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Consolidated Financial Results for the Fiscal Year Ended September 30, 2017 [IFRS]

November 9, 2017

Listed company name: Sushiro Global Holdings Ltd. Listed stock exchange: TSE
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 Scheduled date of annual general meeting of shareholders: December 21, 2017 Scheduled date to commence dividend payment: December 22, 2017
 Scheduled filing date to file Annual Securities Report: December 22, 2017
 Supplementary briefing materials on financial results prepared: Yes
 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 Fiscal Year Ended September 30, 2017 (October 1, 2016 to September 30, 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	%
Fiscal year ended September 30, 2017	156,402	5.9	9,204	22.6	8,995	91.7	6,946	119.5	6,952	118.3	6,940	114.6
Fiscal year ended September 30, 2016	147,702	—	7,509	—	4,692	—	3,164	—	3,184	—	3,234	—

	Basic net income per share	Diluted net income per share	Return on equity attributable to owners of parent	Ratio of income before income tax to total assets	Operating profit to net sales ratio
	Yen	Yen	%	%	%
Fiscal year ended September 30, 2017	253.16	247.09	24.8	7.3	5.9
Fiscal year ended September 30, 2016	90.11	85.86	9.0	3.9	5.1

Reference: Investment gains/losses by equity method:

Fiscal year ended September 30, 2017 — million yen
 Fiscal year ended September 30, 2016 — million yen
 EBITDA: Fiscal year ended September 30, 2017: 13,899 million yen (+13.3% year on year)
 Fiscal year ended September 30, 2016: 12,267 million yen
 Adjusted EBITDA: Fiscal year ended September 30, 2017: 13,933 million yen (+10.6% year on year)
 Fiscal year ended September 30, 2016: 12,600 million yen
 Adjusted net income: Fiscal year ended September 30, 2017: 6,473 million yen (+30.0% year on year)
 Fiscal year ended September 30, 2016: 4,981 million 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	Equity per share attributable to owners of parent
	Million yen	Million yen	Million yen	%	Yen
Fiscal year ended September 30, 2017	125,562	31,800	31,853	25.0	1,145.36
Fiscal year ended September 30, 2016	122,356	24,858	24,922	20.0	892.43

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 equity per share attributable to owners of the parent 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.

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investment activities	Cash flows from financing activities	Cash and cash equivalents at end of the period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended September 30, 2017	11,574	(5,533)	(5,663)	8,538
Fiscal year ended September 30, 2016	15,215	(4,581)	(5,854)	8,149

2. Dividends

	Annual dividends					Dividends paid (total)	Payout ratio (consol.)	Dividend on equity (consol.)
	End of first quarter	End of second quarter	End of third quarter	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended September 30, 2016	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ended September 30, 2017	—	0.00	—	45.00	45.00	1,236	17.8	4.4
Fiscal year ending September 30, 2018 (forecast)	—	0.00	—	85.00	85.00		37.1	

Notes:

- (1) 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.
- (2) Dividends for the fiscal year ended September 30, 2017 were partially funded by capital surplus. For more information, refer to the "Breakdown of dividends funded by capital surplus" provided below.
- (3) For more information, refer to "(4) Basic policy on profit distribution, and dividends in current and next period" under "1. Overview of operating results" on page 4 of the attached materials.

3. Consolidated Earnings Forecasts for the Fiscal Year Ending September 30, 2018 (October 1, 2017 to September 30, 2018)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Pre-tax income		Net income		Net income attributable to owners of parent		Basic net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Fiscal Year Ending September 30, 2018	169,361	8.3	9,939	8.0	9,592	6.6	6,620	-4.7	6,620	-4.8	241.07

* Notes:

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

New: —
Excluded: 1: Sushiro USA LLC

(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)	Fiscal Year Ended September 30, 2017	27,458,920 shares	Fiscal Year Ended September 30, 2016	69,831,801 shares
b. Treasury shares at the end of the period	Fiscal Year Ended September 30, 2017	62 shares	Fiscal Year Ended September 30, 2016	42,372,881 shares
c. Average number of shares during the period	Fiscal Year Ended September 30, 2017	27,458,891 shares	Fiscal Year Ended September 30, 2016	35,331,477 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.

* These financial results are exempt from audit 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. In addition, for more details on earnings forecasts, please refer to “2) Outlook for next period” of “(1) Overview of operating results for current period” under “1. Overview of operating results” on page 2 of the attached materials.

