create restaurants holdings inc.

Financial Results Briefing for the Fiscal Year Ended February 2024

April 15, 2024

Event Summary

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[Venue]	Webcast
[Venue Size]	
[Participants]	
[Number of Speakers]	2 Jun Kawai President Genta Ohuchi Director, CFO

Presentation

Moderator: Ladies and gentlemen, thank you very much for taking time out of your busy schedules today to participate in the web-based financial results briefing of create restaurants holdings inc. for the fiscal year ended February 2024.

This time, we are holding a web-based briefing. If the transmission is interrupted or the video freezes, please wait for a few minutes before trying to access the website again.

If you were unable to view the video sufficiently due to a video/audio malfunction or other problems, please watch the video that will be posted on our website at a later date, or contact our IR representative, who will give a briefing on the financial results on an individual basis.

The financial results briefing is scheduled to end around 14:30.

First, we would like to introduce the Company's attendees. The Company's attendees today are Jun Kawai, President, and Genta Ohuchi, Director, CFO.

First of all, the President, Mr. Kawai, would like to greet you all. President Kawai, please begin your presentation.

Kawai: Hello everyone. My name is Kawai, from create restaurants. Thank you very much for taking time out of your busy schedules today to watch our financial results briefing.

First, I would like to briefly report on the environment surrounding food service companies and the most recent business trends.

Last May, the legal status of COVID-19 under the Infectious Diseases Control Law was downgraded from Class 2 equivalent to Class 5, which stimulated so-called revenge spending and inbound tourism demand, and the demand for food service was strong throughout the previous fiscal year.

This trend generally continued steadily up to this March and April—the first few months of the current fiscal year ending February 2025—thanks in part to favorable weather conditions. In this business environment, our group steadily improved supply management, including securing human resources, to meet the strong demand for food services and, thus, achieved YoY increases in both sales and profit, and also recorded the highest profit in our history in real terms.

Today, Mr. Ohuchi, Director, CFO, will report on the financial highlights for the fiscal year ended February 2024, the business forecast for the fiscal year ending February 2025 and our shareholder returns, as announced on April 12 last week, and then I will report on the progress of the medium-term management plan and our initiative policy for the current fiscal year.

Now, Director Ohuchi, please begin your presentation.

1. Financial Results Overview [IFRS]

Both sales and profits increased compared to FY 2023, and revenue reached a record high (real Operating profit also a record high)

Revenue: 145.8 billion yen (+27.5 billion yen), Operating profit: 7.1 billion yen (+2 billion yen), Profit attributable to owner of parent: 4.8 billion yen (+1.4 billion yen)Adjusted EBITDA: 25.6 billion yen (+1.9 billion yen)

✓ **Revenue**

[YoY] Sales increased 27.5 billion yen (+23.3%) owing to steady demand for restaurants and full-year contribution from San Germain and L'air bon (+ 9 billion yen YoY).
[Compared to Forecast] Sales also exceeded forecast at +2.8 billion yen (101.9% of forecast)
⇒ Same-store sales YoY*1: 116.0%
⇒ Same-store sales compared to Pre-Covid *2: 92.9%, (+1.8%) against the target of 91.1%

*2: Same-store sales ratio compared to Pre-Covid

	Q1 (Mar.-May)	Q2 (Jun.-Aug.)	Q3 (Spt.-Nov.)	Dec.	Jan.	Feb.	Q4 (Dec.-Feb.)	Full-year
Target	86.0%	89.2%	91.7%	92.3%	90.3%	96.5%	92.7%	91.1%
Result	89.4%	89.9%	95.7%	95.8%	92.5%	101.4%	96.1%	92.9%

NOTE :Covid impact from the second half of February 2020

✓ **Profits**

[YoY] Operating profit: Profit increased 2 billion yen despite a reactionary decline following the previous fiscal year's short-term cooperation payment (4.3 billion yen)
(Excluding subsidy for shorten operation hours and impairment losses, the "Real Operating profit"*4 was 10.2 billion yen, about 2.4 times FY 2023.)
[Compared to Forecast] Despite the conservative booking of impairment losses (3.1 billion yen for the full year) will result in a slight shortfall in profits at each stage, profit for the period and profit attributable to owners of parent exceeded the forecast, partly due to the tax effect of an improvement in the recoverability of deferred tax assets.
"Real Operating Profit" exceeded the forecast (9.6 billion yen) and landed at 10.2 billion yen (+0.6 billion yen).

(Million yen)	FY2023 (total) Results	FY2024 Q1 (Mar-May) Results	FY2024 Q2 (Jun-Aug) Results	FY2024 Q3 (Sep-Nov) Results	FY2024 Q4 (Dec-Feb) Results	FY2024 (total) Results	Change	FY2024 Forecast (Disclosed on Oct. 13, 2023)	Achievement rate
Revenue	118,240	36,607	36,375	35,465	37,311	145,759	+27,519	143,000	101.9%
Operating profit	5,083	2,981	1,178	1,603	1,312	7,075	+1,992	7,400	95.6%
Profit before taxes	4,565	2,924	1,001	1,453	1,253	6,632	+2,066	6,900	96.1%
Profit for the period	3,878	2,360	909	929	1,409	5,608	+1,729	5,500	102.0%
Profit attributable to owners of parent	3,385	2,150	887	863	1,140	5,041	+1,656	5,000	100.8%
Adjusted EBITDA *3	23,664	7,242	6,197	5,789	6,354	25,583	+1,919	24,700	103.6%
Actual operating profit*4 (Operating profit, subsidies+impairment losses)	4,149	3,467	2,248	2,007	2,450	10,173	+6,023	9,600	106.0%

*1: Same-store sales YoY ratio is calculated using the figures for the FY 2023, and also including stores that are closed.
*2: Same-store sales ratio compared to Pre-Covid is calculated using the figures for the FY 2020 before Covid and including closed stores.
*3: Adjusted EBITDA = operating profit + other operating expenses - other operating revenues (excluding sponsorship income, employment adjustment subsidies, and subsidy for cooperation of shorten operating hours, rent reductions and exemptions, etc.) + depreciation and amortization + non-recurring expense items (advisory expenses, related to share acquisitions, etc.)
*4: Actual operating profit is operating profit minus subsidy for cooperation of shorten operating hours and impairment losses.

Ohuchi: Now, please turn to page four for the financial results overview.

The full-year revenue finished at JPY145.8 billion, a YoY increase of JPY27.5 billion, and an increase of JPY2.8 billion compared to the forecast, hitting a record high.

The YoY increase in sales was due to the capture of steady demand for restaurants and same-store sales remaining strong, 116% of the previous year's sales, as well as a full-year contribution of JPY9 billion from Saint-Germain L'air bon, which were turned into our subsidiary in December 2022.

In addition, the increase in sales compared to the forecast was due to same-store sales being 1.8% higher than the target. Operating profit increased by JPY2 billion from the previous fiscal year, due in part to strong sales -- despite a reactionary decline following the subsidy for shortened operation hours of JPY4.3 billion -- and finished at JPY7.1 billion, slightly below the forecast, due to the conservative booking of impairment losses of JPY3.1 billion.

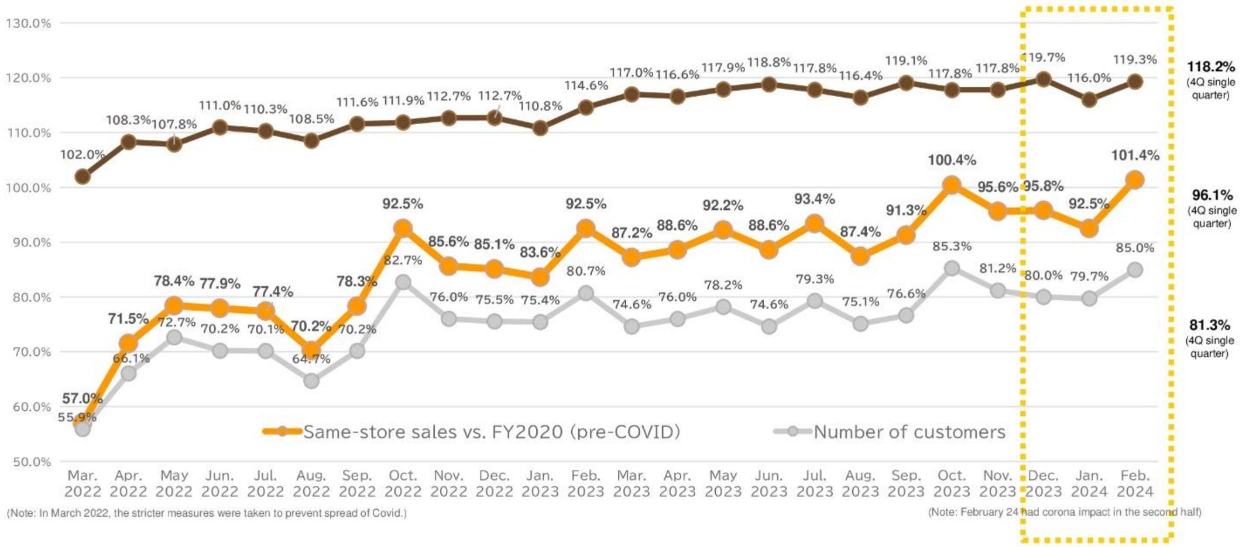
On the other hand, profit for the period and profit attributable to owners of the parent each exceeded the forecast, due in part to the tax effect of improved recoverability of deferred tax assets. Please note that the bottom of the list shows actual operating profit, excluding the subsidy for shortened operating hours and impairment losses, finished at JPY10.2 billion, a 2.4-fold increase from the previous fiscal year, exceeding the forecast and hitting a record high.

