

*April 13, 2021*

**Notice of Recording of Impairment Loss and Other Operating Revenue on a Consolidated Basis and Extraordinary Loss on a Non-consolidated Basis**

create restaurants holdings inc. announces that in the fourth quarter of the fiscal year ended February 2021 (December 1, 2020 to February 28, 2021), our company has decided to post an impairment loss and other operating revenue on a consolidated basis, as well as an extraordinary loss (provision for loss on business of subsidiaries and affiliates) on a non-consolidated basis. Details are as follows.

1. Details of impairment loss on a consolidated basis

To cope with the impact of COVID-19, our group has been working to close unprofitable outlets. In the fourth quarter, we made decisions to close an additional 28 outlets. In addition, we conducted impairment testing in accordance with International Financial Reporting Standards (IFRS) and conservatively examined the possibility of recovering in the future, including the COVID-19 impact. As a result, we recorded an impairment loss of 2,084 million yen.

2. Details of other operating revenue on a consolidated basis

As in the third quarter, we continued to face an extremely difficult business environment, influenced by the trend of COVID-19 infection. In January 2021, a second State of Emergency was declared, mainly in the Tokyo metropolitan area, and the business environment remained extremely severe due to the impact of requests from various local governments to refrain from business and shorten operating hours. In order to keep our employees, we paid leave allowances to employees who took a furlough, and the amount is recorded as a personnel expense under "Selling, general and administrative expenses". On the other hand, our company applied for an employment adjustment subsidy for a portion of such leave allowance, and the amount of 1,863 million yen was recorded as "Other operating revenue."

3. Details of extraordinary loss (provision for loss on business of subsidiaries and affiliates) on a non-consolidated basis

In light of the deteriorating business performance of some of our subsidiaries due to the impact of the spread of COVID-19, we have recorded a provision for loss on business of subsidiaries and affiliates of 2,624 million yen as a reserve for operating subsidiaries.

4. Impact on business results

The recording of impairment loss and other operating revenue on a consolidated basis has been factored into the "Notice of Revision to Business Forecasts" released on April 13.

In addition, the provision for loss on business of subsidiaries and affiliates on a non-consolidated basis has no impact on the consolidated financial results, as it is recorded only in the non-consolidated financial statements and is eliminated in the consolidated financial statements.