

Summary of Business Results for the Year Ended February 28, 2021 [IFRS] (Consolidated)

April 14, 2021

Company **create restaurants holdings inc.** Listed on the TSE
 Stock Code 3387 URL: <https://www.createrestaurants.com/>
 Representative Haruhiko Okamoto, President
 Contact Genta Ohuchi, Executive Officer, CFO, Management of Accounting Dept. T E L: +81-3-5488-8022
 Expected date of annual shareholders' meeting: May 27 2021 Expected starting date of dividend payment: -
 Expected date of filing of annual securities report: May 28, 2021
 Preparation of supplementary financial document: Yes
 Results briefing: Yes (for institutional investors and analysts)

(Rounded down to million yen)

1. Consolidated business results for the fiscal year ended February 2021 (March 1, 2020 through February 28, 2021)

(1) Consolidated results of operations (% change from the previous corresponding period)

| | Revenue | | Operating profit | | Profit before taxes | | Profit for the year | | Profit attributable to owners of parent | | Total comprehensive profit for the year | |
|----------------------|-------------|-------|------------------|-------|---------------------|-------|---------------------|-------|---|------|---|-------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| Year ended Feb. 2021 | 74,425 | -46.6 | -14,181 | - | -15,021 | - | -15,571 | - | -13,874 | - | -15,804 | - |
| Year ended Feb. 2020 | 139,328 | 16.8 | 3,378 | -15.0 | 3,012 | -18.3 | 1,745 | -15.8 | 1,205 | -8.8 | 1,828 | -11.5 |

| | Basic earnings per share | Diluted earnings per share | Profit ratio to total equity attributable to owners of parent | Profit before taxes ratio to total assets | Operating income ratio to revenue |
|----------------------|--------------------------|----------------------------|---|---|-----------------------------------|
| | Yen | Yen | % | % | % |
| Year ended Feb. 2021 | -74.28 | -74.28 | -83.4 | -9.6 | -19.1 |
| Year ended Feb. 2020 | 6.45 | 6.43 | 7.4 | 2.7 | 2.4 |

(Reference) Investment earnings/loss on equity-method: Year ended February 2021: -million yen Year ended Feb. 2020: -million yen
 Adjusted EBITDA: Year ended February 2021: 5,130 million yen (-79.7%) Year ended Feb. 2020: 25,212 million yen (133.1%)
 (Note 1) As of March 1, 2020, the Company conducted a 2-for-1 stock split. Therefore, "Basic earnings per share" and "Diluted earnings per share" have been calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended February 2020.
 (Note 2) "Basic earnings per share" and "Diluted earnings per share" are calculated based on "Profit attributable to owners of parent."
 (Note 3) Adjusted EBITDA is disclosed as useful comparative information on the business performance of the Group. For definitions and calculation methods of Adjusted EBITDA, please refer to "1. Summary of Operating Results, (1) Summary of operating results for the current fiscal year" on page 2 of the attachments.
 (Note 4) During the current fiscal year, the Company finalized the provisional accounting treatment for business combinations, and the related consolidated operating results for the previous fiscal year reflect the provisional accounting treatment.

(2) Consolidated financial position

| | Total assets | Total equity | Equity attributable to owners of parent | Ratio of equity attributable to owners of parent | Equity per share attributable to owners of parent |
|-----------------|--------------|--------------|---|--|---|
| | Million yen | Million yen | Million yen | % | Yen |
| As of Feb. 2021 | 161,966 | 23,264 | 17,052 | 10.5 | 91.30 |
| As of Feb. 2020 | 150,317 | 24,115 | 16,216 | 10.8 | 86.82 |

(Note) As of March 1, 2020, the Company conducted a 2-for-1 stock split. Therefore, "Equity per share attributable to owners of parent" has been calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended February 2020.

(3) Consolidated results of cash flows

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at the end of period |
|----------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
| | Million yen | Million yen | Million yen | Million yen |
| Year ended Feb. 2021 | 409 | -3,855 | 22,843 | 37,312 |
| Year ended Feb. 2020 | 24,818 | -25,672 | 5,449 | 17,918 |

2. Dividends

| | Annual dividend | | | | | Total dividend (Total) | Dividend payout ratio (Consolidated) | Ratio of dividends to equity attributable to owner of parent (Consolidated) |
|----------------------------------|-----------------|-----------|-----------|----------|-------|------------------------|--------------------------------------|---|
| | End of 1Q | End of 2Q | End of 3Q | Year-end | Total | | | |
| | Yen | Yen | Yen | Yen | Yen | Million yen | % | % |
| Year ended Feb. 2020 | - | 6.00 | - | 0.00 | 6.00 | 566 | 93.0 | 6.9 |
| Year ended Feb. 2021 | - | 0.00 | - | 0.00 | 0.00 | - | - | - |
| Year ending Feb. 2022 (forecast) | - | - | - | - | - | - | - | - |

(Note 1) As of March 1, 2020, the Company conducted a 2-for-1 stock split. Therefore, "Dividend payout ratio (consolidated)" and "Ratio of dividends to equity attributable to owner of parent (consolidated)" for the fiscal year ended February 2020 have been calculated on the assumption of this stock split.