2. Trends in same-store sales ratio compared to Pre-Covid, Number of Customers, and Spend per Customer

✓ Sales revenue (Same-store sales ratio compared to Pre-Covid) remained solid at 96.1% in 4Q single quarter (December-February)

- Average spend per customer was 118.2% in 4Q single quarter (December-February) due to continued rationalization of prices
- The number of customers continued to rise, reaching 81.3% in 4Q single quarter (December-February) partially due to the effect of optimizing business hours

Continue to increase the number of customers (repeaters) through the utilization of customer data and strengthening of online reservations, in addition to strengthening in-store capabilities.



*: Same-store sales ratio compared to Pre-Covid is calculated using the figures for the FY 2020 before Covid and including closed stores.

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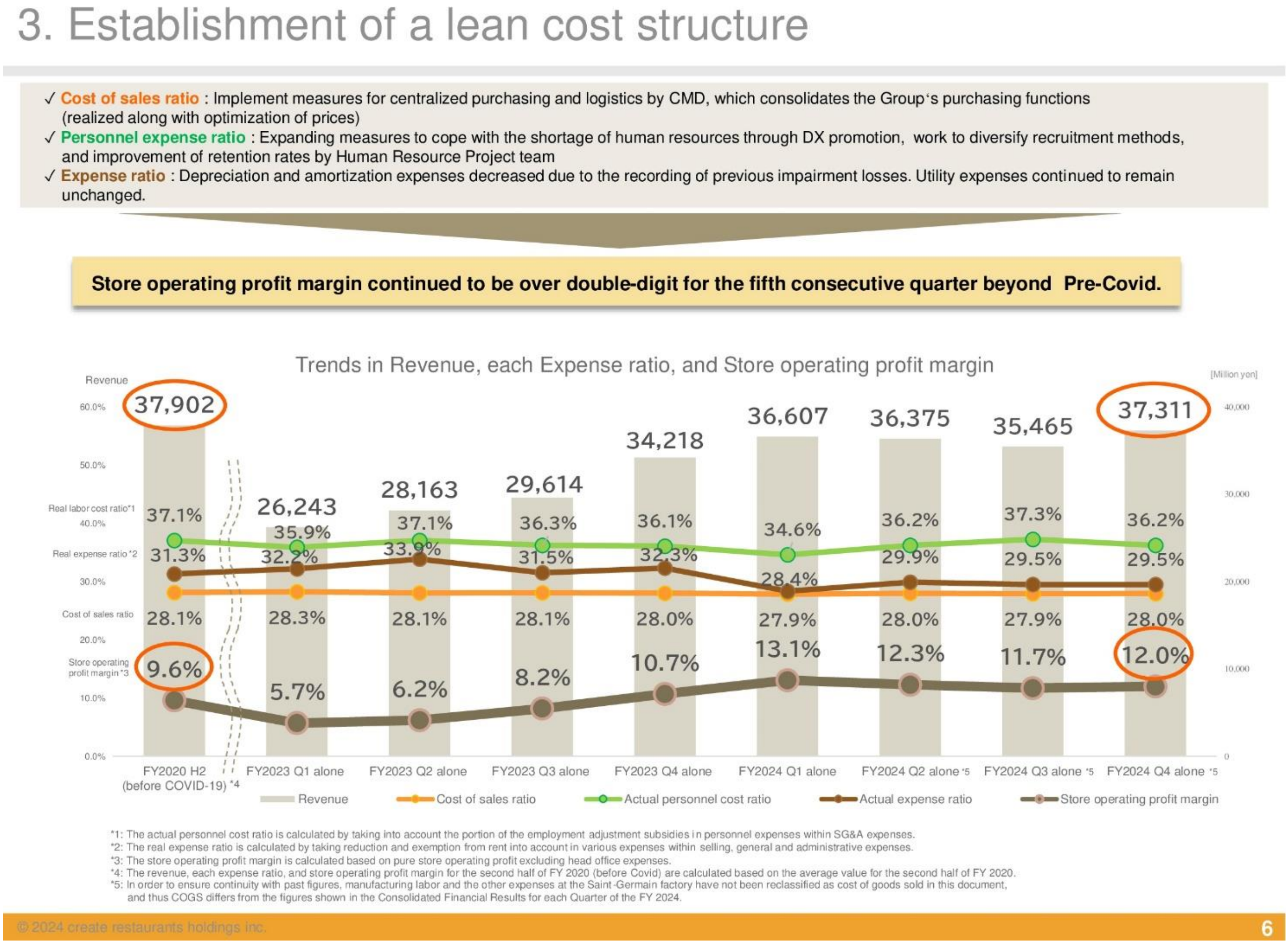
Next, please turn to page five.

This chart provides changes in sales, broken down by ratio from the pre-COVID level as well as number of customers and spend per customer. As Mr. Kawai explained at the beginning of the presentation, sales for Q4 alone recovered up to 96.1% of the pre-COVID level amid strong demand for food service.

In addition, the spend per customer during the same period was 118.2% of the pre-COVID level, already achieving appropriate pricing, and the number of customers, which is our next target, is also on the rise, at 81.3%.

In addition to strengthening our store capabilities, we will continue to increase the number of repeat customers through the use of customer data and enhanced online reservations.



Next, please turn to page six.

This slide shows changes in the main expense ratios and store operating profit margins from the pre-COVID level to the current Q4.

First, when you compare the pre-COVID level on the far left and the current period on the far right, the cost of sales ratio was controlled at 28%, down 0.1%, through appropriate pricing, and centralized purchasing and efficient logistics by CMD, which consolidated the Group's purchasing functions, despite the impact of raw material price hikes.

Next, the personnel expense ratio was successfully held down to 36.2%, down 0.9% from the pre-COVID level, through the promotion of DX, such as the expanded introduction of mobile ordering, and recruitment methods diversified by the Human Resource Project team.

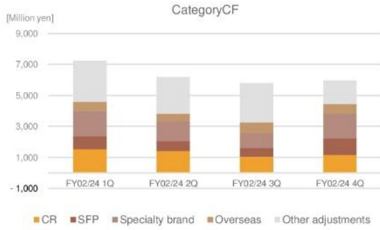
Finally, the expense ratio was held down to 29.5%, down 1.8% from the pre-COVID level, due to a decrease in depreciation and amortization expenses resulting from impairment losses, and the closure of unprofitable stores in the past, as well as utility expenses staying flat.

As a result, the store operating profit margin increased 2.4% from the pre-COVID level to 12%, achieving a double-digit level for the fifth consecutive quarter, and the improvement in basic profitability has become firmly established.

4. Financial Results Overview (by Category)

✓ Post-Covid consumption recovered in the following order:
overseas → city center (domestic) → rural (domestic)

✓ Revenue and category cash-flow in all categories remained steady.
→In particular, SFP categories recovered significantly from the previous year due to the revival of demand for izakaya.
→The specialty brand category became the top category in terms of category cash flow, partly due to the V-shaped recovery of "Kagonoya" business, further strengthening the portfolio.



Same-stores sales YoY ratio (Note: March in the previous year was the period when stricter measures were taken to prevent spread of Covid)

Category	Q1 (Mar.-May)	Q2 (Jun.-Aug.)	Q3 (Spt.-Nov.)	Dec.	Jan.	Feb.	Q4 (Dec.-Feb.)	Full-year
CR	126.8%	122.7%	114.4%	113.6%	112.8%	114.5%	113.6%	119.1%
SFP	154.5%	125.6%	113.8%	116.3%	111.3%	111.3%	113.3%	125.1%
Specialty Brand	114.5%	110.0%	107.1%	111.1%	110.6%	108.4%	110.1%	110.6%
Overseas	123.3%	111.0%	105.6%	106.5%	104.5%	102.1%	105.3%	110.8%
Consolidated	126.1%	117.0%	110.5%	112.1%	110.7%	109.9%	111.1%	116.0%

Same-store sales ratio compared to Pre-Covid *1

Category	Q1 (Mar.-May)	Q2 (Jun.-Aug.)	Q3 (Spt.-Nov.)	Dec.	Jan.	Feb.	Q4 (Dec.-Feb.)	Full-year
CR	86.0%	85.2%	92.4%	94.3%	95.0%	106.1%	97.5%	89.9%
SFP	85.5%	85.4%	88.2%	87.1%	84.5%	95.1%	88.5%	87.0%
Specialty Brand	85.2%	86.2%	91.6%	89.4%	88.7%	91.9%	89.8%	88.1%
Overseas	126.3%	132.1%	140.3%	136.3%	124.8%	137.4%	133.1%	135.9%
Consolidated	89.4%	89.9%	95.7%	95.8%	92.5%	101.4%	96.1%	92.9%

(Million yen)

