

Summary of Business Results for the Second Quarter Ending August 31, 2024 [IFRS] (Consolidated)

October 11, 2024

Company **create restaurants holdings inc.**
 Stock Code 3387 URL: <https://www.createrestaurants.com>
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 Expected date of filing of interim report: October 11, 2024
 Preparation of interim supplementary financial document: Yes
 Interim results briefing: Yes (for institutional investors and analysts)

Listed on the TSE

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Expected starting date of dividend payment: November 13, 2024

(Rounded down to million yen)

1. Consolidated business results for the six months ending August 2024 (March 1, 2024 to August 31, 2024)

(1) Consolidated results of operations (Cumulative)

(% change from the previous corresponding period)

	Revenue		Operating profit		Profit before taxes		Profit for the period		Profit attributable to owners of parent		Total comprehensive profit for the period	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ending Aug. 2024	76,467	4.8	4,847	16.5	4,421	12.6	3,506	7.2	3,192	5.1	3,137	-15.7
Six months ending Aug. 2023	72,982	34.1	4,159	-18.2	3,926	-21.9	3,270	-16.0	3,037	-13.5	3,719	-27.8

	Basic earnings per share		Diluted earnings per share	
	Yen	Yen	Yen	Yen
Six months ending Aug. 2024	15.18	-	-	-
Six months ending Aug. 2023	14.45	-	-	-

(Reference) Adjusted EBITDA: Six months ending Aug. 2024: 13,218 million yen (-1.6%)

Six months ending Aug. 2023: 13,439 million yen (-0.0%)

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

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

(Note 3) Adjusted EBITDA is disclosed as useful comparative information of our business performance of the Group. For definitions and calculation methods of adjusted EBITDA, please refer to "1. Qualitative information on interim financial results" of P.2

(1) Qualitative information on the consolidated financial results."

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent
	Million yen	Million yen	Million yen	%
As of Aug. 2024	132,721	41,773	38,167	28.8
As of Feb. 2024	130,816	39,371	35,969	27.5

2. Dividends

	Annual dividend				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ending Feb. 2024	-	3.50	-	3.50	7.00
Year ending Feb. 2025	-	4.00	-	-	-
Year ending Feb. 2025 (forecast)	-	-	-	4.00	8.00

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

3. Forecast of consolidated financial results for the fiscal year ending February 2025

(March 1, 2024 through February 28, 2025)

(% 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. 2025	156,000	7.0	9,300	31.4	8,700	31.2	7,000	24.8	6,100	21.0	29.00

(Note) Revisions to the most recently announced business forecast: Yes

(Reference) Adjusted EBITDA: Year ending February 28, 2025 (Forecast): 26,200 million yen (2.4%)

*Notes

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

New —Company(Company name)— Exclusion —Company(Company name)—

(2) Changes in accounting policies and accounting estimates

1) Changes in accounting policies required under IFRS: : Yes

2) Changes in accounting policies other than 1) : None

3) Changes in accounting estimates : None

(3) Number of shares outstanding (common stock)

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

As of Aug. 2024 212,814,284 shares

As of Feb. 2024 212,814,284 shares

2) Treasury stock at the end of period

As of Aug. 2024 2,436,751 shares

As of Feb. 2024 2,481,551 shares

3) Average number of stock during the period (interim period)

Six months ending Aug. 2024 210,355,514 shares

Six months ending Aug. 2023 210,253,771 shares

(Note) Treasury stocks to be deducted for the calculation of the number of treasury stocks at the end of the period and the average number of shares during the period (interim period) include the Company's shares owned by The Custody Bank of Japan, Ltd. (trust account) as trust assets related to the Employee Incentive Plan "Trust-type ESOP for Employees."

***The financial summary for the second quarter (interim period) is not subject to the review procedures by certified public accountants or auditing firms.**

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

(1) Our Group adopts International Financial Reporting Standards.

(2) Forecasts regarding future performance in this material are based on information currently available to the company and certain assumptions that the company deems to be reasonable at the time this report was prepared. Actual results may differ significantly from the forecasts due to various factors. Please refer to page 3 of the attached material for the assumptions upon which the forecasts are based and the cautionary statements regarding the use of the forecasts.

