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## Consolidated Financial Results for the First Six Months of Fiscal Year Ending September 30, 2017 [IFRS]

May 10, 2017

Listed company name: Sushiro Global Holdings Ltd. Listed stock exchange: TSE  
 Securities code: 3563 URL: <http://www.sushiroglobalholdings.com>  
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 Scheduled filing date to file: May 12, 2017 Scheduled date to commence: —  
 Quarterly Securities Report: dividend payment: —  
 Supplementary briefing materials on quarterly financial results prepared: Yes  
 Quarterly financial results presentation meeting held: Yes (for institutional investors and analysts)

(Amounts of less than one million yen are rounded down)

### 1. Consolidated Financial Results for the Six Months Ended March 31, 2017 (October 1, 2016 to March 31, 2017)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes)

	Net sales		Operating profit		Pre-tax income		Net income		Net income attributable to owners of parent		Total comprehensive income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six Months ended March 31, 2017	76,889	8.1	4,430	0.5	4,369	19.3	2,986	9.5	2,988	9.4	3,001	9.2
Six Months Ended March 31, 2016	71,135	—	4,409	—	3,661	—	2,726	—	2,730	—	2,748	—

	Basic net income per share	Diluted net income per share
	Yen	Yen
Six Months ended March 31, 2017	108.81	106.26
Six Months Ended March 31, 2016	63.19	60.03

Reference: EBITDA: Six Months ended March 31, 2017: 6.798 billion yen (+9.0% year on year)  
 Six Months ended March 31, 2016: 6.236 billion yen  
 Adjusted EBITDA: Six Months ended March 31, 2017: 6.830 billion yen (+8.5% year on year)  
 Six Months ended March 31, 2016: 6.298 billion yen  
 Adjusted net income: Six Months ended March 31, 2017: 3.315 billion yen (+18.6% year on year)  
 Six Months ended March 31, 2016: 2.795 billion yen

#### Notes:

(1) The Company uses EBITDA, adjusted EBITDA, and adjusted net income as important management indicators. For more information about each indicator, refer to (2) and (3) under "Explanation of Proper Use of Financial Forecasts, and Other Special Matters."

(2) The Company conducted a reverse stock split of its common shares at a ratio of one share for every 590 shares on December 22, 2016. The basic net income per share and diluted net income per share were calculated based on the number of issued shares after the stock consolidation on the assumption that the stock consolidation was conducted at the start of the previous consolidated fiscal year.

### (2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of the parent
	Million yen	Million yen	Million yen	%
Six Months ended March 31, 2017	122,605	27,860	27,911	22.4
Fiscal Year Ended September 30, 2016	122,356	24,858	24,922	20.0

## 2. Dividends

	Annual dividends				
	End of first quarter	End of second quarter	End of third quarter	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal Year Ended September 30, 2016	—	0.00	—	0.00	0.00
Fiscal Year Ending September 30, 2017	—	0.00			
Fiscal Year Ending September 30, 2017 (forecast)			—	—	—

### Notes:

(1) Revisions to the most recently announced dividend forecasts: No

(2) The dividend amount (forecast) for the fiscal year ending September 30, 2017 has yet to be determined.

(3) The Company conducted a reverse stock split of its common shares at a ratio of one share for every 590 shares on December 22, 2016.

## 3. Consolidated Earnings Forecasts for the Fiscal Year Ending September 30, 2017 (October 1, 2016 to September 30, 2017)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Pre-tax income		Net income attributable to owners of parent		Basic net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Fiscal Year Ending September 30, 2017	159,692	8.1	8,921	18.8	8,474	80.6	5,886	84.9	214.35

### Notes:

(1) Revisions to the most recently announced earnings forecasts: No

(2) The Company conducted a reverse stock split of its common shares at a ratio of one share for every 590 shares on December 22, 2016. The basic net income per share in the consolidated earnings forecasts was calculated based on the number of issued shares after the stock consolidation on the assumption that the stock consolidation was conducted at the start of the previous consolidated fiscal year.

