

April 10, 2019

Notice of Revision to Business Forecasts and Recording of Impairment Losses

create restaurants holdings inc. announces that the Company has revised its business forecasts announced on January 11, 2019, as the Company expects to record impairment losses in the consolidated business results for the fiscal year ended February 2019. Details are as follows.

1. Recording of impairment losses

The Company will voluntarily apply the International Financial Reporting Standards (IFRS) from the full-year business results for the fiscal year ended February 2019. In line with the transition from Japanese GAAP to IFRS GAAP accounting, the Company will record impairment losses of 2,658 million yen in the consolidated business results for the fiscal year ended February 2019, mainly due to a temporary increase in impairment losses.

2. Business Forecasts

(1) Revisions to business forecasts for the fiscal year ended February 2019

(March 1, 2018 to February 28, 2019)

(Figures are rounded down to the nearest million yen)

(Million yen)

	Revenue	Operating profit	Profit before taxes	Profit for the year	Profit attributable to owners of parent	Basic profit per share (Yen)	(Reference) Adjusted EBITDA (Note 3)
Previous forecasts (A)	120,000	5,700	5,600	3,600	2,900	30.77	10,506
Revised forecasts (B)	119,281	3,975	3,688	2,072	1,321	14.05	10,814
Increase/decrease (B-A)	-718	-1,724	-1,911	-1,527	-1,578		307
Percentage change (%)	-0.6	-30.2	-34.1	-42.4	-54.4		2.9

(Note 1) The Company will voluntarily apply the International Financial Reporting Standards (IFRS) accounting from the full-year business results for the fiscal year ended February 2019. As a result, the consolidated business forecasts for the fiscal year ended February 2019 are presented in conformity with the IFRS accounting.

(Note 2) As a result of the application of IFRS, adjusted EBITDA is presented as a useful indicator of business performance. The formula for adjusted EBITDA is as follows:
Adjusted EBITDA= EBITDA (Operating profit + Other operating expenses - Other operating revenues + Depreciation and amortization)
+ Impairment loss + non-recurring expense items (advisory expenses related to share acquisition, etc.)

(2) Reasons for the revision

In the Company's consolidated business forecasts, revenue is expected to be generally in line with the previous forecast announced on January 11, 2019.

Profits are expected to fall below the previous forecasts, as impairment losses temporarily increased due to the transition from Japanese GAAP to IFRS accounting. However, the cost of sales ratio and SG&A expenses are generally within expectations, and the adjusted EBITDA is expected to be higher than that were based on the previous forecasts.

The year-end dividend forecasts remain unchanged. The Company plans to pay a dividend of 6.0 yen per share as announced on January 11, 2019.

*The above forecasts are based on information available at the time this report was released. Actual results may differ from these forecasts for various factors.