Category	FY2023 Q1(total)			FY2024 Q1			FY2024 Q2			FY2024 Q3			FY2024 Q4			FY2024 (total)			Difference from FY2023		
	Revenue	CF ex subsidy of shorten operating hrs. *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	Revenue	Category CF *2	Ratio to revenue	Revenue	Category CF *2	Ratio to revenue	Revenue	CF ex subsidy of shorten operating hrs. *2	Ratio to revenue
CR	40,022	3,662	9.1%	11,992	1,531	12.8%	12,049	1,402	11.6%	11,756	1,046	8.9%	11,528	1,151	10.0%	47,326	5,132	10.8%	+7,303	+1,470	+1.7%
SFP	22,913	858	3.7%	7,156	841	11.8%	7,130	642	9.0%	7,024	568	8.1%	7,812	944	12.2%	29,079	2,997	10.3%	+6,166	+2,139	+6.6%
Specialty Brand	38,398	3,231	8.4%	13,305	1,639	12.3%	12,748	1,314	10.3%	12,262	952	7.8%	13,156	1,472	11.2%	51,473	5,378	10.4%	+13,075	+2,147	+2.0%
Overseas	18,506	1,819	9.8%	4,720	575	12.2%	4,777	477	10.0%	5,043	696	13.8%	5,165	659	12.8%	19,706	2,409	12.2%	+1,199	+590	+2.4%
Adjustments, etc.*3	-1,600	9,738	-	-566	2,654	-	-331	2,360	-	-621	2,525	-	-307	2,125	-	-1,826	9,667	-	-225	-71	-
Total	118,240	19,308	16.3%	36,607	7,242	19.8%	36,375	6,197	17.0%	35,465	5,789	16.3%	37,311	6,354	17.0%	145,759	25,583	17.6%	+27,519	+6,275	+1.2%

*1: Same-store sales ratio compared to Pre-Covid is calculated using the figures for the FY 2020 before Covid and including closed stores.
*2: Category CF = operating profit (JGAAP) + depreciation and amortization + amortization of goodwill + sponsorship income + non-recurring expense items + limited-time earnings items (employment adjustment subsidy and subsidy for cooperation of shorten operating hours, etc.). However, for the sake of useful comparisons, subsidy for cooperation of shorten operating hours are excluded in Q3 (cumulative) FY2023.
*3: Other adjustments include depreciation and amortization related to the adoption of IFRS No. 16. as well as head office expenses that are not allocated to each category.

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Next, please turn to page seven.

This shows sales and cash flow by category.

First, same-store sales YoY ratios are shown in the upper right-hand corner, and same-store sales compared to the pre-COVID level are shown below that. Same-store sales YoY ratios remained strong, ranging from 111% to 125% for the full year in all three domestic categories and overseas.

Next, a comparison of cash flows excluding the subsidy is shown in the table at the bottom.

In all categories, profits increased significantly YoY, while the cash flow margin ratio also increased from 11% to 12%. In particular, the SFP category recovered significantly from the previous year, due in part to a revival of demand for izakaya.

In addition, the specialty brand category became the top category in terms of the cash flow amount, partly due to the V-shaped recovery of the "Kagonoya" business, and we believe that the portfolio has become even more robust.

5. Condensed Balance Sheet

✓ Total assets slightly reduced due to the repayment of borrowings and the conservative recording of impairment losses.
✓ Equity ratio and Adjusted equity ratio improved significantly due to reduction in assets and accumulation of net income.

(Million yen)

	FY2023	FY2024	Change	Note
Current assets	32,266	31,340	-926	
[Cash and deposits]	23,895	21,305	-2590	Repayment of borrowings
Non-current assets	101,288	99,475	-1813	Impairment loss (3,097 million yen)
[Goodwill]	23,688	23,726	+38	
Total assets	**133,555**	**130,816**	-2739	
Current liabilities	36,841	37,533	+692	
Non-current liabilities	62,270	53,911	-8359	
[Bonds and borrowings (total)]	35,375	27,582	-7793	Repayment of borrowings
Total liabilities	**99,112**	**91,444**	**-7668**	
Total equity	34,443	39,371	+4,928	
[Ownership of parent]	29,606	35,969	+6,363	Increase in capital surplus due to application for TOB with the treasury shares held by SFP Holdings Co., Ltd.
Total liabilities and equity	**133,555**	**130,816**	-2739	
equity ratio (equity attributable to owners of parent ratio)	22.2%	27.5%	+5.3%	
Net D/E ratio	1.74x	1.29x	-0.45x	

<Reference> Figures excluding the impact of IFRS No.16

	FY2023	FY2024	Change	Note
Total assets (Excluding the impact of IFRS No. 16)	**97,036**	**94,252**	**-2784**	
Total liabilities (Excluding Impact of IFRS No. 16)	**59,668**	**52,030**	**-7638**	
[Ownership of parent] (Excluding the impact of IFRS No. 16)	32,477	38,767	+6,290	
Adjusted equity ratio (*1)	33.5%	41.1%	+7.6%	
Adjusted net D/E ratio (*2)	0.38x	0.18x	-0.2x	

*1: Adjusted equity ratio: Ratio of equity ratio (ratio of equity attributable to owners of parent) excluding the impact of adopting IFRS No. 16.
*2: Adjusted net D/E ratio: Multiple of net D/E ratio excluding the impact of IFRS No. 16.

Next, please turn to page eight.

This presents a condensed version of the balance sheet.

As an overview, total assets declined slightly to JPY130.8 billion, due in part to the repayment of borrowings and the conservative recording of JPY3.1 billion of impairment loss on fixed assets. Both the equity ratio, and the adjusted equity ratio, which excludes the impact of adopting IFRS 16, improved further from the previous fiscal year, with the equity ratio recovering to 27.5% and the adjusted equity ratio to 41.1%, due to a reduction in assets and accumulation of net income.

Ownership of total assets by the parent company increased by JPY6.4 billion from the previous fiscal year. The reason for the increase in equity capital above the JPY5 billion in net income accumulation was due to an increase in capital surplus as a result of the application for TOB with the treasury shares held by SFP Holdings Co., Ltd.

6. Condensed Statement of Cash Flows

✓ Operating cash flow: Increase of 23.3 billion yen despite a decrease of 1.3 billion yen compared to FY 2023 due in part to working capital burden resulting from an increase in accounts receivable.
✓ Investing cash flow: Expenditures increased by 1.3 billion yen from FY2023 to 3.6 billion yen, mainly due to the acquisition of property, plant and equipment as a result of an increase in new store openings and changes in business format.
✓ Financing cash flow: Expenditures increased by 2.4 billion yen from FY2023 to 22.5 billion yen due to the repayment of borrowings, and etc.

(Million yen)

	FY2023	FY2024	Change
Cash flows from operating activities	24,593	23,292	-1,301
Profit (loss) before income taxes	4,565	6,632	+2,067
Depreciation	15,155	15,512	+357
Impairment loss	3,418	3,097	-321
Other changes	1,455	-1,949	-3,404
Cash flows from investing activities	-2,311	-3,601	-1,290
Purchase of property, plant and equipment	-1,738	-3,273	-1,535
Proceeds from refund of guarantee deposits	333	380	+47
Others	-906	-708	+198
Cash flows from financing activities	-20,131	-22,496	-2,365
Changes in long-and-short-term borrowings	-5,736	-7,545	-1,809
Repayments of lease obligations	-12,546	-13,120	-574
Dividends paid	-1,259	-1,365	-106
Others	-590	-466	+124
Net increase (decrease) in cash and cash equivalents	2,392	-2,589	-4,981
Cash and cash equivalents at end of period	23,895	21,305	-2,590

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Next, please turn to page nine.

This presents a condensed version of the statement of cash flows.

As an overview, operating cash flow saw an inflow of JPY23.3 billion, despite a YoY decrease of JPY1.3 billion, due in part to the working capital burden resulting from an increase in accounts receivable.

Next, investment cash flow saw an outflow of JPY3.6 billion, a YoY increase of JPY1.3 billion in outflows, due in part to an increase in new store openings and changes in business format as we shifted from a defensive to offensive approach.

Finally, financing cash flow saw an outflow of JPY22.5 billion, a YoY increase of JPY2.4 billion in outflows, due to the repayment of borrowings. As a result, cash and cash equivalents decreased by JPY2.6 billion YoY to JPY21.3 billion.

7. Implementation of the cost-conscious management in cost of capital and stock price

✓ROE(15.4%) steadily exceeds cost of shareholder's equity (7.9%)

- ■Strict investment criteria for new stores: The IRR (approx. 24%) is operating well above the pre-tax WACC* (domestic: 10.5%, and U.S.: 18.6%). (FY2024: 34 new stores)
- ■In the event that the investment does not meet expectations and becomes unprofitable, we promptly change the store format (21 stores in FY2024) or close stores (70 stores in the same period).

✓ Due to ROE of more than 10%, PBR has remained at more than 5 times. (In FY2024, although it declined slightly due to the accumulation of net income and equity, it still remained at a high level.)

*Pre-tax WACC = (Cost of shareholder's equity/ (1-effective tax rate)) × Shareholder 's equity ratio + (Cost of debt × Debt ratio)

		FY2023	FY2024
ROE		12.1%	15.4%
Cost of shareholder's equity (After tax)	Domestic	7.5%	7.9%
	(USA)	(14.3%)	(14.4%)
PBR		7.01x	6.13x

※Cost of shareholder's equity (after tax) is calculated by CAPM (Capital assets pricing model) with reference to similar listed companies.

Continue to improve the return on capital of the business and maintain its balance with shareholder returns.

Next, please turn to page 10.

This shows implementation of the cost-conscious management in cost of capital and stock price.

The current ROE is 15.4%, still exceeding the cost of shareholder's equity of 7.9%, which we attribute to two main factors.

First, we have set strict investment criteria, and operate in a manner that the pre-tax WACC is greatly exceeded. Second, in the event that the investment does not meet expectations and becomes unprofitable, we promptly change the store format or close stores. Due to an ROE of more than 10%, the PBR has remained at more than 5 times, and although it declined slightly due to the accumulation of net income and equity, it is still 6.13 times, remaining at a high level.

We will continue to maintain and improve the capital profitability of our business, while balancing this with shareholder returns, in order to enhance our corporate value.