(Note 2) The second quarter-end dividend and year-end dividend for the fiscal year ending February 2022 (forecast) have not yet been determined. The forecasted dividend will be announced as soon as it becomes possible to disclose.

3. Forecast of consolidated business results for the fiscal year ending February 2022 (March 1, 2021 through February 28, 2022)

(% 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. 2021 | 115,000 | 54.5 | 4,600 | - | 4,000 | - | 2,700 | - | 2,500 | - | 13.38 |

(Reference) Adjusted EBITDA: Year ending February 2022 (Forecast): 22,000 million yen (328.8%)

*Notes

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

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

- | | |
|--|--------|
| ① Changes in accounting policies required under IFRS: | : Yes |
| ② Changes in accounting policies due to reasons other than ① | : None |
| ③ Changes in accounting estimates | : None |

(3) Shares outstanding (common stock)

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

As of February 2021 189,445,284 shares

As of February 2020 189,445,284 shares

② Treasury stock at the end of period:

As of February 2021 2,662,150 shares

As of February 2020 2,664,750 shares

③ Average number of stock during period (cumulative period)

Year ended February 2021 186,781,429 shares

Year ended February 2020 186,779,748 shares

(Note 1) Treasury stock to be deducted for the calculation of the number of "Treasury stock at the end of the period" and the "Average number of stock during period (cumulative period)" include the Company's shares held by the Japan Trustee Services Bank, Ltd. (trust account) as a trust asset related to the Employee Incentive Plan "Trust-type ESOP for Employees."

(Note 2) As of March 1, 2020, the Company conducted a 2-for-1 stock split. Therefore, the number of shares has been calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended February 2020.

(Reference) Summary of non-consolidated business results**1. Non-consolidated business results for the fiscal year ended February 2021****(March 1, 2020 through February 28, 2021)****(1) Non-consolidated results of operations**

(% change from the previous corresponding period)

| | Net sales | | Operating income | | Ordinary income | | Net income | |
|----------------------|-------------|-------|------------------|------|-----------------|------|-------------|---|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| Year ended Feb. 2021 | 3,533 | -38.2 | -355 | - | -302 | - | -3,893 | - |
| Year ended Feb. 2020 | 5,717 | 1.5 | 1,928 | 24.8 | 2,670 | 16.9 | -942 | - |

| | Net income per share | Diluted net income per share |
|----------------------|----------------------|------------------------------|
| | Yen | Yen |
| Year ended Feb. 2021 | -20.84 | - |
| Year ended Feb. 2020 | -5.05 | - |

(Note) As of March 1, 2020, the Company conducted a 2-for-1 stock split. Therefore, "Net income per share" and "Diluted net income per share" have been calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended February 2020.

(2) Non-consolidated financial position

| | Total assets | Net assets | Shareholders' equity ratio | Net assets per share |
|-----------------|--------------|-------------|----------------------------|----------------------|
| | Million yen | Million yen | % | Yen |
| As of Feb. 2021 | 84,801 | 7,448 | 8.8 | 39.88 |
| As of Feb. 2020 | 68,301 | 11,340 | 16.6 | 60.71 |

(Reference) Shareholders' equity:

As of February 2021: 7,448 million yen

As of February 2020: 11,340 million yen

(Note) As of March 1, 2020, the Company conducted a 2-for-1 stock split. Therefore, "Net assets per share" has been calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended February 2020.

***Financial summary is not subject to auditing procedures by certified public accountants or auditing firms.**

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

(1) Our Group adopted International Financial Reporting Standards ("IFRS").

(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 document for the precautions for using the prerequisites for business forecasts.

○ Table of Contents of the Appendix

| | |
|---|----|
| 1. Summary of Operating Results | 2 |
| (1) Summary of operating results for the current fiscal year | 2 |
| (2) Summary of financial condition in the current fiscal year | 3 |
| (3) Summary of cash flow in the current fiscal year | 4 |
| (4) Future outlook | 4 |
| 2. Basic Policies regarding the Selection of Accounting Standards | 5 |
| 3. Consolidated Financial Statements and Major Notes | 6 |
| (1) Consolidated Statements of Financial Position | 6 |
| (2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income | 8 |
| (3) Consolidated Statements of Changes in Equity | 10 |
| (4) Consolidated Statement of Cash Flows | 12 |
| (5) Notes on the Consolidated Financial Statements | 14 |

1. Summary of Operating Results

(1) Summary of operating results for the current fiscal year

① Consolidated business results for the current fiscal year

In the current fiscal year, the Japanese economy was extremely severe, as the Japanese government announced the State of Emergency over the spread of new coronavirus (COVID-19) infections in April 2020, and consumption activities decreased dramatically due to refrain from non-essential going out. After the lifting of the State of Emergency in May 2020, economic activities had temporarily recovered and consumer spending had been picked up thanks to the government-led "Go To Campaign" and other measures to stimulate demand. However, due to the second and third waves of COVID-19, the second State of Emergency was declared in January 2021 and its period was extended, and economic activities continue to be affected by the trend of COVID-19.