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1. Qualitative information on the current interim financial results

(1) Qualitative information on the consolidated financial results

In the interim period of the consolidated year under review, the Japanese economy saw a recovery in inbound demand due to an increase in the number of foreign visitors to Japan and an increase in the number of people traveling to Japan due to the normalization of economic activity. Private consumption also remained steady, underpinned by the continued trend of wage increases. However, in the domestic market, in addition to factors such as inflation caused by the depreciation of the yen and extreme weather conditions and labor shortages caused by the declining birthrate and aging population, overseas, there are concerns about a slowdown in the Chinese economy, and geopolitical risks such as the situation in Russia, Ukraine, and the Middle East cannot be expected to be resolved. As a result, the outlook remains uncertain.

In the restaurant industry, although demand continues to be firm due to a recovery in corporate entertainment expenses accompanying tax reform and an increase in the number of foreign visitors to Japan, the business environment is expected to remain challenging as rising energy resource prices, the yen's continued depreciation and extreme weather conditions are expected to lead to further rises in raw material prices, as well as a worsening of the supply shortage in terms of human resources. In addition, although domestic real wages gradually turned positive, the trend of selective consumption seems to become more pronounced due to uncertainty as to whether the trend will take hold. On the other hand, it is necessary to pay close attention to the fact that inflationary fatigue has appeared in the U.S. and other countries.

Against this backdrop, we will celebrate the 25th anniversary of our founding in May this year, and we will continue to aim for further growth by leveraging our ability to respond to changes cultivated over many years. Specifically, as part of our efforts to evolve Group Federal Management, we are undertaking group-wide organizational restructuring. On June 1, 2024, LG&EW inc. was merged with Create Dining inc. to strengthen expertise and promote human resource exchanges through the consolidation of knowledge in various business domains. Furthermore, in the Contract Business Domain, on September 1, 2024, the contract business of KR FOOD SERVICE CORPORATION will be split and transferred to create restaurants inc. with the aim of further developing the Contract Business, including streamlining the allocation of human resources.

In addition, as part of our efforts to "Reviewing portfolio toward Post-Covid" which is 1 of the pillars of our growth strategy, we acquired the bakery-restaurant business, which operates the Wildflower brand in the United States, from Wildflower Bread Company LLC on September 3, 2024. In addition, we decided to make Ichigen Food Co., Ltd., which operates Ebisoba Ichigen, a ramen store representing Sapporo, Hokkaido, a consolidated subsidiary as of October 1, 2024.

In addition, the Group is focusing on investing in human equity, and is continuing to expand its employee salary increase fund and strengthen its hiring of foreign employees. At the same time, the Group is working to create an enabling environment for diverse human resources to realize diverse working styles by raising the age of employees and introducing new Expert position to make career pass broader.

With regard to new store openings, we opened new American dining "GOTTA" by the efforts of the Create Brand Lab, a specialized organization that develops new business formats and concepts that make them "Exciting". In addition, we opened new stores centered on core brands such as "shabu-SAI", all-you-can-eat Shabu Shabu, and "MACCHA HOUSE", Matcha-kan, Seafood Izakaya, "ISOMARU SUISAN", and Public bar, "Go no Go". We also aggressively opened restaurants in golf courses and contract business stores in collaboration with JA ZEN-NOH.

As a consequence, the Group opened 16 new stores, changed the format of 8 stores, and closed 20 stores, mainly due to the expiration of contracts. As a result, the number of consolidated stores, including contract business stores, etc. at the end of the current interim fiscal year under review totaled 1,105.

As a result of the above, for the current interim consolidated accounting period, revenue was 76,467 million yen (up 4.8% year on year), operating profit was 4,847 million yen (up 16.5% year on year), interim profit before tax was 4,421 million yen (up 12.6% year on year), interim profit was 3,506 million yen (up 7.2% year on year), and interim profit attributable to owners of parent was 3,192 million yen (up 5.1% year on year). The adjusted EBITDA was 13,218 million yen (-1.6% year on year) and the adjusted EBITDA margins were 17.3% (18.4% in the same period of the previous year) and adjusted ratio of equity attributable to owners of parent (adjusted equity ratio) is 41.9% (compared to 36.9% in the same period of the previous fiscal year) (Note)

(Note) We use Adjusted EBITDA, Adjusted EBITDA margin and adjusted ratio of equity attributable to owners of parent (adjusted equity ratio) as useful indicators of our group's performance.

