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Financial Results of Fiscal 2023 Q3 (Supplementary Material)

January 13, 2023

create restaurants holdings inc.

【TSE Prime, Stock code: 3387】

Contents

I . Financial Highlights

1. Financial Results Overview [IFRS]
2. Financial Results Overview (By Category)
3. Maintaining a Lean Cost Structure

II . TOPICS

1. TOPICS (1)(2)

III . Business Forecasts for FY2023 and Shareholder Return

1. FY2023 Overview of Business Forecasts
2. Shareholder Return (1)(2)

IV . Appendix

1. Opening and Closing of Outlets
2. Same-store Sales Transition vs. FY2020 (before COVID-19)
3. Financial Position
4. Sustainability Initiatives (1)(2)
5. FY2023 Business Forecasts (By Category)

I . Financial Highlights

1. Financial Results Overview [IFRS]

Q3 (Single Quarter) Financial Results (September-November 2022)

Revenue: 29.6 billion yen, Operating profit: 600 million yen,

Profit attributable to owners of parent: 300 million yen, Adjusted EBITDA: 5.1 billion yen

✓ Revenue (September-November)

- Steady progress toward targets thanks in part to measures such as national travel subsidy program, Go To Eat campaign, and resumption of inbound tourism demand.

⇒ Same-store sales were 85.5% (+3.0% to the target) compared to FY2020 (before COVID-19).

⇒ Despite a downturn in September due to the seventh wave of COVID-19, sales were strong in October and November.

The preliminary figure for the current December stood at 85.0% (+2.2% to the target).

*1: Same-store sales vs. FY2020 (before COVID-19)

	Q1 (Mar.-May)	Q2 (Jun.-Aug.)	Sep.	Oct.	Nov.	Q3 (Sep.-Nov.)	3Q Cumulative	Dec. (Preliminary)
Target	68.9%	80.1%	81.1%	82.7%	83.6%	82.5%	76.9%	82.8%
Result	68.7%	75.1%	78.3%	92.5%	85.6%	85.5%	76.8%	85.0%

✓ Operating Profit (September-November)

- Along with the increase in revenue, actual operating profit before impairment loss*2 recovered steadily to 1.4 billion yen.

(Actual operating profit was 1.2 billion yen for Q1, 500 million yen for Q2, and 1.4 billion yen for Q3.)

- Conservatively recorded impairment loss of 800 million yen, resulting in operating profit of 600 million yen and quarterly profit attributable to owners of the parent of 300 million yen.

(Million yen)	FY2023 Q2 cumulative (Mar.-Aug.)	FY2023 Q3 alone (Sep.-Nov.)	FY2023 Q3 cumulative (Mar.-Nov.)
	Result	Result	Result
Revenue	54,407	29,614	84,022
Operating profit	5,087	593	5,681
Profit before taxes	5,026	394	5,421
Profit for the period	3,892	312	4,204
Profit attributable to owners of parent	3,511	275	3,786
Adjusted EBITDA *3	13,444	5,100	18,545

FY2023	Progress rate
Full-year Forecast	
115,000	73.1%
7,300	77.8%
6,800	79.7%
5,100	82.5%
4,500	84.1%
24,700	75.1%

*1: Actual same-store sales are calculated based on the figures for FY2020 before COVID-19, including closed outlet.

*2: Actual operating profit excludes cooperative payments and impairment losses from operating profit.

*3: Adjusted EBITDA= Operating profit + Other operating expenses - Other operating revenues (excluding sponsorship income, employment adjustment subsidies, subsidy for shorten operation hours, rent reductions and exemptions, etc.) + Depreciation and amortization + non-recurring expense items (advisory expenses related to share acquisition, etc.)

2. Financial Results Overview (By Category)

Revenue

Revenue increased in all categories compared with Q2 due to the impact of measures such as national travel subsidy program, Go To Eat campaign, and resumption of inbound tourism demand.

Category CF

- Remained profitable from Q2 with no subsidies recorded.
- Profit margins increased in Q3 compared to Q2, especially in the SFP category.

