

September 12, 2019

Notice of Acquisition of Il Fornaio (America) LLC (to make it a Subsidiary)

The Company, through its subsidiary Create Restaurants NY Inc. (hereinafter referred to as "CRNY"), entered into agreement to acquire all of the equity interests of Il Fornaio (America) LLC (hereinafter referred to as "Il Fornaio") to make them consolidated subsidiaries. Il Fornaio operates Italian restaurants in North America under the brand "Il Fornaio."

1. Reason for the acquisition

Our Group operates 31 outlets in Singapore and other parts of Asia, and three outlets in New York, USA. We are working to quickly expand our business foundation through M&A in North America as an essential pillar of our strategy.

This initiative will significantly contribute to the establishment of a platform in North America. We believe it will be an epoch-making initiative that will lead to the acceleration of business development in North America in the future.

Il Fornaio operates 20 Italian restaurants in three states, mainly in California, and has been loved by the locals for more than 30 years as an authentic Italian.

Through this initiative, we will be able to secure stable earnings from our Group's North America operations, and in the future, we will be able to collaborate with CRNY's existing restaurants in the U.S., develop our Group's restaurant brands in North America, and aggressively acquire other restaurant brands.

2. Overview of the subsidiary to be acquired (plan)

(1) Name	Il Fornaio (America) LLC	
(2) Location	770 Tamalpais Dr. Suite 400, Corte Madera, CA 94925	
(3) Representative	Chairman : Mike Hislop	
(4) Business Content	Operation of Italian restaurants	
(5) Capital	\$35.8 million	
(6) Establishment date	September 30, 2019 (founded in 1987)	
(7) Number of stores	20 outlets	
(8) Major shareholders and holding ratio	IFCB Holding Corporation 100.0%	
(9) Relationship between a listed company and said company	Capital relationship	Not applicable
	Personnel relationship	Not applicable
	Business relationship	Not applicable
(10) Most recent operating results and financial position	<p>Il Fornaio will be created through a restructuring prior to the transaction. For this reason, we list below the approximate fiscal Dec. 2018 results of the relevant business prior to the restructuring as a reference</p> <p>Reference</p> <ul style="list-style-type: none"> • Net sales: \$113.7 million • Operating profit: \$7.9 million • Total assets: \$69.1 million • Net assets: \$43.1 million 	

3. Outline of the counterparty to the acquisition

(1) Name	IFCB Holding Corporation	
(2) Location	12700 Park Central Drive, Suite 1300, Dallas, Texas 75251	
(3) Representative	Chief Executive Officer: Frank Paci	
(4) Business Content	Operation of restaurants	
(5) Capital	\$143.8mm	
(6) Establishment date	2011	
(7) Net assets	\$102.7 million	
(8) Total assets	\$335.1 million	
(9) Major shareholders and holding ratio	RC II CB LLC 75.1% RC CB LLC 16.7%	
(10) Relationship between the listed company and said company	Capital relationship	Not applicable
	Personnel relationship	Not applicable
	Business relationship	Not applicable

4. Percentage of equity interests to be acquired and equity holding ratio before and after the acquisition

(1) Equity holding ratio before acquisition	—
(2) Percentage of equity interests to acquire	100.0%
(3) Acquisition cost	74.2 million US dollars (cash-free debt-free basis) Advisory fees, etc. (estimated) 1.0million US dollars
(4) Equity holding ratio after acquisition	100.0%

5. Schedule

(1) Board approval	September 11, 2019
(2) Date of signing	September 12, 2019
(3) Date of acquisition of equity interests	September 30, 2019 (planned)

6. Future outlook

As a result of this transaction, Il Fornaio becomes a consolidated subsidiary of our Company. We are currently in the process of scrutinizing the impact on consolidated results for the fiscal year ending February 2020 and will announce it as soon as it is determined.

(References) Consolidated forecasts (announced on July 12, 2019) and results for the previous fiscal year (Million yen)

	Revenue	Operating profit	Profit before taxes	Profit for the year	Profit attributable to owners of parent	(Reference) Adjusted EBITDA *
Forecasts for the current fiscal year (FY2/20)	130,000	6,700	6,300	4,000	3,300	22,700
Results for the previous fiscal year (FY2/19)	119,281	3,975	3,688	2,072	1,321	10,814

*The adjusted EBITDA is presented as a useful indicator of business performance. The formula for adjusted EBITDA is as follows:
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.)