

Summary of Business Results for the Year Ended February 28, 2022 [IFRS] (Consolidated)

April 14, 2022

Listed on the TSE

Company **create restaurants holdings inc.**

Stock Code 3387 URL: <https://www.createrestaurants.com/>

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Expected date of annual shareholders' meeting: May 27 2022

Expected starting date of dividend payment: May 13, 2022

Expected date of filing of annual securities report: May 30, 2022

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 2022

(March 1, 2021 through February 28, 2022)

(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. 2022 | 78,324 | 5.2 | 7,633 | - | 7,134 | - | 6,660 | - | 5,919 | - | 7,138 | - |
| Year ended Feb. 2021 | 74,425 | -46.6 | -14,181 | - | -15,021 | - | -15,571 | - | -13,874 | - | -15,804 | - |

| | 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. 2022 | 30.58 | 30.58 | 29.0 | 4.8 | 9.7 |
| Year ended Feb. 2021 | -74.28 | -74.28 | -83.4 | -9.6 | -19.1 |

(Reference) Investment earnings/loss on equity-method:

Year ended February 2022: - million yen

Year ended Feb. 2021

-million yen

Adjusted EBITDA:

Year ended February 2022: 27,088 million yen (428.0%)

Year ended Feb. 2021

5,130 million yen (-79.7%)

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

(Note 2) As for the diluted loss per share for the previous fiscal year, dilutive shares have no dilution effect because the exercise of stock options issued by consolidated subsidiary decreases current loss per share.

(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. 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 | Equity per share attributable to owners of parent |
|-----------------|--------------|--------------|---|--|---|
| | Million yen | Million yen | Million yen | % | Yen |
| As of Feb. 2022 | 133,605 | 30,730 | 23,788 | 17.8 | 113.19 |
| As of Feb. 2021 | 161,966 | 23,264 | 17,052 | 10.5 | 91.30 |

(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. 2022 | 27,109 | -759 | -42,206 | 21,502 |
| Year ended Feb. 2021 | 409 | -3,855 | 22,843 | 37,312 |

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. 2021 | - | 0.00 | - | 0.00 | 0.00 | - | - | - |
| Year ended Feb. 2022 | - | 1.50 | - | 3.00 | 4.50 | 919 | 14.7 | 4.4 |
| Year ending Feb. 2023 (forecast) | - | 3.00 | - | 3.00 | 6.00 | | 28.0 | |

**3. Forecast of consolidated business results for the fiscal year ending February 2023
(March 1, 2022 through February 28, 2023)**

(% 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. 2023 | 115,000 | 46.8 | 7,300 | -4.4 | 6,800 | -4.7 | 5,100 | -23.4 | 4,500 | -24.0 | 21.41 |

(Reference) Adjusted EBITDA: Year ending February 2023 (Forecast): 24,700 million yen (-8.8%)

***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 2022 212,814,284 shares
 As of February 2021 189,445,284 shares

② Treasury stock at the end of period

As of February 2022 2,656,151 shares
 As of February 2021 2,662,150 shares

③ Average number of stock during period (cumulative period)

Year ended February 2022 193,548,023 shares
 Year ended February 2021 186,781,429 shares

(Note) 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."

(Reference) Summary of non-consolidated business results

1. Non-consolidated business results for the fiscal year ended February 2022

(March 1, 2021 through February 28, 2022)

(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. 2022 | 5,783 | 63.7 | 2,175 | - | 2,884 | - | 3,323 | - |
| Year ended Feb. 2021 | 3,533 | -38.2 | -355 | - | -302 | - | -3,893 | - |

| | Net income per share | Diluted net income per share |
|----------------------|----------------------|------------------------------|
| | Yen | Yen |
| Year ended Feb. 2022 | 17.17 | - |
| Year ended Feb. 2021 | -20.84 | - |

(2) Non-consolidated financial position

| | Total assets | Net assets | Shareholders' equity ratio | Net assets per share |
|-----------------|--------------|-------------|----------------------------|----------------------|
| | Million yen | Million yen | % | Yen |
| As of Feb. 2022 | 73,683 | 26,668 | 36.2 | 126.90 |
| As of Feb. 2021 | 84,801 | 7,448 | 8.8 | 39.88 |

(Reference) Shareholders' equity:

As of February 2022: 26,668 million yen

As of February 2021: 7,448 million yen

***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 4 of the attached document for the precautions for using the prerequisites for business forecasts.