\* Notes:

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): No

New: —  
Excluded: —

(2) Changes in accounting policies, changes in accounting estimates

- 1) Changes in accounting policies required by IFRS: None
- 2) Changes in accounting policy other than 1): None
- 3) Changes in accounting estimates: None

(3) Total number of issued shares (common shares)

a. Total number of issued shares at the end of the period (including treasury shares)	Six Months ended March 31, 2017	27,458,920 shares	Fiscal Year Ended September 30, 2016	69,831,801 shares
b. Treasury shares at the end of the period	Six Months ended March 31, 2017	—	Fiscal Year Ended September 30, 2016	42,372,881 shares
c. Average number of shares during the period (cumulative from the start of the fiscal year)	Six Months ended March 31, 2017	27,458,920 shares	Six Months ended March 31, 2016	43,204,034 shares

Note: The Company conducted a reverse stock split of its common shares at a ratio of one share for every 590 shares on December 22, 2016. The total number of issued shares (common shares) was calculated on the assumption that the stock consolidation was conducted at the start of the previous consolidated fiscal year.

\* Information Regarding Implementation Status of Quarterly Review Procedures

These financial results are outside the scope of quarterly review procedures.

\* Explanation of Proper Use of Financial Forecasts, and Other Special Matters

(1) Consolidated earnings forecasts

The earnings forecasts and other forward-looking statements presented in this document are based on information currently available to the Company and on certain assumptions deemed to be reasonable. They do not constitute guarantees by the Company of future performance. Furthermore, actual results and performance may differ materially from these forecasts due to various factors. For more details on the earnings forecasts, please refer to "(3) explanation of consolidated earnings forecasts and other forward-looking statements" under "1. Qualitative Information on the Financial Results" on P3 of the attached materials.

(2) The Company calculates EBITDA, adjusted EBITDA and adjusted net income using the formulas below.

EBITDA = Operating income + Other expenses – Other revenues + Depreciation and amortization + Amortization of long-term prepaid expenses + Amortization of long-term prepaid expenses (lease and guarantee deposits)

Adjusted EBITDA = EBITDA + Management advisory fees based on management advisory agreement (Note) + losses related to Sushiro U.S. Holdings Inc.

Adjusted net income = Net income + Management advisory fees based on management advisory agreement (Note) + Listing-related costs + Losses related to Sushiro U.S. Holdings Inc. + Tax effect adjustments under adjustment items

Note: This refers to fees based on a consulting agreement with Consumer Equity Investments Limited.

(3) EBITDA, adjusted EBITDA and adjusted net income are financial metrics that are not measures of performance under International Financial Reporting Standards (IFRS), but the Company regards these as useful indicators for investor valuation of Sushiro Group results. These financial indicators exclude impact from non-recurring expense items (items deemed not to reflect ordinary operating activities, or items that do not appropriately reflect the earnings of the Sushiro Group relative to competitors) such as non-cash expense items, management advisory fees based on management advisory agreement, listing-related costs that should not recur after listing, and losses related to Sushiro U.S. Holdings Inc., which closed its entire store network.

Note that EBITDA, adjusted EBITDA and adjusted net income exclude some items that affect net income and therefore have substantial limitations as analysis tools. Accordingly, they should not be regarded as replacements for other indicators that are presented in accordance with IFRS. EBITDA, adjusted EBITDA and adjusted net income at the Sushiro Group are calculated differently from the same or similar metrics used at other sector companies. Consequently, they may not be suitable for comparison with other companies, and therefore have reduced utility.