In the restaurant industry as well, the business environment has been difficult, and revenues have been influenced by trends of COVID-19. This was due to a decrease in the number of customers reflecting the effect of self-restraint in going out and requests for shorter operating hours by local governments, and a decrease of business dinners and parties particularly in urban areas reflecting the expansion of remote working mainly by major companies. In response to the State of Emergency in April 2020, many of our outlets located in commercial facilities which temporarily suspended operations and izakaya formats in downtown areas, were forced to suspend its operations. Following the lifting of the State of Emergency, revenues have been recovered in stages thanks to the success of aggressively participating in "Go To Campaign", etc., despite the second wave of COVID-19. However, since the end of 2020, the third wave of COVID-19 caused a second State of Emergency, and many outlets were again forced to shorten their operating hours and suspend operations.

In order to respond to this environment, the Group took thorough measures to prevent the outbreak of COVID-19 at each outlet. At the same time, to secure profits by thoroughly reducing costs in line with the decline in revenues, the Group focused on securing profits by reducing expenditures through all means, including furloughs of employees, personnel cost reductions through the devaluation of personnel expenses levels, negotiations for rent reductions and exemptions, and restraints on new investments. At the same time, the Group actively worked to close unprofitable outlets and transform its formats. Furthermore, our head office shifted to an emergency system and implemented furloughs and teleworking for employees. On September 1, 2020, we reorganized the Group and merged five consolidated subsidiaries into two companies to improve the efficiency of the head office operations of each company. Besides, we established a shared services subsidiary for accounting and human resource administration with SFP Holdings Co., Ltd., a consolidated subsidiary, for cost reduction and operational efficiency by sharing and standardizing operations. In addition, we successively worked on take-out and delivery services, and also actively engaged in "Go To Campaign". In terms of finances, we have secured the necessary working capital through cash on hand and borrowing from financial institutions, etc., and in February 2021, we raised funds through perpetual subordination loans (hereinafter referred to as the "Subordinated Loan") to strengthen the stability of our financial base. The Subordinated Loan is recorded in "Assets" in the consolidated financial statements as "Equity instruments" under International Financial Reporting Standards (IFRS).

Regarding the number of our Group's outlets, we opened 68 new outlets in response to these conditions, while we changed the format of our outlets by 30 outlets and closed 143 outlets. As of the end of the fiscal year, the number of consolidated outlets, including contracted outlets, was 1076.

As a result, in the current fiscal year, revenue was 74,425 million yen (down 46.6% year on year), operating loss was 14,181 million yen (3,378 million yen of profit in the same period of the previous fiscal year), loss before taxes was 15,021 million yen (3,012 million yen of profit in the same period of the previous fiscal year), loss for the period was 15,571 million yen (1,745 million yen of profit in the same period of the previous fiscal year), and loss attributable to owners of parent was 13,874 million yen (1,205 million yen of profit in the same period of the previous fiscal year). Adjusted EBITDA was 5,130 million yen (down 79.7% year on year) and Adjusted EBITDA margin was 6.9% (18.1% in the same period of the previous fiscal year), and ratio of equity attributable to owners of parent (equity ratio) was 10.5% (10.8% in the same period of the previous fiscal year) (Note 1).

(Note 1) Adjusted EBITDA is disclosed as useful comparative information on the business performance of the Group. The formula for adjusted EBITDA is as follows:

- Adjusted EBITDA = Operating profit + Other operating expenses - Other operating revenues (excluding sponsorship income, subsidies for employment adjustment and rent reduction and exemption, etc.) + Depreciation and amortization + non-recurring expense items (advisory expenses related to share acquisition, etc.)
- Adjusted EBITDA margin = Adjusted EBITDA/Revenue × 100

Reportable segments are omitted because there are no reportable segments other than the restaurant business. The status of each categories in the restaurant business is as follows.

(CR Category)

This category consists of restaurants operated by create restaurants inc., Create Dining inc. and Create Sports & Leisure Co., Ltd. They operate restaurants and food courts under a variety of brands, mainly in commercial facilities, and also operates restaurants on a consignment basis, including restaurants in golf courses.

During the current fiscal year, the Company opened 41 new outlets and closed 67 outlets, including opening of 26 booths in food courts and food halls and shabu-shabu formats and dessert formats. In addition, there was an increase of 1 outlet due to M&A in the previous fiscal year.

As a result of the above, the Category posted revenue of 27,253 million yen for the current fiscal year, and the number of consolidated outlets was 553.

(SFP Category)

This category consists of restaurants operated by SFP Holdings Co., Ltd., Joh Smile Corporation, and CLOOC DINING CO., LTD. They operate izakaya restaurants, such as ISOMARU SUISAN, Toriyoshi and Toriyoshi Shoten brands, mainly in urban downtown districts, and other izakaya restaurants in Kumamoto and Nagano prefectures.