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1. Summary of Operating Results

(1) Summary of operating results for the fiscal year under review

① Consolidated business results for the fiscal year under review

In the fiscal year under review, the Japanese economy was affected by the outbreak of COVID-19, as same as the previous fiscal year. The second State of Emergency declared by the government was lifted in March, and economic activities showed signs of recovery. However, due to the re-expansion of the infection, the government again declared the State of Emergency, and each local government intermittently applied the stricter COVID-19 measures from April onwards. As of the end of February 2022, the stricter COVID-19 measures had been applied to 31 prefectures. However, economic activities are expected to pick up recently due to the acceleration of the third dose of COVID-19 vaccination shots and the development of therapeutic drugs for COVID-19.

In the restaurant industry, people have been required to respond to lifestyle changes, such as the introduction of remote working and the self-restraint of business dinners. In addition, the number of customers had been continuously declining reflecting the suspend of operations and shortening of business hours, etc. due to the requests from governments and local governments related to the State of Emergency and the stricter COVID-19 measures. However, the harsh business environment showed signs of recovery backed by the expansion of the subsidy system by each local government.

Under these circumstances, our group has been cooperating to prevent the spread of infections and to protect the health of customers and our employees. In response to the requests from governments and local governments for shorter operating hours and the ban on serving alcohol, we temporarily suspended many outlet operations for a certain period of time, particularly in the izakaya format in downtown areas. Meanwhile, since the previous fiscal year, our group has continued to strengthen operations to reduce personnel expenses, rent, and other fixed costs. At the same time, the Group has promoted a shift to a lean cost structure by thoroughly closing outlets, mainly unprofitable outlets. At the same time, the Group has established a system that can respond to the decline in revenue due to the impact of COVID-19 by applying for employment adjustment subsidies and subsidies for shorten operating hours, etc., and maintained the structure. In addition, under the DX Promotion Office launched in August, we focused on the introduction of mobile orders and the use of apps tailored to each business format as part of the DX (Digital Transformation) initiatives in the Group. In addition, we promoted cost reductions and maximization of food value by strengthening supply chain management through a joint venture with our consolidated subsidiary SFP Holdings Co., Ltd. established in September, which is responsible for purchasing and planning functions. These measures have enabled us to establish a system that can respond to declining revenues, despite the significant impact of COVID-19, and as a result, we were able to create positive figures in operating profits and other profits in the fiscal year under review.

In addition, the Company secured sufficient working capital needed until the infection is controlled with cash on hand and borrowings from financial institutions in the previous fiscal year. We also raised capital through a public offering in November and a third-party allotment in December to strengthen financial stability. Toward the re-growth period starting from the fiscal year ending February 2023, the Company intends to improve its financial position and repaid a portion of its borrowings in February 2022, thereby optimizing the level of liquidity on hand, reducing the burden of interest rates by reducing debt.

Regarding the number of our Group's outlets, we opened 13 new outlets, while we changed the format of our outlets by 12 outlets and closed 53 outlets. As of the end of the fiscal year under review, the number of consolidated outlets, including contracted outlets, was 1,037.

As a result, in the fiscal year under review, revenue was 78,324 million yen (up 5.2% year on year), operating profit was 7,633 million yen (14,181 million yen of loss in the previous fiscal year), profit before taxes was 7,134 million yen (15,021 million yen of loss in the previous fiscal year), profit for the period was 6,660 million yen (15,571 million yen of loss in the previous fiscal year), and profit attributable to owners of parent was 5,919 million yen (13,874 million yen of loss in the previous fiscal year). Adjusted EBITDA was 27,088 million yen (up 428.0% year on year) and Adjusted EBITDA margin was 34.6% (6.9% in the previous fiscal year), and ratio of equity attributable to owners of parent (equity ratio) was 17.8% (10.5% in the same period of the previous fiscal year) (Note).

