

*October 28, 2021*

## **Notice of Issuance of New Shares, Secondary Offering of Shares and Reduction of Capital and Capital Reserve**

create restaurants holdings inc. announces that, at a meeting of its Board of Directors held on October 28, 2021, it has been resolved to issue new shares and to conduct a secondary offering of its shares, as follows.

The Company also announces that, in accordance with the resolution, the matters relating to the reduction of capital and capital reserve, which were resolved at the meeting of the Board of Directors held on July 19, 2021, have been partially finalized.

[Background to, and purpose of, the fundraising]

Since its establishment in 1999, the Group has focused on the location of its outlets and developed a variety of brands suited to prime locations, while also expanding its business through a "multi-brand, multi-location strategy" in which brands are changed to meet the needs of customers. Since 2013, the Group has been actively engaged in mergers and acquisitions and has achieved further growth based on the "Group Federation Management" strategy, which aims to achieve growth as a group by taking advantage of the strengths of its operating companies and their diverse corporate cultures.

In Japan, the vaccination program to counter the COVID-19 pandemic has progressed, and the number of newly infected people has decreased, with both the former declaration of a State of Emergency and priority measures to prevent the spread of the disease being lifted in all prefectures on 30 September 2021, with the result that the business environment in which the Group operates is also improving. Since last year, the Group has continued to strengthen its operations to reduce fixed costs, such as labour and rent expense, and to promote a shift to a more robust cost structure by thoroughly enforcing its policy of closing unprofitable outlets, etc. At the same time, the Group has responded to the decline in revenue caused by the impact of the COVID-19 pandemic by applying for employment adjustment subsidies and cooperation funds for shortened operating hours, etc. As a result, in the first quarter of the fiscal year ending February 28, 2022, in which the Group's operations continued to be severely affected by the COVID-19 pandemic, the Group was able to secure a profit in operating profit and all other stages of profit, and the same applies to the first half of the fiscal year ending February 2022. As a result of the measures mentioned above, the Group believes that it has now put a system in place that will enable it to appropriately control revenues and expenses in the event of a decline in revenues in the third quarter of the year ending February 28, 2022, and beyond. The Company disclosed its medium-term management plan on July 14, 2021 and intends to continue to achieve sustainable profit growth by seizing growth opportunities in the post-COVID-19 pandemic era. (For more information on the medium-term management plan, please refer to the "Notice of Filing of Shelf Registration Statement for Issuance of New Shares and Reduction of Amount of Capital Stock and Capital Reserve Simultaneously with Issuance of New Shares" dated July 19, 2021)

Under these circumstances, the Company has determined that it is both desirable and reasonable from the perspective of enhancing the Company's corporate value and shareholder value to further expand its financial base and to secure funds for growth. This issue of new shares is part of the realization of these objectives, and we will use the strengthened capital base to enhance shareholder value over the medium-to-long-term.

Note: This press release has been prepared for the sole purpose of publicly announcing that the Company has resolved matters relating to the issuance of its new shares and the reduction of its capital and capital reserve, and not for the purpose of soliciting investment or engaging in any other similar activities within or outside Japan. Investors should carefully review the prospectus for the issuance of new shares, the supplementary prospectus for the issuance of new shares (if any), the prospectus for the secondary offering of shares, and any amendments thereto (if any) prepared by the Company prior to making any investment decisions.

## 1. Issuance of New Shares and Secondary Offering of Shares

### 1. Issuance of new shares by way of public offering (general offering)

- |     |   |  |
|-----|---|--|
| (1) | Type and number of shares to be offered     | 21,700,000 shares of common stock of the Company   |
| (2) | Method of determining the amount to be paid | The amount to be paid is to be determined on one of the days between Monday, November 8, 2021, and Wednesday, November 10, 2021.   |
| (3) | Method of offering                          | The offering shall be a public offering, and all shares shall be underwritten and purchased by Joint lead underwriters with Mizuho Securities Co., Ltd. And Daiwa securities Co., Ltd. (collectively, the "Underwriters") to underwrite and purchase all the shares.                                 |
| (4) | Consideration for the Underwriters          | No underwriting commission shall be paid, and in lieu thereof, the total amount of the difference between the issue price (offer price) in the public offering and the paid-in amount, which is the amount to be paid to the Company by the Underwriters, shall be the proceeds of the Underwriters. |
| (5) | Subscription period                         | From the business day immediately following the Issue Price Determination Date to the two business days after the Issue Price Determination Date.  |
| (6) | Payment date                                | Any one of the days in the period from Friday, November 12, 2021, to Tuesday, November 16, 2021. However, the payment date shall be the four business days after the Issue Price Determination Date.   |
| (7) | Subscription unit                           | 100 shares   |

### 2. Secondary Offering of Shares (Secondary Offering by way of Over-Allotment)

- |     |                                      |   |
|-----|--------------------------------------|---|
| (1) | Type and number of shares to be sold | 3,255,000 shares of common stock of the Company   |
| (2) | Seller                               | Mizuho Securities Co., Ltd.   |
| (3) | Subscription Period                  | The subscription period shall be the same as the subscription period for the Public Offering.               |
| (4) | Delivery date                        | The delivery date shall be the business day immediately following the payment date for the public offering. |
| (5) | Subscription unit                    | 100 shares  |

