

February 28, 2022

Notice of Borrowing and Repayment of Funds

create restaurants holdings inc. announces that we have repaid our short-term borrowings and perpetual subordinated loans as described below, while we have re-established our commitment line and borrowed long-term funds.

1. Purpose and background

In view of the impact of COVID-19 on our business, we borrowed funds (hereinafter referred to as the "COVID-19 Borrowing") and established commitment lines from March to May 2020 to stabilize group management. In addition, in February 2021, we have entered into a perpetual subordinated loan (the "Perpetual Subordinated Loan") to strengthen our financial base.

Afterwards, the impact of COVID-19 has been kept on fluctuating. Currently, the local governments of thirty-one prefectures have declared the stricter COVID-19 measures to each region. These measures are affecting the revenues of restaurant operators, including ourselves. Nevertheless, we have been able to strengthen operations to reduce fixed costs and thoroughly close unprofitable outlets while sincerely responding to requests from governments and local governments to shorten operating hours and ban on serving alcoholic beverages. At the same time, we are pushing ahead with the transition to a lean cost structure; we have been able to establish a system that can respond to the decline in revenues due to the impact of COVID-19 by submitting applications for employment adjustment subsidies and subsidy for shorten operating hours, etc.

In the medium-term management plan, we have been considering the period since FY02/23 as the regrowth period from the COVID-19 damage. In terms of finance, we have reduced the interest rate burden and improved the stability of our finances through the reduction of debts by carrying out the following series of borrowing today.

First, we repaid 30.6 billion yen of short-term borrowings excluding borrowings from certain subsidiaries of the COVID-19 Borrowing and substantially reduced current liabilities. At the same time, in light of the continuing impact of COVID-19, we have re-established an increased commitment line in order to flexibly secure funds when necessary. With respect to the Perpetual Subordinated Loan, in light of the current outlook for business performance and the fact that we raised 16.2 billion yen through the issuance of new shares in November and December 2021, we have repaid in full the amount of 15 billion yen together with cash on hand. In addition, we have borrowed 10 billion yen for long-term working capital to improve financial stability.

2. Outline of borrowings

	Syndicated loan		Borrowings from Development Bank of Japan Inc.
	Tranche A	Tranche B	
(1) Amount	7 billion yen	6 billion yen	4 billion yen
(2) Term	1 year	7 years	7 years
(3) Form of borrowing	Commitment line	Term loan	Term loan
(4) Effective date Date of borrowing	February 28, 2022	February 28, 2022	February 28, 2022
(5) Collateral	None	None	None
(6) Allenger	Mizuho Bank, Ltd.		/
(7) Co-allenger	Sumitomo Mitsui Banking Corporation		
(8) Agent	Mizuho Bank, Ltd.		
(9) Participant financial institutions	Several financial institutions, including Mizuho Bank, Ltd. and Sumitomo Mitsui Banking Corporation, etc.		

3. Future outlook

The above series of transactions had a minor impact on the consolidated results for the fiscal year ending February 2022.