidies, and subsidy for cooperation of shorten operating hours, rent reductions and exemptions, etc.) + depreciation and amortization + non-recurring expense items (advisory expenses, related to share acquisitions, etc.)
*4: Actual operating profit is operating profit minus subsidy for cooperation of shorten operating hours and impairment losses.

2. Trends in same-store sales ratio compared to Pre-Covid, Number of Customers, and Spend per Customer

✓ Sales revenue (Same-store sales ratio compared to Pre-Covid) remained solid at 96.1% in 4Q single quarter (December-February)

- Average spend per customer was 118.2% in 4Q single quarter (December-February) due to continued rationalization of prices
- The number of customers continued to rise, reaching 81.3% in 4Q single quarter (December-February) partially due to the effect of optimizing business hours

Continue to increase the number of customers (repeaters) through the utilization of customer data and strengthening of online reservations, in addition to strengthening in-store capabilities.



(Note: In March 2022, the stricter measures were taken to prevent spread of Covid.)

(Note: February 24 had corona impact in the second half)

*: Same-store sales ratio compared to Pre-Covid is calculated using the figures for the FY 2020 before Covid and including closed stores.

3. Establishment of a lean cost structure

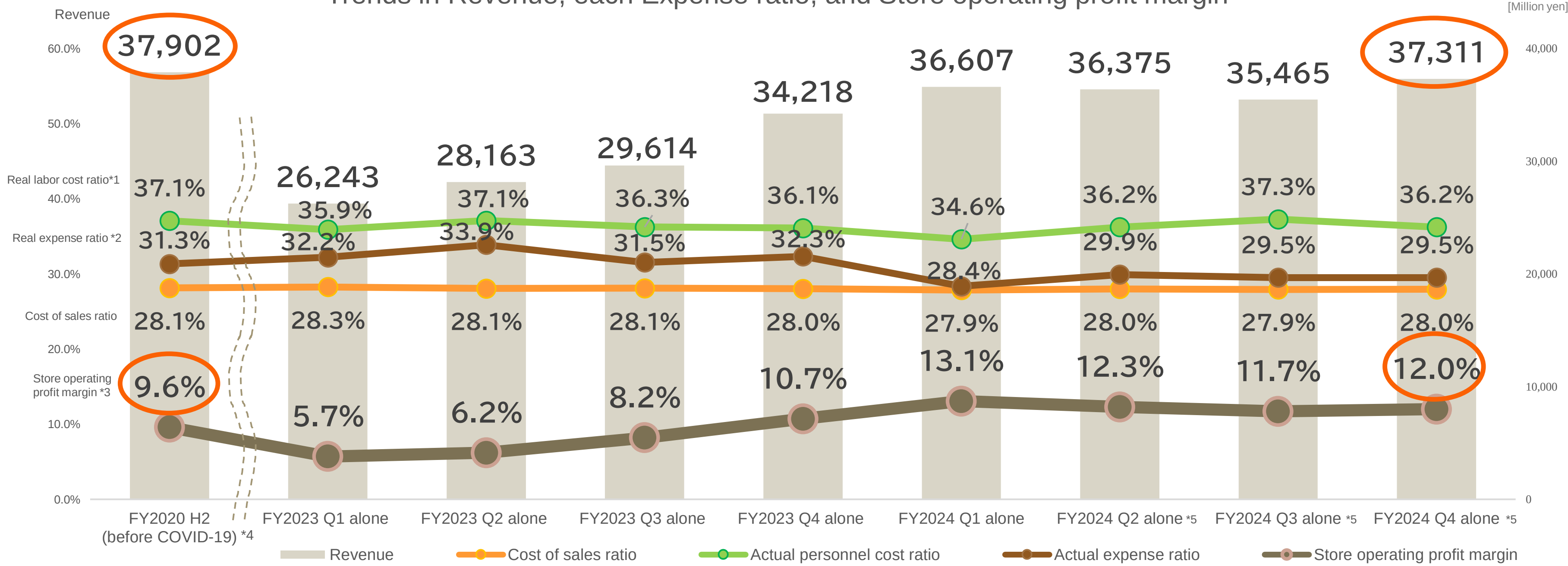
✓ **Cost of sales ratio** : Implement measures for centralized purchasing and logistics by CMD, which consolidates the Group's purchasing functions (realized along with optimization of prices)

✓ **Personnel expense ratio** : Expanding measures to cope with the shortage of human resources through DX promotion, work to diversify recruitment methods, and improvement of retention rates by Human Resource Project team

✓ **Expense ratio** : Depreciation and amortization expenses decreased due to the recording of previous impairment losses. Utility expenses continued to remain unchanged.

Store operating profit margin continued to be over double-digit for the fifth consecutive quarter beyond Pre-Covid.

Trends in Revenue, each Expense ratio, and Store operating profit margin



*1: The actual personnel cost ratio is calculated by taking into account the portion of the employment adjustment subsidies in personnel expenses within SG&A expenses.
*2: The real expense ratio is calculated by taking reduction and exemption from rent into account in various expenses within selling, general and administrative expenses.
*3: The store operating profit margin is calculated based on pure store operating profit excluding head office expenses.
*4: The revenue, each expense ratio, and store operating profit margin for the second half of FY 2020 (before Covid) are calculated based on the average value for the second half of FY 2020.
*5: In order to ensure continuity with past figures, manufacturing labor and the other expenses at the Saint-Germain factory have not been reclassified as cost of goods sold in this document, and thus COGS differs from the figures shown in the Consolidated Financial Results for each Quarter of the FY 2024.

4. Financial Results Overview (by Category)

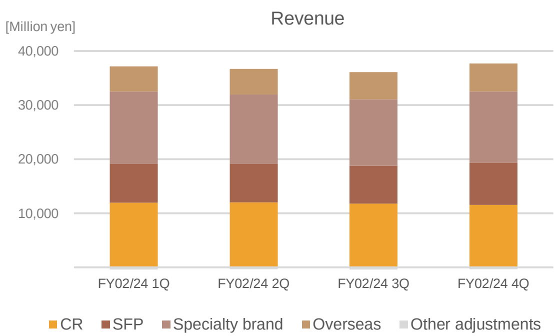
✓ Post-Covid consumption recovered in the following order:

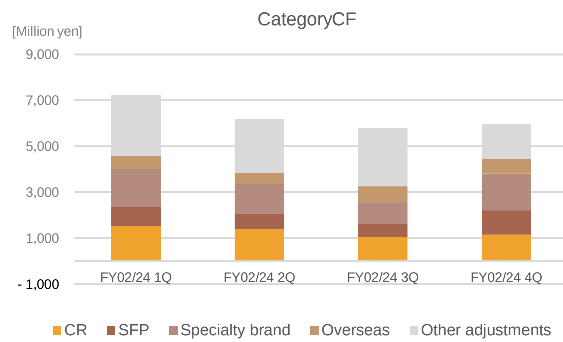
overseas → city center (domestic) → rural (domestic)

✓ Revenue and category cash-flow in all categories remained steady.

→In particular, SFP categories recovered significantly from the previous year due to the revival of demand for izakaya.

→The specialty brand category became the top category in terms of category cash flow, partly due to the V-shaped recovery of "Kagonoya" business, further strengthening the portfolio.