### 3. Issuance of New Shares by way of Third-Party Allotment

- |     |   |   |
|-----|---|---|
| (1) | Type and number of shares to be offered | 3,255,000 shares of common stock of the Company |
| (2) | Allottee                                | Mizuho Securities Co., Ltd.                     |
| (3) | Subscription Period (Subscription Date) | Tuesday, December 14, 2021                      |
| (4) | Payment date                            | Wednesday, December 15, 2021                    |
| (5) | Subscription unit                       | 100 shares                                      |

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## 2. Use of Funds Raised

### (1) How the funds raised are to be used

Regarding the total estimated net proceeds of 21,024,150,750 yen from the public offering and the third-party allotment, 5,000 million yen will be used by the end of February 2024 for new outlet openings in Japan and overseas, changes in business format, refurbishments, and DX Advancement Fund for investments in capital expenditure and human capital shortages with the aim of revising the portfolio with a view to addressing the post-COVID-19 pandemic period, which is a pillar of the growth strategy outlined in the medium-term management plan. The residual amount will be used to pay a refund of the permanent post-debit special contract as February 2021 by the end of May 2022. The investment in subsidiaries and DX promotion funds are based on the Company's investment and financing.

The above proceeds will be appropriately managed in the Company's deposit account until the specific time of appropriation.

The Group's main capital expenditure plans as of October 28, 2021 are as follows.

Company name	Name of the business (location)	Content of the equipment	Amount of investment (million yen)		Method of raising funds	Year of commencement	Year of completion	Increase in capacity after completion (outlets)
			Total amount	Repayments				
Proposed Company	Outlets	Outlets, etc.	2,238	-	Capital increase / loan / own funds	October 2021	February 2024	New Outlets: 24 Format change: 12
Proposed Company	Headquarters/outlets	DX promotion	850	-	capital increase / loan / own funds	October 2021	February 2024	-
lcchou Inc.	Outlets	Outlets, etc.	958	-	capital increase / loan / own funds	March 2022	February 2024	New Outlets: 6 Format change: 2
lcchou Inc.	Headquarters/outlets	DX promotion	900	-	capital increase / loan / own funds	October 2021	February 2024	-
SFP Holdings Co., Ltd.	Outlets	Outlets, etc.	952	-	Loan / own funds	March 2022	February 2024	New Outlets: 8 Format change: 12
SFP Holdings Co., Ltd.	Headquarters/outlets	DX promotion	300	-	Loan / own funds	March 2022	February 2024	-
Il Fornaio (America)LLC	Outlets	Outlets, etc.	800	-	capital increase / loan / own funds	March 2022	February 2024	New Outlets: 2
Il Fornaio (America)LLC	Headquarters/outlets	DX promotion	200	-	capital increase / loan / own funds	March 2022	February 2024	-
KR HOLDINGS CORPORATION	Outlets	Outlets, etc.	796	-	capital increase / loan / own funds	March 2022	February 2024	New Outlets: 6 Format change: 2
KR HOLDINGS CORPORATION	Headquarters/outlets	DX promotion	100	-	capital increase / loan / own funds	March 2022	February 2024	-
Other subsidiaries	Outlets	Outlets, etc.	1,418	-	capital increase / loan / own funds	March 2022	February 2024	New Outlets :14 Format change: 22
Total	Outlets	Outlets, etc.	7,162	-	-	-	-	-
Total	Headquarters/outlets	DX promotion	2,350	-	-	-	-	-

(Note) The planned investment amount includes guarantee deposits. The above plan is a summary of the Group's investments based on an investment plan that has been decided on the basis of the current business environment and other factors as of October 28, 2021. The details of individual investments will be determined on a company-by-company and outlet-by-outlet basis, considering factor including changes in the business environment, etc. In

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relation to investment in DX promotion, if the Group uses SaaS\* instead of developing it ourselves, the investment in equipment may become an expense item for outgoings such as commissions paid. "Outlets, etc." include new outlet openings, changes in business format, renovations, and renewal investments, etc. The capital increase will not be used for outlet capital investments or for the DX promotion funds of SFP Holdings Co., Ltd.

(Note) The software as a service (SaaS) is a service that can be utilised in a variety of different ways on the internet.

## (2) Impact on results

The use of the funds allocated in the previous section (1) has been fully utilised in the current exercise, which has contributed to the growth of the Group's profitability and financial strength, as well as to the medium and long-term growth of the Group.

## 3. Distribution of profits to shareholders, etc.

### (1) Basic policy on the distribution of profits

The Company regards the return of profits to shareholders as an important management policy, and our basic policy is to pay stable dividends, considering our business performance, financial position, and future business development.

### (2) Approach to determining dividends

As stated in the "(1) Basic policy on the distribution of profits " entry above.

### (3) Use of internal reserve funds

Internal reserves will be used for investment in new outlet openings, the training of human resources, and in capital investment to strengthen the Company's internal management system, to enhance corporate value.

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