

January 14, 2021

Notice of Revision to Business Forecasts

create restaurants holdings inc. announces that we have revised its business forecasts which were announced on July 14, 2020, in view of recent trends in operating results.

2. Revision to business forecasts

- (1) Business forecasts for the fiscal year ending February 2021
(March 1, 2020 to February 28, 2021)

(Million yen, rounded down to the nearest million)

	Revenue	Operating profit	Profit before taxes	Profit for the year	Profit attributable to owners of parent	Basic earnings per share (Yen, Note 1)	(Reference) Adjusted EBITDA (Note 2)
Previous forecasts (A) (announced on July 14, 2020)	106,000	-6,200	-7,000	-7,300	-6,900	-36.94	11,000
Revised forecasts (B)	77,000	-9,200	-9,800	-9,900	-8,400	-44.97	6,860
Increase/decrease (B-A)	-29,000	-3,000	-2,800	-2,600	-1,500		-4,140
Percentage change (%)	-27.4	-	-	-	-		-37.6
(Reference) Previous results (FY2/20) (Note 3)	139,328	3,378	3,012	1,745	1,205	6.45	25,212

(Note 1) On March 1, 2020, the Company conducted a 2-for-1 stock split of its common stock. Therefore, "Basic earnings per share" is calculated on the assumption that the stock split was implemented at the beginning of the fiscal year ended February 2020.

(Note 2) 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, subsidies for employment adjustment and rent reduction and exemption, etc.) + Depreciation and amortization + non-recurring expense items (advisory expenses related to share acquisition, etc.)

(Note 3) During the fourth quarter of the previous fiscal year and the third quarter of the current fiscal year, the Company finalized the provisional accounting treatment for business combinations, and the related consolidated operating results for the previous fiscal year reflect the provisional accounting treatment.

(2) Reasons for the revision

At the time of the announcement of the full-year consolidated business forecasts on July 14, 2020, amid the uncertainty over the spread of COVID-19, we expected that business performance would bottom out in the first quarter and recover from the second quarter onward, although we also assumed that it would not be recovered to the same level as before. However, due to the effect of the second and third waves of COVID-19 and other factors, local governments issued repeated requests for restaurants to shorten operating hours, and in January 2021, a State of Emergency was again declared in some regions. As a result, revenue is expected to decrease from the previous forecast due to a slower-than-expected recovery.

Regarding profit, the cost of sales ratio has been controlled almost within expectations, and by continuing efforts to reduce fixed costs through furloughs of store employees and negotiations to reduce and exempt rent, we have been able to establish a system that can generate profits even with lower revenues than before. However, we could not fully compensate the decline in revenues due to the impact of the second and third waves of COVID-19 as well as the declaration of the State of Emergency in January 2021. As such, each profit is expected to be lower than the previously announced forecast.

Even under these circumstances, we were able to achieve profitability in the third quarter (September 1, 2020 to November 30, 2020) through shifting to a lean cost structure by lowering the break-even point, despite continuing to be influenced by trends in COVID-19. In addition, during the remaining the fourth quarter (December 1, 2020 to February 28, 2021), we will

continue to work to reduce the full-year loss through ongoing fixed cost reductions and aggressive scrap-and-build initiatives.

(Note) The dividend forecast for the fiscal year ending February 2021 remains undetermined. We will promptly announce the forecast as soon as it becomes available.
The above forecasts are based on information available at the time of this announcement, and actual results may differ from these forecasts due to various factors in the future.