Same-stores sales YoY ratio (Note: March in the previous year was the period when stricter measures were taken to prevent spread of Covid)

Category	Q1 (Mar.-May)	Q2 (Jun.-Aug.)	Q3 (Spt.-Nov.)	Dec.	Jan.	Feb.	Q4 (Dec.-Feb.)	Full-year
CR	126.8%	122.7%	114.4%	113.6%	112.8%	114.5%	113.6%	119.1%
SFP	154.5%	125.6%	113.8%	116.3%	111.3%	111.3%	113.3%	125.1%
Specialty Brand	114.5%	110.0%	107.1%	111.1%	110.6%	108.4%	110.1%	110.6%
Overseas	123.3%	111.0%	105.6%	106.5%	104.5%	102.1%	105.3%	110.8%
Consolidated	126.1%	117.0%	110.5%	112.1%	110.7%	109.9%	111.1%	116.0%

Same-store sales ratio compared to Pre-Covid *1

Category	Q1 (Mar.-May)	Q2 (Jun.-Aug.)	Q3 (Spt.-Nov.)	Dec.	Jan.	Feb.	Q4 (Dec.-Feb.)	Full-year
CR	86.0%	85.2%	92.4%	94.3%	95.0%	106.1%	97.5%	89.9%
SFP	85.5%	85.4%	88.2%	87.1%	84.5%	95.1%	88.5%	87.0%
Specialty Brand	85.2%	86.2%	91.6%	89.4%	88.7%	91.9%	89.8%	88.1%
Overseas	126.3%	132.1%	140.3%	136.3%	124.8%	137.4%	133.1%	135.9%
Consolidated	89.4%	89.9%	95.7%	95.8%	92.5%	101.4%	96.1%	92.9%

(Million yen)

Category	FY2023 Q1(total)			FY2024 Q1			FY2024 Q2			FY2024 Q3			FY2024 Q4			FY2024 (total)			Difference from FY2023		
	Revenue	CF ex subsidy of shorten operating hrs. *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	Ratio to revenue	Revenue	CF ex subsidy of shorten operating hrs. *2	Ratio to revenue
CR	40,022	3,662	9.1%	11,992	1,531	12.8%	12,049	1,402	11.6%	11,756	1,046	8.9%	11,528	1,151	10.0%	47,326	5,132	10.8%	+7,303	+1,470	+1.7%
SFP	22,913	858	3.7%	7,156	841	11.8%	7,130	642	9.0%	7,024	568	8.1%	7,812	944	12.2%	29,079	2,997	10.3%	+6,166	+2,139	+6.6%
Specialty Brand	38,398	3,231	8.4%	13,305	1,639	12.3%	12,748	1,314	10.3%	12,262	952	7.8%	13,156	1,472	11.2%	51,473	5,378	10.4%	+13,075	+2,147	+2.0%
Overseas	18,506	1,819	9.8%	4,720	575	12.2%	4,777	477	10.0%	5,043	696	13.8%	5,165	659	12.8%	19,706	2,409	12.2%	+1,199	+590	+2.4%
Adjustments, etc.*3	- 1,600	9,738	-	- 566	2,654	-	- 331	2,360	-	- 621	2,525	-	- 307	2,125	-	- 1,826	9,667	-	- 225	- 71	-
Total	118,240	19,308	16.3%	36,607	7,242	19.8%	36,375	6,197	17.0%	35,465	5,789	16.3%	37,311	6,354	17.0%	145,759	25,583	17.6%	+27,519	+6,275	+1.2%

*1: Same-store sales ratio compared to Pre-Covid is calculated using the figures for the FY 2020 before Covid and including closed stores.

*2: Category CF ＝ operating profit (JGAAP) + depreciation and amortization + amortization of goodwill + sponsorship income + non-recurring expense items + limited-time earnings items (employment adjustment subsidy and subsidy for cooperation of shorten operating hours, etc.). However, for the sake of useful comparisons, subsidy for cooperation of shorten operating hours are excluded in Q3 (cumulative) FY2023.

*3: Other adjustments include depreciation and amortization related to the adoption of IFRS No. 16. as well as head office expenses that are not allocated to each category.

5. Condensed Balance Sheet

✓ Total assets slightly reduced due to the repayment of borrowings and the conservative recording of impairment losses.
✓ Equity ratio and Adjusted equity ratio improved significantly due to reduction in assets and accumulation of net income.

(Million yen)

	FY2023	FY2024	Change	Note
Current assets	32,266	31,340	-926	
[Cash and deposits]	23,895	21,305	-2590	Repayment of borrowings
Non-current assets	101,288	99,475	-1813	Impairment loss (3,097 million yen)
[Goodwill]	23,688	23,726	+38	
Total assets	**133,555**	**130,816**	-2739	
Current liabilities	36,841	37,533	+692	
Non-current liabilities	62,270	53,911	-8359	
[Bonds and borrowings (total)]	35,375	27,582	-7793	Repayment of borrowings
Total liabilities	**99,112**	**91,444**	**-7668**	
Total equity	34,443	39,371	+4,928	
[Ownership of parent]	29,606	35,969	+6,363	Increase in capital surplus due to application for TOB with the treasury shares held by SFP Holdings Co., Ltd.
Total liabilities and equity	**133,555**	**130,816**	**-2739**	
equity ratio (equity attributable to owners of parent ratio)	22.2%	27.5%	+5.3%	
Net D/E ratio	1.74x	1.29x	-0.45x	

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

	FY2023	FY2024	Change	Note
Total assets (Excluding the impact of IFRS No. 16)	**97,036**	**94,252**	-2784	
Total liabilities (Excluding Impact of IFRS No. 16)	**59,668**	**52,030**	-7638	
[Ownership of parent] (Excluding the impact of IFRS No. 16)	32,477	38,767	+6,290	
Adjusted equity ratio (*1)	33.5%	41.1%	+7.6%	
Adjusted net D/E ratio (*2)	0.38x	0.18x	-0.2x	

*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 23.3 billion yen despite a decrease of 1.3 billion yen compared to FY 2023 due in part to working capital burden resulting from an increase in accounts receivable.
✓ Investing cash flow: Expenditures increased by 1.3 billion yen from FY2023 to 3.6 billion yen, mainly due to the acquisition of property, plant and equipment as a result of an increase in new store openings and changes in business format.
✓ Financing cash flow: Expenditures increased by 2.4 billion yen from FY2023 to 22.5 billion yen due to the repayment of borrowings, and etc.

(Million yen)

	FY2023	FY2024	Change
Cash flows from operating activities	24,593	23,292	-1,301
Profit (loss) before income taxes	4,565	6,632	+2,067
Depreciation	15,155	15,512	+357
Impairment loss	3,418	3,097	-321
Other changes	1,455	-1,949	-3,404
Cash flows from investing activities	-2,311	-3,601	-1,290
Purchase of property, plant and equipment	-1,738	-3,273	-1,535
Proceeds from refund of guarantee deposits	333	380	+47
Others	-906	-708	+198
Cash flows from financing activities	-20,131	-22,496	-2,365
Changes in long-and-short-term borrowings	-5,736	-7,545	-1,809
Repayments of lease obligations	-12,546	-13,120	-574
Dividends paid	-1,259	-1,365	-106
Others	-590	-466	+124
Net increase (decrease) in cash and cash equivalents	2,392	-2,589	-4,981
Cash and cash equivalents at end of period	23,895	21,305	-2,590

7. Implementation of the cost-conscious management in cost of capital and stock price

✓ROE(15.4%) steadily exceeds cost of shareholder's equity (7.9%)

- ■Strict investment criteria for new stores: The IRR (approx. 24%) is operating well above the pre-tax WACC* (domestic: 10.5%, and U.S.: 18.6%). (FY2024: 34 new stores)
- ■In the event that the investment does not meet expectations and becomes unprofitable, we promptly change the store format (21 stores in FY2024) or close stores (70 stores in the same period).