*1: Same-store sales vs. FY2020 (before COVID-19)

Category	Q1 (Mar.-May)	Q2 (Jun.-Aug.)	Sep.	Oct.	Nov.	Q3 (Sep.-Nov.)	3Q Cumulative	Dec. (Preliminary)
CR	67.1%	68.9%	71.8%	87.3%	80.2%	79.7%	71.7%	82.2%
SFP	54.7%	67.3%	69.1%	83.6%	78.0%	76.8%	66.3%	74.7%
Specialty Brand	70.1%	75.0%	75.6%	92.8%	83.0%	83.6%	76.0%	80.5%
Overseas	100.7%	116.4%	124.6%	131.7%	132.3%	131.2%	121.8%	126.0%
Consolidated	68.7%	75.1%	78.3%	92.5%	85.6%	85.5%	76.8%	85.0%

(Million yen)

Category	FY2023 Q1			FY2023 Q2			FY2023 Q3			FY2023 Q3 (Cumulative)		
	Revenue	Category CF *2	Ratio to revenue	Revenue	Category CF *2	Ratio to revenue	Revenue	Category CF *2	Ratio to revenue	Revenue	Category CF *2	Ratio to revenue
CR	9,478	2,572	27.1%	9,883	767	7.8%	10,335	870	8.4%	29,696	4,210	14.2%
SFP	4,626	1,630	35.3%	5,502	36	0.7%	6,023	243	4.0%	16,152	1,910	11.8%
Specialty Brand	8,437	1,925	22.8%	8,655	563	6.5%	8,810	776	8.8%	25,903	3,265	12.6%
Overseas	4,085	387	9.5%	4,535	424	9.3%	4,998	558	11.2%	13,619	1,369	10.1%
Adjustments, etc.*3	- 383	2,778	-	- 413	2,357	-	- 553	2,651	-	- 1,350	7,787	-
Total	26,243	9,294	35.4%	28,163	4,149	14.7%	29,614	5,100	17.2%	84,022	18,545	22.1%

*1: Actual same-store sales are calculated based on the figures for FY2020 before COVID-19, including closed outlet.

*2: Category CF = Operating income (Japan GAAP) + depreciation + amortization of goodwill + sponsorship income + non-recurring expenses + Limited-time earnings items (employment adjustment subsidy and subsidy for cooperation of shorten operating hours, etc.)

*3: Adjustments, etc. is mainly head office expenses not allocated to the respective Category and Adjustments, etc. included depreciation and amortization related to the adoption of IFRS No. 16.

3. Maintaining a Lean Cost Structure

Absorbed the impacts of recent inflation and maintained a lean cost structure

Cost of sales

- Implemented measures for centralized purchasing by CMD
- Further increases in purchase prices were passed on to selling prices in stages