(Note) 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, employment adjustment subsidies, subsidy for cooperation of shorten operating hours, rent reductions and exemptions, 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 category 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 and leisure inc. 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 fiscal year under review, we opened 1 new outlet and closed 28 outlets with opening CHEESE RESTAURANT RICOTTA by create restaurants inc.

As a result of the above, the category posted revenue of 30,098 million yen for the fiscal year under review, and the number of outlets was 526.

(SFP Category)

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

During the fiscal year under review, we opened 1 new outlet and closed 13 outlets with opening seafood restaurant ISOMARU SUISAN SHOKUDO in urban areas.

As a result of the above, the category posted revenue of 10,404 million yen for the fiscal year under review, and the number of outlets was 215.

(Specialty Brand Category)

This category consists of restaurants 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.

During the fiscal year under review, KR HOLDINGS CORPORATION opened KAGONOYA, GOCONC, and Kayabuki-no-Mori Coffee, and Icchou Inc. opened Kaizan-tei Icchou. In addition, KR HOLDINGS CORPORATION entrusted the operation of 3 outlets. As a result, the Company opened 7 new outlets and closed 9 outlets.

As a result of the above, the category posted revenue of 26,772 million yen for the fiscal year under review, and the number of outlets was 241.

(Overseas Category)

This category consists of overseas restaurants, including restaurants 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 fiscal year under review, the Company opened 4 new outlets and closed 3 outlets, as a result of the opening of Momijichaya in Hong Kong, Sarashina Horii in the U.S., and KAGONOYA in Thailand.

As a result of the above, the category posted revenue of 12,340 million yen for the fiscal year under review, and the number of outlets was 55.

(2) Summary of financial condition in the fiscal year under review

Total assets at the end of the fiscal year under review amounted to 133,605 million yen (down 17.5% from the end of the previous fiscal year). This was mainly due to decreases of 15,809 million yen in cash and cash equivalents and 10,110 million yen in property, plant and equipment.

Liabilities at the end of the fiscal year under review amounted to 102,874 million yen (down 25.8% from the end of the previous fiscal year). This was mainly due to decreases of 28,877 million yen in bonds and borrowings and 5,629 million yen in lease obligations.

Assets at the end of the fiscal year under review amounted to 30,730 million yen (up 32.1% from the end of the previous fiscal year).

(3) Summary of cash flow in the fiscal year under review

Cash and cash equivalents (hereinafter referred to as "cash") for the fiscal year under review resulted in an increase in cash flow from operating activities of 27,109 million yen (409 million yen was provided in the previous fiscal year), a decrease in cash flow from investing activities of 759 million yen (down 80.3% from the previous fiscal year), a decrease in cash flow from financing activities of 42,206 million yen (22,843 million yen was provided in the previous fiscal year). After taking into account the effect of exchange rate changes, the balance of funds at the end of the current consolidated fiscal year was 21,502 million yen (down 42.4% from the previous fiscal year).

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 27,109 million yen. This was mainly due to the recording of depreciation and amortization of 16,429 million yen and profit before income taxes of 7,134 million yen.

(Cash flows from investing activities)

Net cash used in investing activities was 759 million yen. This was mainly due to purchase of property, plant and equipment of 1,376 million yen, while there were proceeds from collection of guarantee deposits of 1,076 million yen.

(Cash flows from financing activities)

Net cash used in financing activities was 42,206 million yen. This was mainly due to proceeds from long-term loans payable of 16,310 million yen and proceeds from issuance of common stock of 16,090 million yen, while there were a net decrease in short-term loans payable of 32,145 million yen, redemption of other equity instruments of 15,000 million yen, repayment of lease liabilities of 13,146 million yen, and repayment of long-term loans payable of 12,623 million yen.

