

# Summary of Business Results for the First Quarter Ending May 31, 2023

## [IFRS] (Consolidated)

July 14, 2023

Company **create restaurants holdings,inc.** Listed on the TSE  
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 Expected date of filing of quarterly report: July 14, 2023 Expected starting date of dividend payment: -  
 Preparation of quarterly supplementary financial document : Yes  
 Quarterly results briefing : None

(Rounded down to million yen)

### 1. Consolidated business results for the three months ending May 2023 (March 1, 2023 to May 31, 2023)

#### (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	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First Quarter of Fiscal 2024	36,607	39.5	2,981	-42.3	2,924	-43.0	2,360	△39.1	2,150	-37.2	2,528	-44.7
First Quarter of Fiscal 2023	26,243	47.9	5,166	239.8	5,130	251.2	3,873	262.6	3,422	220.5	4,571	254.7

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First Quarter of Fiscal 2024	10.23	—
First Quarter of Fiscal 2023	16.28	—

(Reference) Adjusted EBITDA: First Quarter of Fiscal 2024 7,242 Million yen(-22.1%)  
 First Quarter of Fiscal 2023 9,294 Million yen (67.1%)

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

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

3. Adjusted EBITDA is disclosed as useful comparative information of our performance. For definitions and calculation methods of adjusted EBITDA, please refer to "1. Qualitative Information on Results for the Current Quarter (1) Qualitative Information on the Consolidated Financial Results" on page 2 of the attached document.

#### (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	Millions yen	%
As of May 2023	135,007	36,298	28,989	21.5
As of February 2023	133,555	34,443	27,251	20.4

### 2. Dividends

	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	Term end	Total
	Yen	Yen	Yen	Yen	Yen
FY 2023	—	3.00	—	3.00	6.00
FY 2024	—				
FY 2024 (Forecast)		3.00	—	3.00	6.00

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

**3. Forecast of consolidated business results for the fiscal year ending February 2024  
(March 1, 2023 - February 29, 2024)**

(Percentages indicate year-on-year changes.)

	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
FY 2024	141,000	19.2	6,500	27.9	6,000	31.4	4,600	18.6	4,200	24.1	19.98

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

(Reference) Adjusted EBITDA: Year ending February 2024 (forecast 22,600 Million yen (-4.5%))

**\*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 and estimates

- ① Changes in accounting policies required by 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 The number of shares outstanding at the end of the period (including treasury stock)

As of May 2023 212,814,284 Shares

As of February 2023 212,814,284 Shares

② Treasury stock at the end of the period

As of May 2023 2,587,751 Shares

As of February 2023 2,607,751 Shares

③ Average number of stocks during the period (quarterly cumulative period)

As of May 2023 210,219,461 Shares

As of May 2022 210,162,248 Shares

(Note) Treasury stocks deducted for the calculation of the number of treasury stocks at the end of the period and the average number of stocks 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 by certified public accountants or auditing firms.**

**\*Explanations regarding the appropriate use of business forecasts and other special notes**

- (1) Our Group adopts the International Financial Reporting Standards (IFRS).
- (2) The forecasts regarding future performance herein are based on information currently available to the Company and on certain assumptions deemed to be reasonable by the Company at the time this report was prepared. Actual results may differ significantly from these 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 the Results for the current Quarter

### (1) Qualitative Information on the Consolidated Financial Results

During the first quarter of the fiscal year under review, the Japanese economy began to proceed toward normalization due to factors such as the relaxation of behavioral restrictions in response to the slowdown of the spread of Covid-19, and the reduction of the classification of Covid-19 in the Infectious Act to Class 5 on May 8, 2023. In addition, private consumption also showed signs of picking up, underpinned by the extension of nationwide travel support and an increase in foreign visitors to Japan. However, economic trends remain uncertain as the yen continues to depreciate in the foreign exchange market and the prices of raw materials and resources continue to soar due to geopolitical risks and other factors caused by the prolonged situation in Russia and Ukraine.

In the restaurant industry, the impact of Covid-19 is expected to converge, while rising raw material prices labor costs are expected, and the business environment is expected to remain challenging. In addition, changing customer lifestyles are becoming more established due to the penetration of remote work and the acceleration of digitization, and we are required to respond flexibly in accordance with this environment.

Against this backdrop, our Group is working to further improve the quality of existing stores while continuing to entrench the lean cost structure we have cultivated through our response to changes in Covid-19. Specifically, we are working to clarify the concepts of each brand and devise high-value-added menus as a strengthening of our expertise. In addition, we are working to improve customer satisfaction and optimize sales prices by further improving services and implementing strategic store renovations, etc.