During the current fiscal year, we opened 5 new outlets and closed 53 outlets with opening seafood izakaya ISOMARU SUISAN and other restaurants in urban areas.

As a result of the above, the Category posted revenue of 17,428 million yen for the current fiscal year and the number of outlets was 227.

(Specialty Brand Category)

This category consists of outlets operated by our domestic subsidiaries, LG&EW inc., YUNARI Co., Ltd, Gourmet Brands Company inc., KR HOLDINGS CORPORATION, Route 9g Inc., YUZURU Inc., and Icchou Inc.

In the current fiscal year, we opened 18 new outlets and closed 18 outlets. This was due to the opening of Azusa Coffee by KR HOLDINGS CORPORATION, JEAN FRANCOIS by Gourmet Brands Company inc., Mr. FARMER by LG&EW inc., and Kaizantei Icchou by Icchou Inc., as well as the contracting of operations for 8 outlets by KR HOLDINGS CORPORATION.

As a result of the above, the Category posted revenue of 25,542 million yen for the current fiscal year and the number of outlets was 243.

(Overseas Category)

This category consists of overseas outlets, including outlets operated by create restaurants asia Pte Ltd. in Singapore, create restaurants hong kong Ltd. in Hong Kong, Create Restaurants Taiwan Co., Ltd. in Taiwan, and Create Restaurants NY Inc. and Il Fornaio (America) LLC in the United States.

During the current fiscal year, our Group opened 4 new outlets, such as Shabu Sai in Singapore, Tsukemen TETSU in Hongkong, and Sai-no-An in Taiwan, etc., and closed 5 outlets.

As a result of the above, the category posted revenue of 5,146 million yen for the current fiscal year, and the number of outlets was 53.

(2) Summary of financial condition in the current fiscal year

Total assets at the end of the current fiscal year amounted to 161,966 million yen (up 7.8% from the end of the previous fiscal year). This was mainly due to an increase of 19,393 million yen in cash and deposits.

Liabilities at the end of the current fiscal year amounted to 138,702 million yen (up 9.9% from the end of the previous fiscal year). This was mainly due to an increase of 20,491 million yen in bonds and borrowings.

Assets at the end of the current fiscal year amounted to 23,264 million yen (down 3.5% from the end of the previous fiscal year).

(3) Summary of cash flow in the current fiscal year

Cash and cash equivalents (hereinafter referred to as "cash") for the current fiscal year resulted in an increase in cash flow from operating activities of 409 million yen (down 98.3% from the previous fiscal year), a decrease in cash flow from investing activities of 3,855 million yen (down 85.0% from the previous fiscal year), an increase in cash flow from financing activities of 22,843 million yen (up 319.2% from the previous fiscal year), and an increase in cash balance of 37,312 million yen (up 108.2% from the previous fiscal year), including translation differences.

The status of each cash flow in the current consolidated fiscal year and its factors are as follows.

Cash flows from operating activities

Net cash provided by operating activities was 409 million yen. This was mainly due to the recording of 15,021 million yen in loss before taxes and 17,314 million yen in depreciation and amortization.

Cash flows from investing activities

Net cash used in investing activities was 3,855 million yen. This was mainly due to purchase of property, plant and equipment of 3,286 million yen.

Cash flows from financing activities

Net cash provided by financing activities was 22,843 million yen. This was mainly due to a net increase in short-term loans payable of 17,036 million yen, proceeds from long-term loans payable of 15,634 million yen, and proceeds from issuance of other equity instruments of 14,832 million yen, while there were payments of 12,476 million yen for repayment of lease liabilities and repayment of long-term loans payable of 11,827 million yen.

(Reference) Trends in cash flow indicators

| | FY2/21 |
|---|--------|
| Equity attributable to owners of the parent ratio (%) | 10.5 |
| Equity attributable to owners of the parent ratio based on market value (%) | 96.4 |
| Interest-bearing debt/cash-flow | 171.7 |
| Interest coverage ratio (time) | 1.1 |

(Note) 1. All calculations are based on consolidated financial figures.

2. The formula for the above indicators is as follows:

Equity attributable to owners of the parent/Total assets

Equity attributable to owners of the parent ratio based on market value: Market capitalization

(excluding treasury stock)/Total assets Interest-bearing debt to cash flow ratio: Interest-bearing

debt/Operating cash flow Interest coverage ratio = operating cash-flow / interest expenses

3. Cash flows from operating activities are based on cash flows from operating activities in the consolidated statements of cash flows. Interest-bearing debt includes all liabilities recorded in the consolidated statements of financial position for which interest is paid. Interest expense is equal to interest payments as stated in the Consolidated Statements of Cash Flows.

(4) Future outlook

With regard to the consolidated business forecasts for the next fiscal year, the timing of the containment of COVID-19 is not clearly foreseeable, and we believe that the period of instability will continue, with revenues and profits depending on the infection situation. In addition, customer lifestyles are still in the process of changing due to the impact of COVID-19, and it is difficult to predict what form of lifestyle will take root in the future.

