

October 14, 2020

Notice of Recording of Impairment Loss and Other Operating Revenue

create restaurants holdings inc. announces that we have recorded an impairment loss and other operating revenue during the second quarter of the fiscal year ending February 2021 (June 1, 2020 to August 31, 2020). Details are as follows.

1. Impairment loss

To cope with the impact of the new coronavirus (COVID-19), our group is closing unprofitable outlets. We have decided to close 72 outlets in the first quarter and an additional 24 outlets in the second quarter. As a result, we recorded an impairment loss of 681 million yen.

2. Other operating revenue

Due to the spread of COVID-19, many of our outlets have been operating on shortened hours since the first quarter, and we continue to face an extremely difficult business environment due to the impact of voluntary restraint on going out. In order to keep our employees, we paid leave allowances to employees who took 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 1,697 million yen was recorded as "Other operating revenue."

We also recorded 597 million yen of reduced or exempted rent for outlets as "Other operating revenue".

3. Impact on business results

Above Impairment loss and other operating revenue are already incorporated in the financial results announced in the "Summary of Financial Results for the Second Quarter Ended August 31, 2020 [IFRS] (Consolidated)" dated October 14.