

# Summary of Business Results for the First Quarter Ending May 31, 2024 [IFRS] (Consolidated)

July 12, 2024

Company **create restaurants holdings inc.**  
 Stock Code 3387 URL: <https://www.createrestaurants.com>  
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 Expected date of filing of quarterly report: July 12, 2024  
 Preparation of quarterly supplementary financial document: Yes  
 Quarterly results briefing: None

Listed on the TSE

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Expected starting date of dividend payment: -

(Rounded down to million yen)

## 1. Consolidated business results for the three months ending May 2024 (March 1, 2024 to May 31, 2024)

### (1) Consolidated results of operations (Cumulative)

(% change from the previous corresponding period)

	Revenue		Operating profit		Profit before taxes		Profit for the period		Profit attributable to owners of parent		Total comprehensive profit for the period	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ending May 2024	38,286	4.6	2,753	-7.6	2,584	-11.6	2,046	-13.3	1,852	-13.9	2,330	-7.8
Three months ending May 2023	36,607	39.5	2,981	-42.3	2,924	-43.0	2,360	-39.1	2,150	-37.2	2,528	-44.7

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ending May 2024	8.81		-	
Three months ending May 2023	10.23		-	

(Reference) Adjusted EBITDA: Three months ended May 2024: 7,106 million yen (-1.9%)

Three months ended May 2023: 7,242 million yen (22.1%)

(Note 1) "Basic earnings per share" are calculated based on "Profit attributable to owners of parent."

(Note 2) Diluted earnings per share are not presented because there are no dilutive securities.

(Note 3) Adjusted EBITDA is disclosed as useful comparative information of our business performance of the Group. For definitions and calculation methods of adjusted EBITDA, please refer to "1. Qualitative information on results for the current quarter" of P.2 (1) Qualitative information on the consolidated financial results."

### (2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent
	Million yen	Million yen	Million yen	%
As of May 2024	133,105	40,910	37,427	28.1
As of Feb. 2024	130,816	39,371	35,969	27.5

## 2. Dividends

	Annual dividend				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended Feb. 2024	-	3.50	-	3.50	7.00
Year ending Feb. 2025	-				
Year ending Feb. 2025 (forecast)		4.00	-	4.00	8.00

(Note) Revisions to dividend forecast for the current quarter: None

### 3. Forecast of consolidated financial results for the fiscal year ending February 2025

(March 1, 2024 through February 28, 2025)

(% change from the previous corresponding period)

	Revenue		Operating profit		Profit before taxes		Profit for the year		Profit attributable to owners of parent		Basic profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Year ending Feb. 2025	153,000	5.0	9,300	31.4	8,700	31.2	7,000	24.8	6,100	21.0	29.01

(Note) Revisions to business forecast for the current quarter: None

(Reference) Adjusted EBITDA: Year ending February 28,2025 (Forecast): 26,200 million yen (2.4%)

#### \*Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in the scope of consolidation): None

New —Company(Company name)— Exclusion —Company(Company name)—

(2) Changes in accounting policies, accounting estimates and restatement

1) Changes in accounting policies required under IFRS: : Yes

2) Changes in accounting policies other than 1) : None

3) Changes in accounting estimates : None

(3) Number of shares outstanding (common stock)

1) Number of shares outstanding at the end of the period (treasury stock included)

As of May 2024 212,814,284 shares

As of February 2024 212,814,284 shares

2) Treasury stock at the end of period

As of May 2024 2,464,251 shares

As of February 2024 2,481,551 shares

3) Average number of stock during the period (quarterly cumulative total)

Three months ending May 2024 210,342,394 shares

Three months ending May 2023 210,219,461 shares

(Note) Treasury stocks to be deducted for the calculation of the number of treasury stocks at the end of the period and the average number of shares during the period (quarterly cumulative period) include the Company's shares owned by The Custody Bank of Japan, Ltd. (trust account) as trust assets related to the Employee Incentive Plan "Trust-type ESOP for Employees."

**\*Quarterly financial summary is not subject to the quarterly review procedures by certified public accountants or auditing firms.**

#### \*Explanation regarding appropriate use of business forecasts and other special instructions

(1) Our Group adopts International Financial Reporting Standards.

(2) Forecasts regarding future performance in this material are based on information currently available to the company and certain assumptions that the company deems to be reasonable at the time this report was prepared. Actual results may differ significantly from the forecasts due to various factors. Please refer to page 3 of the attached material for the assumptions upon which the forecasts are based and the cautionary statements regarding the use of the forecasts.