In terms of new store openings, we opened stores mainly under our core brands, such as “shabu SAI” (all-you-can-eat) and “MACCHA HOUSE, Matcha-kan”, popular izakaya “Go-no-Go”, goma-soba (sesami) “Yuzuru”, yakiniku (BBQ) “YOROZU-YA” and Bakery “Cent Valie”, and also aggressively opened contract business stores, including restaurants in golf courses.

As a consequence, the Group opened 14 new stores, changed the format of 5 stores, and closed 17 stores, mainly due to contract expirations and unprofitable stores, bringing the total number of consolidated stores including outsourced stores to 1,142 at the end of the first quarter under review.

In addition, we established a Group-wide “Human Resources Project Team” on March 1, 2023 to invest in human resources equity, and we are working to expand employee salaries, increase hourly wages for crews, enhance our training system, and create a comfortable working environment.

As a result of the above, net sales for the first quarter of the current fiscal year were 36,607 million yen (up 39.5% year-on-year), operating income was 2,981 million yen (down 42.3% year-on-year), income before income taxes was 2,924 million yen (down 43.0% year-on-year), quarterly income was 2,360 million yen (down 39.1% year-on-year), and the profit attributable to owners of the parent was 2,150 million yen (down 37.2% year-on-year). In addition, Adjusted EBITDA was 7,242 million yen (down 22.1% year-on-year), adjusted EBITDA margin was 19.8% (35.4% in the same period of the previous year), and adjusted equity attributable to owners of parent (adjusted equity ratio) was 33.0% (30.2% in the same period of the previous year) (See Note.)

(Note) We use Adjusted EBITDA, Adjusted EBITDA Margins and Adjusted Ratio of equity attributable to owners of parent (Adjusted equity ratio) as useful measures of our Group's performance.

Adjusted EBITDA, Adjusted EBITDA margins 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, 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.)
- 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 Equity

##### (Assets)

Current assets at the end of the first quarter of the current fiscal year were 32,553 million yen, up 286 million yen from the end of

the previous fiscal year. This was mainly due to an increase of 864 million yen in trade and other receivables, while cash and cash equivalents decreased by 667 million yen. The balance of noncurrent assets at the end of the first quarter of the current fiscal year increased 1,165 million yen from the end of the previous fiscal year to 102,454 million yen. This was mainly due to a 1,052 million yen increase in property, plant and equipment and a 91 million yen increase in goodwill.

(Liabilities)

Total liabilities at the end of the first quarter of the current fiscal year decreased 402 million yen from the end of the previous fiscal year to 98,709 million yen. This was mainly due to a 1,180 million yen increase in lease liabilities and a 661 million yen increase in trade and other payables, despite a 1,999 million yen decrease in bonds payable and loans payable.

(Equity)

The balance of total shareholders' equity at the end of the first quarter of the current fiscal year increased by 1,855 million yen from the end of the previous fiscal year to 36,298 million yen. This was mainly due to a 1,520 million yen increase in retained earnings.

The ratio of equity attributable to owners of parent (equity ratio) was 21.5%.

## ② Consolidated results of cash flows

Cash and cash equivalents ("cash") at the end of the first quarter of the current fiscal year decreased 667 million yen from the end of the previous fiscal year to 23,227 million yen.

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

(Cash flows from operating activities)

Net cash provided by operating activities amounted to 6,021 million yen (down 23.5% year-on-year) in the first quarter of the current fiscal year. This was mainly due to depreciation and amortization of 3,786 million yen and income before income taxes of 2,924 million yen.

(Net cash provided by investing activities)

Net cash used in investing activities amounted to 834 million yen (up 62.5% year-on-year) in the first quarter of the current fiscal year. This was mainly due to purchase of property, plant and equipment of 680 million yen and payments for guarantee deposits of 96 million yen.

(Cash flows from financing activities)

Net cash used in financing activities amounted to 5,912 million yen (down 0.9% year-on-year) in the first quarter of the current fiscal year. This was mainly due to expenditures of 3,199 million yen for repayment of lease liabilities and 2,000 million yen for repayment of long-term loans payable.

## (3) Qualitative Information on the Consolidated Business Forecasts

As for the outlook for the current fiscal year, economic activity will continue to recover gradually due to the lowering of the status of Covid-19 to category 5 under the Infectious Diseases Control Law in May 2023, the continued implementation of measures to stimulate tourism demand, and an increase in foreign visitors to Japan due to the significant relaxation of border control measures, particularly with respect to China. On the other hand, the future of the economy is expected to remain uncertain due to soaring global resource prices accompanying the protracted situation in Russia and Ukraine, the continued depreciation of the yen in the foreign exchange market, and a shrinking workforce caused by the declining birthrate and aging of the population.