1. Summary of FY 2025 Business Forecast

Projected higher revenues and profits for the second consecutive year (record highs).
Revenue: 153.0 billion yen (+7.2 billion yen), Operating profit: 9.3 billion yen (+2.2 billion yen),
Profit attributable to owners of parent: 6.1 billion yen (+1.1 billion yen), Adjusted EBITDA: 26.2 billion yen (+0.6 billion yen)

Business Environment	・[Demand side] Active domestic consumption (including the impact of raising the upper limit on corporate entertainment expenses and fixed tax reductions) and continued inbound demand ・[Supply side] Shortage of labor and services → Increase in personnel costs to secure human resources, etc. Inflation continues
Assumptions	・Revenue: Same-store sales YoY (full-year) assumed 105.4% ・Plans to open 30 new stores, mainly core brands ・In addition to new stores, we will also actively undertake store format changes and strategic renovations and renovations. ・Actively invest in DX at stores by working to further improve quality at existing stores ・Promote the expansion of the total amount of employee salary increase funds and the active participation of foreign employees as a strengthening of initiatives for human resources

(Million yen)	FY2024 Result	FY2024 Ratio to revenue	FY2025 (Full-year forecasts) Forecast	FY2025 Ratio to revenue	Change	Pct. Change
Revenue	145,759		153,000		+7,240	+5.0%
Operating profit	7,075	4.9%	9,300	6.1%	+2,224	+31.4%
Profit before taxes	6,632	4.6%	8,700	5.7%	+2,067	+31.2%
Profit for the year	5,608	3.8%	7,000	4.6%	+1,391	+24.8%
Profit attributable to owners of parent	5,041	3.5%	6,100	4.0%	+1,058	+21.0%
Adjusted EBITDA *1	25,583	17.6%	26,200	17.1%	+616	+2.4%
Actual operating profit*2	10,173	7.0%	11,300	7.4%	+1,126	+11.1%

*1: Adjusted EBITDA= Operating profit + Other operating expenses - Other operating revenues (excluding sponsorship income) + Depreciation and amortization + non-recurring expense items (advisory expenses related to share acquisition, etc.)
*2: Actual operating profit excludes impairment losses from operating profit.

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Next, we will move on to the business forecast for the current fiscal year.

Please turn to page 12.

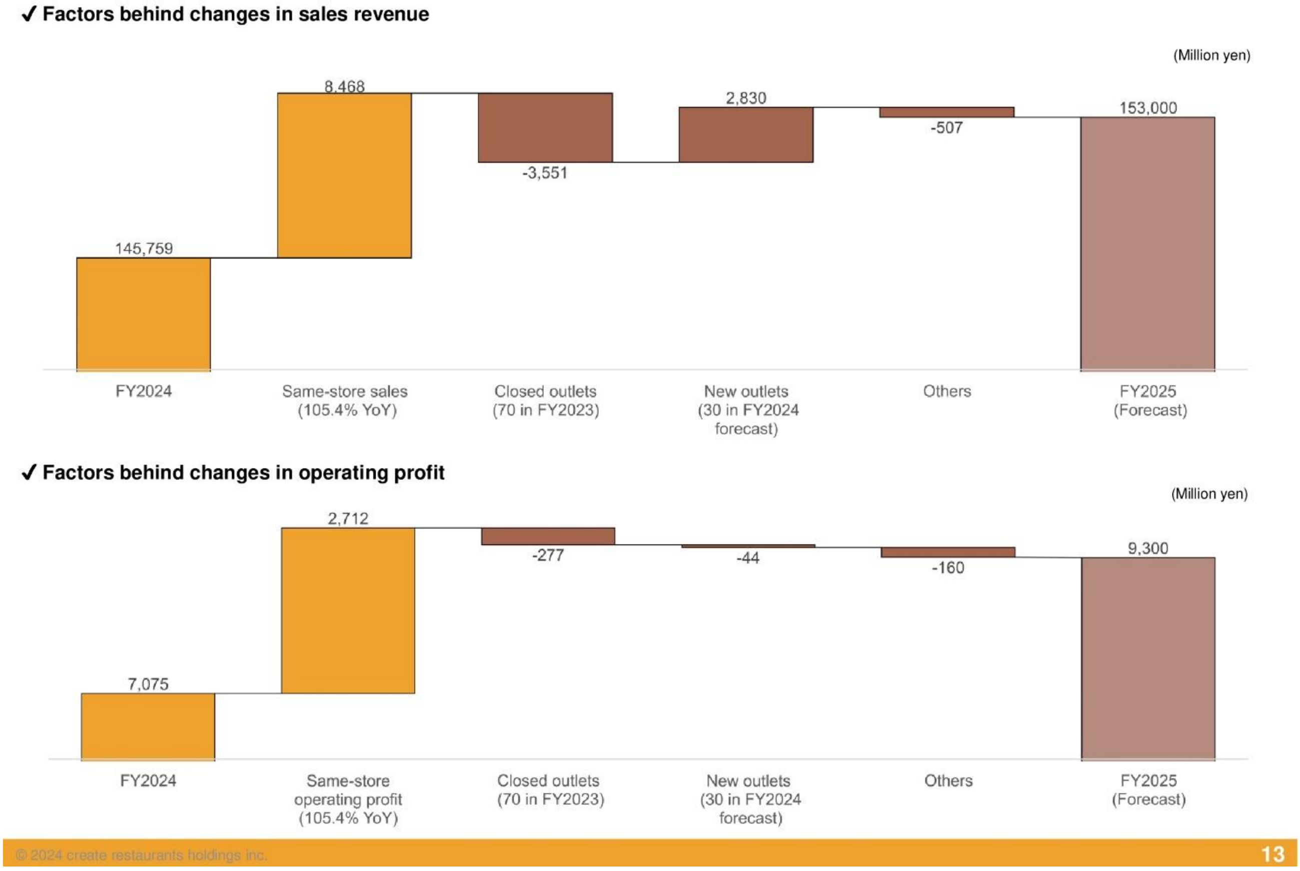
Forecast revenue is JPY153 billion. Operating profit is projected to increase for the second consecutive year to JPY9.3 billion, and hit a new record high.

In terms of the business environment, on the demand side, we expect domestic consumption to be more active, due in part to an increase in the upper limit on corporate entertainment expenses and fixed tax reductions, while on the supply side, we expect personnel costs to rise due to labor shortages and other inflationary factors to continue.

In this context, the main assumption for the forecast figures is that, with respect to revenue, the same-store sales YoY ratio for the full year is assume at 105.4%. In addition, we plan to open 30 new stores, and promote the expansion of the total amount of employee salary increase funds as a strengthening of initiatives for human resources, which will be an important cornerstone of its growth strategy.

Please note that adjusted EBITDA, shown at the bottom of the list, is projected to increase by JPY616 million from the previous year to JPY26.2 billion, and actual operating profit is projected to increase by JPY1.1 billion from the previous year to JPY11.3 billion, after reversing impairment losses of JPY2 billion.

2. FY 2025 Business Forecasts
(Reasons for changes in sales and operating profit)



Next, please turn to page 13.

This is a waterfall chart showing changes in revenue and operating profit from the previous year's results, broken down by main factors.

One of the major factors behind the forecast increase in sales and profit is a 105.4% YoY increase in same-store sales. Marginal profit will increase as a result of the sales rise.

3. Summary of FY 2025 Business Forecasts (by Category)

Category	FY 2024 (Previous year results)			FY2025 (Full-year forecasts)			Change		
	Revenue	Category CF	Ratio to revenue	Revenue	Category CF	Ratio to revenue	Revenue	Category CF	Ratio to revenue
CR	50,239	5,563	11.1%	54,500	6,450	11.8%	+4,260	+886	+0.8%
SFP	29,079	2,997	10.3%	30,000	3,090	10.3%	+920	+92	+0.0%
Specialty brand	48,560	4,946	10.2%	50,700	5,460	10.8%	+2,139	+513	+0.6%
Overseas	19,706	2,409	12.2%	19,900	2,690	13.5%	+193	+280	+1.3%
Adjustments, etc.	-1,826	9,667	-	-2,100	8,510	-	-273	-1,157	-
Total	145,759	25,583	17.6%	153,000	26,200	17.1%	+7,240	+616	-0.4%

* By taking into account the reorganization within the group as of June 1 (merger of Create Dining inc. and LG&EW inc.: separately disclosed on April 12), both the previous year's results and the full-year forecast reflect the reclassification of LG&EW from the specialty brand category to the CR category since the beginning of the fiscal year.
* Category CF = Operating income (Japan GAAP) + depreciation + amortization of goodwill + sponsorship income + non-recurring expenses + Limited-time earnings items
* 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.

Category	Total no. at and of Feb. 2024	increase /Decrease		End-FY2025 Forecasts
		New	Close	
CR	502	15	10	507
SFP	202	7	2	207
Specialty Bland	350	8	1	357
Overseas	55	0	4	51
Group total	1,109	30	17	1,122

* By taking into account the reorganization within the group as of June 1 (merger of Create Dining inc. and LG&EW inc.: separately disclosed on April 12), both the previous year's results and the full-year forecast reflect the reclassification of LG&EW from the specialty brand category to the CR category since the beginning of the fiscal year.