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## 1. Qualitative information on results for the current quarter

### (1) Qualitative information on the consolidated financial results

In the first quarter of the consolidated year under review, the Japanese economy saw a recovery in inbound demand due to an increase in the number of foreign visitors to Japan and an increase in the number of people moving domestically due to the normalization of economic activity. Private consumption also remained steady, underpinned by the continued trend of wage increases. However, in the domestic market, in addition to inflation caused by the depreciation of the yen and labor shortage caused by the declining birthrate and increasing aging population, overseas economic conditions stemming from geopolitical risks such as the situation in Russia, Ukraine and the Middle East remain in chaos, and the outlook remains uncertain.

In the restaurant industry, although demand continues to be firm due to the recovery in corporate entertainment expenses following the tax reform and the increase in the number of foreign visitors to Japan, the business environment is expected to remain harsh due to factors such as the anticipated rise in energy resources prices and the further rise in raw material prices associated with the continued depreciation of the yen, as well as the worsening situation of the supply shortage in terms of human resources. In addition, the trend of selective consumption is expected to intensify further amid the continued negative real wage trend and the uncertain outlook for a positive shift.

Against this backdrop, we will celebrate the 25th anniversary of our founding in May this year, and we will continue to aim for further growth by leveraging our ability to respond to changes cultivated over many years. At present, as part of our efforts to promote Group Federal Management, we are undertaking group-wide organizational restructuring. On June 1, 2024, LG&EW inc. was merged with Create Dining inc. to strengthen expertise and promote human resource exchanges through the consolidation of knowledge in various business domains. Furthermore, in the Contract Business domain, we will aim to further develop the Contract Business by splitting off the Contract Business of KR FOOD SERVICE CORPORATION to create restaurants inc. on September 1, 2024 (planned).

We are also focusing on investing in human equity, and are continuing to expand our employees' salary increase fund and strengthen our recruitment of foreign employees. At the same time, we are working to create an enabling environment for diverse human resources to realize diverse working styles by raising the age of senior employees and introducing new Expert position to make career pass broader.

With regard to new store openings, we opened a new American dining "GOTTA" as a new format developed by Create Brand Lab, a specialized organization that develops new formats and concepts that make our customers excited. In addition, we opened new stores centered on core brands such as "shabu-SAI", Shabu-shabu restaurant in all-you-can-eat style and "Go-no-Go", Izakaya-type public bar. We also aggressively opened contract business stores in collaboration with restaurants in golf courses and JA ZEN-NOH.

As a consequence, the Group opened 6 new stores, changed the format of 4 stores, and closed 11 stores, mainly due to the expiration of contracts. As a result, the number of consolidated stores, including contract business stores, etc. reached 1,104 at the end of the first quarter.

As a result of the above, for the first quarter, revenue was 38,286 million yen (up 4.6% year on year), operating profit was 2,753 million yen (down 7.6% year on year), profit before taxes was 2,584 million yen (down 11.6% year on year), quarterly profit was 2,046 million yen (down 13.3% year on year), and quarterly profit attributable to owners of parent was 1,852 million yen (down 13.9% year on year). Adjusted EBITDA was 7,106 million yen (down 1.9% year-on-year), adjusted EBITDA margins were 18.6% (19.8% in the previous year) and adjusted ratio of equity attributable to owners of parent (adjusted equity ratio) was 41.9% (35.4% in the previous year) (Note).

(Note) We use Adjusted EBITDA, Adjusted EBITDA margin and Adjusted ratio of equity attributable to owners of parent (adjusted equity ratio) as useful indicators of our group's performance.

Adjusted EBITDA, Adjusted EBITDA margin and Adjusted ratio of equity attributable to owners of parent (adjusted equity ratio) are calculated as follows

- Adjusted EBITDA = operating profit + other operating expenses - other operating revenues (excluding sponsorship income) + depreciation and amortization + non-recurring expense items (advisory expenses, etc. related to share acquisitions, etc.)
- Adjusted EBITDA margin = Adjusted EBITDA/Revenue × 100

- Adjusted ratio of equity attributable to owners of parent (adjusted equity ratio): Ratio of equity attributable to owners of parent (shareholders' equity ratio) excluding the impact of IFRS No. 16.

## (2) Qualitative information on the consolidated financial position

### 1) Assets, liabilities and shareholders' equity

#### (Assets)

The balance of current assets at the end of the first quarter under review increased by 2,188 million yen from the end of the previous fiscal year to 33,528 million yen. This was mainly due to increases of 1,063 million yen in trade and other receivables and 1,037 million yen in cash and cash equivalents.