(Reference) Trends in cash flow indicators

| | FY2/22 |
|---|--------|
| Equity attributable to owners of the parent ratio (%) | 17.8 |
| Equity attributable to owners of the parent ratio based on market value (%) | 114.0 |
| Interest-bearing debt to cash flow ratio (years) | 1.5 |
| Interest coverage ratio (time) | 80.0 |

(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 covers all liabilities reported in the consolidated statement of financial position for which interest is paid (excluding lease liabilities). Interest expense is equal to interest payments as stated in the Consolidated Statements of Cash Flows.

(4) Future outlook

For the next fiscal year, the economic activities are expected to return to normal owing to the progress in the COVID-19 vaccination and the development of treatment drugs. However, there are concerns about the spread of the infection caused by the new variant, and it is expected that the business environment will remain unsettled and revenues will be affected depending on the infection situation. Despite uncertainties about the timing of containment of COVID-19 and its impact in the future, the consumer lifestyle is changing due to the remote working and the acceleration of digitalization, and we need to flexibly respond to these environmental changes.

In the restaurant industry, the prolonged COVID-19 crisis has led to a series of outlet closures and brand closures. In addition to ongoing concerns about the outflow of human resources and rising raw material costs and personnel costs, the business environment is expected to remain challenging.

Against this backdrop, the Group will continue to maintain and strengthen its lean management structure, which was created through thorough cost reductions as a measure for the COVID-19 impact. In addition, we aim to create a sustainable profit growth based on the three pillars of our growth strategy: "reviewing the portfolio with an eye on the post-COVID era," "further evolving the Group Federation Management," and "improving productivity and solving human resource shortages through DX." Specifically, we will work to open new outlets, change business formats, and conduct M&As, after identifying locations and business formats in line with the changing needs of our customers. In addition, we will further leverage Group synergies by strengthening the holding company function, and improve product appeal, services, and expertise by subsidiaries. Furthermore, as part of efforts to improve productivity through DX, we will work to improve efficiency of back-office operations and introduce mobile orders and robots at stores for customer convenience and labor shortage.

Based on the above, as for the full-year forecasts for the fiscal year ending February 2023, we forecast revenue of 115 billion yen, operating profit of 7.3 billion yen, profit before taxes of 6.8 billion yen, profit for the year of 5.1 billion yen, and profit attributable to owners of the parent of 4.5 billion yen, assuming that the impact of COVID-19 will be gradually recovered. We also expect adjusted EBITDA of 24.7 billion yen and adjusted EBITDA margins of 21.5%.

The Group will continue to take measures for COVID-19 while working to secure profits. However, if the impact of COVID-19 continues, 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)

| | Previous Fiscal Year (February 28, 2021) | Fiscal year under review (February 28, 2022) |
|-------------------------------|---|---|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 37,312 | 21,502 |
| Trade and other receivables | 5,287 | 4,676 |
| Other financial assets | 283 | 309 |
| Inventories | 659 | 675 |
| Other current assets | 2,207 | 1,521 |
| Total current assets | 45,750 | 28,685 |
| Non-current assets | | |
| Property, plant and equipment | 71,692 | 61,582 |
| Goodwill | 23,060 | 23,309 |
| Intangible assets | 7,117 | 6,297 |
| Other financial assets | 10,147 | 9,096 |
| Deferred tax assets | 4,187 | 3,961 |
| Other non-current assets | 11 | 671 |
| Total non-current assets | 116,216 | 104,919 |
| Total assets | 161,966 | 133,605 |