## Table of contents for attached materials

1. Qualitative Information on Financial Results for the Period Under Review .....	2
(1) Explanation of operating results .....	2
(2) Explanation of financial position .....	2
(3) Explanation of consolidated earnings forecasts and other forward-looking statements .....	3
2. Condensed Quarterly Consolidated Financial Statements and Important Notes .....	4
(1) Condensed consolidated statement of financial position .....	4
(2) Condensed consolidated income statement .....	5
(3) Condensed consolidated comprehensive income statement .....	6
(4) Condensed consolidated statement of changes in equity .....	7
(5) Condensed consolidated statement of cash flows .....	8
(6) Notes to condensed quarterly consolidated financial statements .....	9
(Notes regarding assumption of a going concern) .....	9
(Segment information) .....	9
(Net income per share) .....	9
(Important subsequent events) .....	10

## 1. Qualitative Information on Financial Results for the Period Under Review

### (1) Explanation of operating results

During the first six months of the consolidated fiscal year ending September 30, 2017, the Japanese economy was on a steady recovery path supported by government economic policy and the Bank of Japan's (BOJ) financial policy, leading to higher corporate earnings and an improvement in the employment and income environment. However, the economic slowdown in China and emerging markets, impact from government policy by the new administration in the US, the UK's looming departure from the EU, and other factors resulted in growing uncertainty, further clouding outlook.

Amid ongoing cost consciousness among consumers, the restaurant sector continued to face a challenging management environment affected by intensifying competition to capture customers across various restaurant segments and formats, difficulty in hiring human resources due to the decline in the working population, a surge in labor costs and other factors.

Under such circumstances, the Sushiro Group worked to enhance product development, in-store food preparation, and safety and security initiatives guided by our motto "Tasty sushi for all. Tasty sushi for the heart" and the desire to surprise and move our customers with delicious sushi.

In terms of store development, we opened 18 stores and closed two, bringing the total number of stores to 466 (domestic: 459, overseas: 7) at the end of the first six months of the consolidated fiscal year ending September 30, 2017.

As a result, net sales for the first six months of the current consolidated fiscal year totaled 76.889 billion yen (+8.1% year on year), operating income 4.430 billion yen (+0.5% year on year), pre-tax income 4.369 billion yen (+19.3% year on year), and net income attributable to owners of the parent 2.988 billion yen (+9.4% year on year).

In addition, EBITDA came to 6.798 billion yen (+9.0% year on year), adjusted EBITDA to 6.830 billion yen (+8.5% year on year), and adjusted net income to 3.315 billion yen (+18.6% year on year).

Notes: 1. EBITDA = Operating income + Other expenses – Other revenues + Depreciation and amortization + Amortization of long-term prepaid expenses + Amortization of long-term prepaid expenses (lease and guarantee deposits)

2. Adjusted EBITDA = EBITDA + Management advisory fees based on management advisory agreement + losses related to Sushiro U.S. Holdings Inc.

3. Adjusted net income = Net income + Management advisory fees based on management advisory agreement + Listing-related costs + Losses related to Sushiro U.S. Holdings Inc. + Tax effect adjustments under adjustment items

4. Management advisory fees based on management advisory agreement refers to fees based on a consulting agreement with Consumer Equity Investments Limited.

### (2) Explanation of financial position

#### 1) Assets, liabilities and equity

##### (Assets)

The balance of total assets rose 249 million yen from the end of the previous consolidated fiscal year to 122.605 billion yen.

The balance of current assets declined 1.256 billion yen from the end of the previous consolidated fiscal year to 9.878 billion yen. This mainly reflected a 1.559 billion yen drop in cash and cash equivalents.

The balance of non-current assets increased 1.505 billion yen from the end of the previous consolidated fiscal year to 112.727 billion yen. This was mainly attributable to an increase of 1.423 billion yen in tangible fixed assets resulting from new store openings and other factors.

##### (Liabilities)

Total liabilities declined 2.753 billion yen from the end of the previous consolidated fiscal year to 94.745 billion yen.