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

EBITDA = Operating profit + 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) + Profits/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 + Refinancing costs + Profits/losses related to Sushiro U.S. Holdings Inc. + Tax effect adjustments, etc.

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 the management advisory agreement, listing-related costs that should not recur after listing, refinancing costs that do not recur every fiscal year, and profits/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.

* Breakdown of dividends funded by capital surplus

The breakdown of dividends funded by capital surplus in the fiscal year ended September 30, 2017 is shown below.

Record date	Fiscal-year end	Total
Dividends per share	45.00 yen	45.00 yen
Total dividends paid	1,236 million yen	1,236 million yen

Note: Net assets decrease ratio: 0.039

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1. Overview of operating results

(1) Overview of operating results during the period

1) Operating results during the period

During the consolidated fiscal year ended September 30, 2017, the Japanese economy exhibited a steady recovery as evidenced by an improvement in corporate earnings, the income environment, and employment conditions against the backdrop of various policies implemented by the government and the Bank of Japan (BOJ). However, the outlook remains clouded by factors such as the UK's looming departure from the EU, US policies in the wake of the last presidential election, and concerns over the economic direction in China and other Asian emerging markets.

Amid ongoing cost consciousness among customers, the restaurant sector continued to face a challenging management environment distinguished by a decline in the working population and surging labor costs accompanying demographic trends such as a falling birthrate and societal aging, and intensifying competition to capture customers across various restaurant segments and formats.

Under such circumstances, the Sushiro Group worked to enhance product development, in-store food preparation, and health and safety initiatives and services 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, the group opened 38 stores (domestic: 36, overseas: 2) and closed 4 (domestic: 1, overseas: 3), bringing the total number of stores to 484 (domestic: 477, overseas: 7) at the end of the consolidated fiscal year ending September 30, 2017.

As a result, net sales for the current period totaled 156,402 million yen (+5.9% year on year), operating profit 9,204 million yen (+22.6% year on year), pre-tax income 8,995 million yen (+91.7% year on year), and net income attributable to owners of the parent 6,952 million yen (+118.3% year on year).

In addition, EBITDA came to 13,899 million yen, adjusted EBITDA to 13,933 million yen, and adjusted net income to 6,473 million yen.

Notes: 1. EBITDA = Operating profit + 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 + Profits/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 + Refinancing costs + Profits/losses related to Sushiro U.S. Holdings Inc. + Tax effect adjustments, etc.

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

2) Outlook for next period

The Company forecasts net sales of 169,361 million yen (+8.3% year on year), operating profit of 9,939 million yen (+8.0% year on year), and net income attributable to owners of the parent of 6,620 million yen (-4.8% year on year).

The forecast for a 4.8% year on year decline in net income attributable to owners of the parent is mainly attributable to a 790 million yen impact from a temporary increase in tax effect adjustments in the fiscal year ended September 30, 2017, but the Company forecasts a profit increase in real terms.

(2) Overview of financial position during the period

(Assets)

The balance of total assets rose 3,206 million yen from the end of the previous consolidated fiscal year to 125,562 million yen.

The balance of current assets increased 841 million yen from the end of the previous consolidated fiscal year to 11,975 million yen. This mainly reflected a 389 million yen increase in cash and cash equivalents and a 306 million yen increase in trade and other receivables.

The balance of non-current assets increased 2,365 million yen from the end of the previous consolidated fiscal year to 113,587 million yen. This was mainly attributable to an increase of 1,908 million yen in tangible fixed assets resulting from new store openings.

(Liabilities)

Total liabilities declined 3,736 million yen from the end of the previous consolidated fiscal year to 93,762 million yen. The balance of current liabilities rose 1,028 million yen from the end of the previous consolidated fiscal year to 27,722 million yen. This mainly reflected a 1,189 million yen increase in corporate income tax payable and a 429 million yen increase in other financial liabilities, alongside a 421 million yen decline in reserves and a 241 million yen decline in loans payable.

The balance of non-current liabilities declined 4,764 million yen from the end of the previous consolidated fiscal year to 66,040 million yen. This mainly reflected a 449 million yen increase in reserves, alongside a 4,114 million yen decline in loans payable and an 845 million yen decline in deferred tax liabilities.

(Equity)

Total equity increased 6,942 million yen from the end of the previous consolidated fiscal year to 31,800 million yen. This was mainly the result of booking 6,946 million yen in net income.

(3) Cash flows during the period

In the consolidated fiscal year ended September 30, 2017, cash and cash equivalents increased 389 million yen year on year to 8,538 million yen.