Adjusted EBITDA, Adjusted EBITDA margins and adjusted ratio of equity attributable to owners of parent (adjusted equity ratio) are calculated as follows:

- Adjusted EBITDA = operating profit + other operating expenses - other operating revenues (excluding sponsorship income) + depreciation and amortization + non-recurring expense items (advisory expenses, etc. related to share acquisitions, etc.)
- Adjusted EBITDA margin = Adjusted EBITDA/revenue × 100
- Adjusted ratio of equity attributable to owners of parent (adjusted equity ratio): Ratio of equity attributable to owners of parent (shareholder's equity ratio) excluding the impact of IFRS No. 16.

(2) Qualitative information on the consolidated financial position

1) Assets, liabilities and shareholder's equity

(Assets)

The balance of current assets at the end of the current interim consolidated period decreased by 470 million yen from the end of the previous consolidated fiscal year to 30,869 million yen. This was mainly due to a decrease of 1,343 million yen in cash and cash equivalents, despite an increase of 2,228 million yen in trade and other receivables.

The balance of non-current assets at the end of the current interim consolidated accounting period increased by 2,376 million yen from the end of the previous consolidated fiscal year to 101,851 million yen. This was mainly due to a decrease of 1,027 million yen in property, plant and equipment, despite an increase of 4,092 million yen in deposits included in other non-current assets.

(Liabilities)

The balance of liabilities at the end of the current interim consolidated accounting period decreased by 496 million yen from the end of the previous consolidated fiscal year to 90,948 million yen. This was mainly due to an increase of 683 million yen in trade and other payables, while there were decreases of 1,235 million yen in lease liabilities and 985 million yen in bonds and borrowings.

(Equity)

The balance of equity at the end of the current interim consolidated accounting period increased by 2,402 million yen from the end of the previous fiscal year to 41,773 million yen. This was mainly due to an increase of 2,456 million yen in retained earnings.

Ratio of equity attributable to owners of parent (equity ratio) is 28.8%.

2) Consolidated results of cash flows

Cash and cash equivalents (hereinafter referred to as "Net cash") at the end of the current interim consolidated accounting period decreased by 1,343 million from the end of the previous fiscal year to 19,961 million yen.

The status of each cash flow during the current interim consolidated accounting period and its factors are as follows.

(Cash flow from operating activities)

Net cash provided by operating activities during the current interim consolidated accounting period was 12,991 million yen (up 7.5% year on year). This was mainly due to the recording of depreciation and amortization of 7,658 million yen and interim profit before tax of 4,421 million yen.

(Cash flow from investing activities)

Net cash used in investing activities for the current interim consolidated accounting period was 5,998 million yen (up 248.1% year on year). This was mainly due to payments for deposits paid of 4,092 million yen and purchases of property, plant and equipment of 1,765 million yen.

(Cash flow from financing activities)

Net cash used in financing activities during the current interim consolidated accounting period was 8,430 million yen (down 26.4% year on year). This was mainly due to repayments of lease liabilities of 6,596 million yen and repayments of non-current liabilities of 3,737 million yen.

(3) Qualitative Information on the consolidated business forecasts

The outlook for the year under review is for the domestic demand side to remain firm due to a rising stock market trend with improved corporate earnings, an improved employment environment, a continuing trend towards higher wages, a recovery in corporate entertainment expenditure and a further expansion of inbound demand, while real wages have finally turned positive, but it is unclear

whether this will become an established trend. So, the trend towards selective consumption is expected to intensify. In addition, it is necessary to keep a close watch on the fact that overseas countries are showing signs of inflation fatigue in the United States and elsewhere. On the supply side, on the other hand, the supply-demand gap is expected to continue to worsen due to concerns over further rises in raw material prices and energy costs in part due to uncertainties in the international situation stemming from geopolitical risks, such as the situation in Russia, Ukraine, and the Middle East, in addition to serious labor shortages and logistics problems caused by the declining birthrate and aging population.

Against this backdrop, our Group aims to achieve sustainable earnings growth based on the 3 pillars of our growth strategy: Reviewing portfolio toward Post-Covid, Further development of Group Federal Management, and Improving Productivity and Responding to Personnel Shortages through DX.

The full-year consolidated earnings forecast for the fiscal year ending February 2025 has changed from the consolidated earnings forecast announced on April 12, 2024. For details, please refer to the "Notice Regarding Revisions of Full-Year Consolidated Earnings Forecasts (Upward Revision)" announced on October 11, 2024.

