

**Financial Summary  
for the 2nd Quarter of FY2018**

**SUSHIRO**  
**GLOBAL HOLDINGS**



**May 11, 2018**

# Financial Highlights for the FY2018/1H

	FY2017/1H		FY2018/1H		(in millions, JPY)
	Actual	% in Revenue	Actual	% in Revenue	
<b>Revenue</b>	76,889	100.0%	84,696	100.0%	+10.2%
<b>Operating Profit</b>	4,430	5.8%	5,829	6.9%	+31.6%
<b>Profit for the Period</b>	2,986	3.9%	3,945	4.7%	+32.1%
<b>Adjusted Profit for the Period</b>	3,315	4.3%	4,001	4.7%	+20.7%

# Review on the Medium-term Growth Strategy

## Medium-term Growth Strategy

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1. Continue store expansion with original Sushiro format (30 - 40 stores/year)
2. Maintain same-store sales momentum
3. Profit margin improvement by strict cost control

## Results of FY2018/1H

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**14 New Stores**

**102.9%**

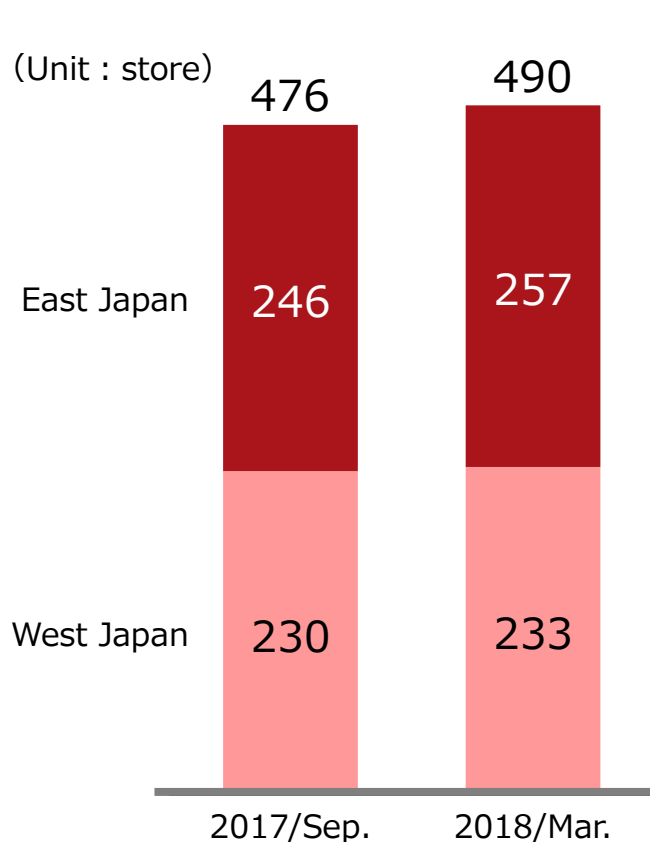
**Revenue Growth  
10.2%**

A large right-facing curly bracket groups the '14 New Stores' and '102.9%' figures, pointing to the 'Revenue Growth 10.2%' figure.

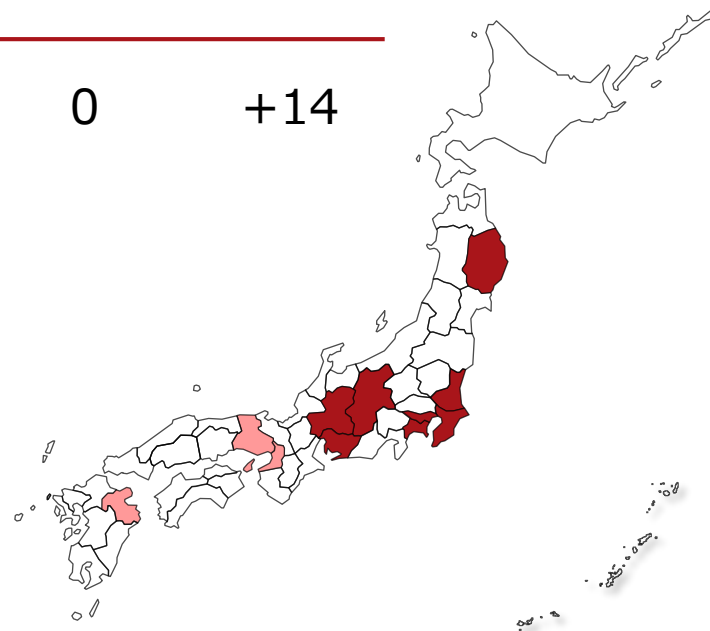
**Adjusted  
Profit for the Period  
Improved by  
0.4%**