In order to combat COVID-19, the Group took thorough measures to prevent the outbreak of COVID-19 at each outlet. At the same time, to secure profits by thoroughly reducing costs in line with the decline in revenues, the Group focused on securing profits by reducing expenditures through all means, including furloughs of employees, personnel cost reductions through the devaluation of personnel expenses levels, negotiations for rent reductions and exemptions, and restraints on new investments. At the same time, the Group actively worked to close unprofitable outlets and transform its formats. Furthermore, our head office shifted to an emergency system and implemented furloughs and teleworking for employees. In addition, our Group is striving to reduce costs and efficiently operate outlets through organizational restructuring within the Group and establishing a shared services subsidiary.

In addition, in response to changes in customers' lifestyles, we successively worked on take-outs and delivery services, as well as aggressively engaging in government-led "Go To Campaign". In terms of finances, we have secured the necessary working capital through cash on hand and borrowing from financial institutions, etc., and in February 2021, we raised funds through the Subordinated Loan to strengthen the stability of our financial base.

For the next fiscal year, on the assumption that customer spending will not completely return to normal, we will focus on reviewing outlet locations and developing new business formats in anticipation of post-COVID society. Furthermore, we will secure profits and strengthen our business foundation by maintaining and strengthening the robust management system realized through thorough cost reductions undertaken to combat COVID-19.

Based on the above, as for the full-year forecasts for the fiscal year ending February 2022, we forecast revenue of 115 billion yen, operating profit of 4.6 billion yen, profit before taxes of 4.0 billion yen, profit for the year of 2.7 billion yen, and profit attributable to owners of the parent of 2.5 billion yen. We also expect adjusted EBITDA of 22 billion yen and adjusted EBITDA margins of 19.1%.

The Group will continue to take measures for COVID-19 while working to secure profits. However, if the impact of COVID-19 continues, or if the Group is unable to develop new business models, the Group's business forecast may be affected.

(Note) The above forecasts are based on information available as of the date of this report. Actual results may differ from the forecasts due to various factors.

2. Basic Policies regarding the Selection of Accounting Standards

We have disclosed our consolidated financial statements based on the International Financial Reporting Standards (IFRS) since the fiscal year ended February 2019 with the aim of establishing a foundation for M&A promotion in Japan and overseas, improving international comparability in the capital markets, and optimizing management by unifying accounting standards within our Group.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated Statements of Financial Position

| | | (Million yen) | |
|-------------------------------|------|---|--|
| | Note | Previous Fiscal Year (February 29, 2020) | Current fiscal year (February 28, 2021) |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | | 17,918 | 37,312 |
| Trade and other receivables | | 5,113 | 5,287 |
| Other financial assets | | 545 | 283 |
| Inventories | | 994 | 659 |
| Other current assets | | 1,341 | 2,207 |
| Total current assets | | 25,913 | 45,750 |
| Non-current assets | | | |
| Property, plant and equipment | | 77,532 | 71,692 |
| Goodwill | | 23,188 | 23,060 |
| Intangible assets | | 8,123 | 7,117 |
| Other financial assets | | 11,661 | 10,147 |
| Deferred tax assets | | 3,860 | 4,187 |
| Other non-current assets | | 36 | 11 |
| Total non-current assets | | 124,403 | 116,216 |
| Total assets | | 150,317 | 161,966 |

(Million yen)

| Note | Previous Fiscal Year (February 29, 2020) | Current fiscal year (February 28, 2021) |
|---|---|--|
| Liabilities and assets | | |
| Liabilities | | |
| Current liabilities | | |
| Trade and other payables | 5,137 | 2,449 |
| Bonds and borrowings | 27,706 | 40,298 |
| Lease liabilities | 12,035 | 11,360 |
| Other financial liabilities | 145 | 84 |
| Income taxes payable | 1,369 | 523 |
| Provision | 1,132 | 2,146 |
| Other current liability | 10,767 | 7,796 |
| Total current liabilities | 58,295 | 64,659 |
| Non-current liability | | |
| Bonds and borrowings | 22,067 | 29,967 |
| Lease liabilities | 39,814 | 37,408 |
| Obligations for retirement pay | 762 | 774 |
| Provision | 3,875 | 3,343 |
| Deferred tax liabilities | 845 | 2,049 |
| Other non-current liabilities | 540 | 500 |
| Total non-current liabilities | 67,906 | 74,042 |
| Total liabilities | 126,201 | 138,702 |
| Capital | | |
| Capital stock | 1,012 | 1,012 |
| Capital surplus | 3,153 | 3,267 |
| Other equity instruments | - | 14,832 |
| Retained earnings | 13,244 | -618 |
| Treasury stock | -1,252 | -1,250 |
| Other components of equity | 58 | -189 |
| Total equity attributable to owners of parent | 16,216 | 17,052 |
| Non-controlling equity | 7,899 | 6,211 |
| Total capital | 24,115 | 23,264 |
| Total liabilities and shareholders' equity | 150,317 | 161,966 |