2. Condensed interim consolidated financial statements and major notes

(1) Condensed interim consolidated statements of financial position

(Million yen)

	Previous Fiscal Year (February 29, 2024)	Current Second Quarter (August 31, 2024)
Assets		
Current assets		
Cash and cash equivalents	21,305	19,961
Trade and other receivables	5,729	7,958
Other financial assets	480	499
Inventories	1,024	1,157
Corporate income taxes receivable	1,344	32
Other current assets	1,454	1,260
Total current assets	31,340	30,869
Non-current assets		
Property, plant and equipment	56,619	55,591
Goodwill	23,726	23,570
Intangible assets	6,026	5,604
Other financial assets	9,052	8,834
Deferred tax assets	3,413	3,582
Other non-current assets	637	4,669
Total non-current assets	99,475	101,851
Total assets	130,816	132,721

(Million yen)

	Previous Fiscal Year (February 29, 2024)	Current Second Quarter (August 31, 2024)
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	4,398	5,082
Bonds and borrowings	8,221	8,225
Lease liabilities	11,377	10,999
Corporate income taxes payable	926	1,236
Provisions	2,236	2,297
Other current liability	10,373	11,224
Total current liabilities	37,533	39,066
Non-current liabilities		
Bonds and borrowings	19,361	18,371
Lease liabilities	28,813	27,955
Obligations for retirement pay	1,089	1,047
Provisions	2,963	2,919
Deferred tax liabilities	1,279	1,177
Other non-current liabilities	404	410
Total non-current liabilities	53,911	51,822
Total liabilities	91,444	90,948
Equity		
Capital stock	50	50
Capital surplus	24,688	24,775
Retained earnings	10,193	12,650
Treasury stock	-1,178	-1,154
Other equity components	2,215	1,846
Total equity attributable to owners of parent	35,969	38,167
Non-controlling equity	3,401	3,606
Total Equity	39,371	41,773
Total liabilities and equity	130,816	132,721

(2) Condensed interim consolidated statements of income and statements of comprehensive income

Condensed interim consolidated statements of income

Interim consolidated accounting period

(Million yen)

	Previous interim period (March 1, 2023 - August 31, 2023)	Current interim period (March 1, 2024 - August 31, 2024)
Revenue	72,982	76,467
Cost of sales	-20,993	-21,743
Gross profit	51,989	54,724
Selling, general and administrative expenses	-46,578	-49,330
Other operating revenue	425	385
Other operating expenses	-1,676	-931
Operating profit	4,159	4,847
Financial income	134	41
Financing cost	-368	-466
Interim profit before taxes	3,926	4,421
Corporate income tax expense	-655	-914
Interim profit for the period	3,270	3,506
Attribution of net profit		
Owners of parent	3,037	3,192
Non-controlling equity	232	314
Interim profit for the period	3,270	3,506
Interim profit per share attributable to owners of parent (yen)		
Basic interim earnings per share	14.45	15.18
Diluted interim earnings per share	-	-

Current second quarter

(Million yen)

	Previous Second Quarter (June 1, 2023 - August 31, 2023)	Current Second Quarter (June 1, 2024 - August 31, 2024)
Revenue	36,375	38,180
Cost of sales	-10,482	-10,840
Gross profit	25,892	27,340
Selling, general and administrative expenses	-23,769	-25,149
Other operating revenue	194	194
Other operating expenses	-1,138	-291
Operating profit	1,178	2,093
Financial income	86	72
Financing cost	-263	-329
Profit before taxes	1,001	1,836
Corporate income tax expense	-92	-376
Profit for the period	909	1,460
Net profit attributable to		
Owners of parent	887	1,340
Non-controlling equity	22	120
Profit for the period	909	1,460
Profit per share attributable to owners of parent (yen)		
Basic earnings per share	4.22	6.37
Diluted earnings per share	-	-

Condensed interim consolidated statements of comprehensive income

Interim consolidated accounting period

(Million yen)

	Previous interim period (March 1, 2023 - August 31, 2023)	Current interim period (March 1, 2024 - August 31, 2024)
Interim profit for the period	3,270	3,506
Other comprehensive profit		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation adjustments	449	-369
Total	449	-369
Total other comprehensive profit	449	-369
Interim comprehensive profit	3,719	3,137
Attribution of interim profit		
Owners of parent	3,486	2,823
Non-controlling equity	232	314
Interim comprehensive profit	3,719	3,137