The balance of current liabilities fell 760 million yen from the end of the previous consolidated fiscal year to 25.935 billion yen. This mainly reflected factors such as an increase of 542 million yen in corporate income tax payable, and declines of 496 million yen in other current liabilities, 444 million yen in trade payables and other liabilities, 275 million yen in reserves, and 250 million yen in loans.

The balance of non-current liabilities declined 1.993 billion yen from the end of the previous consolidated fiscal year to 68.810 billion yen. This was mainly attributable to a 2.093 billion yen drop in loans.

(Equity)

Total equity increased 3.003 billion yen from the end of the previous consolidated fiscal year to 27.860 billion yen. This was mainly the result of booking 2.986 billion yen in net income.

## 2) Cash flows

Cash and cash equivalents (hereinafter "Cash") in the first six months of the consolidated fiscal year ending September 30, 2017 declined 1.559 billion yen from the end of the previous consolidated fiscal year to 6.590 billion yen.

Cash flows and factors affecting cash flows in the first six months of the current consolidated fiscal year are outlined below.

(Cash flows from operating activities)

Cash provided by operating activities totaled 4.023 billion yen (-48.5% year on year). This mainly reflected the booking of pre-tax income of 4.369 billion yen and depreciation and amortization of 1.857 billion yen, as well as a decline of 568 million yen in trade payables and other liabilities, interest paid of 136 million yen and corporate income tax paid of 842 million yen.

(Cash flows from investing activities)

Cash used in operating activities came to 2.638 billion yen (+45.6% year on year). This was mainly attributable to 2.245 billion yen in spending related to the acquisition of tangible fixed assets accompanying store openings and other factors.

(Cash flows from financing activities)

Cash used in financing activities amounted to 2.957 billion yen (+8.6% year on year). This mainly reflected 2.419 billion yen in spending related to repayments of long-term loans.

## (3) Explanation of consolidated earnings forecasts and other forward-looking statements

The consolidated earnings forecasts presented in this document are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual earnings and performance may differ materially from these forecasts due to various factors such as economic trends.

## 2. Condensed Quarterly Consolidated Financial Statements and Important Notes

### (1) Condensed consolidated statement of financial position

(Unit: million yen)

	Fiscal Year Ended September 30, 2016	Six Months Ended March 31, 2017 (From October 1, 2016 to March 31, 2017)
<b>Assets</b>		
Current assets		
Cash and cash equivalents	8,149	6,590
Trade and other receivables	909	960
Inventories	1,098	1,155
Other financial assets	229	247
Other current assets	750	927
Total current assets	11,134	9,878
Non-current assets		
Property, plant and equipment	19,262	20,685
Goodwill	30,371	30,371
Intangible assets	54,558	54,540
Lease and guarantee deposits	6,453	6,582
Other financial assets	73	63
Other non-current assets	505	486
Total non-current assets	111,222	112,727
Total assets	122,356	122,605
<b>Liabilities and equity</b>		
Liabilities		
Current liabilities		
Trade and other payables	16,849	16,405
Loans	4,355	4,105
Corporate income tax payable	839	1,381
Other financial liabilities	1,334	1,497
Provision	1,600	1,325
Other current liabilities	1,718	1,223
Total current liabilities	26,695	25,935
Non-current liabilities		
Loans	48,861	46,768
Other financial liabilities	2,712	2,746
Provision	1,197	1,259
Deferred tax liabilities	17,950	17,966
Other non-current liabilities	84	72
Total non-current liabilities	70,803	68,810
Total liabilities	97,498	94,745
Equity		
Capital stock	100	100
Capital surplus	42,103	13,573
Retained earnings	7,282	13,752
Treasury shares	(25,028)	—
Other capital components	465	485
Total equity attributable to owners of parent	24,922	27,911
Non-controlling interests	(64)	(50)
Total equity	24,858	27,860
Total liabilities and equity	122,356	122,605

## (2) Condensed consolidated income statement

(Unit: million yen)