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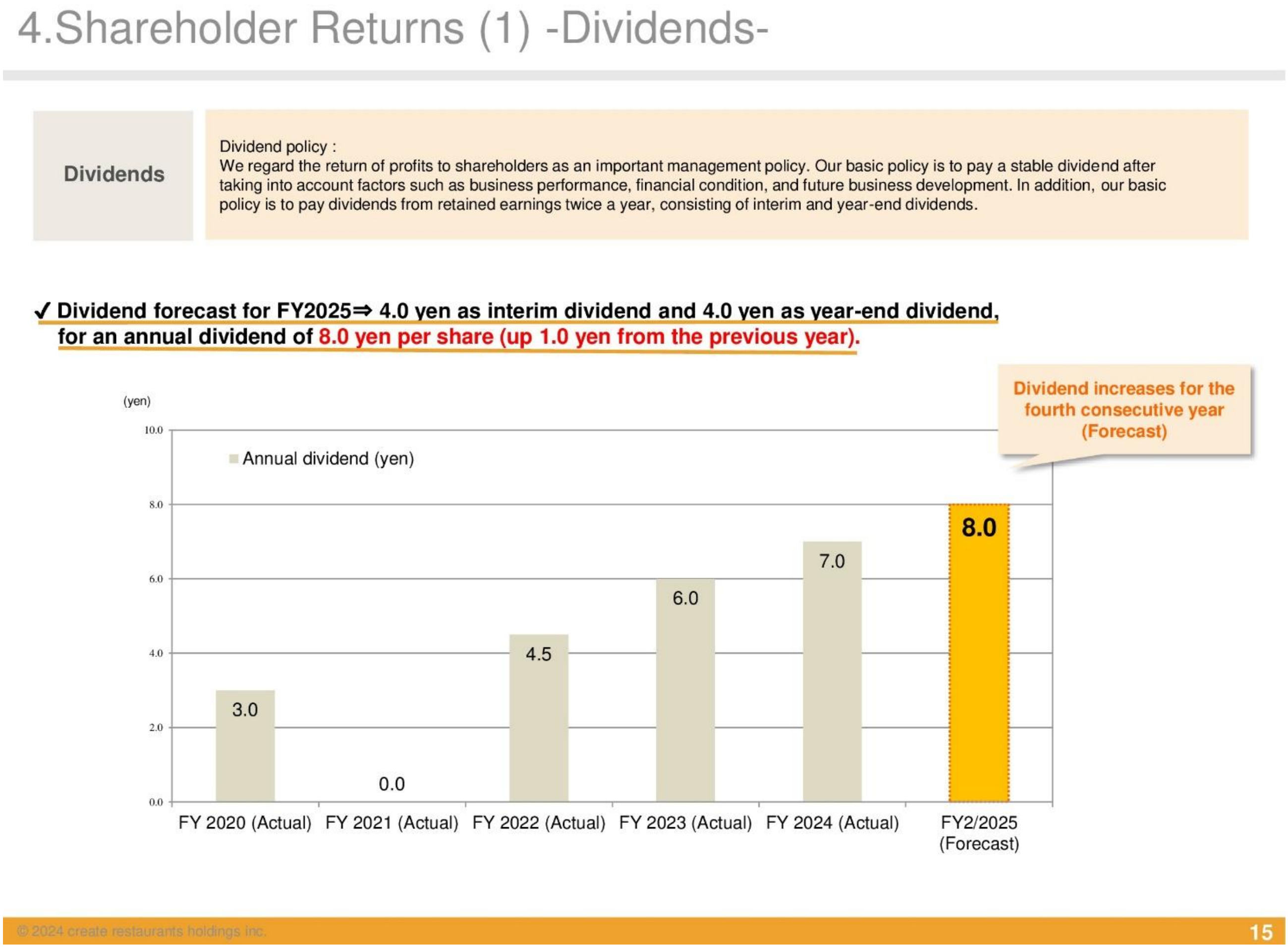
Next, please turn to page 14.

This provides the forecasts for sales and cash flows by category, and for store openings and closures.

As for YoY changes, as shown in the column on the far right, we expect both sales and profit to increase in all categories.

As for characteristics by category, we expect CR to achieve improved earnings due to the appropriate pricing of restaurants in golf courses; the specialty brand to achieve greater earnings from restaurants in collaboration with JA ZEN-NOH and progress in the PMI of Saint-Germain; and overseas, to resolve the deficit in three restaurants in New York withdrawn in the previous fiscal year, and thus see an increased margin ratio.

On the other hand, the SFP is expected to secure an increase in profit despite the margin ratio staying flat due to the cost of new store openings and other factors.



We will now move on to shareholder returns.

Please turn to page 15.

The Company's basic policy has been to pay stable dividends. But in light of the fact that actual operating profit hit a record high in the previous fiscal year and is also expected to break another record high in the current fiscal year, the Company plans to increase the dividend per share for the fourth consecutive fiscal year, forecasting an interim dividend of JPY4 and a year-end dividend of JPY4, for an annual dividend of JPY8.

4.Shareholder Returns (2) -Shareholder Special Benefit Plan-

Shareholder Special benefit Plan	We will continue to implement it as part of our corporate policy since we have positioned this as an important measure for returning profits to shareholders.

Expansion of stores that can use special gifts

✓ As part of the business alliance with JA ZEN-NOH (disclosed on January 26, 2024), a shareholder benefit program will be available at the 12 stores listed below beginning on April 1, 2024.

Minori Cafe	S-PAL Sendai/Ginza Mitsukoshi/Fukuoka Tenjin/Nagasaki Station front
Minori Café Kiraku	COMBOX Saga station front
Minoru Shokudo	Ginza Mitsukoshi/ekie Hiroshima/AMU PLAZA KUMAMOTO
Minoru Dining	Sapporo STELLAR PLACE/Nagoya/SUN STATION TERRACE Okayama
Grill Minoru	S-PAL Sendai

Deferral of digitization by 1 year

✓ Timetable
[Before extension] From the shareholder benefit coupons for the May 2024 shipment (Vesting date: End of February 2024)
↓
[After extension] From the shareholder benefit coupon for May 2025 (Vesting date: End of February 2025)

✓ Reasons for postponement
Due to the fact that it is taking more time than anticipated to build specifications to ensure the information security protection of shareholder gift certificates.

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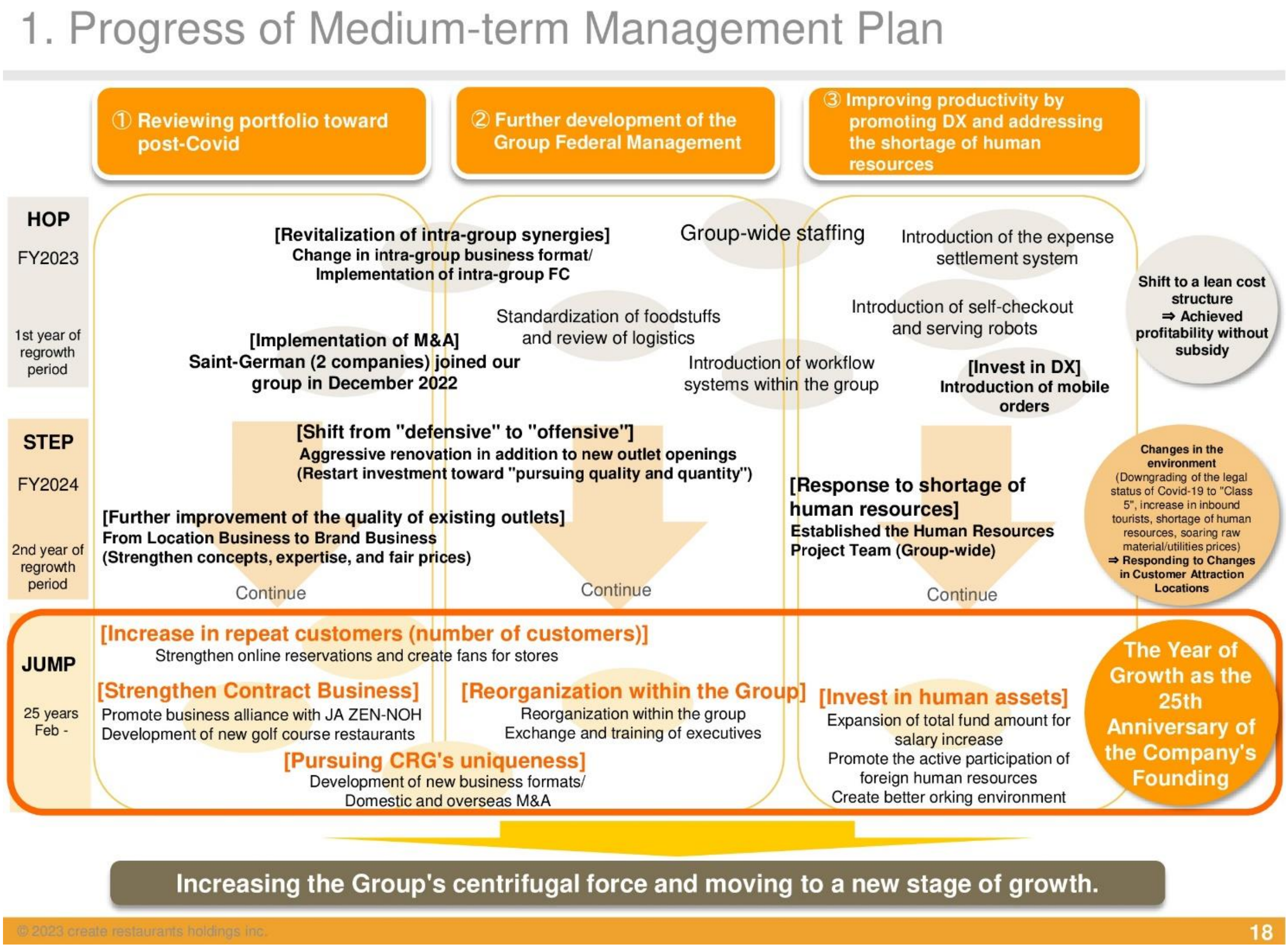
Next, please turn to page 16.