✓ Due to ROE of more than 10%, PBR has remained at more than 5 times.
(In FY2024, although it declined slightly due to the accumulation of net income and equity, it still remained at a high level.)

*Pre-tax WACC = (Cost of shareholder's equity/ (1-effective tax rate)) × Shareholder 's equity ratio + (Cost of debt × Debt ratio)

		FY2023	FY2024
ROE		12.1%	15.4%
Cost of shareholder's equity (After tax)	Domestic	7.5%	7.9%
	(USA)	(14.3%)	(14.4%)
PBR		7.01x	6.13x

※Cost of shareholder's equity (after tax) is calculated by CAPM (Capital assets pricing model) with reference to similar listed companies.

Strict investment criteria + Measures for underperforming stores (as needed) → High ROE → High PBR

Continue to improve the return on capital of the business and maintain its balance with shareholder returns.

II. Business Forecasts for FY 2025 and Shareholder Returns

1. Summary of FY 2025 Business Forecast

Projected higher revenues and profits for the second consecutive year (record highs).
Revenue: 153.0 billion yen (+7.2 billion yen), Operating profit: 9.3 billion yen (+2.2 billion yen),
Profit attributable to owners of parent: 6.1 billion yen (+1.1 billion yen), Adjusted EBITDA: 26.2 billion yen (+0.6 billion yen)

Business Environment

- [Demand side] Active domestic consumption (including the impact of raising the upper limit on corporate entertainment expenses and fixed tax reductions) and continued inbound demand
- [Supply side] Shortage of labor and services → Increase in personnel costs to secure human resources, etc. Inflation continues

Assumptions

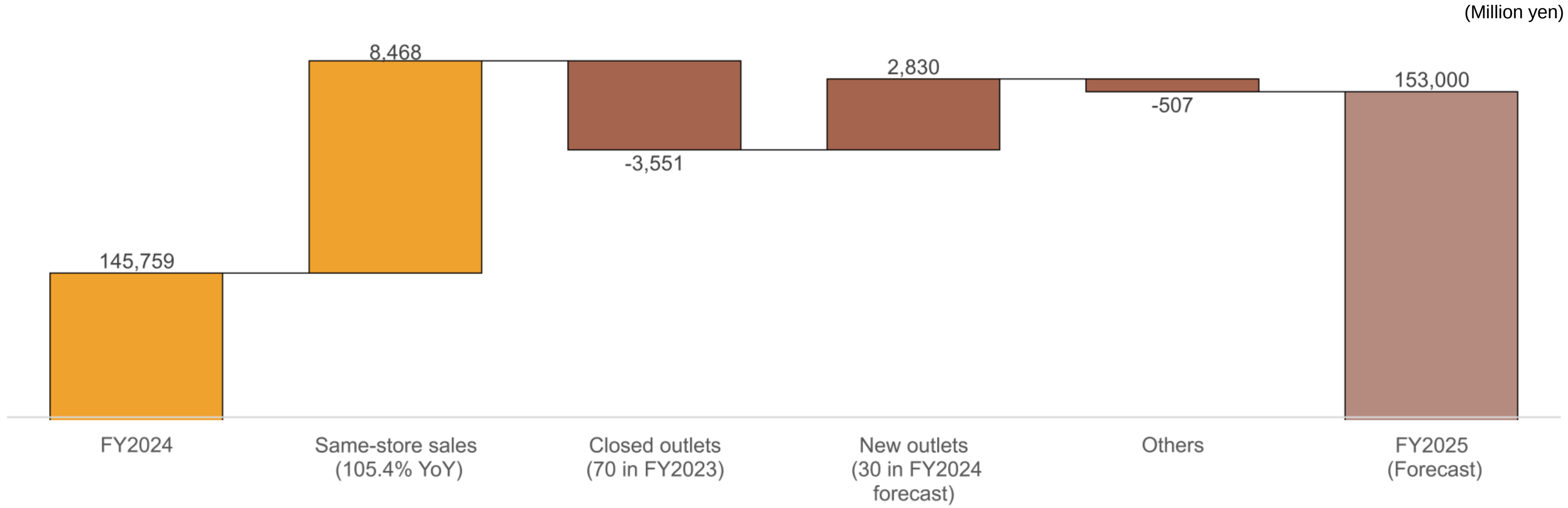
- Revenue: Same-store sales YoY (full-year) assumed 105.4%
- Plans to open 30 new stores, mainly core brands
- In addition to new stores, we will also actively undertake store format changes and strategic renovations and renovations.
- Actively invest in DX at stores by working to further improve quality at existing stores
- Promote the expansion of the total amount of employee salary increase funds and the active participation of foreign employees as a strengthening of initiatives for human resources

	FY2024		FY2025 (Full-year forecasts)		Change	Pct. Change
(Million yen)	Result	Ratio to revenue	Forecast	Ratio to revenue		
Revenue	145,759		153,000		+7,240	+5.0%
Operating profit	7,075	4.9%	9,300	6.1%	+2,224	+31.4%
Profit before taxes	6,632	4.6%	8,700	5.7%	+2,067	+31.2%
Profit for the year	5,608	3.8%	7,000	4.6%	+1,391	+24.8%
Profit attributable to owners of parent	5,041	3.5%	6,100	4.0%	+1,058	+21.0%
Adjusted EBITDA *1	25,583	17.6%	26,200	17.1%	+616	+2.4%
Actual operating profit*2	10,173	7.0%	11,300	7.4%	+1,126	+11.1%

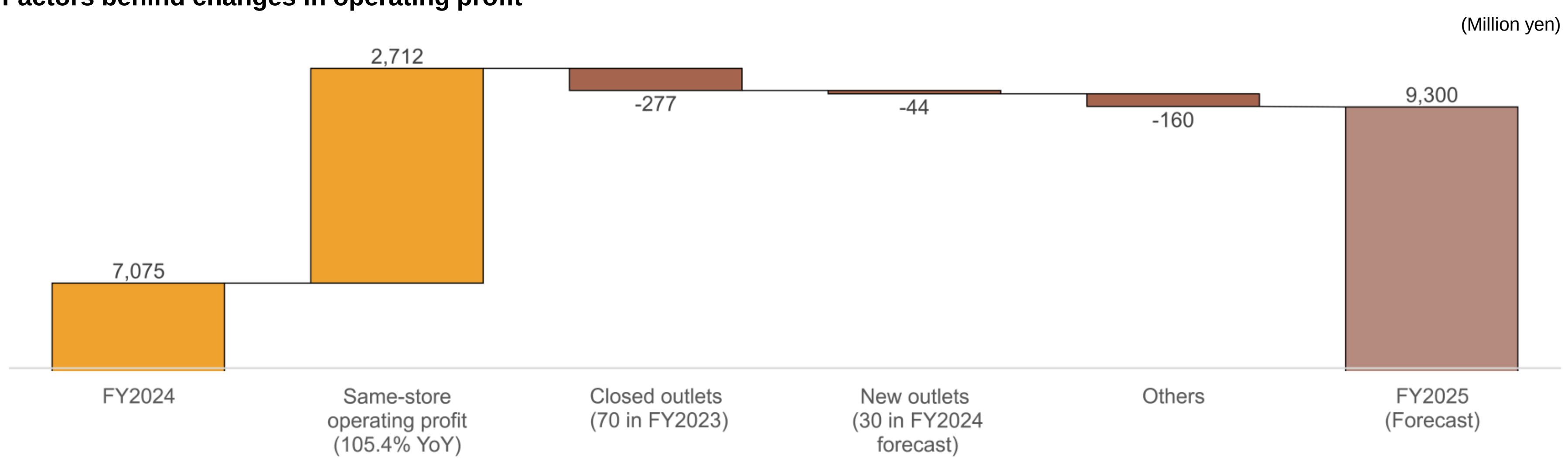
*1: Adjusted EBITDA= Operating profit + Other operating expenses - Other operating revenues (excluding sponsorship income) + Depreciation and amortization + non-recurring expense items (advisory expenses related to share acquisition, etc.)
*2: Actual operating profit excludes impairment losses from operating profit.

