April 20, 2020

Notice of Revision to Full-year Business Forecasts due to the Recording of Impairment Losses, Revision to Year-end Dividend Forecast, and Voluntary Return of Directors' Remuneration

create restaurants holdings inc. announces that we have revised its consolidated business forecasts for the fiscal year ended February 2020 which were announced on October 11, 2019, due to the recording of impairment losses. With this, we have also decided to revise its year-end dividend forecast announced on April 12, 2019, and voluntary return directors' remuneration.

1. Recognition of impairment losses

In accordance with the International Financial Reporting Standard (IFRS), we have conducted impairment tests on our store fixed assets and right-of-use assets with conservatively examining the possibility of future recovery, including the impact of COVID-19 infections. As a result, we expect to record an impairment loss of 5,311 million yen in the consolidated financial results for the fiscal year ended February 2020.

2. Revision to business forecasts

(1) Revisions to business forecasts for the fiscal year ended February 2020
(March 1, 2019 to February 29, 2020)

(Million yen, rounded down to the nearest million)

	Revenue	Operating profit	Profit before taxes	Profit for the year	Profit attributable to owners of parent	Basic profit per share (Yen, Note3)	(Reference) Adjusted EBITDA (Note 4)
Previous forecasts (A) (announced on October 11, 2019)	140,000	7,500	7,000	4,500	3,700	19.81	25,000
Revised forecasts (B)	139,328	3,483	3,118	1,818	1,278	6.85	25,212
Increase/ decrease (B-A)	-671	-4,016	-3,881	-2,681	-2,421		212
Percentage change (%)	-0.5	-53.5	-55.4	-59.6	-65.4		0.8
(Reference) Previous results (FY2/19)	119,281	3,975	3,688	2,072	1,321	7.03	10,814

(Note 1) The Company has voluntarily adopted the International Financial Reporting Standards (IFRS) accounting from the full-year business results for the fiscal year ended February 2019.
(Note 2) From the first quarter of the fiscal year ending February 2020, the Company has adopted the IFRS No.16 Leases standard.
(Note 3) On March 1, 2020, the Company conducted a 2-for-1 stock split of its common stock. Therefore, "Basic profit per share" is calculated on the assumption that the stock split was implemented at the beginning of the fiscal year ended February 2019.
(Note 4) The adjusted EBITDA is presented as a useful indicator of business performance.
The formula for adjusted EBITDA is as follows:
Adjusted EBITDA= Operating profit + Other operating expenses - Other operating revenues (excluding sponsorship income) + Depreciation and amortization + non-recurring expense items (advisory expenses related to share acquisition, etc.)

(2) Reasons for the revision

As for the Group's consolidated full-year results, although revenue and adjusted EBITDA are expected to be broadly in line with the previously announced forecasts on October 11, 2019, operating profit, profit before taxes, profit for the year, and profit attributable to owners of parent are expected to be lower than expected due to the impact of the aforementioned conservative impairment losses.

3. Revision to the year-end dividend forecast (No dividend)

(1) Details of the revision

(Yen)

	Annual dividend		
	End of 2Q	Year-end	Annual
Previous forecasts (Announced on April 12, 2019)		6.00	12.00
Revised forecasts		0.00	6.00
Current results	6.00		
Previous results (FY2/19)	6.00	6.00	12.00

(2) Reasons for the revision

Our basic policy is to pay a stable dividend, taking into account its business performance and future business development. However, in light of the recent impact of the COVID-19 infections, we have placed the highest priority on increasing internal reserves for stable management for the future, so we decided to pay no dividend.

We would like to express our deepest apologies to our shareholders and ask for your continued support as we will continue to strive to realize stable dividends.

We will continue to implement the shareholder benefit plan.

4. Voluntary return of directors' remuneration

Due to the recent outbreak of COVID-19, many of our outlets have been forced to temporary close and shorten their hours of operation. In light of these circumstances, we have decided that executive directors and executive officers will voluntarily return a portion of their remuneration, as described below.

(1) Details of the return of remuneration

5 Directors (excluding directors who are members of the audit committee)	25% of monthly remuneration
4 Executive Officers	20% of monthly remuneration

(2) Period for return of compensation

Six months from April 2020

In addition, the representative directors and others of consolidated subsidiaries (excluding SFP Holdings Co., Ltd.) will voluntarily return their remuneration in the same manner as the executive officers of our company.

Regarding the SFP Holdings Co., Ltd., please refer to announcement on April 14, 2020 made by SFP Holdings Co., Ltd.

*The above forecasts are based on information available at the time of this announcement, and actual results may differ from these forecasts due to various factors in the future.