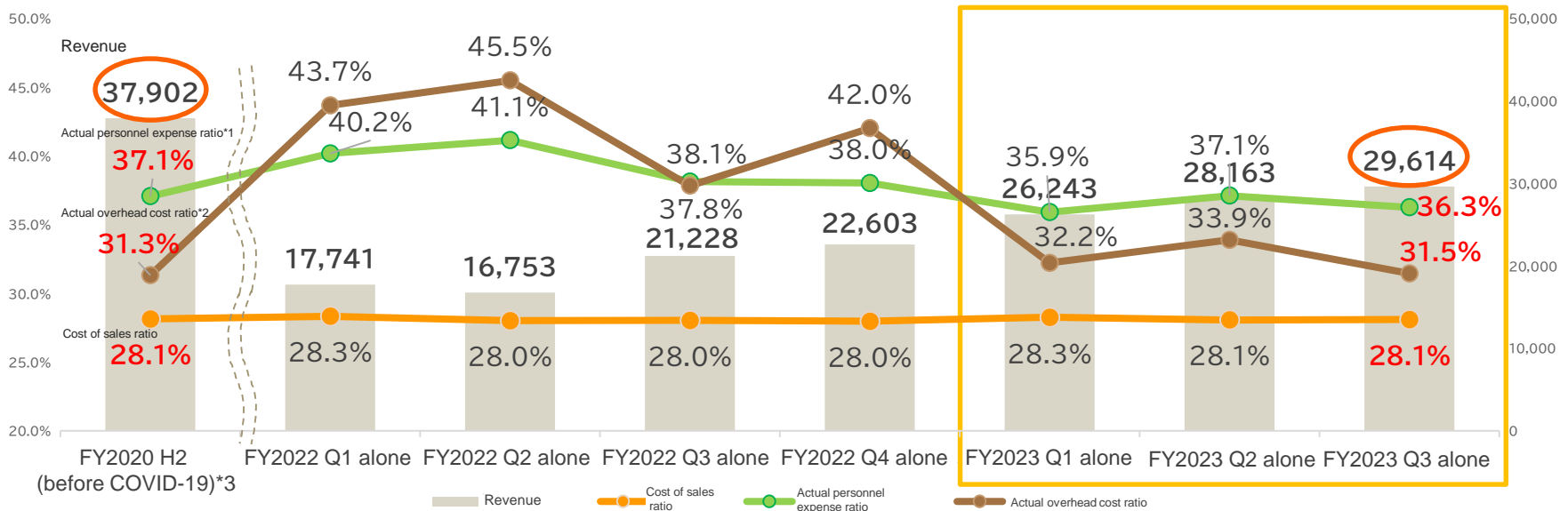
Personnel expenses

- Thorough employee shift management, appropriate personnel allocation, and reduction of recruiting costs have been successful
- Responded to the shortage of human resources by promoting DX (introduction of mobile ordering and catering robots, etc.)

Overhead cost

- Thorough reduction of fixed costs by consolidating head office functions and negotiating rent reductions/exemptions, etc.
- Decrease in depreciation due to past conservative impairment losses and outlet closures, which also absorbed the current increase in utilities costs.

Trends in revenue and each expense rate



*1: The actual personnel expense ratio is calculated by taking into account employment adjustment subsidies in personnel expenses within SG&A expenses.

*2: The actual overhead cost ratio is calculated by taking into account the amount of rent reductions and exemption in various expenses within SG&A expenses.

*3: Revenue and each expense ratio for the second half of FY2020 (before COVID-19) are calculated based on the average value for the second half of FY2020.

II . TOPICS

1. TOPICS (1)

Saint-Germain and Hokkaido Saint-Germain joined our group from December 1, 2022

New management team

- Under the new management team with the addition of 5 members from CR Group, business restructuring begins

Future outlook

- **Increase brand value** through new outlet openings, including cafe-type outlets, and aggressive renovations.
 - **Create synergies** through using the products of both companies by CR Group and leveraging the synergies of both companies by utilizing CR Group's shared platform.
- ⇒ **Make our bakery business as a new pillar of our group** with the addition of our group bakery subsidiary Gourmet Brands Company (GBC).

Shareholder Special Benefit Plan now available

NEWS

From February 1, 2023, shareholder special benefit plan (meal vouchers) will be available at 94 outlets (planned)*.

Saint-Germain (Kanto-based): 66 outlets, Hokkaido Saint-Germain (Hokkaido-based): 28 outlets
(for detailed information on available outlets, please refer to p.12)



Saint-Germain Co.,Ltd (Kanto-based)

*Abbreviation: SG

Hokkaido Saint-Germain Co.,Ltd (Hokkaido-based)

*Abbreviation: HSG

Total number of outlets	78 outlets + bakery factory (Yokohama)	68 outlets
Size	Sales: 9.1 billion yen (December 2021 results)	Sales: 2.5 billion yen (December 2021 results)
Management team	<p>Chief Executive Officer: Naoto Hamano (Former Chief Executive Officer of Icchou)</p> <p>Senior Managing Director: Motokatsu Morozumi (Executive Officer of CRH and Former Manager of President's Office of CRH)</p> <p>Managing Director: Masato Imajo (Former Executive Officer and General Manager of Business Support Dept. of KR)</p> <p>Director and Advisor: Masahiro Akasu (Former President and Representative Director)</p> <p>Director: Isao Chiku (Retain)</p> <p>Director (part-time): Katsuji Ishii (President of GBC)</p>	<p>Chief Executive Officer: Kiyoshi Kitajima (Retain)</p> <p>Managing Director: Daisuke Kudo (Former Director of GBC Corporation)</p> <p>Director: Tomoyuki Takeishi (Retain)</p> <p>Director (part-time): Katsuji Ishii (President of GBC)</p>

*The categories of both SG and HSG are classified as the "Specialty Brands" category

1. TOPICS (2)

Revitalize group synergies ⇒ New outlet openings and brand changes for regrowth

Brand changes within the Group

Implemented brand changes within the Group toward the post-COVID era

- "Azusa Coffee" Hankyu Sanban-gai Outlet (Sep. 14: Shift to a cafe format that is opened all day),
- "Kimihaan" Shin-Umeda Shokudo-gai Outlet (Oct. 4: Shift to the daily use brand)
- "THE PLATINUM" Tokyo Solamachi Outlet (Nov. 10: Shift to a highly specialized buffet format)



Regional outlet openings

Resumed opening of izakaya formats, bringing mainstay brands to regional cities.