(Million yen)

| | Previous Fiscal Year (February 28, 2021) | Fiscal year under review (February 28, 2022) |
|--|---|---|
| Liabilities and assets | | |
| Liabilities | | |
| Current liabilities | | |
| Trade and other payables | 2,449 | 2,056 |
| Bonds and borrowings | 40,298 | 9,121 |
| Lease liabilities | 11,360 | 10,516 |
| Other financial liabilities | 84 | 96 |
| Income taxes payable | 523 | 361 |
| Provision | 2,146 | 2,284 |
| Other current liability | 7,796 | 7,581 |
| Total current liabilities | 64,659 | 32,018 |
| Non-current liability | | |
| Bonds and borrowings | 29,967 | 32,266 |
| Lease liabilities | 37,408 | 32,622 |
| Obligations for retirement pay | 774 | 791 |
| Provision | 3,343 | 3,275 |
| Deferred tax liabilities | 2,049 | 1,648 |
| Other non-current liabilities | 500 | 250 |
| Total non-current liabilities | 74,042 | 70,855 |
| Total liabilities | 138,702 | 102,874 |
| Capital | | |
| Capital stock | 1,012 | 50 |
| Capital surplus | 3,267 | 20,273 |
| Other equity instruments | 14,832 | - |
| Retained earnings | -618 | 4,381 |
| Treasury stock | -1,250 | -1,246 |
| Other components of equity | -189 | 330 |
| Total equity attributable to owners of parent | 17,052 | 23,788 |
| Non- controlling equity | 6,211 | 6,942 |
| Total capital | 23,264 | 30,730 |
| Total liabilities and shareholders' equity | 161,966 | 133,605 |

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

Consolidated Statement of Income

(Million yen)

| | Previous Fiscal Year (March 1, 2020 - February 28, 2021) | Fiscal year under review (March 1, 2021 - February 28, 2022) |
|---|--|--|
| Revenue | 74,425 | 78,324 |
| Cost of sales | -21,234 | -21,993 |
| Gross profit | 53,191 | 56,330 |
| Selling, general and administrative expenses | -75,896 | -72,115 |
| Other operating revenue | 13,199 | 27,505 |
| Other operating expenses | -4,675 | -4,086 |
| Operating profit (loss) | -14,181 | 7,633 |
| Financial income | 14 | 143 |
| Financing cost | -854 | -641 |
| Profit (loss) before taxes | -15,021 | 7,134 |
| Corporate income tax expense | -549 | -474 |
| Profit (loss) for the period | -15,571 | 6,660 |
| Net income attributable to | | |
| Owners of parent | -13,874 | 5,919 |
| Non- controlling equity | -1,697 | 740 |
| Profit (loss) for the period | -15,571 | 6,660 |
| Profit per share attributable to owners of parent (yen) | | |
| Basic earnings (loss) per share | -74.28 | 30.58 |
| Diluted earnings (loss) per share | -74.28 | 30.58 |

Consolidated Statements of Comprehensive Income

(Million yen)

| | Previous Fiscal Year (March 1, 2020 - February 28, 2021) | Fiscal year under review (March 1, 2021 - February 28, 2022) |
|---|--|--|
| Profit (loss) for the period | -15,571 | 6,660 |
| Other comprehensive profit | | |
| Items that will not be reclassified subsequently to profit or loss | | |
| Remeasurement of defined benefit plans | 15 | -41 |
| Total | 15 | -41 |
| Items that may be reclassified subsequently to profit or loss | | |
| Foreign currency translation adjustments | -248 | 519 |
| Total | -248 | 519 |
| Total other comprehensive profit | -232 | 478 |
| Comprehensive profit for the year | -15,804 | 7,138 |
| Comprehensive profit attributable to | | |
| Owners of parent | -14,110 | 6,413 |
| Non- controlling equity | -1,693 | 725 |
| Comprehensive profit for the year | -15,804 | 7,138 |

(3) Consolidated Statements of Changes in Equity

Previous fiscal year (March 1, 2020 – February 28, 2021)