The breakdown of cash flows by activities and underlying factors for the consolidated fiscal year ended September 30, 2017 is shown below.

(Cash flows from operating activities)

Cash provided by operating activities totaled 11,574 million yen (-23.9% year on year).

This mainly reflected the booking of 8,995 million yen in pre-tax profit, 3,904 million yen in depreciation and amortization, and 375 million yen in impairment losses, alongside a 305 million yen increase in trade and other receivables, 248 million yen in interest paid, and 1,729 million yen in corporate income tax paid.

(Cash flows from investing activities)

Cash used in investing activities came to 5,533 million yen (+20.8% year on year).

This was mainly attributable to 4,547 million yen in spending related to the acquisition of tangible fixed assets accompanying store openings.

(Cash flows from financing activities)

Cash used in financing activities amounted to 5,663 million yen (-3.3% year on year).

This mainly reflected 4,503 million yen in repayments of long-term loans and 1,075 million yen in repayments of lease obligations.

Reference: Trends in cash flow indicators

	Fiscal year ended September 30, 2016	Fiscal year ended September 30, 2017
Ratio of equity attributable to owners of the parent (%)	20.0	25.0
Ratio of equity attributable to owners of the parent on market value basis (%)	–	78.9
Cash flows to interest-bearing debt ratio (%)	370.9	451.2
Interest coverage ratio (x)	13.9	46.7

Note:

Ratio of equity attributable to owners of the parent: $\text{Equity attributable to owners of the parent} / \text{Total assets}$

Ratio of equity attributable to owners of the parent on market value basis: $\text{Market capitalization} / \text{Total assets}$

Cash flows to interest-bearing debt ratio: $\text{Interest-bearing debt} / \text{Cash flows}$

Interest coverage ratio: $\text{Cash flows} / \text{Interest payment}$

* All indicators have been calculated using consolidated financial figures based on IFRS.

* Market capitalization is calculated as the share price at the fiscal year-end multiplied by the number of shares outstanding (excluding treasury stock) at the fiscal year-end.

* Cash flow figures reflect the cash flows from operating activities included in the consolidated statement of cash

flows. Interest-bearing debt reflects debts subject to interest payments recorded on the consolidated statement of financial position. In addition, interest payments refer to interest payments recorded on the consolidated statement of cash flows.

(4) Basic policy on profit distribution, and dividends in current and next period

The Company regards the return of profits to its shareholders as an important management issue, and aims to provide sustainable and stable dividends to shareholders while comprehensively taking into account matters such as earnings trends and the replenishment of internal reserves. Internal reserves are used to fund aggressive investments to support the implementation of various measures geared toward strengthening the operating base. The Company targets a consolidated payout ratio of 40% based on net profit attributable to owners of the parent, and its basic policy is to provide an annual dividend from surplus funds at the end of the fiscal year. Based on this approach and considering the period from the stock listing to the record date for the year-end dividend, the Company has set a year-end dividend of 45 yen for the year ended September 30, 2017.

In the next fiscal year, the Company plans an annual dividend per share of 85 yen assuming the outlook for next period described on page 2 of the attached materials is achieved and taking into account the exercise of stock acquisition rights on November 7, 2017.

2. Basic thinking on selection of accounting standards

The Sushiro Group has adopted the International Financial Reporting Standards (IFRS) since the year ended September 30, 2016 with the aim of enhancing the international comparability of its financial information in capital markets as well as overall convenience.

3. Consolidated Financial Statements and Important Notes

(1) Consolidated statement of financial position

(Unit: million yen)

	Fiscal Year Ended September 30, 2016	Fiscal Year Ended September 30, 2017
Assets		
Current assets		
Cash and cash equivalents	8,149	8,538
Trade and other receivables	909	1,214
Inventories	1,098	1,174
Other financial assets	229	241
Other current assets	750	807
Total current assets	11,134	11,975
Non-current assets		
Property, plant and equipment	19,262	21,169
Goodwill	30,371	30,371
Intangible assets	54,558	54,550
Lease and guarantee deposits	6,453	6,969
Other financial assets	73	51
Other non-current assets	505	476
Total non-current assets	111,222	113,587
Total assets	122,356	125,562
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	16,849	16,719
Loans	4,355	4,114
Corporate income tax payable	839	2,028
Other financial liabilities	1,334	1,763
Provision	1,600	1,179
Other current liabilities	1,718	1,920
Total current liabilities	26,695	27,722
Non-current liabilities		
Loans	48,861	44,747
Other financial liabilities	2,712	2,489
Provision	1,197	1,646
Deferred tax liabilities	17,950	17,104
Other non-current liabilities	84	54
Total non-current liabilities	70,803	66,040
Total liabilities	97,498	93,762
Equity		
Capital stock	100	100
Capital surplus	42,103	13,573
Retained earnings	7,282	17,730
Treasury shares	(25,028)	(0)
Other capital components	465	450
Total equity attributable to owners of parent	24,922	31,853
Non-controlling interests	(64)	(53)
Total equity	24,858	31,800
Total liabilities and equity	122,356	125,562

