

*April 13, 2022*

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

create restaurants holdings inc. announces that we have recorded an impairment loss and other operating revenues on a consolidated basis, and also recorded an extraordinary loss and an extraordinary profit on a non-consolidated basis during the consolidated fiscal period of the fourth quarter (Dec 1<sup>st</sup>, 2021 to Feb 28<sup>th</sup>, 2022). Details are as follows.

1. Details of an impairment loss on a consolidated basis

As part of our portfolio review with an eye on the post-COVID era, our group is promoting the closure of unprofitable outlets. In the fourth quarter of the current fiscal year, we made the decision to close an additional 35 outlets. In addition, we conducted an impairment test in accordance with International Financial Reporting Standards (IFRS), conservatively assessing future recoverability, including the current impact of COVID-19, and recorded an impairment loss of 2,711 million yen in total as a result of the valuation loss.

2. Details of other operating revenues on a consolidated basis

Due to the spread of the infectious of the Omicron variant, the areas and the period for the stricter COVID-19 measures, which was applied in January 2022, have been expanded. We responded sincerely to requests from local governments to cooperate in preventing the spread of the infection, and as a result, many outlets were forced to suspend operations 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, we applied for the employment adjustment subsidies for a portion of such leave allowances, and also applied for the subsidy for cooperation for shorter operating hours, etc. from local governments. As a result, the total amount of subsidies, etc., of 1,599 million yen was recorded as "Other operating revenues."

3. Details of an extraordinary loss (impairment loss) on a non-consolidated basis

We are closing unprofitable outlets as part of our portfolio review with an eye on the post-COVID era. In the fourth quarter of the fiscal year under review, we have recorded an extraordinary loss of 468 million yen as an impairment loss related to the closure of unprofitable outlets and other factors.

4. Details of an extraordinary profit (reversal of provision for loss on business of subsidiaries and associates) on a non-consolidated basis

In the fiscal year ended February 2021, in view of the worsening performance at some of our subsidiary

due to the spread of COVID-19, we recorded a provision for loss on business of subsidiaries and associates as a reserve for our subsidiaries. However, due to the improved performance of subsidiaries, we recorded a reversal of provision for loss on business of subsidiaries and associates of 1,460 million yen as an extraordinary profit.

#### 5. 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" announced today.

Impairment losses and reversal of provision for loss on business of subsidiaries and associates are recorded only in the non-consolidated financial statements and eliminated in the consolidated financial statements, and thus have no impact on consolidated results.