(Unit: Million yen)

| | Equity attributable to owners of parent | | | | | | | | | | |
|---|---|-----------------|--------------------------|-------------------|----------------|--|--|-------|---------|------------------------|---------------|
| | | | | | | | Other components of equity | | | | |
| | Capital stock | Capital surplus | Other equity instruments | Retained earnings | Treasury stock | Foreign currency translation adjustments | Remeasurement of defined benefit plans | Total | Total | Non-controlling equity | Total capital |
| Balance at March 1, 2020 | 1,012 | 3,153 | - | 13,244 | -1,252 | 58 | - | 58 | 16,216 | 7,899 | 24,115 |
| Loss (profit) 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 |

Fiscal year under review (March 1, 2021 – February 28, 2022)

(Unit: Million yen)

| | Equity attributable to owners of parent | | | | | | | | | | | |
|---|---|-----------------|--------------------------|-------------------|----------------|--|--|-------|---------|-------|------------------------|---------------|
| | Capital stock | Capital surplus | Other equity instruments | Retained earnings | Treasury stock | Other components of equity | | | Total | Total | Non-controlling equity | Total capital |
| | | | | | | Foreign currency translation adjustments | Remeasurement of defined benefit plans | Total | | | | |
| Balance at March 1, 2021 | 1,012 | 3,267 | 14,832 | -618 | -1,250 | -189 | - | -189 | 17,052 | 6,211 | 23,264 | |
| Profit for the year | - | - | - | 5,919 | - | - | - | - | 5,919 | 740 | 6,660 | |
| Other comprehensive profit | - | - | - | - | - | 519 | -26 | 493 | 493 | -15 | 478 | |
| Comprehensive profit for the year | - | - | - | 5,919 | - | 519 | -26 | 493 | 6,413 | 725 | 7,138 | |
| Dividend | - | - | - | -280 | - | - | - | - | -280 | - | -280 | |
| Capital decrease | -962 | 962 | - | - | - | - | - | - | - | - | - | |
| Issuance of new shares | 8,088 | 8,088 | - | - | - | - | - | - | 16,176 | - | 16,176 | |
| Stock issuance cost | - | -85 | - | 29 | - | - | - | - | -55 | - | -55 | |
| Transfer from common stock to capital surplus | -8,088 | 8,088 | - | - | - | - | - | - | - | - | - | |
| Increase (decrease) in other capital surplus due to change in equity in consolidated subsidiaries | - | -1 | - | - | - | - | - | - | -1 | 4 | 2 | |
| Share-based payment transactions | - | 123 | - | - | - | - | - | - | 123 | - | 123 | |
| Transfer from other components of equity to retained earnings | - | - | - | -26 | - | - | 26 | 26 | - | - | - | |
| Redemption of other equity instruments | - | -167 | -14,832 | - | - | - | - | - | -15,000 | - | -15,000 | |
| Distributions paid to owners of other equity instruments | - | - | - | -642 | - | - | - | - | -642 | - | -642 | |
| Other | - | -0 | - | - | 3 | - | - | - | 3 | 0 | 3 | |
| Total transactions with owners | -962 | 17,006 | -14,832 | -919 | 3 | - | 26 | 26 | 322 | 5 | 327 | |
| Balance at February 28, 2022 | 50 | 20,273 | - | 4,381 | -1,246 | 330 | - | 330 | 23,788 | 6,942 | 30,730 | |

(4) Consolidated Statement of Cash Flows

(Million yen)