Current second quarter

(Million yen)

	Previous Second Quarter (June 1, 2023 - August 31, 2023)	Current Second Quarter (June 1, 2024 - August 31, 2024)
Profit for the period	909	1,460
Other comprehensive profit		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation adjustments	281	-654
Total	281	-654
Total other comprehensive profit	281	-654
Comprehensive profit	1,191	806
Comprehensive profit attributable to		
Owners of parent	1,168	686
Non-controlling equity	22	120
Comprehensive profit	1,191	806

(3) Condensed interim consolidated statements of changes in equity

Previous interim consolidated accounting period (March 1, 2023 to August 31, 2023)

(Million yen)

	Total equity attributable to owners of parent								
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Other equity components		Total	Non-controlling equity	Total equity
					Foreign currency translation adjustments	Total			
Balance at March 1, 2023	50	22,774	6,509	-1,217	1,519	1,519	29,606	4,836	34,443
Interim profit	-	-	3,037	-	-	-	3,037	232	3,270
Other comprehensive profit	-	-	-	-	449	449	449	-	449
Interim comprehensive profit	-	-	3,037	-	449	449	3,486	232	3,719
Dividends	-	-	-630	-	-	-	-630	-93	-724
Increase (decrease) in other capital surplus due to change in equity in consolidated subsidiaries	-	-1	-	-	-	-	-1	1	-
Share-based payment transactions	-	89	-	2	-	-	91	-	91
Others	-	-15	5	18	-	-	8	-5	2
Total transactions with owners	-	72	-625	20	-	-	-532	-97	-629
Balance at August 31, 2023	50	22,817	8,921	-1,196	1,968	1,968	32,561	4,971	37,532

Current interim consolidated accounting period (March 1, 2024 to August 31, 2024)

(Million yen)

	Total equity attributable to owners of parent								
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Other equity components		Total	Non-controlling equity	Total equity
					Foreign currency translation adjustments	Total			
Balance at March 1, 2024	50	24,688	10,193	-1,178	2,215	2,215	35,969	3,401	39,371
Interim profit	-	-	3,192	-	-	-	3,192	314	3,506
Other comprehensive profit	-	-	-	-	-369	-369	-369	-	-369
Interim comprehensive profit	-	-	3,192	-	-369	-369	2,823	314	3,137
Dividends	-	-	-736	-	-	-	-736	-112	-848
Changes in ownership interests in consolidated subsidiaries without a loss of control	-	12	-	-	-	-	12	12	24
Change in ownership interest of parent due to transactions with non-controlling interests	-	-0	-	-	-	-	-0	-0	-1
Share-based payment transactions	-	65	-	0	-	-	66	-0	66
Others	-	9	-	23	-	-	33	-9	23
Total transactions with owners	-	86	-736	23	-	-	-625	-109	-734
Balance at August 31, 2024	50	24,775	12,650	-1,154	1,846	1,846	38,167	3,606	41,773

(4) Condensed interim consolidated statements of cash flows

(Million yen)

	Previous interim period (March 1, 2023 - August 31, 2023)	Current interim period (March 1, 2024 - August 31, 2024)
Cash flows from operating activities		
Interim profit before taxes	3,926	4,421
Depreciation and amortization	7,772	7,658
Impairment loss	1,556	867
Interest income	-18	-41
Interest expense	294	314
Loss (gain) on sale of non-current assets	-1	-4
Loss on disposal of fixed assets	64	12
Decrease (increase) in inventories	-9	-136
Decrease (increase) in trade and other receivables	-1,475	-2,433
Increase (decrease) in trade and other payables	718	733
Increase (decrease) in net defined benefit liability	-69	-41
Increase (decrease) in provision	-58	50
Other changes	213	1,219
Sub-total	12,913	12,620
Interest and dividend received	19	41
Interest expenses paid	-126	-114
Income taxes paid	-1,062	-870
Corporate income taxes refunded	345	1,313
Cash flows from operating activities	12,089	12,991
Cash flow from investing activities		
Payments into time deposits	-6	-5
Proceeds from withdrawal of time deposits	3	-
Purchase of property, plant and equipment	-1,489	-1,765
Proceeds from sales of property, plant and equipment	7	5
Payments for asset retirement obligations	-84	-124
Purchase of intangible assets	-105	-24
Payment for guaranty deposits	-178	-133
Proceeds from collection of guaranty deposits	204	181
Payments to escrow agent	-	-4,092
Others	-75	-39
Cash flow from investing activities	-1,723	-5,998