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

(Million yen)

| | Note | Previous Fiscal Year (March 1, 2019 - February 29, 2020) | Current Fiscal Year (March 1, 2020 - February 28, 2021) |
|--|------|--|---|
| Revenue | | 139,328 | 74,425 |
| Cost of sales | | -39,424 | -21,234 |
| Gross profit | | 99,903 | 53,191 |
| Selling, general and administrative expenses | | -92,849 | -75,896 |
| Other operating revenue | | 1,994 | 13,199 |
| Other operating expenses | | -5,671 | -4,675 |
| Operating profit (loss) | | 3,378 | -14,181 |
| Financial income | | 189 | 14 |
| Financing cost | | -554 | -854 |
| Profit (loss) before taxes | | 3,012 | -15,021 |
| Corporate income tax expense | | -1,267 | -549 |
| Profit (loss) for the year | | 1,745 | -15,571 |
| Net income attributable to | | | |
| Owners of parent | | 1,205 | -13,874 |
| Non-controlling interests | | 539 | -1,697 |
| Profit (loss) for the year | | 1,745 | -15,571 |
| Profit per share attributable to owners of parent (yen) | | | |
| Basic earnings (loss) per share | | 6.45 | -74.28 |
| Diluted earnings (loss) per share | | 6.43 | -74.28 |

Consolidated Statements of Comprehensive Income

| | | (Million yen) | |
|--|------|--|---|
| | Note | Previous Fiscal Year (March 1, 2019 - February 29, 2020) | Current Fiscal Year (March 1, 2020 - February 28, 2021) |
| Profit (loss) for the period | | 1,745 | -15,571 |
| Other comprehensive profit | | | |
| Items that will not be reclassified subsequently to profit or loss | | | |
| Remeasurement of defined benefit plans | | 4 | 15 |
| Total | | 4 | 15 |
| Items that may be reclassified subsequently to profit or loss | | | |
| Foreign currency translation adjustments | | 79 | -248 |
| Total | | 79 | -248 |
| Total other comprehensive profit | | 83 | -232 |
| Comprehensive profit for the year | | 1,828 | -15,804 |
| Comprehensive profit attributable to | | | |
| Owners of parent | | 1,292 | -14,111 |
| Non-controlling interests | | 536 | -1,693 |
| Comprehensive profit for the year | | 1,828 | -15,804 |

(3) Consolidated Statements of Changes in Equity
 Previous fiscal year (March 1, 2019 – February 29, 2020)

(Million yen)

| | Equity attributable to owners of the parent company | | | | | | | | | | |
|---|---|----------------------------|-----------------|-------------------|----------------|--|--|-------|--------|------------------------|---------------|
| | Note | Other components of equity | | | | | | | Total | Non-controlling equity | Total capital |
| | | Capital stock | Capital surplus | Retained earnings | Treasury stock | Foreign currency translation adjustments | Remeasurement of defined benefit plans | Total | | | |
| Balance at March 1, 2019 | | 1,012 | 3,071 | 13,551 | -1,253 | -20 | - | -20 | 16,361 | 7,635 | 23,996 |
| Cumulative effects of changes in accounting policies | | - | - | -386 | - | - | - | - | -386 | -53 | -439 |
| Balance at March 1, 2019 (After revision) | | 1,012 | 3,071 | 13,164 | -1,253 | -20 | - | -20 | 15,974 | 7,582 | 23,557 |
| Profit for the year | | - | - | 1,205 | - | - | - | - | 1,205 | 539 | 1,745 |
| Other comprehensive profit | | - | - | - | - | 79 | 7 | 86 | 86 | -3 | 83 |
| Comprehensive profit for the year | | - | - | 1,205 | - | 79 | 7 | 86 | 1,292 | 536 | 1,828 |
| Dividend | | - | - | -1,120 | - | - | - | - | -1,120 | -242 | -1,362 |
| Increase (decrease) in other capital surplus due to change in equity in consolidated subsidiaries | | - | -20 | - | - | - | - | - | -20 | 21 | 1 |
| Share-based payment transactions | | - | 101 | - | - | - | - | - | 101 | - | 101 |
| Transfer from other components of equity to retained earnings | | - | - | -5 | - | - | -7 | -7 | -12 | - | -12 |
| Other | | - | 0 | - | 1 | - | - | - | 1 | 0 | 1 |
| Total transactions with owners | | - | 81 | -1,125 | 1 | - | -7 | -7 | -1,050 | -219 | -1,270 |
| Balance at February 29, 2020 | | 1,012 | 3,153 | 13,244 | -1,252 | 58 | - | 58 | 16,216 | 7,899 | 24,115 |

Current fiscal year (March 1, 2020-February 28, 2021)