	Six Months Ended March 31, 2016 (From October 1, 2015 to March 31, 2016)	Six Months Ended March 31, 2017 (From October 1, 2016 to March 31, 2017)
Net sales	71,135	76,889
Cost of sales	(34,661)	(37,111)
Gross profit	36,475	39,778
Selling, general and administrative expenses	(32,026)	(34,874)
Other revenues	17	20
Other expenses	(56)	(495)
Operating profit	4,409	4,430
Financial revenues	37	170
Financial expenses	(785)	(231)
Pre-tax income	3,661	4,369
Corporate income tax expenses	(935)	(1,384)
Net income	2,726	2,986
Net income attributable to:		
Owners of parent	2,730	2,988
Non-controlling interests	(4)	(2)
Net income	2,726	2,986
Net income per share		
Basic net income per share (yen)	63.19	108.81
Diluted net income per share (yen)	60.03	106.26

## (3) Condensed consolidated comprehensive income statement

(Unit: million yen)

	Six Months Ended March 31, 2016 (From October 1, 2015 to March 31, 2016)	Six Months Ended March 31, 2017 (From October 1, 2016 to March 31, 2017)
Net income	2,726	2,986
Other comprehensive income		
Items that may be transferred to net income/loss		
Conversion difference for foreign operations	17	(92)
Effective portion of gains/losses on hedging instruments in a cash flow hedge	6	107
Total for items that may be transferred to net income/loss	22	15
Other comprehensive income after taxes	22	15
Comprehensive income	2,748	3,001
Comprehensive income attributable to:		
Owners of parent	2,751	3,009
Non-controlling interests	(2)	(8)
Comprehensive income	2,748	3,001

## (4) Condensed consolidated statement of changes in equity

Six Months Ended March 31, 2016 (From October 1, 2015 to March 31, 2016)

(Unit: million yen)

	Capital stock	Capital surplus	Retained earnings	Treasury shares	Other capital components	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance as of October 1, 2015	100	42,318	4,105	—	189	46,712	(88)	46,624
Net income			2,730			2,730	(4)	2,726
Other comprehensive income					21	21	2	22
Total comprehensive income	—	—	2,730	—	21	2,751	(2)	2,748
Share-based payment transactions			2		(2)	—		—
Purchase of treasury shares				(25,028)		(25,028)		(25,028)
Total amount of transactions with owners	—	—	2	(25,028)	(2)	(25,028)	—	(25,028)
Balance as of March 31, 2016	100	42,318	6,838	(25,028)	207	24,435	(90)	24,345

Six Months Ended March 31, 2017 (From October 1, 2016 to March 31, 2017)

(Unit: million yen)

	Capital stock	Capital surplus	Retained earnings	Treasury shares	Other capital components	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance as of October 1, 2016	100	42,103	7,282	(25,028)	465	24,922	(64)	24,858
Net income			2,988			2,988	(2)	2,986
Other comprehensive income					21	21	(6)	15
Total comprehensive income	—	—	2,988	—	21	3,009	(8)	3,001
Deficit disposition		(3,502)	3,502			—		—
Share-based payment transactions			0		(0)	—		—
Retirement of treasury shares		(25,028)		25,028		—		—
Changes in ownership interests in subsidiaries that do not result in a loss of control			(20)			(20)	20	—
Other						—	2	2
Total amount of transactions with owners	—	(28,530)	3,483	25,028	(0)	(20)	21	2
Balance as of March 31, 2017	100	13,573	13,752	—	485	27,911	(50)	27,860

## (5) Condensed consolidated statement of cash flows

(Unit: million yen)