2. FY 2025 Business Forecasts
(Reasons for changes in sales and operating profit)

✓ **Factors behind changes in sales revenue**



✓ **Factors behind changes in operating profit**



3. Summary of FY 2025 Business Forecasts (by Category)

Category	FY 2024 (Previous year results)			FY2025 (Full-year forecasts)			Change		
	Revenue	Category CF	Ratio to revenue	Revenue	Category CF	Ratio to revenue	Revenue	Category CF	Ratio to revenue
CR	50,239	5,563	11.1%	**54,500**	**6,450**	**11.8%**	+4,260	+886	+0.8%
SFP	29,079	2,997	10.3%	**30,000**	**3,090**	**10.3%**	+920	+92	+0.0%
Specialty brand	48,560	4,946	10.2%	**50,700**	**5,460**	**10.8%**	+2,139	+513	+0.6%
Overseas	19,706	2,409	12.2%	**19,900**	**2,690**	**13.5%**	+193	+280	+1.3%
Adjustments, etc.	-1,826	9,667	-	-2,100	8,510	-	-273	-1,157	-
Total	145,759	25,583	17.6%	**153,000**	**26,200**	**17.1%**	+7,240	+616	-0.4%

* By taking into account the reorganization within the group as of June 1 (merger of Create Dining inc. and LG&EW inc.: separately disclosed on April 12), both the previous year's results and the full-year forecast reflect the reclassification of LG&EW from the specialty brand category to the CR category since the beginning of the fiscal year.

* Category CF = Operating income (Japan GAAP) + depreciation + amortization of goodwill + sponsorship income + non-recurring expenses + Limited-time earnings items

* 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 and of Feb. 2024	increase /Decrease		End-FY2025 Forecasts
		New	Close	
CR	502	15	10	507
SFP	202	7	2	207
Specialty Bland	350	8	1	357
Overseas	55	0	4	51
Group total	**1,109**	**30**	**17**	**1,122**

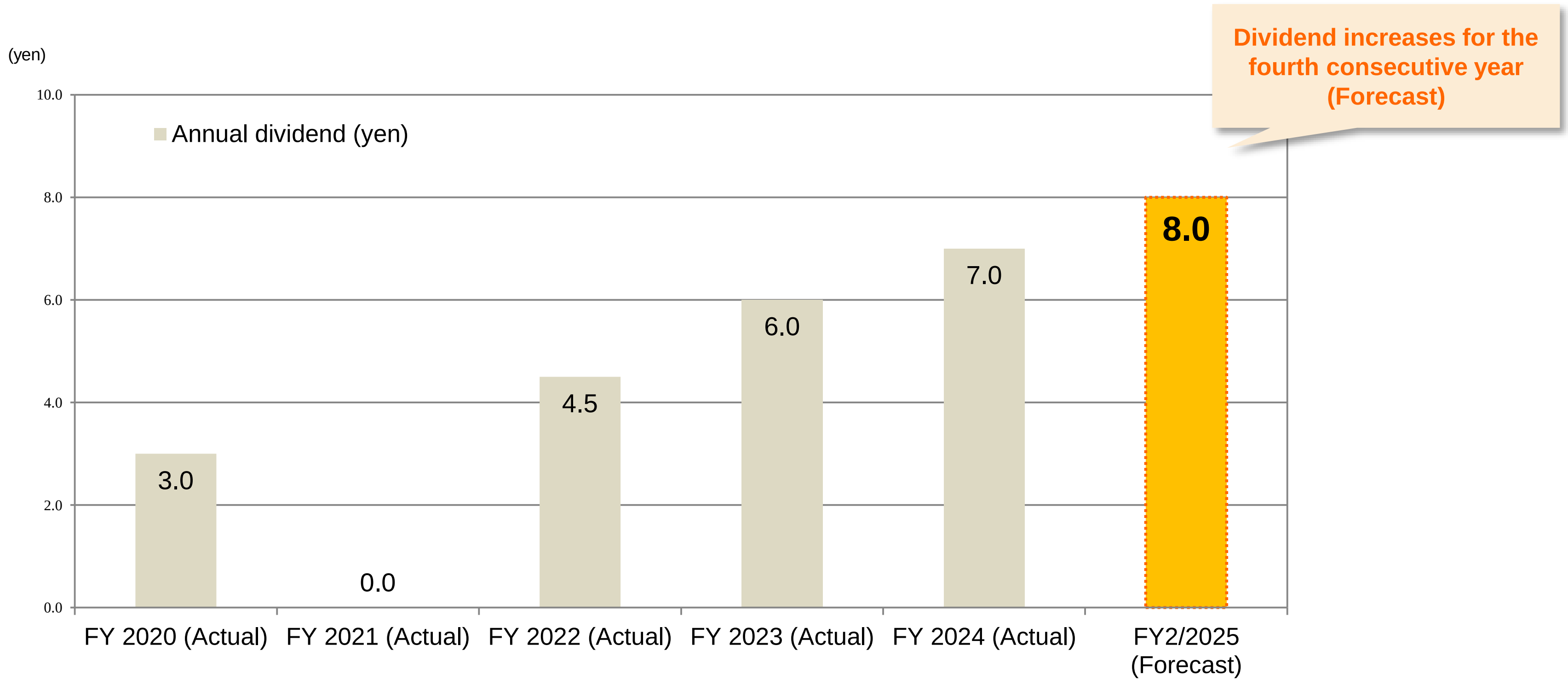
* By taking into account the reorganization within the group as of June 1 (merger of Create Dining inc. and LG&EW inc.: separately disclosed on April 12), both the previous year's results and the full-year forecast reflect the reclassification of LG&EW from the specialty brand category to the CR category since the beginning of the fiscal year.

4.Shareholder Returns (1) -Dividends-

Dividends

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.

✓ Dividend forecast for FY2025⇒ 4.0 yen as interim dividend and 4.0 yen as year-end dividend, for an annual dividend of 8.0 yen per share (up 1.0 yen from the previous year).



4.Shareholder Returns (2) -Shareholder Special Benefit Plan-

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.

Expansion of stores that can use special gifts

✓ As part of the business alliance with JA ZEN-NOH (disclosed on January 26, 2024), a shareholder benefit program will be available at the 12 stores listed below beginning on April 1, 2024.