The balance of non-current assets at the end of the first quarter under review increased by 101 million yen from the end of the previous fiscal year to 99,576 million yen. This was mainly due to a decrease of 180 million yen in guarantee deposits included in other financial assets, despite an increase of 105 million yen in deferred tax assets, and an increase of 99 million yen in property, plant and equipment.

#### (Liabilities)

The balance of liabilities at the end of the first quarter of the current fiscal year increased by 750 million yen from the end of the previous fiscal year to 92,195 million yen. This was mainly due to a decrease of 540 million yen in provision, while there were increases of 435 million yen in bonds and borrowings and 365 million yen in lease liabilities.

#### (Equity)

The balance of equity at the end of the first quarter of the current fiscal year increased by 1,538 million yen from the end of the previous fiscal year to 40,910 million yen. This was mainly due to an increase of 1,116 million yen in retained earnings and 284 million yen in other equity components.

Ratio of equity attributable to owners of parent (equity ratio) is 28.1%.

### 2) Consolidated results of cash flows

Cash and cash equivalents (hereinafter referred to as "Net cash") at the end of the first quarter of the current fiscal year increased by 1,037 million yen from the end of the previous fiscal year to 22,342 million yen.

The status of each cash flow during the first quarter of the current fiscal year and its factors are as follows.

#### (Cash flows from operating activities)

Net cash provided by operating activities during the first quarter was 5,405 million yen, down 10.2% year on year. This was mainly due to depreciation of 3,822 million yen, profit before taxes of 2,584 million yen, and -1,180 million yen in trade and other receivables.

#### (Cash flow from investing activities)

Net cash used in investing activities for the first quarter of the current fiscal year was 856 million yen (up 2.5% year on year). This was mainly due to the purchase of property, plant and equipment and assets of 819 million yen.

#### (Cash flow from financing activities)

Net cash used in financing activities for the first quarter of the current fiscal year was 3,587 million yen (down 39.3% year on year). This was mainly due to payments of 3,292 million yen for repayment of lease liabilities and -1,859 million yen for repayment of long-term loans payable, despite proceeds of 2,400 million yen from long-term loans payable.

## (3) Qualitative information on the consolidated business forecasts

On the domestic demand side, the trend toward higher stock prices due to an improvement in corporate profits, an improvement in the employment environment, and the trend toward wage increases, as well as a recovery in corporate entertainment expenses and further expansion in demand for inbound tourism, are expected to remain firm. On the other hand, the trend of selective consumption is expected to intensify further amid the continued negative real wage trend and the uncertain outlook for a positive shift. On the supply side, on the other hand, the supply-demand gap is expected to continue to worsen due to concerns over further rises in raw material prices and energy costs associated with the continued depreciation of the yen, in part due to uncertainties in the international situation stemming from geopolitical risks such as the situation in Russia, Ukraine, and the Middle East, in addition to the serious labor shortage and logistics problems caused by the declining birthrate and increasing aging population.

Against this backdrop, our Group aims to achieve sustainable earnings growth based on the 3 pillars of our growth strategy: Reviewing portfolio toward post-Covid, Further development of Group Federal Management, and Improving productivity and addressing the shortages of human resources by promoting DX.

Consolidated earnings for the first quarter of the current fiscal year have generally been in line with forecasts, and we have not changed our full-year forecasts for the fiscal year ending February 2025 from the consolidated earnings forecasts announced on April 12, 2024.

## 2. Condensed quarterly consolidated financial statements and major notes

### (1) Condensed quarterly consolidated statements of financial position

(Million yen)

	Previous Fiscal Year (February 29, 2024)	Current First Quarter (May 31, 2024)
<b>Assets</b>		
Current assets		
Cash and cash equivalents	21,305	22,342
Trade and other receivables	5,729	6,793
Other financial assets	480	534
Inventories	1,024	1,112
Corporate income taxes receivable	1,344	1,294
Other current assets	1,454	1,449
Total current assets	31,340	33,528
Non-current assets		
Property, plant and equipment	56,619	56,718
Goodwill	23,726	23,887
Intangible assets	6,026	6,002
Other financial assets	9,052	8,846
Deferred tax assets	3,413	3,518
Other non-current assets	637	604
Total non-current assets	99,475	99,576
Total assets	130,816	133,105

(Million yen)