- "Machizushi Torotaku" Ichibancho Outlet (Sep. 27) and "ISOMARU SUISAN" Shizuoka Konya-cho Outlet (Nov. 15)
- "ISOMARU SUISAN" Sapporo-Tanukikoji Outlet (Dec. 15) *First shop opened in Hokkaido by a CR franchise.



Contract

Strengthen contract business

- Collaboration with JA ZEN-NOH
 - "Kobe Plaisir" Sannomiya Main Outlet (Oct. 1), "Minoru Dining" Nagoya Outlet (Nov. 29), etc. (Q3: 5 outlets)
- Outsourcing of restaurants at golf-course (Q3: 4 outlets)

New brands

Development of a new health-conscious business model

- Opened a Tanmen* specialty restaurant where you can eat the 350g of vegetables you need per day. (Tanmen is a Japanese ramen with salty taste served with a mix of sautéed vegetables)
- (Nov. 10: "One-day vegetable 350g Tanmen Begi 350" at food court in Yokohama World Porters)



Overseas

Promoted franchise outlet openings through selection and concentration

- 2 "KAGONOYA" outlets in Thailand (Apr. 18, Sep. 23), "ENZO" in Hong Kong (Oct. 10)
- Withdrawal from Taiwan (2 outlets) at the end of September to concentrate management resources



III. Business Forecasts for FY2023 and Shareholder Return

1. FY2023 Overview of Business Forecasts

✓ **Full-year business forecasts announced on April 14, 2022 ⇒ No change**

Currently, although the impact of the eighth wave of COVID-19 is uncertain, we remain unchanged our business forecasts, considering that domestic tourism and inbound tourism demand are expected to revive in the future and the contributions of 2 acquired companies, Saint-Germain and Hokkaido Saint-Germain (3 months figures)

Revenue: 115 billion yen, Operating profit: 7.3 billion yen, Profit attributable to owners of parent: 4.5 billion yen, Adjusted EBITDA: 24.7 billion yen

(Million yen)	FY2023 Q3
	Result
Revenue	84,022
Operating profit	5,681
Profit before taxes	5,421
Profit for the period	4,204
Profit attributable to owners of parent	3,786
Adjusted EBITDA *	18,545

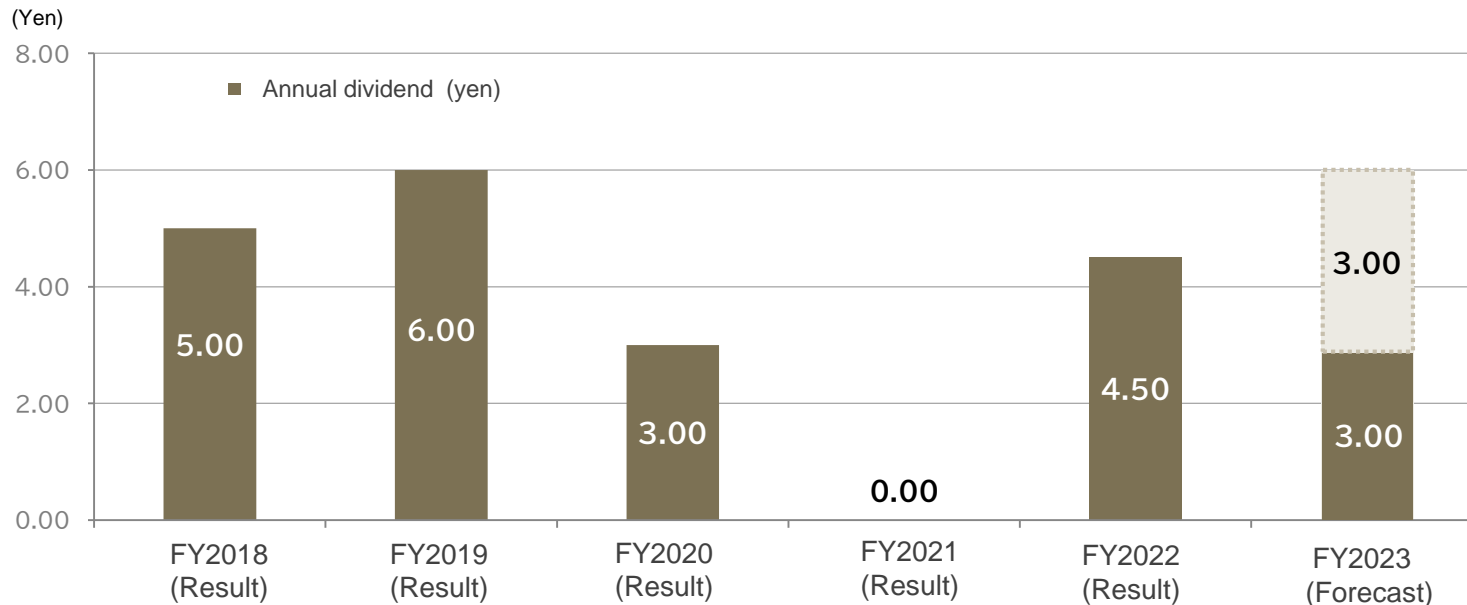
FY2023	Progress Rate
Full-year Forecast	
115,000	73.1%
7,300	77.8%
6,800	79.7%
5,100	82.5%
4,500	84.1%
24,700	75.1%