Minori Cafe	S-PAL Sendai/Ginza Mitsukoshi/Fukuoka Tenjin/Nagasaki Station front
Minori Café Kiraku	COMBOX Saga station front
Minoru Shokudo	Ginza Mitsukoshi/ekie Hiroshima/AMU PLAZA KUMAMOTO
Minoru Dining	Sapporo STELLAR PLACE/Nagoya/SUN STATION TERRACE Okayama
Grill Minoru	S-PAL Sendai

Deferral of digitization by 1 year

✓ Timetable
[Before extension] From the shareholder benefit coupons for the May 2024 shipment (Vesting date: End of February 2024)
↓
[After extension]　From the shareholder benefit coupon for May 2025 (Vesting date: End of February 2025)

✓ Reasons for postponement
Due to the fact that it is taking more time than anticipated to build specifications to ensure the information security protection of shareholder gift certificates.

III. Progress of Medium-Term Management Plan and Policy for Initiatives in the Current Fiscal Year

<Medium- to Long-Term Management Targets>

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

1. Progress of 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")

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

[Response to shortage of human resources]
Established the Human Resources Project Team (Group-wide)

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

Continue

Continue

Continue

JUMP
25 years
Feb -

[Increase in repeat customers (number of customers)]
Strengthen online reservations and create fans for stores

[Strengthen Contract Business]
Promote business alliance with JA ZEN-NOH
Development of new golf course restaurants

[Reorganization within the Group]
Reorganization within the group
Exchange and training of executives

[Invest in human assets]
Expansion of total fund amount for salary increase
Promote the active participation of foreign human resources
Create better orking environment

[Pursuing CRG's uniqueness]
Development of new business formats/
Domestic and overseas M&A

The Year of Growth as the 25th Anniversary of the Company's Founding

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

2. Initiative Policy for FY2025 (1)

Reviewing portfolio toward Post-Covid

[Initiatives up to the previous fiscal year]

✓ Achieving and continuing to pursue appropriate prices
✓ Expansion of locations for development of 25 core brands and strengthen of functions for development of regional properties (acceleration of development in regional areas, including “ISOMARU SUISAN” and “Matcha House”)
✓ Redistribution of human equity centered on core brands (putting personnel at where to spend)
✓ Acquisition of next core brands (ongoing consideration of domestic and overseas M&A)

[Initiatives for the current fiscal year]

Increase in repeat customers

✓ Strengthen store capabilities and increase the ratio of repeat customers (create fans for stores) by utilizing CRM (customer data)
✓ Strengthen online reservations on our own website (to be ranked high by search for SEO measures)

Strengthen contract business

✓ Accelerate outsourcing of operation of the Minori Minoru brand through a comprehensive business alliance agreement with JA ZEN-NOH (disclosed on January 26, 2024)
✓Strengthen development of new restaurants in golf course by contract business

Pursuing unique characteristics of CR

✓ Aggressively strive to develop new store formats next to core brands
→Began developing business formats for Z-generation customers
✓ Promote the “Wakuwaku (Exciting) Project” with a Focus on the Create Brand-Lab
→ "GOTTA" was pre-open on March 20, 2024.

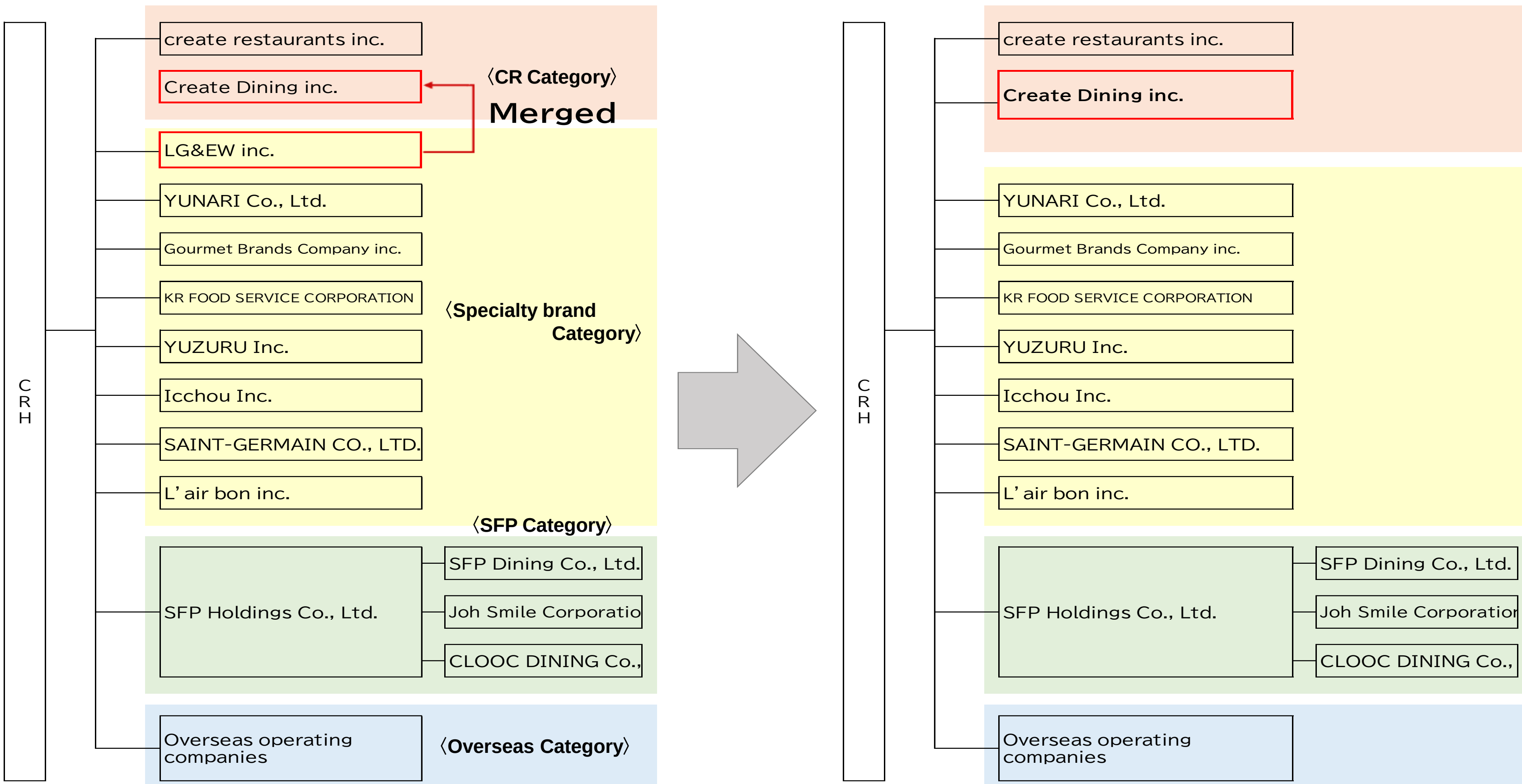
2. Initiative Policy for FY2025 (2)

Further Development of the Group Federal Management

Reorganization

✓ Implementation of organizational restructuring across the Group

⇒Merged Create Dining inc. and LG&EW inc. (scheduled for June 1)
Further strengthen expertise and promote mobilization of human resources
(See "Notice of Reorganization within the Group" today for details)