	Six Months Ended March 31, 2016 (From October 1, 2015 to March 31, 2016)	Six Months Ended March 31, 2017 (From October 1, 2016 to March 31, 2017)
Cash flows from operating activities		
Pre-tax income	3,661	4,369
Depreciation and amortization	1,745	1,857
Impairment losses	—	59
Financial revenues	(37)	(177)
Financial expenses	785	231
Rent offset amount for lease and guarantee deposits	129	141
Decrease (increase) in trade and other receivables	7	26
Decrease (increase) in inventories	(109)	(53)
Increase (decrease) in trade and other payables	2,855	(568)
Other	(587)	(884)
Subtotal	8,448	5,000
Interest and dividend income received	2	0
Interest paid	(517)	(136)
Corporate income tax paid	(564)	(842)
Corporate income tax refund	438	—
Cash flows from operating activities	7,807	4,023
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,250)	(2,245)
Purchase of intangible assets	(124)	(158)
Payments for lease and guarantee deposits	(464)	(288)
Other	27	53
Cash flows from investing activities	(1,812)	(2,638)
Cash flows from financing activities		
Proceeds from long-term loans payable	25,000	—
Repayments of long-term loans payable	(2,084)	(2,419)
Repayments of lease obligations	(477)	(514)
Commission fee payments	(123)	(31)
Purchase of treasury shares	(25,037)	—
Other	(2)	7
Cash flows from financing activities	(2,724)	(2,957)
Increase (decrease) in cash and cash equivalents	3,271	(1,573)
Cash and cash equivalents balance at beginning of the fiscal year	3,394	8,149
Effect of exchange rate change on cash and cash equivalents	1	14
Balance of cash and cash equivalents at end of first six months of the fiscal year	6,666	6,590

(6) Notes on condensed consolidated financial statements

(Notes regarding assumption of a going concern)

Not applicable.

(Segment information)

Segment-specific revenue, income/loss and other items are omitted as the Sushiro Group operates in a single segment.

(Net income per share)

	Six Months Ended March 31, 2016 (From October 1, 2015 to March 31, 2016)	Six Months Ended March 31, 2017 (From October 1, 2016 to March 31, 2017)
Net income attributable to ordinary shareholders of the parent (million yen)	2,730	2,988
Net income attributable to ordinary shareholders used in calculations for basic net income per share (million yen)	2,730	2,988
Net income attributable to ordinary shareholders used in calculations for diluted net income per share (million yen)	2,730	2,988
Average number of shares during the period	43,204,034	27,458,920
Increase in number of ordinary shares used in calculation for diluted net income per share	2,276,074	657,372
Average number of ordinary shares during the period after dilution	45,480,108	28,116,292
Basic net income per share (yen)	63.19	108.81
Diluted net income per share (yen)	60.03	106.26
Outline of potentially dilutive shares excluded from the calculation of diluted net income per share due to the absence of dilutive effects	—	Four types of subscription rights to shares (516,000 ordinary shares).

(Note) The Company conducted a reverse stock split of its common shares at a ratio of one share for every 590 shares on December 22, 2016. The basic net income per share and diluted net income per share were calculated based on the number of issued shares after the stock consolidation on the assumption that the stock consolidation was conducted at the start of the previous consolidated fiscal year.

(Important subsequent events)

(Dissolution of Subsidiary Company)

On April 25, 2017, the Company dissolved consolidated subsidiary Sushiro USA LLC, which had initiated liquidation procedures accompanying the closure of all stores in the US business.

(1) Reasons for dissolution

Sushiro U.S. Holdings Inc., operator of the US business, decided to dissolve the subsidiary in conjunction with the closure of all local stores in October 2016.

(2) Overview of dissolved subsidiary

Name: Sushiro USA LLC

Main business: Sushi business

Investment ratio: 100% (100% held indirectly)

(3) Dissolution period

Liquidation completed on April 25, 2017.

(4) Status of applicable subsidiary (as of March 31, 2017)

Total assets: 7 million yen

Total liabilities: 5 million yen

Note: The figures above reflect amounts after elimination of intra-company transactions.

(5) Impact on condensed quarterly consolidated financial statements

The impact of the dissolution of the applicable subsidiary on Sushiro Group's condensed quarterly consolidated financial statements is negligible.