As for our shareholder special benefit plan, we expanded 12 stores that offer benefit programs beginning in April, partly due to the business alliance with JA ZEN-NOH. With regard to the digitalization of benefit coupons, on the other hand, since it has been taking us time to build specifications to ensure the information security protection, we plan to postpone it for one year and start applying it from the May 2025 shipment.

That's all for my presentation.

Kawai: Next, I would like to report on the progress of the medium-term management plan announced in July 2021 and the policy for initiatives in the current fiscal year based on the plan.



Please turn to page 18.

In order to achieve sustainable growth ahead of its competitors in the post-COVID world, the Group has set forth three unique growth strategies.

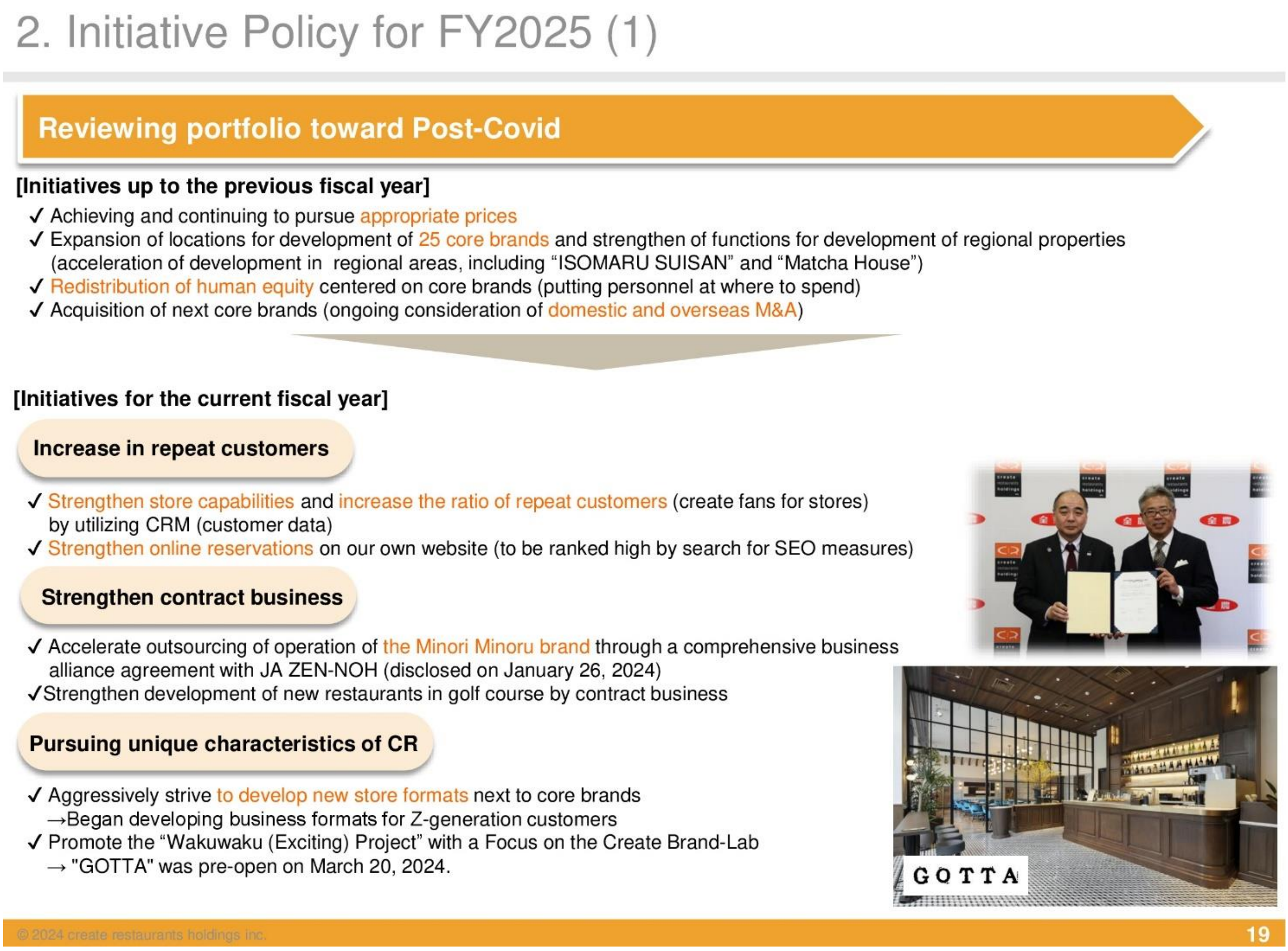
The first pillar is reviewing our portfolio toward a post-COVID scenario, the second pillar is further development of Group federal management, and the third pillar is improving productivity by promoting DX and addressing the shortage of human resources.

As described in the middle of page 18, in the fiscal year ended February 2024— the second year of the recovery period— we were able to flexibly respond to changes in the environment and achieve increases in both sales and profit by further improving the quality of existing outlets, shifting from a defensive to an offensive approach, and addressing the shortage of human resources.

This fiscal year, beginning this March, is the last year, the third year of the recovery period, or in terms of a triple jump, it corresponds to the "jump" in "hop, step, and jump." As our group celebrates its 25th anniversary, we hope to make this a year of leaping forward to accelerate the Group's momentum and move toward a new stage of growth in the next fiscal year and beyond, by putting the final touches on our medium-term management plan.

In order to achieve this goal, we will implement the following five initiatives in the current fiscal year, as described at the bottom of this page: first, increasing the number of customers, mainly repeat customers;

second, strengthening the contract business; third, pursuing the uniqueness of the create restaurants group; fourth, reorganization within the Group; and finally, investment in human assets.



I will explain each of them.

First, please turn to page 19.

Here are three initiatives as part of reviewing our portfolio toward a post-COVID world.

The first initiative is to increase the number of customers, particularly repeat customers. Through our efforts made in the previous fiscal year to further improve the quality of existing stores and to achieve appropriate pricing based on it, we succeeded in raising the spend per customer to 119% of the pre-COVID level. The number of customers, on the other hand, remained at 85% of the pre-COVID level.

In the current fiscal year, we will focus on creating fans for our stores by strengthening the store capabilities of existing stores and, at the same time, increasing the ratio of repeat customers by utilizing customer data obtained through digital marketing and a customer management system called CRM. In addition, we will also strengthen online reservations while effectively utilizing DX tools.

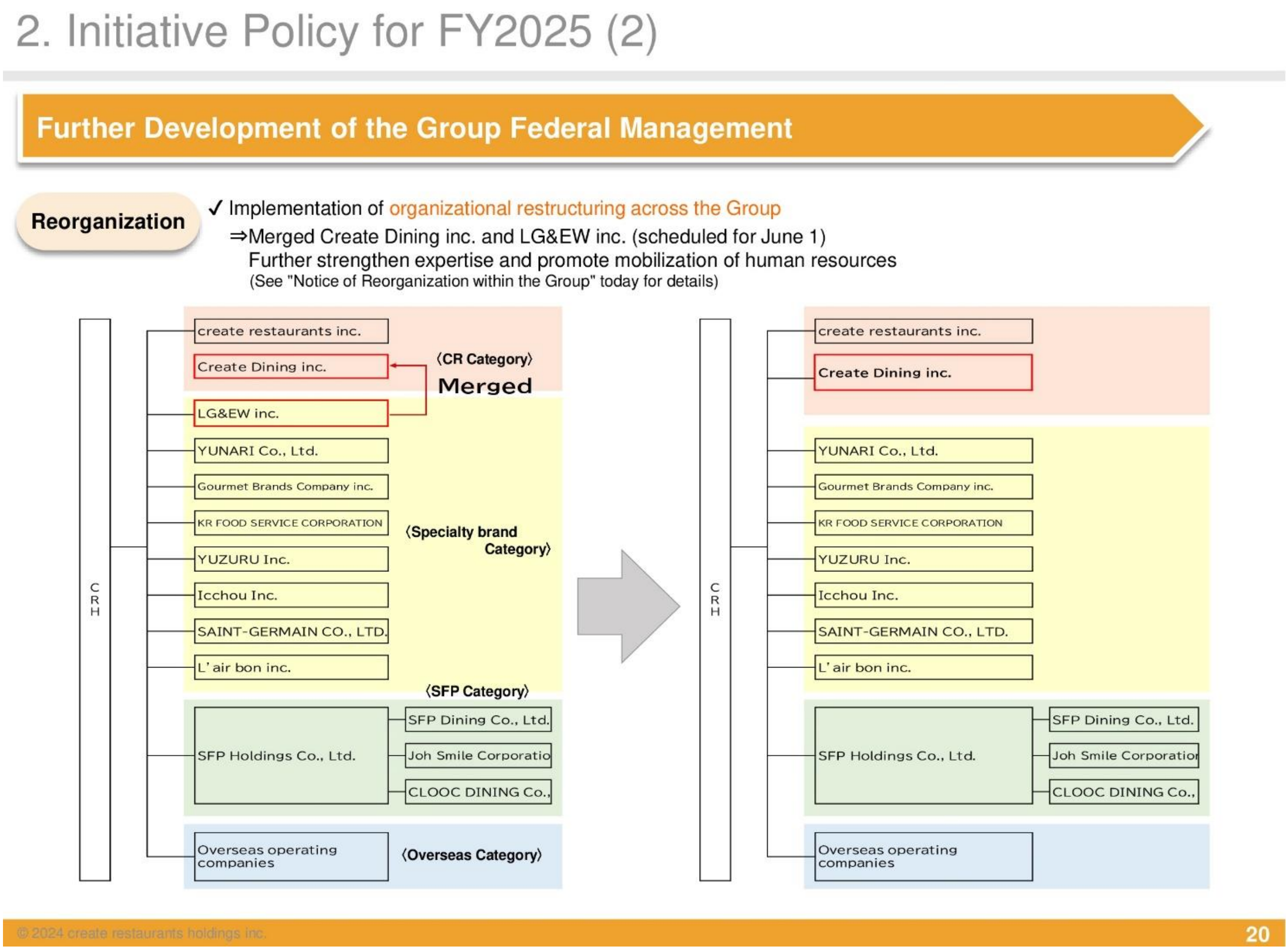
The second initiative is to strengthen the contract business. As in the past, we will continue to actively invest in new store openings, mainly for our core brands, and in M&A in Japan and overseas, while also further strengthening our contract restaurant operations, or contract business, which does not require investment.