	(Million yen)	
	Previous interim period (March 1, 2023 - August 31, 2023)	Current interim period (March 1, 2024 - August 31, 2024)
Cash flow from financing activities		
Proceeds from short-term debt	-	-200
Proceeds from long-term debt	-	3,050
Repayment of long-term loans payable	-4,052	-3,737
Redemption of bonds	-100	-100
Repayments of lease liabilities	-6,584	-6,596
Cash dividends paid	-629	-735
Dividends paid to non-controlling interests	-93	-110
Payment for acquisition of subsidiaries' equity from non-controlling interests	-	-1
Cash flow from financing activities	-11,459	-8,430
Effect of exchange rate change on cash and cash equivalents	119	93
Net increase (decrease) in cash and cash equivalents	-974	-1,343
Cash and cash equivalents at beginning of period	23,895	21,305
Cash and cash equivalents at beginning of period-end	22,920	19,961

(5) Notes on the condensed interim consolidated financial statements

(Notes on the going concern assumptions)

None

(Material accounting policies)

The material accounting policies applied by our group in the condensed interim consolidated financial statements are the same as the accounting policies applied in the consolidated financial statements for the previous fiscal year, except for the newly adopted standards described below.

Corporate income tax for the current interim consolidated accounting period is calculated based on the estimated annual effective tax rate.

From the current interim consolidated accounting period, our group has adopted the following standards.

Statement of standards	Standard name	Outline of new establishment and revision
IAS No. 1	Presentation of Financial Statements	<ul style="list-style-type: none">• Clarified requirements for classification of liabilities as current or non-current• Revisions requiring disclosure of information on long-term debt with special covenants
IFRS No. 16	Lease	<ul style="list-style-type: none">• Clarified post-transaction accounting for sale-and-leaseback transactions

The adoption of the aforementioned pronouncements did not have a material impact on the condensed interim consolidated financial statements.

(Segment information)

The description is omitted because the group's business is categorized as restaurant business and there are no segments to be classified.

(Per-stock information)

(Million yen)

	Previous interim consolidated accounting period (March 1, 2023 - August 31, 2023)	Current interim consolidated accounting period (March 1, 2024 - August 31, 2024)
Interim profit attributable to owners of parent	3,037	3,192
Weighted average number of common shares outstanding (shares)	210,253,771	210,355,514
Basic interim earnings per share (yen)	14.45	15.18

(Notes) 1. Based on the calculation of "Basic earnings per share," we include our stock owned by the "Trust-type ESOP for Employees," in the calculation of the mean number of treasury stocks deducted during the period (1,920,492 shares in the previous interim consolidated accounting period and 1,861,060 shares in the current interim consolidated accounting period).

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

(Million yen)

	Previous second consolidated quarter (June 1, 2023 - August 31, 2023)	Current second consolidated quarter (June 1, 2024 to August 31, 2024)
Quarterly profit attributable to owners of parent	887	1,340
Weighted average number of common shares outstanding (shares)	210,288,081	210,368,634
Basic earnings per share (yen)	4.22	6.37

(Notes) 1. Based on the calculation of "Basic earnings per share," we include our stock owned by the "Trust-type ESOP for Employees," in the calculation of the mean number of treasury stocks deducted during the period (1,912,714 shares in the second quarter of the previous fiscal year and 1,849,783 shares in the second quarter of the current fiscal year).

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

(Significant subsequent events)

(Acquisition of Business)

At a Board of Directors meeting held on August 6, 2024, we resolved to acquire the bakery restaurant business of Wildflower Bread Company LLC through our consolidated subsidiary, Create Restaurants DE LLC, and concluded a business transfer contract on August 6, 2024. On September 3, 2024, we completed the acquisition of the business pursuant to this agreement.

1. The summary of the business combination

(1) Name and business of the counterparty company

Name of the counterparty company	Wildflower Bread Company LLC
Contents of business acquired	Bakery restaurant business

(2) Main reasons for the business acquisition

"Wildflower" is a bakery restaurant that operates 16 restaurants in Arizona, USA, primarily in Phoenix, the capital of the state, and has been loved locally for nearly 30 years. We offer a wide range of menus, including sandwiches, salads, soups, pasta, bread and cakes, depending on the time of day from breakfast to dinner time, and are supported as restaurants that customers use on a daily basis.