# 1. Continue Store Expansion

- 14 new stores opened in 1H of FY2018. Making a good progress with property contracts for more stores, toward the target of FY2018.
- The 1st food-court-format store opened under the brand name, "Sushiro conomi"



	<u>Open</u>	<u>Close</u>	<u>Change</u>
East Japan	+11	0	+11
West Japan	+3	0	+3
<b>Total</b>	<b>+14</b>	<b>0</b>	<b>+14</b>



\*Above figures include 'Sushiro conomi FOOD & TIME ISETAN YOKOHAMA' store.  
(Store details shown on a later page)

# (Ref.) ① Original Sushiro Format

## Motoyawata-kitaguchi Store

(Ichikawa city, Chiba prefecture: November 2017)



- The store is located on the 2F of a commercial building - 1 minute away from Motoyawata Station (the number of passengers approx. 230,000)
- This store not only has the great location of being in the station front, but it also offers menus ranging from 100 (+tax) yen per dish.

## Sakaimozu Store

(Sakai city, Osaka prefecture: February 2018)



- The last new opening in Osaka was five years ago. Sakaimozu Store opened in a property which used to be a competitor's restaurant.
- Though this area has many other competing stores, including Sushiro stores, the store sales are shifting at the target level.

# (Ref.) ② New Format 'Sushiro conomi'

## FOOD&TIME ISETAN YOKOHAMA Store (Yokohama city, Kanagawa prefecture, March 2018)



- 'Sushiro conomi' opened on the B1 floor of SOTETESU JOINUS linked to Yokohama Station (the number of passengers: approx. 2,260,000)
- Quickly gained popularity after the opening. Received requests to open 'conomi' in other SCs from other developers as well.

## Order As You Like

### Order By Piece

### or Set

The menu boards display various sushi options categorized by price and type. The 'Order By Piece' section shows individual sushi items for 60, 100, and 200 yen plus tax. The 'Set' section shows pre-arranged sushi sets for 480, 600, 840, 1,260, and 360 yen plus tax. There are also sections for 'サイドメニュー' (Side Menu) and 'ドリンクメニュー' (Drink Menu).

## Eat-in

### or

## Take-out Set



'Toro Delight'



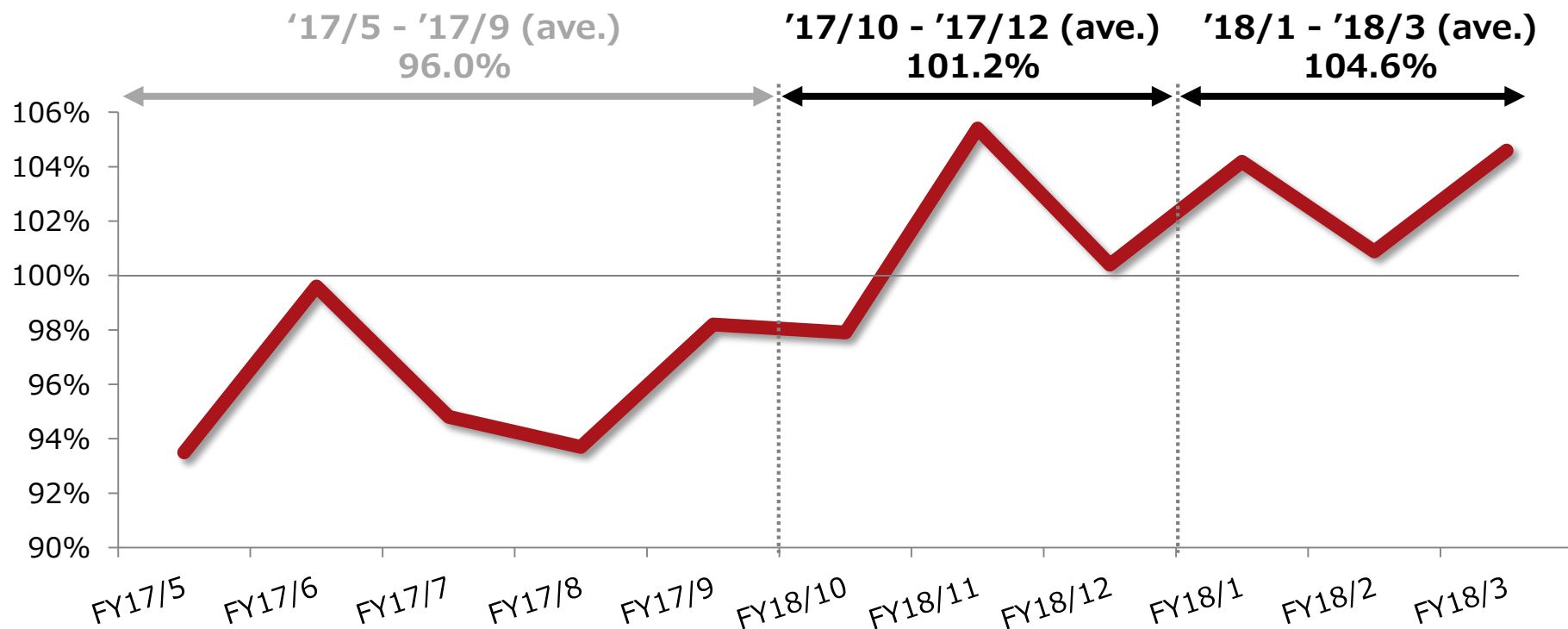
'Premium10'