(Unit: Million yen)

| | Equity attributable to owners of parent | | | | | | | | | | | |
|---|---|---------------|-----------------|--------------------------|-------------------|----------------|--|--|-------|---------|------------------------|--------------|
| | Note | | | | | | | Other components of equity | | | Non-controlling equity | Total assets |
| | | Capital stock | Capital surplus | Other equity instruments | Retained earnings | Treasury stock | Foreign currency translation adjustments | Remeasurement of defined benefit plans | Total | Total | | |
| Balance at March 1, 2020 | | 1,012 | 3,153 | - | 13,244 | -1,252 | 58 | - | 58 | 16,216 | 7,899 | 24,115 |
| Profit (loss) for the year | | - | - | - | -13,874 | - | - | - | - | -13,874 | -1,697 | -15,571 |
| Other comprehensive profit | | - | - | - | - | - | -248 | 11 | -236 | -236 | 4 | -232 |
| Comprehensive profit for the year | | - | - | - | -13,874 | - | -248 | 11 | -236 | -14,110 | -1,693 | -15,804 |
| Increase (decrease) in other capital surplus due to change in equity in consolidated subsidiaries | | - | -3 | - | - | - | - | - | - | -3 | 5 | 1 |
| Share-based payment transactions | | - | 116 | - | - | - | - | - | - | 116 | - | 116 |
| - | | | | | | | | | | | | |
| Transfer from other components of equity to retained earnings | | - | - | - | 11 | - | - | -11 | -11 | - | - | - |
| Issuance of other equity instruments | | - | - | 14,832 | - | - | - | - | - | 14,832 | - | 14,832 |
| Other | | - | -0 | - | - | 1 | - | - | - | 1 | 0 | 1 |
| Total transactions with owners | | - | 113 | 14,832 | 11 | 1 | - | -11 | -11 | 14,947 | 5 | 14,953 |
| Balance at February 28, 2021 | | 1,012 | 3,267 | 14,832 | -618 | -1,250 | -189 | - | -189 | 17,052 | 6,211 | 23,264 |

(4) Consolidated Statement of Cash Flows

(Million yen)

| Note | Previous Fiscal Year (March 1, 2019 - February 29, 2020) | Current Fiscal Year (March 1, 2020 - February 28, 2021) |
|---|--|---|
| Cash flows from operating activities | | |
| Profit (loss) before taxes | 3,012 | -15,021 |
| Depreciation and amortization | 17,394 | 17,314 |
| Impairment loss | 5,311 | 3,810 |
| Interest income | -7 | -14 |
| Interest expense | 554 | 650 |
| Loss (gain) on sale of non-current assets | 0 | -2 |
| Loss on retirement of non-current assets | 72 | 55 |
| Changes in inventories | -99 | 331 |
| Decrease (increase) in trade and other receivables | -740 | 83 |
| Increase (decrease) in trade and other payables | -691 | -2,339 |
| Increase (decrease) in net retirement benefit liability | 29 | 26 |
| Increase (decrease) in allowance | 49 | 417 |
| Other changes | 1,574 | -3,037 |
| Sub-total | 26,459 | 2,274 |
| Interest and dividend received | 9 | 14 |
| Interest expenses paid | -542 | -359 |
| Income taxes paid | -2,164 | -1,519 |
| Income taxes refunded | 1,057 | 0 |
| Cash flows from operating activities | 24,818 | 409 |
| Cash flow from investing activities | | |
| Payments into time deposits | -141 | -68 |
| Proceeds from withdrawal of time deposits | 228 | 585 |
| Purchase of property, plant and equipment | -3,693 | -3,286 |
| Proceeds from sales of property, plant and equipment | 8 | 6 |
| Payments for asset retirement obligations | -277 | -921 |
| Purchase of intangible assets | -105 | -122 |
| Payments for guarantee deposits | -754 | -164 |
| Proceeds from collection of guarantee deposits | 170 | 569 |
| Purchase of investments in subsidiaries resulting in change in scope of consolidation | -20,875 | - |
| Other | -232 | -454 |
| Cash flow from investing activities | -25,672 | -3,855 |

| | Note | Previous Fiscal Year (March 1, 2019 - February 29, 2020) | (Million yen) Current Fiscal Year (March 1, 2020 - February 28, 2021) |
|--|------|--|--|
| Cash flow from financing activities | | | |
| Net increase (decrease) in short-term borrowings | | 14,504 | 17,036 |
| Proceeds from long-term debt | | 12,248 | 15,634 |
| Repayment of long-term loans payable | | -6,812 | -11,827 |
| Redemption of bonds | | -533 | -406 |
| Repayments of lease liabilities | | -12,580 | -12,476 |
| Cash dividends paid | | -1,120 | -2 |
| Proceeds from issuance of other equity instruments | | - | 14,832 |
| Proceeds from share issuance to non-controlling interests | | 15 | 2 |
| Dividends paid to non-controlling interests | | -242 | -0 |
| Payment for acquisition of subsidiaries' equity from non-controlling interests | | -13 | - |
| Other | | -16 | 51 |
| Cash flow from financing activities | | <u>5,449</u> | <u>22,843</u> |
| Effect of exchange rate change on cash and cash equivalents | | 74 | -2 |
| Increase in cash and cash equivalents | | <u>4,670</u> | <u>19,393</u> |
| Balance of cash and cash equivalents at beginning of period | | 13,248 | 17,918 |
| Balance of cash and cash equivalents at year-end | | <u>17,918</u> | <u>37,312</u> |

(5) Notes on the Consolidated Financial Statements

(Notes on going concern assumptions)

None

(Changes in accounting policies)

The important accounting policies applied in the Group's consolidated financial statements are identical to the accounting policies applied in the consolidated financial statements for the previous fiscal year except for the following items.