In this environment, the Group will continue to maintain and strengthen the muscular management structure it has developed in response to the changes in the Covid-19, and at the same time, we will aim for sustainable profitable growth based on the three pillars of our growth strategy: "reviewing the portfolio with an eye toward after-corona," "further evolving the Group's federal management," and "improving productivity and addressing human resource shortages by promoting DX". The consolidated business results for the first quarter of the fiscal year ending February 28, 2024 are generally in line with our forecasts, and we have not changed our full-year forecasts for the fiscal year ending February 28, 2024 from the consolidated business forecasts announced on April 14, 2023.

2. Condensed Quarterly Consolidated Financial Statements and Major Notes

( 1 ) Condensed Quarterly Consolidated Statement of Financial Position

(Million yen)

	Previous Fiscal Year (February 28, 2023)	Current First Quarter (May 31, 2023)
<b>Assets</b>		
Current assets		
Cash and cash equivalents	23,895	23,227
Trade and other receivables	5,240	6,104
Other financial assets	499	502
Inventories	1,054	1,064
Other current assets	1,578	1,655
Total current assets	32,266	32,553
Non-current assets		
Property, plant and equipment	57,584	58,636
Goodwill	23,688	23,779
Intangible assets	6,177	6,153
Other financial assets	9,390	9,435
Deferred tax assets	3,766	3,754
Other non-current assets	681	693
Total non-current assets	101,288	102,454
Total assets	133,555	135,007

(Million yen)

	Previous Fiscal Year (February 28, 2023)	Current First Quarter (May 31, 2023)
<b>Liabilities and Equity</b>		
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	4,538	5,200
Bonds and borrowings	8,608	8,567
Lease liabilities	10,855	11,076
Other financial liabilities	—	29
Corporate income taxes payable	472	610
Provisions	2,326	1,995
Other current liabilities	10,039	10,007
<b>Total current liabilities</b>	<b>36,841</b>	<b>37,486</b>
<b>Non-current liabilities</b>		
Bonds and borrowings	26,766	24,807
Lease liabilities	29,298	30,258
Obligations for retirement pay	1,162	1,097
Provisions	3,045	3,037
Deferred tax liabilities	1,630	1,647
Other non-current liabilities	366	374
<b>Total non-current liabilities</b>	<b>62,270</b>	<b>61,222</b>
<b>Total liabilities</b>	<b>99,112</b>	<b>98,709</b>
<b>Equity</b>		
Capital stock	50	50
Capital surplus	20,389	20,428
Retained earnings	6,509	8,029
Treasury stock	-1,217	-1,204
Other equity components	1,519	1,686
<b>Total equity attributable to owners of parent</b>	<b>27,251</b>	<b>28,989</b>
<b>Non-controlling equity</b>	<b>7,191</b>	<b>7,308</b>
<b>Total Equity</b>	<b>34,443</b>	<b>36,298</b>
<b>Total Liabilities and Equity</b>	<b>133,555</b>	<b>135,007</b>

(2) Condensed Quarterly Consolidated Statements of Income and Condensed Quarterly Consolidated Statements of Comprehensive Income  
Condensed Quarterly Consolidated Statements of Income  
Consolidated cumulative first quarter

	(Million yen)	
	Previous First Quarter (March 1, 2022) - May 31, 2022)	Current First Quarter (March 1, 2023) - May 31, 2023)
Revenue	26,243	36,607
Cost of sales	-7,416	-10,510
Gross profit	18,827	26,096
Selling, general and administrative expenses	-18,796	-22,809
Other operating revenue	5,598	231
Other operating expenses	-462	-538
Operating profit	5,166	2,981
Finance income	144	88
Financing cost	-81	-144
Profit before taxes	5,130	2,924
Corporate income tax	-1,257	-563
Profit for the period	3,873	2,360
Quarterly profit attributable to		
Owners of parent	3,422	2,150
Non-controlling equity	450	209
Profit for the period	3,873	2,360
Profit per share attributable to owners of the parent (yen)		
Basic earnings per share	16.28	10.23
Diluted earnings per share	—	—

Condensed Quarterly Consolidated Statements of Comprehensive Income

Consolidated cumulative first quarter

(Million yen)

	Previous First Quarter (March 1, 2022) - May 31, 2022)	Current First Quarter (March 1, 2023) - May 31, 2023)
Profit for the period	3,873	2,360
Other comprehensive profit		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation adjustments	698	167
Total	698	167
Total other comprehensive profit	698	167
Comprehensive profit	4,571	2,528
Comprehensive profit attributable to		
Owners of parent	4,120	2,318
Non-controlling equity	450	209
Comprehensive profit	4,571	2,528

## (3) Condensed Quarterly Consolidated Statements of Changes in Equity

Previous First Quarter (March 1, 2022 - May 31, 2022)

(Million yen)