* Adjusted EBITDA= Operating profit + Other operating expenses - Other operating revenues (excluding sponsorship income, employment adjustment subsidies, rent reductions and exemptions, one-time payment, etc.) + Depreciation and amortization + non-recurring expense items (advisory expenses related to share acquisition, etc.)

2. Shareholder Return (1)

Dividend

- Interim dividend for FY2023: 3.00 yen
- Year-end dividend forecast for FY2023: no change from 3.00 yen



* We conducted a 2-for-1 stock split on March 1, 2020, which has been retroactively adjusted.

Shareholder Special Benefit Plan



We will continue to offer the special benefit as an important shareholder return policy.

Outlets operated by Saint-Germain and Hokkaido Saint-Germain
⇒ **Meal vouchers will be available from February 1, 2023**



2. Shareholder Return (2)

Saint-Germain and Hokkaido Saint-Germain-operated outlets where meal vouchers can be used are as follows

→Available at the following **94 outlets** (planned) after February 1, 2022

	Outlets where meal vouchers are available
Saint-Germain Co.,Ltd	<p>[Saint-Germain] Sapporo outlet/ Utsunomiya outlet/ Takasaki outlet/ Urawa outlet/ Nishi-Kawaguchi outlet/ Kami-Fukuoka outlet/ EQUiA Shiki outlet/ Inage outlet/ Kashiwa outlet/ Otakanomori outlet/ Ichikawa outlet/ Abiko outlet/ Nishi-Arai outlet/ Hikifune outlet/ Shinagawa outlet/ Tsukishima outlet/ Takadanobaba outlet/ Kagurazaka outlet/ Toritsu-Daigaku outlet/ Omori outlet/ Kamata outlet/ Ikegami outlet/ Todoroki outlet/ Yoga outlet/ Sangenjaya outlet/ Asagaya outlet/ Ogikubo outlet/ Nishi-Ogikubo outlet/ Kichijoji outlet/ Fuchu outlet/ Nagayama outlet/ Emio Hoya outlet/ Kabe outlet/ Nishi-kokubunji outlet/ Machida outlet/ Akiruno outlet/ Kikuna outlet/ Konandai outlet/ Etomo Ichigao outlet/ Fujigaoka outlet/ Yokohama Takashimaya outlet/ Minatomirai outlet/ Shin-Sugita outlet/ Yokosuka outlet/ Hashimoto outlet/ Ofuna LUMINE outlet/ Kamakura outlet/ Kita-Nagano outlet/ Okaya outlet/ Toyohashi outlet</p> <p>[PREMIER SAINT-GERMAIN] Shinjuku outlet/ Nakano outlet/ Hiyoshi outlet/ Kami-Ooka outlet/ Aobadai outlet/ Tama-Plaza outlet/ Hiratsuka outlet/ Nagano outlet</p> <p>[TENDRESSE] Yurakucho outlet/ Denenchofu outlet</p> <p>[FROMENT D'OR] Denenchofu outlet/ Shimo-Takaido outlet/ Southwood outlet</p> <p>[LES DEUX MAGOTS] Shibuya Tokyu Food Show outlet/ Futakotamagawa outlet/ Tama-Plaza outlet</p>
Hokkaido Saint-Germain Co.,Ltd	<p>[L'airbon] Rumoi outlet/ Shunko outlet/ Shena outlet/ Twin Harp outlet/ Amor outlet/ Takikawa outlet/ Iwamizawa-Higashi outlet/ Hiraoka outlet/ Ainosato outlet/ 49-jo outlet/ JR Shiroishi outlet/ Ishikari outlet/ Otaru-Minami outlet/ Higashi-Muroran outlet/ Date outlet/ Miwa outlet/ Abashiri outlet/ JR Kushiro outlet/ Shimbashi Odori outlet/ Kashiwa outlet/ Verde outlet/ Showa outlet/ Yamanote outlet/ Ishikawa outlet</p> <p>[Cent Varie] Yayoi outlet/ Nishi-Obihiro outlet/ Hakodate outlet</p> <p>[Otaru Saint-Germain] Otaru Saint-Germain Outlet</p>