Specifically, on January 26 of this year, we concluded a comprehensive business alliance agreement with JA ZEN-NOH. This will accelerate the establishment of the Minori Minoru brand store operations nationwide, pivoting on domestically produced agricultural and livestock products. In addition, the Group will further enhance the investment efficiency of the Group as a whole by further strengthening the development of new properties in the contract business of restaurants in golf courses.

The third initiative is the pursuit of the uniqueness of the create restaurants group. During the COVID-19 pandemic, we developed new stores focusing on approximately 25 core brands, but in the current fiscal year, we will actively try to develop new store formats and creations, which we should call our DNA, and begin to develop business formats that meet the needs of Generation Z, who will be our main consumers in the future.

At the same time, we will further promote exciting projects involving large investments that are unique to create restaurants Group, or that only create restaurants Group can undertake, centering on the Create Brand-Lab, a division specializing in the development of new business formats.

For example, on March 20 of this year, we opened a new concept space called GOTTA, a new-American dining restaurant, in the neighborhood of Gotanda, Tokyo, where our Group headquarters is located. The dining experience in a luxurious space inspired by a New York hotel lobby has been very well received by residents in the neighborhood. We hope that you will take advantage of the opportunity to visit us.

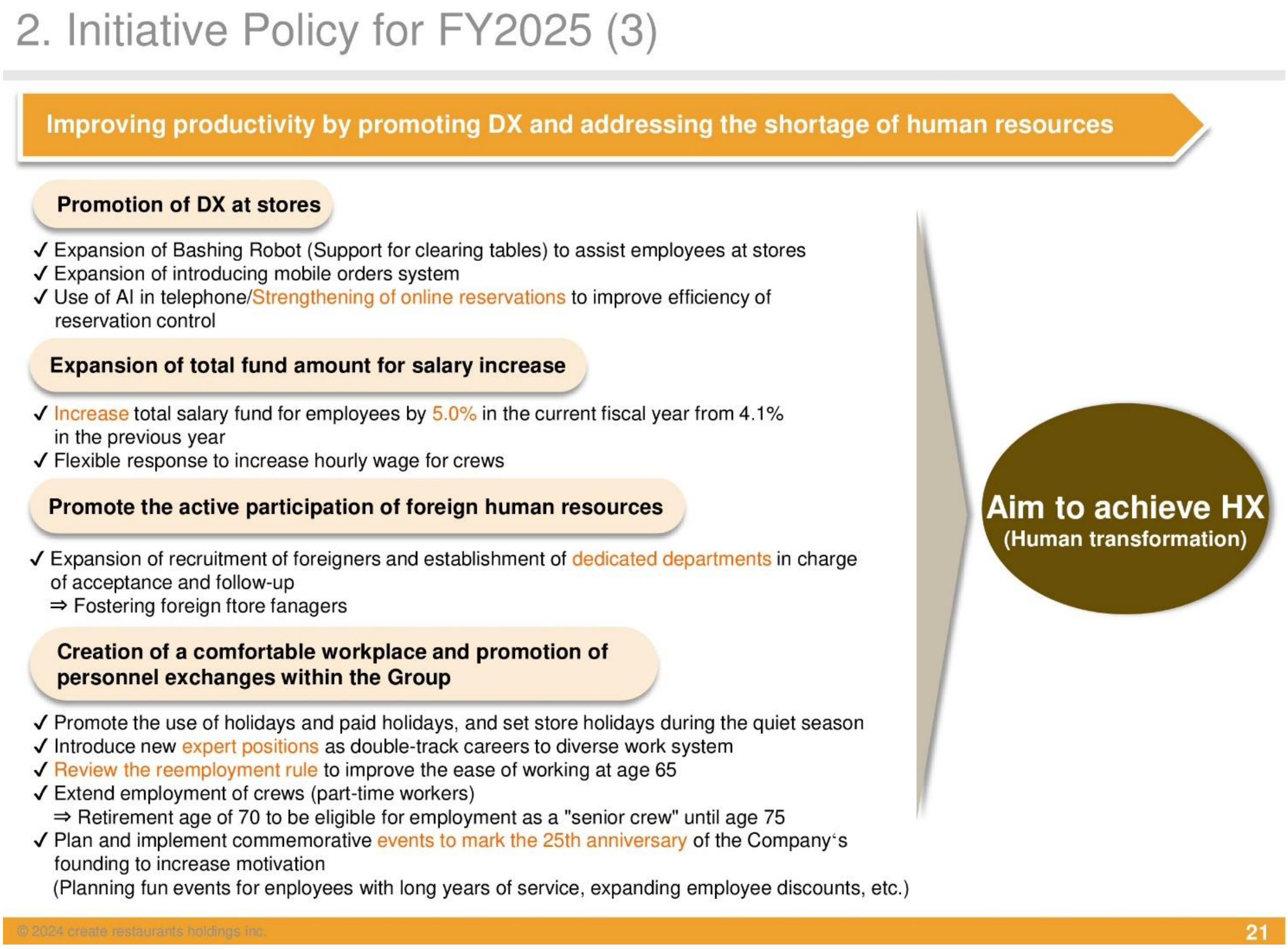


Next, please turn to page 20.

Here we set out the fourth initiative, the implementation of a new organizational restructuring within the Group, with the aim of the further development of Group federal management.

Specifically, in order to further strengthen our expertise and promote the mobility of human resources, we have decided to merge two companies, Create Dining inc. and LG&EW inc., which operate dining businesses mainly in urban areas, as of June 1. For details, please refer to the Notice of Reorganization within the Group, dated today.

In the future, we will also continue to reorganize across the Group as necessary, including business companies that will be turned into our subsidiary through new M&A, in order to effectively leverage synergies among the Group's business companies.



Next, please turn to page 21.

The fifth initiative, and the biggest theme to be addressed in the current fiscal year, continuing from the previous fiscal year, is to improve productivity through DX promotion and to address the shortage of human resources. Specifically, we have decided to further promote the use of DX in our stores, such as online reservations, to make operations more efficient, and to increase the total amount of the salary fund by another 5%, following the 4.1% increase in the previous fiscal year.

In addition, in order to promote the active participation of foreign human resources, we will not only increase their recruitment but also set up a dedicated department across the Group to accept and follow up on them. Furthermore, with the aim of creating a comfortable workplace, we will review our personnel system, including the introduction of expert positions and a system of reemployment after retirement age, and hold elaborate events to commemorate the 25th anniversary of the Company's founding to increase employee motivation and promote the exchange of human resources within the Group.

In this way, we aim to achieve HX, or so-called Human Transformation, by addressing the shortage of human resources, which is the most essential and important factor in increasing the number of customers as set out in the first initiative, together with improving productivity through DX promotion.

3. Numerical image for a new growth stage

Formulate a new Medium-term Management Plan and strategies for a new growth stage while focusing on steadily achieving the goals of the current Medium-term Management Plan (to be announced in April 2025)

(Million yen)

							Current medium-term management plan						New medium-term management plan			
			Under the influence of Covid-19				HOP		STEP		JUMP		Numerical image			
	FY2020 (Results)		FY2021 (Results)		FY2022 (Results)		FY2023 (Results)		FY2024 (Results)		FY2025 (Forecasts)		FY2026 (Plan)		FY2027 (Plan)	
Revenue	139,328		74,425		78,324		118,240		145,759		153,000		158,000		163,000	
Operating profit	3,378	2.4%	- 14,181	-	7,633	9.7%	5,083	4.3%	7,075	4.9%	9,300	6.1%	10,500	6.6%	12,100	7.4%
Profit before taxes	3,012	2.2%	- 15,021	-	7,134	9.1%	4,565	3.9%	6,632	4.6%	8,700	5.7%	10,000	6.3%	11,600	7.1%
Profit for the year	1,745	1.3%	- 15,571	-	6,660	8.5%	3,878	3.3%	5,608	3.8%	7,000	4.6%	7,900	5.0%	9,100	5.6%
Profit attributable to owners of parent	1,205	0.9%	- 13,874	-	5,919	7.6%	3,385	2.9%	5,041	3.5%	6,100	4.0%	6,900	4.4%	8,100	5.0%
Adjusted EBITDA	25,212	18.1%	5,130	6.9%	27,088	34.6%	23,664	20.0%	25,583	17.6%	26,200	17.1%	27,500	17.4%	29,300	18.0%
Actual operating profit	8,689	6.2%	- 10,371	-	- 6,428	-	4,149	3.5%	10,173	7.0%	11,300	7.4%	12,500	7.9%	14,000	8.6%

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By putting these five initiatives into action, we will gradually achieve the final touches to the current medium-term management plan, which declares the Company's recovery from the COVID-19 pandemic, as stated on page 22.

Looking back, our group posted a large deficit of over JPY14 billion in the fiscal year ended February 2021, when COVID-19 occurred. The following year, the fiscal year ended February 2022, our dependence on the subsidies led to a surplus of JPY7.6 billion, but, in real terms, we were forced to record a deficit of more than JPY6 billion.