	Total equity attributable to owners of parent								Non-controlling equity	Total equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Other equity components		Total	Total		
					Foreign currency translation adjustments	Total				
Balance at March 1, 2022	50	20,273	4,381	-1,246	330	330	23,788	6,942	30,730	
Profit for the period	—	—	3,422	—	—	—	3,422	450	3,873	
Other comprehensive profit	—	—	—	—	698	698	698	—	698	
Comprehensive income	—	—	3,422	—	698	698	4,120	450	4,571	
Dividend	—	—	-630	—	—	—	-630	-93	-724	
Share-based payment transactions	—	34	—	—	—	—	34	—	34	
Others	—	-0	—	7	—	—	6	0	6	
Total transactions with owners	—	33	-630	7	—	—	-590	-93	-683	
Balance at May 31, 2022	50	20,306	7,173	-1,239	1,028	1,028	27,319	7,299	34,619	

Current First Quarter (March 1, 2023 - May 31, 2023)

(Million yen)

	Total equity attributable to owners of parent								Non-controlling Equity	Total equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Other equity components		Total	Total		
					Foreign currency translation adjustments	Total				
Balance at March 1, 2023	50	20,389	6,509	-1,217	1,519	1,519	27,251	7,191	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	
Dividend	—	—	-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	20,428	8,029	-1,204	1,686	1,686	28,989	7,308	36,298	

## (4) Condensed Quarterly Consolidated Statements of Cash Flows

(Million yen)

	Previous First Quarter (March 1, 2022) - May 31, 2022)	Current First Quarter (March 1, 2023) - May 31, 2023)
Cash flows from operating activities		
Profit before taxes	5,130	2,924
Depreciation and amortization	3,834	3,786
Impairment loss	375	486
Interest income	-2	-7
Interest expense	146	144
Loss (gain) on sales of fixed assets	1	-0
Loss on disposal of fixed assets	12	2
Decrease (Increase) in inventories	-108	-6
Decrease (Increase) in trade and other receivables	-3,151	-853
Increase (Decrease) in trade and other payables	1,948	607
Increase (decrease) in net retirement benefit liability	6	-65
Increase (decrease) in provisions	-672	-313
Other changes	796	-38
Subtotal	8,318	6,666
Interest and dividend received	1	7
Interest expenses paid	-69	-63
Income taxes paid	-378	-589
Net cash flows from operating activities	7,871	6,021
Cash flow from investing activities		
Payments into time deposits	-27	-3
Proceeds from withdrawal of time deposits	15	3
Purchase of property, plant and equipment	-327	-680
Proceeds from sales of property, plant and equipment	11	0
Payments for assets retirement obligations	-39	-57
Purchase of intangible assets	-30	-49
Payment for guaranty deposit	-139	-96
Proceeds from collection of guaranty deposit	33	102
Others	-8	-54
Net cash flow from investing activities	-513	-834

(Million yen)

	Previous First Quarter (March 1, 2022) - May 31, 2022)	Current First Quarter (March 1, 2023) - May 31, 2023)
Cash flow from financing activities		
Repayment of long-term loans payable	-2,101	-2,000
Repayments of lease liabilities	-3,163	-3,199
Cash dividends paid	-615	-620
Dividends paid to non-controlling interests	-86	-92
Net cash flow from financing activities	-5,967	-5,912
Effect of exchange rate change on cash and cash equivalents	109	58
Net increase (decrease) in cash and cash equivalents	1,499	-667
Cash and cash equivalents at beginning of period	21,502	23,895
Cash and cash equivalents at beginning of period-end	23,002	23,227

(5) Notes on the Condensed Quarterly Consolidated Financial Statements

(Notes on the Going Concern Assumption)

Not applicable.

(Material Accounting Policies)

The important accounting policies applied by our group in the condensed quarterly consolidated financial statements, with the exception of the following new standards, are identical to the accounting policy applied in the consolidated financial statements for the previous fiscal year.

The 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 1Q 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	Require disclosure of material accounting policies rather than significant accounting policies
IAS No. 8	Changes in accounting policies, estimates and errors	Clarify how changes in accounting policies should be distinguished from changes in accounting estimates
IAS No. 12	Corporate income tax	Clarify accounting for deferred taxes on transactions that recognize both assets and liability, such as leasing and abandonment obligations

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, 2022 - May 31, 2022)	Current First Quarter (March 1, 2023 - May 31, 2023)
Quarterly Profit attributable to owners of parent	3,422	2,150
Weighted average number of common shares outstanding (shares)	210,162,248	210,219,461
Basic earnings per share (yen)	16.28	10.23

(Note)1. Based on the calculation of "quarterly profits per basic stock," we include our stock owned by "Trust Type ESOP for Employees" in the calculation of the mean number of stocks during the period (The previous first quarterly consolidated cumulative period: 1,985,484, and the current first quarterly concatenated period: 1,928,271).

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

(Significant subsequent events)

Not applicable.