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PRESS RELEASE

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**Notice of Revision of Earnings Forecast and Revision of Dividend Forecast (No Dividend), and
 Recording of Extraordinary Losses**

Pepper Food Service Co., Ltd. (the “Company”) and the Pepper Food Service Group (the “Group”) recorded the following impairment losses on non-current assets and provision for business restructuring for the third quarter of the fiscal year ending December 31, 2019 (July 1, 2019 – September 30, 2019). Accordingly, the full-year earnings forecast for the fiscal year ending December 31, 2019 and the dividend forecast for the fiscal year ending December 31, 2019 announced on June 28, 2019 have been revised as follows.

1. Revision of earnings forecast for the fiscal year ending December 31, 2019

(1) Revision of consolidated earnings forecast figures for the fiscal year ending December 31, 2019

(January 1, 2019 – December 31, 2019)

	Net sales	Operating income	Ordinary income	Net income attributable to shareholders of the parent company	Net income per share
Previous forecast (A)	Million yen 76,423	Million yen 2,061	Million yen 2,012	Million yen 1,529	73.38 yen
Revised forecast (B)	66,538	-731	-731	-2,503	-119.46 yen
Increase (decrease) (B-A)	-9,887	-2,792	-2,743	-4,032	
Rate of change (%)	-12.9%	-	-	-	
(Reference) Previous fiscal year’s results (fiscal year ended December 31, 2018)	63,509	3,863	3,876	-121	—

(2) Revision of non-consolidated earnings forecast figures for the fiscal year ending December 31, 2019

(January 1, 2019 – December 31, 2019)

	Net sales	Ordinary income	Net income	Net income per share
Previous forecast (A)	Million yen 75,661	Million yen 2,226	Million yen 1,529	73.38 yen

Revised forecast (B)	65,899	-455	-2,423	115.64 yen
Increase (decrease) (B-A)	-9,762	-2,681	-3,952	
Rate of change (%)	-12.9%	-	-	
(Reference) Previous fiscal year's results (fiscal year ended December 31, 2018)	62,650	4,798	-530	—

(Note) The earnings forecast provided above has been determined by the Company based on information available at the time of this release and contains risks and uncertainties. Actual results and earnings, etc. may differ from the forecasts provided.

(3) Reasons for the revision

For the consolidated performance in the nine months ended September 30, 2019, the initial plan to open 210 new stores was revised to opening 115 stores and focus was placed on improving sales in existing stores in light of competition arising between the company's own brands in the Ikinari! Steak business. However, as a result of competition between the Company's own brands, sales decreased significantly in the Company's existing stores. In an effort to decrease competition between the Company's own brands, the Company decided to close 44 Ikinari! Steak stores. Consequentially, the Company recorded a decrease in the operating income of existing stores and extraordinary losses associated with the decision to close the 44 Ikinari! Steak stores, resulting in the above revision to the earnings forecast announced on June 28, 2019.

2. Revision of dividend forecast

(1) Revision of dividend forecast for the fiscal year ending December 31, 2019

Record date	Dividend per share		
	2Q-end	Year-end	Total
Previous forecast	yen 15.00	yen 15.00	yen 30.00
This revised forecast	—	0.00	15.00
Results for the current fiscal year	15.00	—	—
Results for previous fiscal year (Fiscal year ended December 31, 2018)	15.00	15.00	30.00

(2) Reasons for the revision

The Company's basic policy is to distribute profits to shareholders once we have made an overall judgment of the Company's financial circumstances, business performance, and other general management matters, having secured internal reserves in preparation for the future development of our business operations. However, the year-end dividend forecast for the year ending December 31, 2019 has regrettably been revised to "no dividend" due to net income being expected to be significantly less than the forecast as stated in "1. Revision of earnings forecast for the fiscal year ending December 31, 2019" above.

We sincerely apologize to our shareholders and ask for their continued support.

3. Recording of extraordinary losses

(1) Recording of extraordinary losses

(i) Recording of impairment loss

Of the 489 Ikinari! Steak stores operated by the Company, an impairment loss of 1,685 million yen has been

recorded for the nine months ended September 30, 2019 due to the 44 stores to be closed and three stores expected to undergo a decline in profitability.

(ii) Recording of provision for business restructuring

In the 44 stores the Company has decided to close, the penalties pursuant to cancellation clauses paid to lessors have been recorded under extraordinary losses as a provision for business restructuring totaling 661 million yen.

(2) Reasons for recording of extraordinary losses

The extraordinary losses have been recorded to reduce operating loss of stores being closed and to improve profitability of stores neighboring those being closed.

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