

July 14, 2020

Notice of Consolidated Business Forecasts

Based on our recent performance trends and other factors, create restaurants holdings inc. announces the consolidated business forecasts for the fiscal year ending February 2021, which were not disclosed in the "Summary of Business Results for the Year Ended February 29, 2020 [IFRS] (Consolidated)" announced on April 21, 2020. Details are as follows.

1. Consolidated business forecasts

(1) Forecast of consolidated business results for the fiscal year ending February 2021

(March 1, 2020 through February 28, 2021)

(Million yen, rounded down to the nearest million)

	Revenue	Operating profit	Profit before taxes	Profit for the period	Profit attributable to owners of parent	Basic profit per share (Yen, Note 1)	(Reference) Adjusted EBITDA (Note 2)
Previous forecasts (A) (announced on April 21, 2020)	-	-	-	-	-	-	-
Revised forecasts (B)	106,000	-6,200	-7,000	-7,300	-6,900	-36.94	11,000
Increase/decrease (B-A)	-	-	-	-	-		-
Percentage change (%)	-	-	-	-	-		-
(Reference) Previous results (FY2/20)	139,328	3,483	3,118	1,818	1,278	6.85	25,212

(Note 1) As of March 1, 2020, the Company conducted a 2-for-1 stock split. Therefore, "Basic profit per share" has been calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

(Note 2) Adjusted EBITDA is disclosed as useful comparative information on the business performance of the Group.

The formula for adjusted EBITDA is as follows:

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

(2) Reason

As it was difficult to calculate the impact of the spread of new coronavirus (COVID-19) infections on our company, we had not announced our business forecasts. However, as economic activity has resumed currently and the Group's outlets are on track to resume operations, we have decided to announce our forecasts based on the information available at this point in time.

Due to the spread of COVID-19, our group was forced to temporarily close many of our outlets in commercial facilities and izakaya located in downtown areas following the declaration of a state of emergency in April.

Although we have gradually resumed operations after the State of Emergency was lifted, we expect that consumer behavior will not completely return to the same level as before since the virus made major changes to consumer lifestyles.

Against this backdrop, our group will strive to improve its portfolio by making full use of our strengths in "responsiveness to change." We will flexibly execute format changes and outlet closures, with promoting business formats and operational systems adapting to "new normal", such as introducing social distancing and non-contact or short-time customer service. To improve profitability, we have decided to close 72

unprofitable outlets, mainly those that have been impaired, particularly for those that are not expected to recover from business conditions. The total amount of losses (impairment losses, outlet closing losses, etc.) from the closure of these outlets is expected to be only around 476 million yen.

Moreover, in order to reduce costs as much as possible, we will continue our efforts to reduce fixed costs while reducing expenditures through all means, such as reducing labor costs through furlough for employees at outlets suspended its operation, negotiating for reductions or exemptions of rents, and curbing new investments.

With above initiatives, we will reform a structure that will generate profits even at a lower level of revenues than in the past. However, it is difficult to cover the significant losses in operating profit, profit before taxes, profit for the period, and Profit attributable to owners of parent resulting from the decline in revenues in the first quarter. For the full fiscal year, we forecast significant losses at each profit.

(Note) We remain unchanged the dividend forecast for the fiscal year ending February 2021. We will disclose the forecasts promptly when it becomes possible to announce.

(Note) The above forecasts are based on information available as of the date of this report. Actual results may differ from the forecasts due to various factors.