(2) Consolidated income statement

(Unit: million yen)

	Fiscal Year Ended September 30, 2016 (From October 1, 2015 to September 30, 2016)	Fiscal Year Ended September 30, 2017 (From October 1, 2016 to September 30, 2017)
Net sales	147,702	156,402
Cost of sales	(72,008)	(75,498)
Gross profit	75,695	80,905
Selling, general and administrative expenses	(67,102)	(70,976)
Other revenues	195	119
Other expenses	(1,279)	(844)
Operating profit	7,509	9,204
Financial revenues	76	217
Financial expenses	(2,893)	(427)
Pre-tax income	4,692	8,995
Corporate income tax expenses	(1,528)	(2,049)
Net income	3,164	6,946
Net income attributable to:		
Owners of parent	3,184	6,952
Non-controlling interests	(20)	(6)
Net income	3,164	6,946
Net income per share		
Basic net income per share (yen)	90.11	253.16
Diluted net income per share (yen)	85.86	247.09

(3) Consolidated comprehensive income statement

(Unit: million yen)

	Fiscal Year Ended September 30, 2016 (From October 1, 2015 to September 30, 2016)	Fiscal Year Ended September 30, 2017 (From October 1, 2016 to September 30, 2017)
Net income	3,164	6,946
Other comprehensive income		
Items that may be transferred to net income/loss		
Conversion difference for foreign operations	70	(80)
Effective portion of gains/losses on hedging instruments in a cash flow hedge	—	74
Total for items that may be transferred to net income/loss	70	(6)
Other comprehensive income after taxes	70	(6)
Comprehensive income	3,234	6,940
Comprehensive income attributable to:		
Owners of parent	3,248	6,951
Non-controlling interests	(14)	(11)
Comprehensive income	3,234	6,940

(4) Consolidated statement of changes in equity

(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			3,184			3,184	(20)	3,164
Other comprehensive income					64	64	6	70
Total comprehensive income	—	—	3,184	—	64	3,248	(14)	3,234
Share-based payment transactions			23		212	235		235
Purchase of treasury shares				(25,028)		(25,028)		(25,028)
Changes in ownership interests in subsidiaries that do not result in a loss of control			(30)			(30)	30	—
Changes from business combinations		(215)				(215)		(215)
Other						—	8	8
Total amount of transactions with owners	—	(215)	(7)	(25,028)	212	(25,038)	38	(25,000)
Balance as of September 30, 2016	100	42,103	7,282	(25,028)	465	24,922	(64)	24,858
Net income			6,952			6,952	(6)	6,946
Other comprehensive income					(1)	(1)	(5)	(6)
Total comprehensive income	—	—	6,952	—	(1)	6,951	(11)	6,940
Deficit disposition		(3,502)	3,502			—		—
Share-based payment transactions			14		(14)	—		—
Purchase of treasury shares				(0)		(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)	3,497	25,028	(14)	(20)	21	2
Balance as of September 30, 2017	100	13,573	17,730	(0)	450	31,853	(53)	31,800

(5) Consolidated statement of cash flows

(Unit: million yen)