IV. Appendix

1. Opening and Closing of Outlets

➤ **Opened: 24 outlets, Closed: 36 outlets, Brand change: 20 outlets**

⇒ **Group total at the end of November 2022: 1,025 outlets**

•Breakdown of New Outlet Openings (24 outlets)

New contract business of golf course restaurant operations (4 outlets)

Collaboration with JA ZEN-NOH ("Minori Cafe" at Nagasaki/"Ginga Rikyu" at Iwate), opening at roadside stations and rest areas, etc.

Overseas ⇒ "OSTERIA del Fornaio" in Santa Monica, U.S.A. / "Kagonoya" franchise in Thailand / "ENZO" franchise outlet in Hong Kong

•Closures due to unprofitable performance and contract expirations (36 outlets)

•Business format changes tailored to each location and customer need (20 outlets)

Changed "Toriyoshi" to "Omotenashi Toriyoshi" or retro-style Japanese pubs ("Torihei-chan")

•Actively implement intra-group transfer among operating companies and intra-group brand changes or changes to FC outlets

Brand changes beyond barriers ("Hamachika", "Azusa Coffee", and "Kimihaan") and "ISOMARU SUISAN" intra-group franchise outlet

【Opening/Closing in FY2023 Q3】

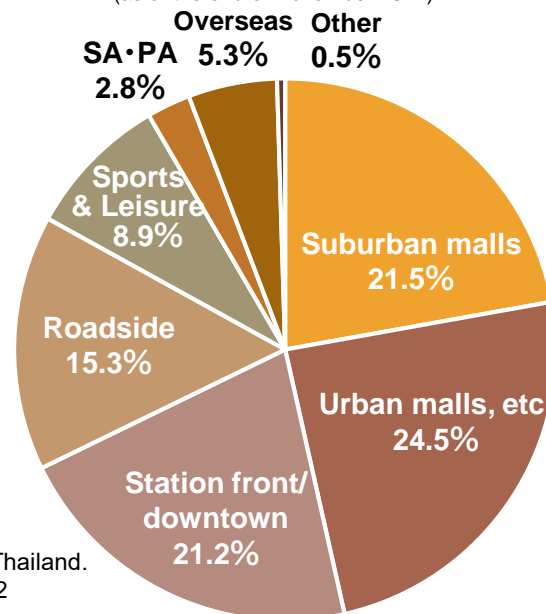
Category	Total no. at end of Feb. 2022	Increase /Decrease		Intra- Group Transfer	Total no. at end of Nov. 2022	Brand Changes *1
		New	Close			
CR	526	7	22	+7	518	10
SFP	215	4	7	- 1	211	9
Specialty Brand	241	9	3	- 6	241	1
Overseas *2	55	4	4		55	0
Group total *3	1,037	24	36	+0	1,025	20

*1: Number of outlets in the Group including brand changes.

*2: The number of overseas outlets includes LGEW's 2 franchise outlets in Jakarta and KR's 13 franchise outlets in Thailand.

*3: Total number of outlets include all contract business outlets and franchise outlets as of the end of November 2022

【Breakdown of number of outlets by location】
(as of the end of November 2022)



2. Same-store Sales Transition vs. FY2020 (before COVID-19)

【Consolidated】

	Mar.	Apr.	May	Q1 Total	Jun.	Jul.	Aug.	Q2 Total	Sep.	Oct.	Nov.	Q3 Total	Dec. (Preliminary)	Jun.	Feb.	Full-year
FY2023 Actual Same-store Sales Vs. before COVID-19*	57.0%	71.5%	78.4%	68.7%	77.9%	77.4%	70.2%	72.3%	78.3%	92.5%	85.6%	76.8%	85.0%	—	—	—
FY2022 Actual Same-store Sales Vs. before COVID-19*	51.9%	47.6%	35.5%	45.1%	42.2%	51.0%	38.3%	44.4%	40.5%	65.5%	74.1%	49.4%	74.9%	58.1%	47.1%	52.7%