2. Initiative Policy for FY2025 (3)

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

Promotion of DX at stores

✓ Expansion of Bashing Robot (Support for clearing tables) to assist employees at stores
✓ Expansion of introducing mobile orders system
✓ Use of AI in telephone/Strengthening of online reservations to improve efficiency of reservation control

Expansion of total fund amount for salary increase

✓ Increase total salary fund for employees by 5.0% in the current fiscal year from 4.1% in the previous year
✓ Flexible response to increase hourly wage for crews

Promote the active participation of foreign human resources

✓ Expansion of recruitment of foreigners and establishment of dedicated departments in charge of acceptance and follow-up
⇒ Fostering foreign ftore fanagers

Creation of a comfortable workplace and promotion of personnel exchanges within the Group

✓ Promote the use of holidays and paid holidays, and set store holidays during the quiet season
✓ Introduce new expert positions as double-track careers to diverse work system
✓ Review the reemployment rule to improve the ease of working at age 65
✓ Extend employment of crews (part-time workers)
⇒ Retirement age of 70 to be eligible for employment as a "senior crew" until age 75
✓ Plan and implement commemorative events to mark the 25th anniversary of the Company's founding to increase motivation
(Planning fun events for enployees with long years of service, expanding employee discounts, etc.)

Aim to achieve HX
(Human transformation)

3. Numerical image for a new growth stage

Formulate a new Medium-term Management Plan and strategies for a new growth stage while focusing on steadily achieving the goals of the current Medium-term Management Plan (to be announced in April 2025)

(Million yen)

							Current medium-term management plan						New medium-term management plan			
			Under the influence of Covid-19				HOP		STEP		JUMP		Numerical image			
	FY2020 (Results)		FY2021 (Results)		FY2022 (Results)		FY2023 (Results)		FY2024 (Results)		FY2025 (Forecasts)		FY2026 (Plan)		FY2027 (Plan)	
Revenue	139,328		74,425		78,324		118,240		145,759		153,000		158,000		163,000	
Operating profit	3,378	2.4%	- 14,181	–	7,633	9.7%	5,083	4.3%	7,075	4.9%	9,300	6.1%	10,500	6.6%	12,100	7.4%
Profit before taxes	3,012	2.2%	- 15,021	–	7,134	9.1%	4,565	3.9%	6,632	4.6%	8,700	5.7%	10,000	6.3%	11,600	7.1%
Profit for the year	1,745	1.3%	- 15,571	–	6,660	8.5%	3,878	3.3%	5,608	3.8%	7,000	4.6%	7,900	5.0%	9,100	5.6%
Profit attributable to owners of parent	1,205	0.9%	- 13,874	–	5,919	7.6%	3,385	2.9%	5,041	3.5%	6,100	4.0%	6,900	4.4%	8,100	5.0%
Adjusted EBITDA	25,212	18.1%	5,130	6.9%	27,088	34.6%	23,664	20.0%	25,583	17.6%	26,200	17.1%	27,500	17.4%	29,300	18.0%
Actual operating profit	8,689	6.2%	- 10,371	–	- 6,428	–	4,149	3.5%	10,173	7.0%	11,300	7.4%	12,500	7.9%	14,000	8.6%

4. Sustainability Initiatives

International Women's Day (Mimosa Day) Initiatives

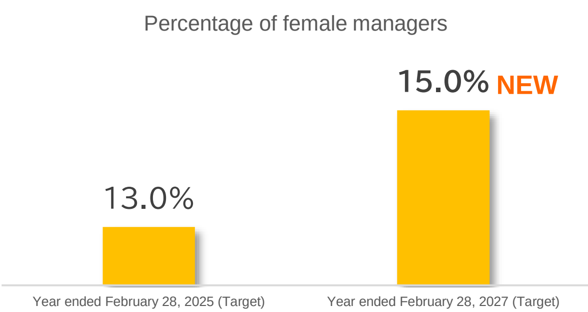
✓ Some stores offer special menus and give mimoza as a gift following the Women's Day
→ The Italian restaurant "TANTO TANTO", in collaboration with the Italian Chamber of Commerce and Industry, organised an initiative to give mimosa flowers and chocolates to female customers who visited the restaurant on 8 March.

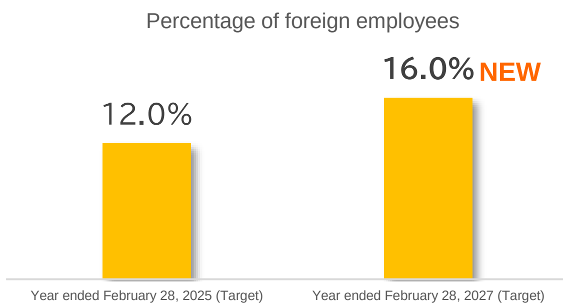
✓ As an initiative at the head office, our groups held discussions between a female independent outside director and female employees.
→ Distribute within the Group as suggestions for creating a comfortable working environment and messages to female members of the working group

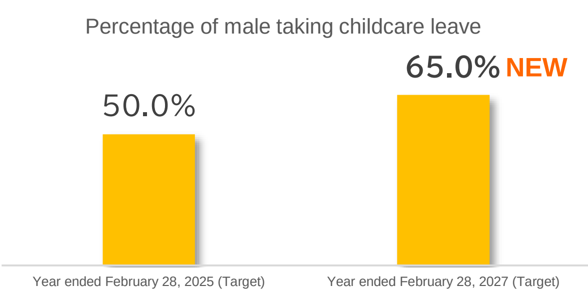
<Caesar Salad with Mimoza>

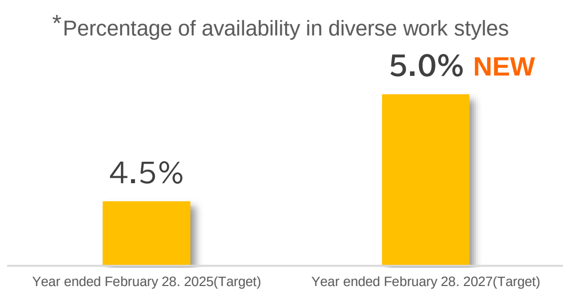
Setting targets to promote the success of diverse human resources.

✓ Partial change in targets for FY 2025 and new targets for FY 2027

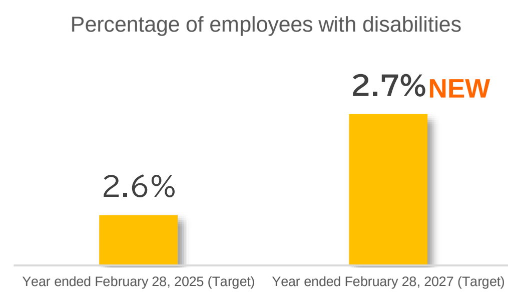








*Utilization rate of a variety of work styles, such as shorter working hours and 3 weekly holidays