	Previous Fiscal Year (February 29, 2024)	Current First Quarter (May 31, 2024)
Liabilities and assets		
Liabilities		
Current liabilities		
Trade and other payables	4,398	4,631
Bonds and borrowings	8,221	8,564
Lease liabilities	11,377	11,319
Corporate income taxes payable	926	812
Provisions	2,236	1,885
Other current liability	10,373	10,440
Total current liabilities	37,533	37,654
Non-current liabilities		
Bonds and borrowings	19,361	19,559
Lease liabilities	28,813	29,306
Obligations for retirement pay	1,089	1,045
Provisions	2,963	2,948
Deferred tax liabilities	1,279	1,276
Other non-current liabilities	404	405
Total non-current liabilities	53,911	54,541
Total liabilities	91,444	92,195
Equity		
Capital stock	50	50
Capital surplus	24,688	24,734
Retained earnings	10,193	11,310
Treasury stock	-1,178	-1,167
Other equity components	2,215	2,500
Total equity attributable to owners of parent	35,969	37,427
Non- controlling equity	3,401	3,482
Total Equity	39,371	40,910
Total liabilities and equity	130,816	133,105



(2) Condensed quarterly consolidated statements of income and statements of comprehensive income

Condensed quarterly consolidated statements of income

Consolidated cumulative first quarter

(Million yen)

	Previous First Quarter (March 1, 2023 - May 31, 2023)	Current First Quarter (March 1, 2024 - May 31, 2024)
Revenue	36,607	38,286
Cost of sales	-10,510	-10,902
Gross profit	26,096	27,383
Selling, general and administrative expenses	-22,809	-24,181
Other operating revenue	231	191
Other operating expenses	-538	-640
Operating profit	2,981	2,753
Financial income	88	99
Financing cost	-144	-267
Profit before taxes	2,924	2,584
Corporate income tax expense	-563	-538
Profit for the period	2,360	2,046
Net profit attributable to		
Owners of parent	2,150	1,852
Non- controlling equity	209	193
Profit for the period	2,360	2,046
Profit per share attributable to owners of parent (yen)		
Basic earnings per share	10.23	8.81
Diluted earnings per share	-	-

Condensed quarterly consolidated statements of comprehensive income

Consolidated cumulative first quarter

(Million yen)

	Previous First Quarter (March 1, 2023 - May 31, 2023)	Current First Quarter (March 1, 2024 - May 31, 2024)
Profit for the period	2,360	2,046
Other comprehensive profit		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation adjustments	167	284
Total	167	284
Total other comprehensive profit	167	284
Comprehensive profit	2,528	2,330
Comprehensive profit attributable to		
Owners of parent	2,318	2,137
Non- controlling equity	209	193
Comprehensive profit	2,528	2,330

(3) Condensed quarterly consolidated statements of changes in equity

Previous First Quarter (March 1, 2023 to May 31, 2023)

	Total equity attributable to owners of parent									
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Other equity components		Total	Total	Non-controlling equity	Total equity
					Foreign currency translation adjustments	Total				
Balance at March 1, 2023	50	22,744	6,509	-1,217	1,519	1,519	29,606	4,836	34,443	
Profit for the period	-	-	2,150	-	-	-	2,150	209	2,360	
Other comprehensive profit	-	-	-	-	167	167	167	-	167	
Comprehensive profit	-	-	2,150	-	167	167	2,318	209	2,528	
Dividends	-	-	-630	-	-	-	-630	-93	-724	
Share-based payment transactions	-	38	-	-	-	-	38	-	38	
Others	-	-0	-	12	-	-	12	-0	12	
Total transactions with owners	-	38	-630	12	-	-	-579	-93	-672	
Balance at May 31, 2023	50	22,783	8,029	-1,204	1,686	1,686	31,345	4,953	36,298	

Current First Quarter (March 1, 2024 to May 31, 2024)

(Million yen)

	Total equity attributable to owners of parent									
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Other equity components		Total	Total	Non-controlling equity	Total equity
					Foreign currency translation adjustments	Total				
Balance at March 1, 2024	50	24,688	10,193	-1,178	2,215	2,215	35,969	3,401	39,371	
Profit for the period	-	-	1,852	-	-	-	1,852	193	2,046	
Other comprehensive profit	-	-	-	-	284	284	284	-	284	
Comprehensive profit	-	-	1,852	-	284	284	2,137	193	2,330	
Dividends	-	-	-736	-	-	-	-736	-112	-848	
Share-based payment transactions	-	45	-	-	-	-	45	-	45	
Others	-	0	-	10	-	-	11	-	11	
Total transactions with owners	-	45	-736	10	-	-	-679	-112	-791	
Balance at May 31, 2024	50	24,734	11,310	-1,167	2,500	2,500	37,427	3,482	40,910	