From the first quarter of the current fiscal year, the Group has adopted the following standard.

| IFRS | Outline of new standard and amendment |
|--------------------|--|
| IFRS No. 16 Leases | The amended accounting treatment for rent reductions related to COVID-19 |

This revision allows lessees that have received rent reductions and exemptions as a direct consequence of the spread of a new coronavirus (COVID-19) infections to select a simplified accounting treatment.

The amendment provides that the lessee may choose a practical method of rent reductions and exemptions due to COVID-19 that does not require an assessment as to whether it meets the requirements of IFRS 16 for "lease modifications."

Our Group has applied this method to the reduction of rent that meets the above requirements.

Loss before taxes for the current fiscal year decreased by 2,331 million yen due to the adoption of this new accounting standard.

(Segment Information)

Segment information is omitted because the Group's business is categorized as restaurant business and there are no segments to be categorized.

(Per-stock Information)

Basic profit (loss) per share and diluted profit (loss) per share and the basis for calculation are as follows.

(Unit: Million yen)

| | Previous Fiscal Year (March 1, 2019 to February 29, 2020) | Current Fiscal Year (March 1, 2020 to February 28, 2021) |
|--|---|---|
| Profit (loss) attributable to owners of parent | 1,205 | -13,874 |
| Adjustments to profit for the year | | |
| Adjustments for dilutive shares issued by subsidiaries | -4 | - |
| Profit (loss) for the year used to compute diluted earnings per share | 1,201 | -13,874 |
| Weighted average number of shares of common shares outstanding (shares) | 186,779,748 | 186,781,429 |
| Weighted average number of common diluted shares outstanding (shares) | 186,779,748 | 186,781,429 |
| Basic earnings (loss) per share (yen) | 6.45 | -74.28 |
| Diluted earnings (loss) per share (yen) | 6.43 | -74.28 |
| Summary of potentially dilutive securities not included in the calculation of diluted loss per share due to their anti-dilutive effect | - | Stock options issued by consolidated subsidiaries (Number of shares subject to stock options:8,000 shares) |

(Note)1. "Basic profit (loss) per share" and "Diluted profit (loss) per share" are calculated by deducting our shares held by the "Trust-type ESOP for Employees," which are recorded as treasury shares in other components of equity, from the calculation of the average number of shares during the period. (Current fiscal year: 1,997,304 shares)

2. In the diluted loss per share for the current fiscal year, 8,000 stock options issued by a consolidated subsidiary are not included in the calculation of "diluted loss per share" because they are anti-dilutive.
3. As of March 1, 2020, the Company conducted a 2-for-1 stock split. Therefore, "Basic earnings (loss) per share" and "Diluted earnings (loss) per share" have been calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended February 2019.
4. During the fiscal year under review, the Company finalized the provisional accounting treatment for business combinations, and reflects the details of the finalization of the provisional accounting treatment for the related figures for the previous fiscal year.

(Significant subsequent events)

(Notice of Reduction of Amount of Capital and Capital Reserve -Reduction of Capital without Compensation)

On April 14, 2021, at the Board of Directors meeting held today, we have resolved to submit a proposal for a reduction in the amount of capital and capital reserve to the Ordinary General Meeting of Shareholders to be held on May 27, 2021

(1) Purpose of Reduction of Amount of Capital and Capital Reserve

We will reduce the amount of capital and capital reserves in order to improve the flexibility and mobility of future capital policies, etc.

(2) Outline of Reduction in the Amount of Capital

① Amount of stated capital to be reduced

The amount of capital stock of the Company shall be reduced by 962,212,750 yen from 1,012,212,750 yen to 50,000,000 yen.

② Method of reduction

The capital reduction shall be without any compensation, and the total number of outstanding shares shall not be changed. The entire amount of capital to be reduced shall be transferred to other capital surplus, in accordance with the provisions of Paragraph 1 of Article 447 of the Companies Act.

(3) Outline of Reduction in Amount of Capital Reserve

① Amount of capital reserve to be reduced

The amount of capital reserve of the Company shall be reduced by 1,211,670,000 yen from 1,224,170,000 yen to 12,500,000 yen.

② Method of reduction

The entire amount of capital reserve to be reduced shall be transferred to other capital surplus, in accordance with the provisions of Paragraph 1 of Article 448 of the Companies Act.

(4) Schedule of Reduction in Amount of Capital and Capital Reserve

| | |
|--|--------------------------|
| ① Public notice of objection of creditors | April 23, 2021 (planned) |
| ② Final date for filing objection of creditors | May 24, 2021 (planned) |
| ③ Date of resolution at the Ordinary General Meeting of Shareholders | May 27, 2021 (planned) |
| ④ Effective date of reduction in capital and capital reserve | May 27, 2021 (planned) |