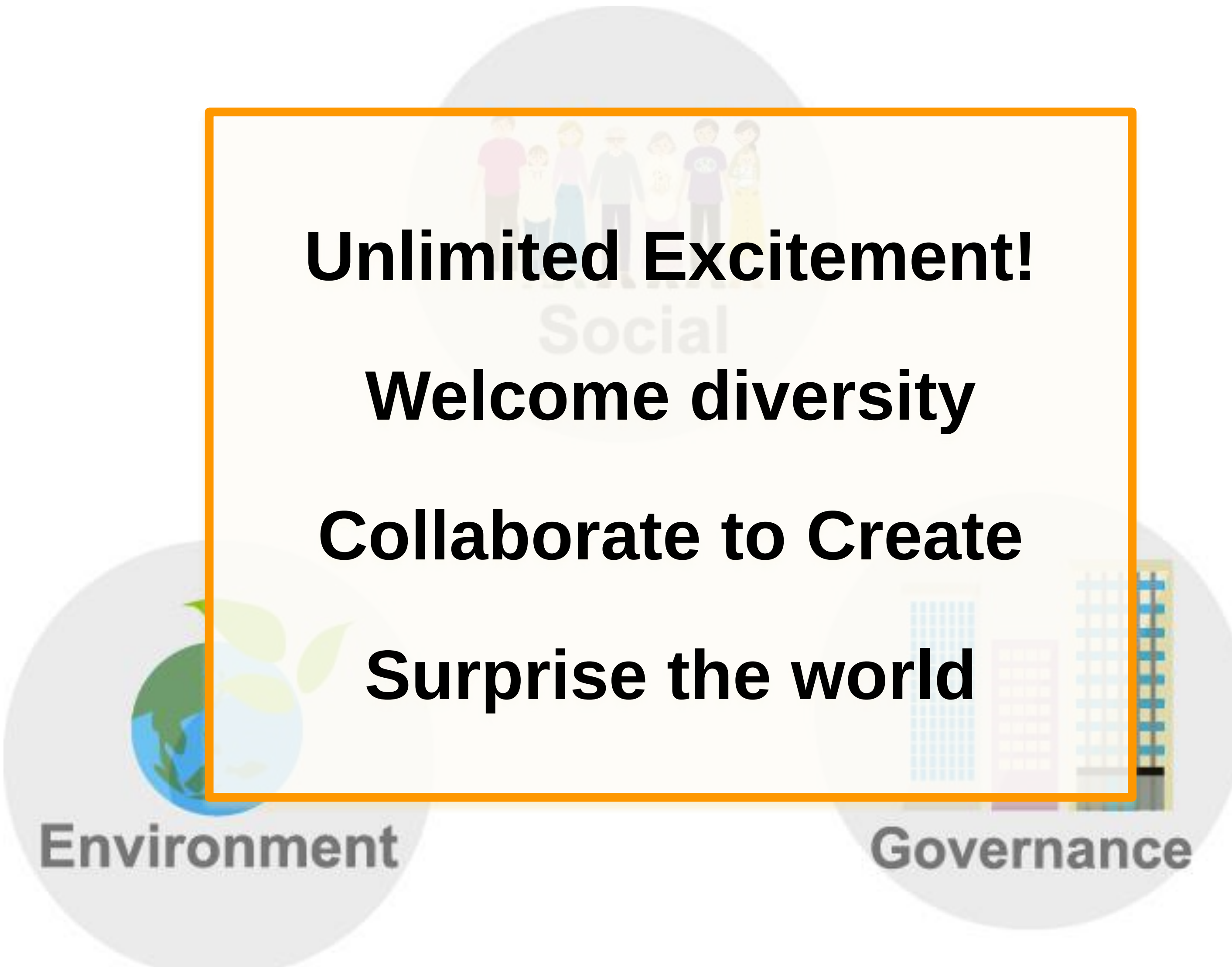
5. Group Mission

Unlimited Excitement!

Welcome diversity

Collaborate to Create

Surprise the world



Ⅳ. Appendix

1. Opening and Closing of Outlets

➢ **New store openings: 34, Store closings: 70, and Format changes: 21**
⇒ Total number of group stores as of the end of FY2024: 1,109

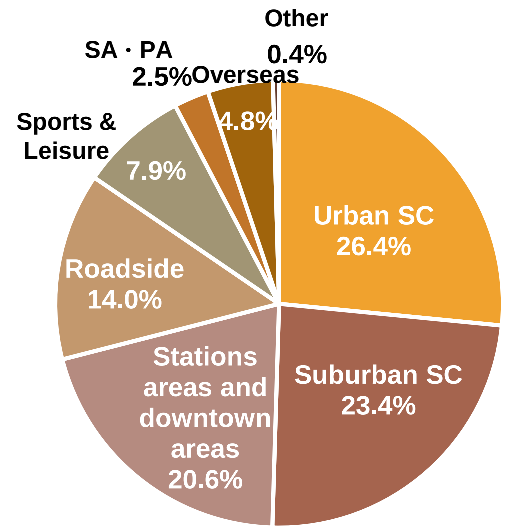
- **Major breakdown of new store openings (34 stores)**
  - Store openings centered on core brands:
    "YOROZU-YA" Ota, "shabu-SAI" Lalaport Kadoma, "YUZURU" Nishioka, "Go-no-Go" 3 outlets, "ISOMARU SUISAN" 2 outlets, "L'air bon", etc. (12 stores)
  - New contract business of golf-course restaurants (5 stores)
  - Opened stores in collaboration with JA ZEN-NOH (6 stores)
  - In-group FC: "MACCHA HOUSE" Zenkoji Nakamise-dori, "ISOMARU SUISAN" Matsumoto station front, "Tsukemen TETSU" AEON Kashihara, and "Hainan Chicken Rice Shokudo" Aeon Hiroshima Fuchu
  - Overseas: "MOMIJI CHAYA" 2 outlets in HK, "shabu-SAI" in Singapore, "IL Fornaio" in US, "AWkitchen" in Jakarta, and "Kagonoya" 3 outlets in Thailand
- **Retirement of stores due to expiration of contract (47 stores) and withdrawal of unprofitable stores (23 stores)**
  *Withdrawal from New York in North America (3 stores)
- **Format changes in line with location environment and customer needs (21 stores)**
  Four stores, including three new brands in the food court "Marche de Métro" in Omotesando, changed their business style at the same time.

[List of Stores Opened and Closed as of the end of FY2024]

Category	Total no. at end of Feb. 2023	Increase /Decrease		Total no. at end of Feb. 2024	Brand Changes *1
		New	Close		
CR	502	9	31	484	15
SFP	208	7	13	202	4
Specialty Brand	381	10	19	368	2
Overseas *2	54	8	7	55	0
Group total *3	**1,145**	**34**	**70**	**1,109**	**21**

*1: The number of stores includes the change of business category within the group.
*2: The number of stores in the overseas category includes 2 franchised store of LGEW in Jakarta and 15 franchised stores of KR in Thailand.
*3: The number of stores as of the end of the fiscal year in this document is the total number of stores in the group, including contract business stores and FC stores, as of the end of February 2024.