## (4) Condensed quarterly consolidated statements of cash flows

(Million yen)

	Previous First Quarter (March 1, 2023 - May 31, 2023)	Current First Quarter (March 1, 2024 - May 31, 2024)
Cash flows from operating activities		
Profit before taxes	2,924	2,584
Depreciation and amortization	3,786	3,822
Impairment loss	486	598
Interest income	-7	-21
Interest expense	144	151
Loss (gain) on sale of non-current assets	-0	-0
Loss on disposal of fixed assets	2	5
Decrease (increase) in inventories	-6	-82
Decrease (increase) in trade and other receivables	-853	-1,180
Increase (decrease) in trade and other payables	607	420
Increase (decrease) in net defined benefit liability	-65	-44
Increase (decrease) in provision	-313	-315
Other changes	-38	261
Sub-total	6,666	6,198
Interest and dividend received	7	21
Interest expenses paid	-63	-54
Income taxes paid	-589	-810
Corporate income taxes refunded	-	50
Cash flows from operating activities	6,021	5,405
Cash flow from investing activities		
Payments into time deposits	-3	-5
Proceeds from withdrawal of time deposits	3	-
Purchase of property, plant and equipment	-680	-819
Proceeds from sales of property, plant and equipment	0	0
Payments for asset retirement obligations	-57	-94
Purchase of intangible assets	-49	-4
Payment for guaranty deposits	-96	-72
Proceeds from collection of guaranty deposits	102	146
Others	-54	-5
Cash flow from investing activities	-834	-856

	(Million yen)	
	Previous First Quarter (March 1, 2023 - May 31, 2023)	Current First Quarter (March 1, 2024 - May 31, 2024)
Cash flow from financing activities		
Proceeds from long-term debt	-	2,400
Repayment of long-term loans payable	-2,000	-1,859
Repayments of lease liabilities	-3,199	-3,292
Cash dividends paid	-620	-725
Dividends paid to non-controlling interests	-92	-109
Cash flow from financing activities	-5,912	-3,587
Effect of exchange rate change on cash and cash equivalents	58	75
Net increase (decrease) in cash and cash equivalents	-667	1,037
Cash and cash equivalents at beginning of period	23,895	21,305
Cash and cash equivalents at beginning of period-end	23,227	22,342

## (5) Notes on the condensed quarterly consolidated financial statements

(Notes on the going concern assumptions)

None

(Material accounting policies)

The accounting policies applied by our group in the condensed quarterly consolidated financial statements are the same as the accounting policies applied in the consolidated financial statements for the previous fiscal year, except for the newly adopted standards described below.

Corporate income tax for the first quarter of the current fiscal year is calculated based on the estimated annual effective tax rate.

The Group, beginning with the first quarter of the current fiscal year, has adopted the following standards.

Statement of standards	Standard name	Outline of new establishment and revision
IAS No. 1	Presentation of Financial Statements	<ul style="list-style-type: none"><li>• Clarified requirements for classification of liabilities as current or non-current</li><li>• Revisions requiring disclosure of information on long-term debt with special covenants</li></ul>
IFRS No. 16	Lease	<ul style="list-style-type: none"><li>• Clarified post-transaction accounting for sale-and-leaseback transactions</li></ul>

The adoption of the aforementioned pronouncements did not have a material impact on the condensed quarterly consolidated financial statements.

(Segment information)

The description is omitted because the Group's business is categorized as restaurant business and there are no segments to be classified.

(Per-stock information)

(Million yen)

	Previous First Quarter (March 1, 2023 - May 31, 2023)	Current First Quarter (March 1, 2024 - May 31, 2024)
Quarterly profit attributable to owners of parent	2,150	1,852
Weighted average number of common shares outstanding (shares)	210,219,461	210,342,394
Basic earnings per share (yen)	10.23	8.81

(Note) 1. Based on the calculation of “Basic earnings per share”, we include our stock owned by “Trust-type ESOP for Employees” in the calculation of the mean number of treasury stocks deducted during the period (The previous first quarter consolidated cumulative period: 1,928,271 shares, and the current first quarter consolidated cumulative period: 1,872,338 shares).

2. Diluted earnings per share are not presented because there are no dilutive securities.

(Significant subsequent events)

None