In our Medium-Term Management Plan, we have identified "Reviewing portfolio toward Post-Covid" as our first pillar, and are aiming to acquire new portfolios based on the keywords of "daily," "standard," and "community-based." Wildflower's participation in our group is truly in line with this strategy.

Currently, we operate 52 stores overseas, mainly in the USA and Singapore. In particular, we believe that expanding our business base through M&A in North America is an important pillar of our growth strategy. Il Fornaio (America) LLC, which operates 18 "Il Fornaio" brand, Italian restaurants, mainly in California, joined the Group in 2019. This transaction will be followed by the acceleration of business development in North America.

(3) Date of business combination

September 3, 2024

(4) Legal form of business combination

Acquisition of business for cash consideration

2. Acquisition cost of the acquired company and breakdown by type of consideration

Consideration for acquisition (cash)
(approximate amount) US\$28.2 million *

Acquisition cost (total) (approximate
amount) US\$28.2 million

※ The acquisition price is the consideration for the business acquisition and is expected to be finalized based on the terms and conditions described in the Business Transfer Agreement, and may change from the amounts stated above.

At the end of the current interim consolidated accounting period, the acquisition consideration is deposited in the account stipulated in the business transfer agreement. In addition, the acquisition consideration of 4,092 million yen was included in "Other non-current assets" under non-current assets in the condensed interim consolidated statement of financial position and is presented as "Payments to escrow agent" in cash flows from investing activities in the condensed interim consolidated statements of cash flows.

3. Details and amount of major acquisition-related expenses

Advisory fees, etc. US\$0.4 million

4. Amount and source of goodwill arising from the acquisition and the fair value of assets acquired and

liabilities assumed as of the acquisition date

The fair values of the assets acquired and liabilities assumed at the acquisition date are still being determined and have not been finalized at this time.

(Business combination through acquisition)

At a meeting of the Board of Directors held on September 6, 2024, we resolved to acquire the shares of Ichigen Food Company Co., Ltd. (hereinafter referred to as "Ichigen"), which operates "Ebisoba Ichigen", a ramen restaurant representing Sapporo, Hokkaido, and make it a consolidated subsidiary. In addition, on September 6, 2024, the Company entered into a share transfer agreement and completed the acquisition of shares on October 1, 2024 under this agreement.

1. The summary of the business combination

(1) Name and business of the acquired company

Name	Ichigen Food Company Co., Ltd.
Contents of business	Operation of restaurants

(2) Main reasons for the business combination

Ichigen is one of the leading ramen brands in Sapporo, Hokkaido, which features a distinctive soup with condensed umami and flavor of sweet shrimps, and is highly regarded by customers as a unique entity. In addition to the Sapporo Main Store, which opened in 2008, Ichigen operates a total of 10 outlets both in domestic and overseas at New Chitose Airport, Tokyo, Taiwan, and Hong Kong. At the same time, Ichigen also sells ramen and instant noodles in a cup for souvenirs.

In addition to sharing the experience and know-how that both companies have cultivated each other, we believe that the sharing of property development information and operation and management methods possessed by our group will enable us to further develop the brand power of Ichigen.

Additionally, the Company decided to acquire the shares of the Ichigen by further deepening the noodle segment business, which is the daily food, strengthening the brand portfolio by nurturing the next core brand, and creating synergies through franchising within the Group, etc., which will lead to the enhancement of the corporate value of the Group by this transaction.

(3) Date of business combination

October 1, 2024

(4) Legal form of business combination

Acquisition of shares for cash consideration

(5) Ratio of voting rights to be acquired

100.0%

2. Acquisition cost of the acquired company and breakdown by type of consideration

The acquisition price will be determined in consideration of the financial condition and other factors as of the date of the business combination, but has not been determined as the calculation is currently underway.

3. Details and amount of major acquisition-related expenses

Advisory expenses, etc.: 14 million yen

4. Amount and source of goodwill arising from the acquisition and the fair value of the assets acquired and liabilities assumed at the acquisition date

The fair values of the assets acquired and liabilities assumed at the acquisition date are still being determined and have not been finalized at this time.