	Fiscal Year Ended September 30, 2016 (From October 1, 2015 to September 30, 2016)	Fiscal Year Ended September 30, 2017 (From October 1, 2016 to September 30, 2017)
Cash flows from operating activities		
Pre-tax income	4,692	8,995
Depreciation and amortization	3,591	3,904
Impairment losses	570	375
Financial revenues	(76)	(223)
Financial expenses	2,897	427
Rent offset amount for lease and guarantee deposits	267	283
Restructuring-related costs	231	—
Decrease (increase) in trade and other receivables	(189)	(305)
Decrease (increase) in inventories	(184)	(74)
Increase (decrease) in trade and other payables	5,840	(139)
Other	214	306
Subtotal	17,852	13,549
Interest and dividend income received	2	1
Interest paid	(1,097)	(248)
Corporate income tax paid	(1,980)	(1,729)
Corporate income tax refund	438	—
Cash flows from operating activities	15,215	11,574
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,011)	(4,547)
Purchase of intangible assets	(333)	(295)
Payments for lease and guarantee deposits	(984)	(837)
Purchase of shares of subsidiaries and associates	(354)	—
Other	101	145
Cash flows from investing activities	(4,581)	(5,533)
Cash flows from financing activities		
Proceeds from long-term loans payable	78,748	—
Repayments of long-term loans payable	(57,916)	(4,503)
Repayments of lease obligations	(958)	(1,075)
Commission fee payments	(763)	(35)
Purchase of treasury shares	(25,037)	(0)
Other	73	(50)
Cash flows from financing activities	(5,854)	(5,663)
Increase (decrease) in cash and cash equivalents	4,780	377
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	(25)	12
Balance of cash and cash equivalents at end of the fiscal year	8,149	8,538

(6) Notes on consolidated financial statements
 (Notes regarding assumption of a going concern)
 Not applicable.

(Segment information)

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

(Per-share information)

	Fiscal Year Ended September 30, 2016 (From October 1, 2015 to September 30, 2016)	Fiscal Year Ended September 30, 2017 (From October 1, 2016 to September 30, 2017)
Net income attributable to ordinary shareholders of the parent (million yen)	3,184	6,952
Net income attributable to ordinary shareholders used in calculations for basic net income per share (million yen)	3,184	6,952
Net income attributable to ordinary shareholders used in calculations for diluted net income per share (million yen)	3,184	6,952
Average number of shares during the period	35,331,477	27,458,891
Increase in number of ordinary shares used in calculation for diluted net income per share	1,748,247	674,415
Average number of ordinary shares during the period after dilution	37,079,724	28,133,305
Basic net income per share (yen)	90.11	253.16
Diluted net income per share (yen)	85.86	247.09
Outline of potentially dilutive shares excluded from the calculation of diluted net income per share due to the absence of dilutive effects	Three types of subscription rights to shares (200,000 ordinary shares).	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)

(Exercise of stock acquisition rights and reduction in capital stock)

The 1st to 6th series, the 8th to 10th series, and the 13th series of stock acquisition rights issued by the Company were exercised as shown below on November 7, 2017. In addition, at the Board of Directors meeting held on September 29, 2017, it was resolved that the capital stock would be reduced as follows.

(1) Purpose of reduction in capital stock

While considering the conditions underlying the business of the Company and its profits/losses, the reduction in capital stock aims to maintain the Company's financial health through the application of appropriate tax systems, and ensure a flexible and dynamic capital policy going forward. Moreover, the decline in capital stock is contingent on the exercise of stock acquisition rights issued by the Company to Consumer Equity Investments Limited as outlined in "(2) Exercise of Stock Acquisition Rights" below, and since the exercise of the stock acquisition rights is to be accompanied by the allotment of common shares using the method described in "(3) Capital Stock Reduction Method," the Company proceeded accordingly based on a resolution of the Board of Directors in accordance with the provisions in Article 447-3 of the Companies Act.

(2) Exercise of stock acquisition rights

Number of exercised stock acquisition rights	2,332,353,284 rights
Number of shares allotted	1,553,576 common shares
Total exercise price	3,296 million yen
Number of unexercised stock acquisition rights	328,230,772 rights
Increase in number of issued shares	1,553,576 shares
Increase in capital stock	1,715 million yen
Increase in capital reserve	1,715 million yen

(3) Capital stock reduction method

1) Capital stock amount to be reduced

As outlined in "(2) Exercise of Stock Acquisition Rights" above, the Company's capital stock is expected to total 1,815 million yen following the applicable exercise of stock acquisition rights, but this amount will be reduced by 1,715 million yen to 100 million yen.

2) Capital stock reduction method

The entire 1,715 million yen amount of the reduction will be transferred to other capital surplus.

(4) Capital reduction schedule

Board of Directors resolution date	September 29, 2017
Public notice date for statement of objection by creditors	October 5, 2017
Final date for statement of objection by creditors	November 6, 2017
Date on which capital reduction takes effect	November 7, 2017

(5) Outlook

The reduction in capital stock is accounted for as a transfer between capital accounts recorded on the consolidated statement of financial position. It does not change the total capital amount and has no impact on the Company's earnings.