【By category】

		Mar.	Apr.	May	Q1 Total	Jun.	Jul.	Aug.	Q2 Total	Sep.	Oct.	Nov.	Q3 Total	Dec. (Preliminary)	Jan.	Feb.	Full-year
CR	FY2023 Actual Same-store Sales Vs. before COVID-19	59.6%	67.9%	74.3%	67.1%	70.0%	71.5%	65.8%	68.1%	71.8%	87.3%	80.2%	71.7%	82.2%	—	—	—
	FY2022 Actual Same-store Sales Vs. before COVID-19	55.5%	50.4%	37.4%	47.8%	42.5%	55.5%	42.6%	47.2%	44.8%	69.5%	71.0%	51.8%	75.4%	61.8%	53.9%	54.8%
SFP	FY2023 Actual Same-store Sales Vs. before COVID-19	29.2%	63.9%	71.8%	54.7%	73.3%	69.3%	59.6%	61.2%	69.1%	83.6%	78.0%	66.3%	74.7%	—	—	—
	FY2022 Actual Same-store Sales Vs. before COVID-19	36.5%	30.2%	7.1%	24.6%	14.7%	16.4%	5.4%	18.3%	5.3%	40.4%	68.2%	24.8%	67.7%	42.9%	12.0%	30.1%
Specialty Brand	FY2023 Actual Same-store Sales Vs. before COVID-19	61.2%	70.7%	79.3%	70.1%	78.4%	79.1%	69.2%	72.5%	75.6%	92.8%	83.0%	76.0%	80.5%	—	—	—
	FY2022 Actual Same-store Sales Vs. before COVID-19	59.4%	52.9%	45.6%	52.8%	50.9%	62.5%	45.3%	52.6%	47.3%	74.3%	75.7%	56.7%	73.4%	62.0%	52.1%	58.4%
Overseas	FY2023 Actual Same-store Sales Vs. before COVID-19	89.3%	104.1%	103.5%	100.7%	110.3%	115.2%	119.0%	111.3%	124.6%	131.7%	132.3%	121.8%	126.0%	—	—	—
	FY2022 Actual Same-store Sales Vs. before COVID-19	50.0%	61.3%	63.5%	58.1%	75.1%	85.5%	77.2%	69.1%	82.6%	86.1%	94.6%	75.8%	89.6%	71.1%	86.0%	78.2%

* Calculations are based on outlets opened prior to FY2020, before the COVID-19 crisis, and include outlets that were temporary closed during the period.

3. Financial Position

Major indicator	End of Feb. 2022	End of Nov. 2022	Difference
Total assets (million yen)	133,605	132,097	-1,508
Total liabilities (million yen)	102,874	97,274	-5,600
Total equity (million yen)	30,730	34,823	+4,093
Shareholders' equity ratio (Ratio of equity attributable to owners of the parent to total asset)	17.8%	21.0%	+3.2%
Adjusted shareholders' equity ratio *1	28.0%	32.3%	+4.3%
Net D/E ratio	2.65x	1.86x	-0.79x
Adjusted Net D/E ratio *2	0.79x	0.38x	-0.41x

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

*2: Adjusted net D/E ratio: Multiple of net D/E ratio excluding the impact of IFRS No. 16.

4. Sustainability Initiatives (1)

Examples of Activities

Environment

Reduction of food loss

- Introduced "TABETE" food sharing app at all 7 JEAN FRANCOIS outlets
- ⇒ Working to reduce bread waste at outlets
- Selling leftover breads nationwide through "rebake", an online bakery shop



rebake



- Participation in local Governments' measures to reduce food Loss
- Recycling of used oil (waste oil)

Contribute to creating a decarbonized society

- Promote initiatives related to climate change
- ⇒ Set CO2 emissions reduction

CO₂

Target to reduce 50%

2013→2030

Cooperation between production areas and local production for local consumption

- Promoting local production for local consumption
- ⇒ Contributing to food safety and local communities
- ⇒ Reducing transportation-related CO2 emissions
- Exchange with production areas and farmers, such as holding "Day of Fields" events
- Development of local menus with an awareness of local production for local consumption



Environmental conservation and healthy food

- Offer vegan menus, plant-based cheese, and soybean meat
- ⇒ Mr.FARMER Omotesando outlet was changed to an all-vegan café. Considering making this change at other locations in the future.