[Composition of stores by location (as of the end of FY2024)**]**



2. Trends in same-store sales YoY ratio /same-store sales ratio compared to Pre-Covid

【Consolidated】

	Mar.	Apr.	May	Q1 Total	Jun.	Jul.	Aug.	Q2 Total	Sep.	Oct.	Nov.	Q3 Total	Dec.	Jun.	Feb.	Full-year
FY 2024 Same-store sales YoY *1	146.0%	121.1%	115.4%	126.1%	111.5%	118.1%	121.3%	121.4%	114.5%	107.2%	110.0%	117.5%	112.1%	110.7%	109.9%	116.0%
FY 2024 Same-store sales vs. FY2020 (pre-COVID)*2	87.2%	88.6%	92.2%	89.4%	88.6%	93.4%	87.4%	90.0%	91.3%	100.4%	95.6%	92.0%	95.8%	92.5%	101.4%	92.9%

【By category】

		Mar.	Apr.	May	Q1 Total	Jun.	Jul.	Aug.	Q2 Total	Sep.	Oct.	Nov.	Q3 Total	Dec.	Jan.	Feb.	Full-year
CR	**FY 2024 Same-store sales YoY *1**	137.4%	125.9%	118.7%	126.8%	116.5%	124.6%	126.3%	124.8%	118.4%	111.2%	114.1%	121.2%	113.6%	112.8%	114.5%	119.1%
	FY 2024 Same-store sales vs. FY2020 (pre-COVID)*2	82.9%	86.2%	88.8%	86.0%	82.1%	90.1%	83.6%	85.6%	86.7%	98.2%	92.8%	87.8%	94.3%	95.0%	106.1%	89.9%
SFP	**FY 2024 Same-store sales YoY *1**	276.6%	132.7%	121.7%	154.5%	113.8%	128.4%	136.5%	139.1%	122.2%	109.1%	111.1%	129.6%	116.3%	111.3%	111.3%	125.1%
	FY 2024 Same-store sales vs. FY2020 (pre-COVID)*2	82.4%	85.6%	88.3%	85.5%	84.6%	89.5%	81.7%	85.5%	85.1%	92.5%	87.2%	86.4%	87.1%	84.5%	95.1%	87.0%
Specialty Brand	**FY 2024 Same-store sales YoY *1**	122.7%	112.7%	108.8%	114.5%	104.3%	110.0%	115.0%	112.3%	109.4%	103.2%	109.0%	110.5%	111.1%	110.6%	108.4%	110.6%
	FY 2024 Same-store sales vs. FY2020 (pre-COVID)*2	82.3%	84.4%	89.2%	85.2%	84.2%	90.0%	84.3%	85.8%	86.1%	96.6%	92.4%	87.5%	89.4%	88.7%	91.9%	88.1%
Overseas	**FY 2024 Same-store sales YoY *1**	140.9%	117.1%	117.1%	123.3%	114.8%	110.0%	108.8%	116.0%	108.6%	105.2%	103.4%	111.5%	106.5%	104.5%	102.1%	110.8%
	FY 2024 Same-store sales vs. FY2020 (pre-COVID)*2	127.3%	122.9%	124.8%	126.3%	129.2%	129.7%	132.2%	132.9%	137.1%	142.2%	138.7%	137.8%	136.3%	124.8%	137.4%	135.9%

*1: Same-store sales YoY ratio is calculated using the figures for the FY 2023, and also including stores that are closed.

*2: Same-store sales ratio compared to Pre-Covid is calculated using the figures for the FY 2020 Pre-Covid and including closed stores.

3. Sustainability (1) -Risks, Opportunities, and Response Policies of Each Materiality-

Materiality	Assumed risks and opportunities	Degree of influence	Response Policy
Food safety	Impact of food accidents on customers' health and loss of trust, lower evaluations by stakeholders, and a decline in sales To win the trust of customers by increasing food safety and security, and to improve the reputation of each stakeholder and revenue sales	◎	Establishment of strict standards for health and safety, and thorough education for employees Promote inspections of in-house stores and factories and improvement of discovered issues Continuous implementation of supplier plant audits
Co-existence and co-prosperity with producers	Increase in environmental impact, impediment to biodiversity, unstable procurement of foodstuffs due to difficulties for producers, etc., resulting in price increases, and a decline in evaluations from each stakeholder To stabilize the procurement of foodstuffs by reducing environmental impact, contributing to biodiversity, and stabilizing the lives of producers, thereby stabilizing prices, and improving the reputation of each stakeholder	○	Promote diversified initiatives such as the development of a menu of collaborations between local production and local consumption of local production and the use of domestically produced foodstuffs, mainly by business subsidiaries
Contribution to a carbon-free society	Regulatory risks associated with climate change, instability in the supply of food and energy, and resulting price increases, as well as lower assessments by stakeholders Stabilization of food and energy supplies through mitigation of climate change, thereby stabilizing prices, and improvement of evaluations by stakeholders due to recognition of contributions to a carbon-free society, as well as an increase in sales, etc.	○	Promotion of efficient logistics through integration of logistics bases, etc. Promotion of energy reduction measures through energy-saving management, maintenance, and replacement with energy-saving equipment Promotion of reduction in use of plastic products
Reduction of food waste	Decrease in assessments from each stakeholder and increase in costs due to stagnant reduction of food loss Improved evaluation by each stakeholder and reduced costs due to progress in reducing food loss	○	Promote reduction of various food loss during purchase, cooking process, and product provision To recycle food waste
Promoting diversity in workplace	Outflow of human resources due to stagnant promotion of diverse human resources, deterioration of business base due to a decline in the quality of human resources, decrease in evaluation by customers, and decrease in sales Acquisition of human resources through progress in promoting the active participation of diverse human resources, strengthening of the business base by improving the quality of human resources, improvement of customer evaluations, and increase in sales	◎	Establishment of a system and promotion of measures to enable diverse human resources, such as foreigners, women, persons with disabilities, and seniors, to play an active role according to their respective circumstances and lifestyles

*○:Medium impact, ◎: Large impact

3. Sustainability (2) -Human equity management policies-

Human equity management

✓ Based on the Basic Policy on Human Resources, each policy was newly established for the 4 priority items

Basic Policy on Human Resources

Recognizing that human resources are an extremely important source of sustainable growth, the Create Restaurants Group will proactively engage in initiatives and investments in line with its priority items in order to secure and grow its human resources.

[Internal Environment Policy]

① We will create an environment and system in which human resources can engage in exciting work. (Motivation)

We believe that enabling human resources to engage in exciting work with job satisfaction is of paramount importance for the active participation and growth of human resources. To this end, we will develop a comfortable working environment and systems, and promote the creation of workplaces where employees can feel a sense of fulfillment. In this way, we will make it possible for human resources to work in a healthy and exciting manner, both mentally and physically.

[D&I Policy]

② We promote the active participation of diverse human resources. (Diversity & Inclusion)

We believe that it is crucial for our own development that we have a diverse group of people with different genders, races, nationalities, ages, disabilities, religions, values, sexual orientations and gender identities, etc., who can make the most of their diversity to achieve their full potential. To this end, we will respect diversity and raise awareness of the importance of human rights and work-life balance. We will also develop recruitment methods, personnel systems, training, and working patterns.

[Respect for Human Resource Policy]

③ We respect each and every employee as a colleague. (Respect)

We consider our colleagues in the workplace to be our most important partner in "providing our customers with a richly colored food scene." To this end, each and everyone of our human resources will protect human rights, respect each other beyond their roles and positions, and express their appreciation. In this way, we will create a sustainable workplace that is full of smiling faces.

[Human Resource Development Policy]

④ We help human resources grow through educational and training programs. (Development)

We believe that human resources who ”always challenge with speed and creativity" are highly responsive to change and are meaningful in meeting the diverse expectations of customers and other stakeholders. To nurture these human resources, we value a corporate culture that respects challenges. We will also provide education and training that enables each individual employee to hone their expertise and develop their knowledge and skills autonomously.

Disclaimer

The purpose of this material is to provide information regarding the financial results of the FY 2024 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.

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