| | Previous Fiscal Year (March 1, 2020 - February 28, 2021) | Fiscal year under review (March 1, 2021 - February 28, 2022) |
|---|--|--|
| Cash flows from operating activities | | |
| Profit (loss) before taxes | -15,021 | 7,134 |
| Depreciation and amortization | 17,314 | 16,429 |
| Impairment loss | 3,810 | 3,302 |
| Interest income | -14 | -8 |
| Interest expense | 650 | 641 |
| Loss (gain) on sale of non-current assets | -2 | 0 |
| Loss on retirement of non-current assets | 55 | 26 |
| Changes in inventories | 331 | -6 |
| Decrease (increase) in trade and other receivables | 83 | 359 |
| Increase (decrease) in trade and other payables | -2,339 | -422 |
| Increase (decrease) in net retirement benefit liability | 26 | 9 |
| Increase (decrease) in allowance | 417 | 284 |
| Other changes | -3,037 | -412 |
| Sub-total | 2,274 | 27,338 |
| Interest and dividend received | 14 | 4 |
| Interest expenses paid | -359 | -338 |
| Income taxes paid | -1,519 | -857 |
| Income taxes refunded | 0 | 962 |
| Cash flows from operating activities | 409 | 27,109 |
| Cash flow from investing activities | | |
| Payments into time deposits | -68 | -333 |
| Proceeds from withdrawal of time deposits | 585 | 330 |
| Purchase of property, plant and equipment | -3,286 | -1,376 |
| Proceeds from sales of property, plant and equipment | 6 | 61 |
| Payments for asset retirement obligations | -921 | -336 |
| Purchase of intangible assets | -122 | -24 |
| Payments for guarantee deposits | -164 | -120 |
| Proceeds from collection of guarantee deposits | 569 | 1,076 |
| Other | -454 | -36 |
| Cash flow from investing activities | -3,855 | -759 |

(Million yen)

| | Previous Fiscal Year (March 1, 2020 - February 28, 2021) | Fiscal year under review (March 1, 2021 - February 28, 2022) |
|---|--|--|
| Cash flow from financing activities | | |
| Net increase (decrease) in short-term borrowings | 17,036 | -32,145 |
| Proceeds from long-term debt | 15,634 | 16,310 |
| Repayment of long-term loans payable | -11,827 | -12,623 |
| Proceeds from issuance of common stock | - | 16,090 |
| Redemption of bonds | -406 | -423 |
| Repayments of lease liabilities | -12,476 | -13,146 |
| Cash dividends paid | -2 | -284 |
| Proceeds from issuance of other equity instruments | 14,832 | - |
| Redemption of other equity instruments | - | -15,000 |
| Distributions paid to owners of other equity instruments | - | -990 |
| Proceeds from share issuance to non-controlling interests | 2 | 2 |
| Dividends paid to non-controlling interests | -0 | -0 |
| Other | 51 | 3 |
| Cash flow from financing activities | <u>22,843</u> | <u>-42,206</u> |
| Effect of exchange rate change on cash and cash equivalents | -2 | 46 |
| Net increase (decrease) in cash and cash equivalents | <u>19,393</u> | <u>-15,809</u> |
| Balance of cash and cash equivalents at beginning of period | <u>17,918</u> | <u>37,312</u> |
| Balance of cash and cash equivalents at year-end | <u>37,312</u> | <u>21,502</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.

From the first quarter of the fiscal year under review, 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 after June 30, 2021 |

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 period of application has been extended by the revision in March 2021.

Our Group has applied this method to the reduction of rent that meets the above requirements continued from the previous fiscal year.

Profit before taxes for the fiscal year under review increased by 876 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, 2020 - February 28, 2021) | Fiscal year under review (March 1, 2021 - February 28, 2022) |
|--|---|--|
| Profit (loss) attributable to owners of parent | -13,874 | 5,919 |
| Adjustments to profit for the year | | |
| Adjustments for dilutive shares issued by subsidiaries | - | -0 |
| Profit (loss) for the year used to compute diluted earnings per share | -13,874 | 5,919 |
| Weighted average number of shares of common shares outstanding (shares) | 186,781,429 | 193,548,023 |
| Weighted average number of common diluted shares outstanding (shares) | 186,781,429 | 193,548,023 |
| Basic earnings (loss) per share (yen) | -74.28 | 30.58 |
| Diluted earnings (loss) per share (yen) | -74.28 | 30.58 |
| 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) | - |

(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, from the calculation of the average number of shares during the period. (Previous fiscal year: 1,997,304 shares, Fiscal year under review: 1,994,476 shares)

2. In the diluted loss per share for the fiscal year under review, 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.

(Significant subsequent events)

None