- Expanding lineup of low-sugar bread and development of a bakery menu that utilizes seeded rice, bran, etc.
- Initiatives to use ingredients managed in accordance with animal welfare methods

Reduction of plastic waste

- Use of plastic bags made from biomass
- Curbing the use of plastic straw
- Changing spoons, forks, muddlers, straws, etc. to biomass materials, paper, and wood



4. Sustainability Initiatives (2)

Examples of Activities

Social

Interaction with local communities

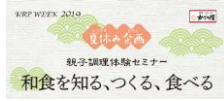
- Mr. FARMER held a Farmer's Market at the Komazawa Olympic Park Outlet
- Vegetable cropping events, dog food making events in collaboration with neighborhood schools, etc.



- Support for "Inochi-no Music Day" (Hokkaido)
- Agricultural experience at a local farm
- Conduct cleanup activities around outlets/ Participate in volunteer cleanup activities
- **Special lecture on sustainable social contribution at Otsuma Women's University**



Shokuiku (dietary education)

- At "KAGONOYA", a Japanese Cuisine and Shabu Shabu restaurant held a seminar on cooking for elementary school children and parents in Kyoto
 - Dietary education activities at local elementary schools (Head Office: Shinagawa Ward)
- ⇒ Providing food education areas rooted in local communities
- 
- Providing hands-on training at a store for students of a special support school (Kagonoya)
 - Cooperation in the operation of and donations to a children's cafeteria (Yuzuru)
 - **Participate in Farmers & Kids Festa**

Promoting diversity

- Active recruitment of female employees and female managers
- Promoting employment of foreigners and expanding the educational environment
- Promoting a variety of working styles
 - Regionally limited employees
 - Extend retirement age of crews to 70
- Creating an exciting workplace
 - Holding employee forums and crew festivals
- Adoption of genderless uniforms
- Promote hiring diverse human resources
 - ⇒ Set targets for the ratio of female managers and foreign managers.

Governance

Transition to the Prime Market

- Transitioned to the Prime Market on April 4, 2022
- ⇒ Higher level of governance
- ⇒ Enhancing corporate value over the medium-to-long term

Strengthening systems and functions

- Strengthen the Board of Directors function
- Evaluation of the effectiveness of the Board of Directors
- Group governance structure
- Disclosure system
- Compliance system
- Risk management system



Strengthening systems and functions

- Increase the number of outside directors
 - ⇒ From a 2-member structure to a 3-member structure
 - (To have outside directors at least 1-third)
- Diversity of outside directors
 - ⇒ Appointment of women as outside directors
- Establishment of Nominating and Compensation Committees
 - ⇒ Ratio of outside directors to over half of all directors
- Adoption of restricted stock compensation plan (RS)

5. FY2023 Business Forecasts (By Category)

Restated: No change from the disclosure on April 14, 2022

Category	FY2022 (Previous year results)			FY2023 (Full-year forecasts)			Change		
	Revenue	Category CF	Ratio to revenue	Revenue	Category CF	Ratio to revenue	Revenue	Category CF	Ratio to revenue
CR	30,098	7,812	26.0%	40,500	5,600	13.8%	+ 10,402	-2,212	-12.1%
SFP	10,404	3,195	30.7%	24,500	3,000	12.2%	+ 14,096	-195	-18.5%
Specialty Brand	26,772	4,598	17.2%	36,600	4,400	12.0%	+ 9,828	-198	-5.2%
Overseas	12,340	842	6.8%	15,000	1,200	8.0%	+2,660	+358	+1.2%
Adjustments, etc.	-1,291	10,639	—	-1,600	10,500	—	-309	-139	—
Total	78,324	27,088	34.6%	115,000	24,700	21.5%	+ 36,676	-2,388	-13.1%

* Category CF = Operating income (Japan GAAP) + depreciation + amortization of goodwill + sponsorship income + non-recurring expenses + Limited-time earnings items (employment adjustment subsidy and subsidy for cooperation of shorten operating hours, etc.)

* Adjustments, etc. is mainly head office expenses not allocated to the respective Category and Adjustments, etc. included depreciation and amortization related to the adoption of IFRS No. 16.

Disclaimer

The purpose of this material is to provide information regarding the financial results of the FY2023 Q3 and is not intended to solicit investment in securities issued by the Company.

Furthermore, although the contents in this material is prescribed based on reasonable assumptions of the Company at the time of publication, it does not warrant or guarantee the information's accuracy or completeness and is subject to change without prior announcement.

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