In order to achieve a V-shaped recovery from such a COVID-19 pandemic, we formulated the current medium-term management plan, and in the first year, the "hop" phase, we shifted to a lean cost structure as a run-up period, and achieved a surplus of JPY5.1 billion without any subsidy.

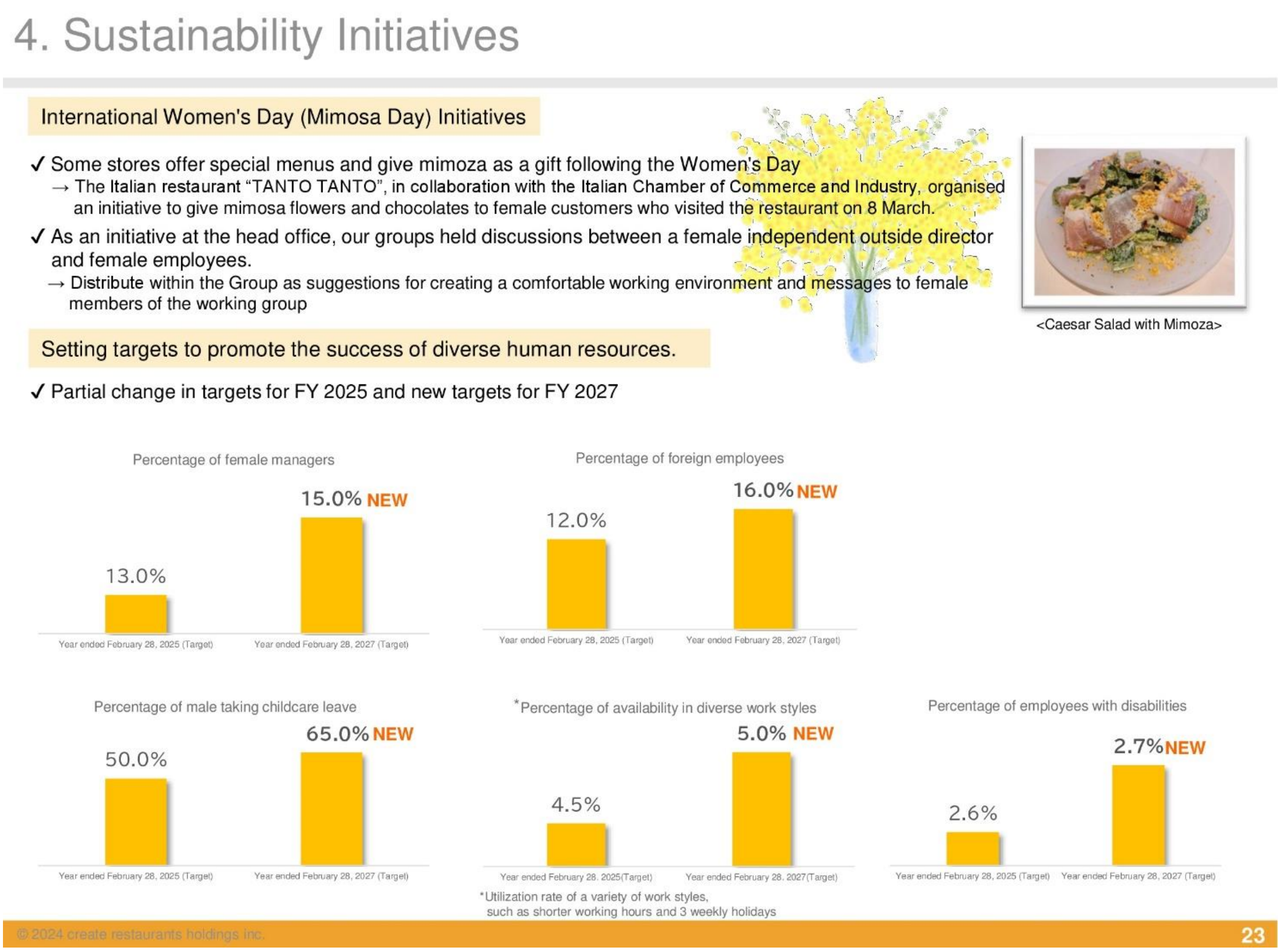
In the second year, the "step" phase, we went a step further and quickly began to respond to changes in the environment, and thus, as I explained earlier, succeeded in clearing the pre-COVID level in the fiscal year ended February 2020 in both sales and profits, posting the highest profits in real terms in our history.

And in the current fiscal year, which began in March, as a final touch to the current medium-term management plan, we hope to achieve further increases in sales and profits, and to make a leap forward to a new stage of growth in the next fiscal year and beyond.

In the new medium-term management plan that will follow, we will also continue to aim to achieve our medium- to long-term management goal of becoming a corporate group that continues to provide enrichment to our stakeholders through the food business.

We plan to spend this whole fiscal year discussing a new growth strategy for this purpose with our management team, and after formulating a satisfying plan that can gratify investors from both the qualitative and quantitative perspectives, we will report back to you at the end of the current fiscal year.

In addition, there is a good possibility that the number of our Group business companies in Japan and overseas will increase through new M&As in the future. Therefore, we would like to ask for your understanding that the figures in the new medium-term management plan, which will begin in the next fiscal year ending February 2026, are only an image at this stage.

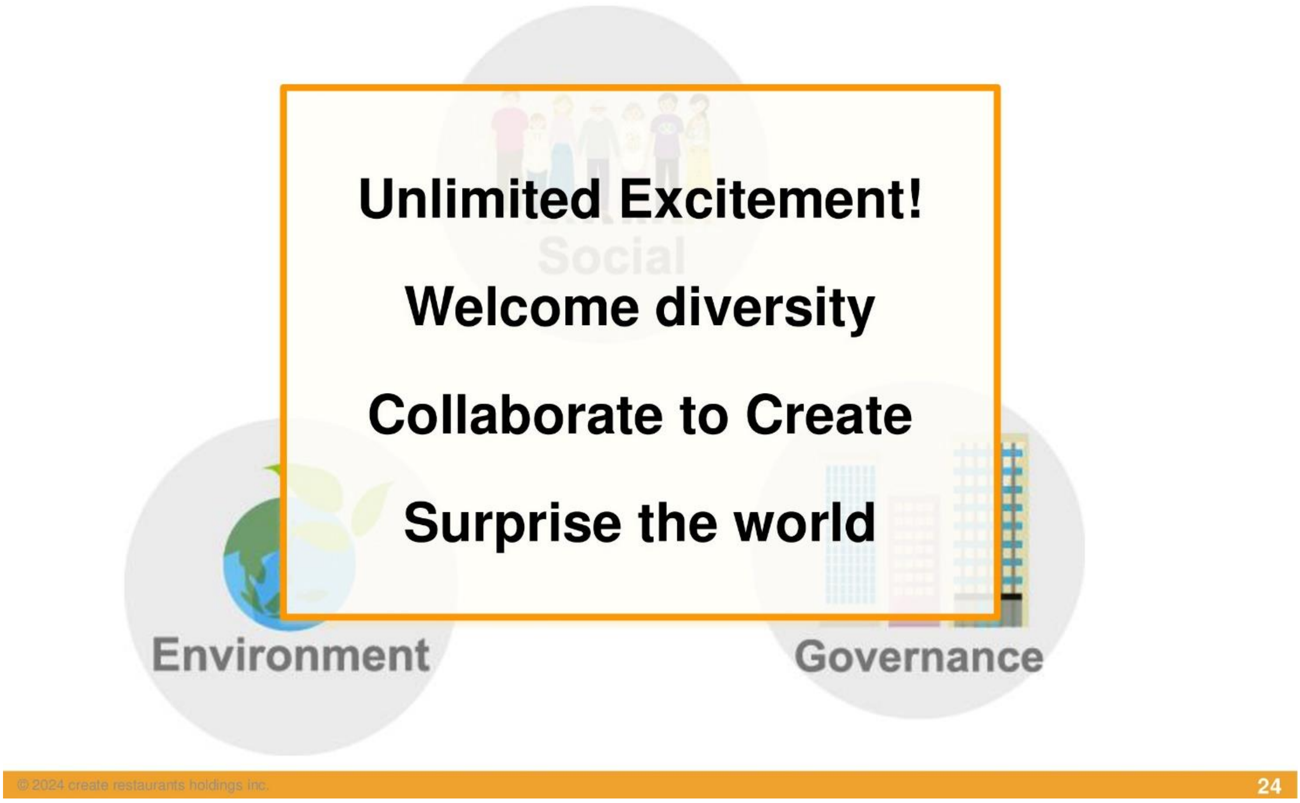


One of the foundations supporting the growth strategies based on the medium-term management plan I explained above is sustainable management. Please turn to page 23 for more information on this initiative.

On International Women's Day, March 8 this year, we carried out various initiatives to raise awareness of diversity and inclusion, at our Group stores and headquarters.

In addition, in order to further promote the active participation of diverse human resources, we have revised some of our previous targets and set new targets in the five items listed here. For details on other sustainability initiatives, please see the Appendix on page 28 and beyond later.

5. Group Mission



Through these activities, we will continue to accomplish the mission of the create restaurants Group as stated on page 24: "Unlimited Excitement! Welcome diversity. Collaborate to Create. Surprise the world."

Thats' all for my presentation. Thank you for watching.

Moderator: Thank you very much.

This concludes the web-based financial results briefing for create restaurants for the fiscal year ended February 2024. If you have any questions, please send an e-mail to the address shown on the screen. Your question will be checked and a representative will reply to you.

Thank you very much for taking time out of your busy schedules to join us today.

[END]

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