'Oshi Sushi'

## 2. Maintain Same-Store Sales Momentum

- Recovered from the damage resulting from Anisakis news coverage last year, and achieved 102.9% sales LFL for the FY18/1H period.
- [Customer Count LFL] 100.0%, [Average Customer Ticket LFL] 102.8%, Average Customer Ticket LFL, especially, is gaining a good momentum.



\* Same-store sales consists of store-level sales of stores that are in the 15th month or more of operation in Japan.

# ① Quality Sushi

## Offering wild-domestic-fish sushi (strategic alliance with 'Haneda Ichiba Market')

- Announced a strategic business alliance with Haneda Ichiba, in November, 2017
- Wild domestic seafood caught in a various seaports all over Japan, flown in 'Haneda Ichiba Market' then sent to Sushiro stores in Japan



## Expanded attractive menu offerings, to enhance the joy of selecting

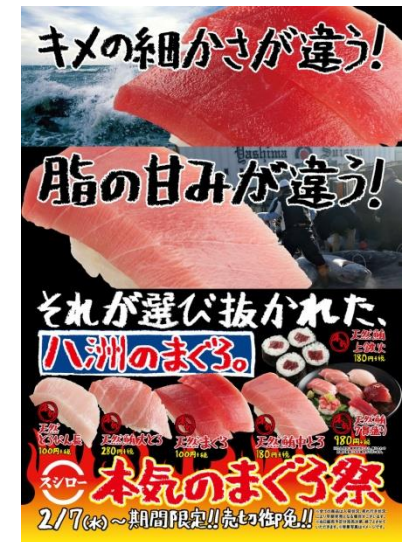
- Keep offering a various promotional items in order to have customers entertained at all time.

### [Ref.] Past campaigns

'Crab Festival'  
a popular annual campaign



'Gourmet Tuna Fair'  
by collaboration  
with Yashima Suisan Group



## ② Attractive Side Menu

### Instagrammable 'Spring Strawberry Fair'

- Sushiro Café Team launched photogenic strawberry desserts that make customer want to share photos on SNS



### 'Noodle Bowl Fair' with celebrity marketing

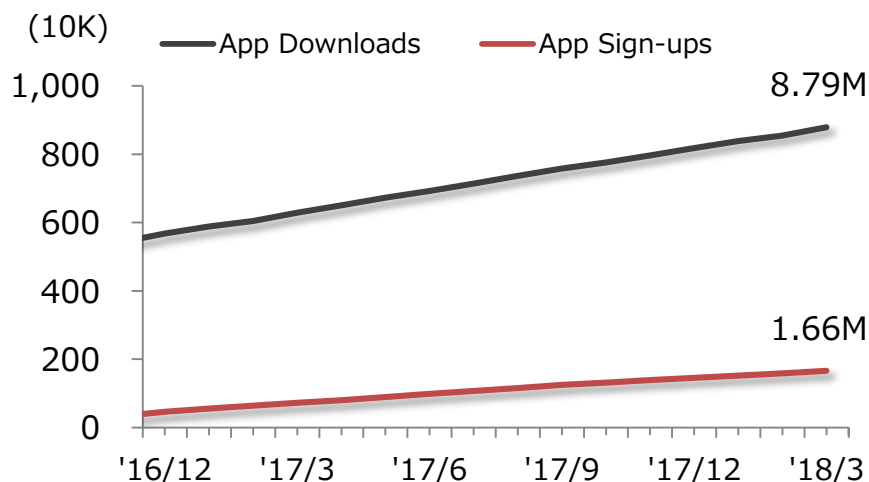
- Put a focus on 'Noodle Bowl' with a view to developing new customer segment
- Played a comical-touch TVCM featuring a famous actor, Ken Matsudaira



## ③ Updates on Other Initiatives

### The number of Sushiro app users continues to grow

- The number of cumulative app downloads and app sign-ups continues to increase.
- The percentage of store visits using the app reached a lightly below 20% level. (about 50% during the peak hours)



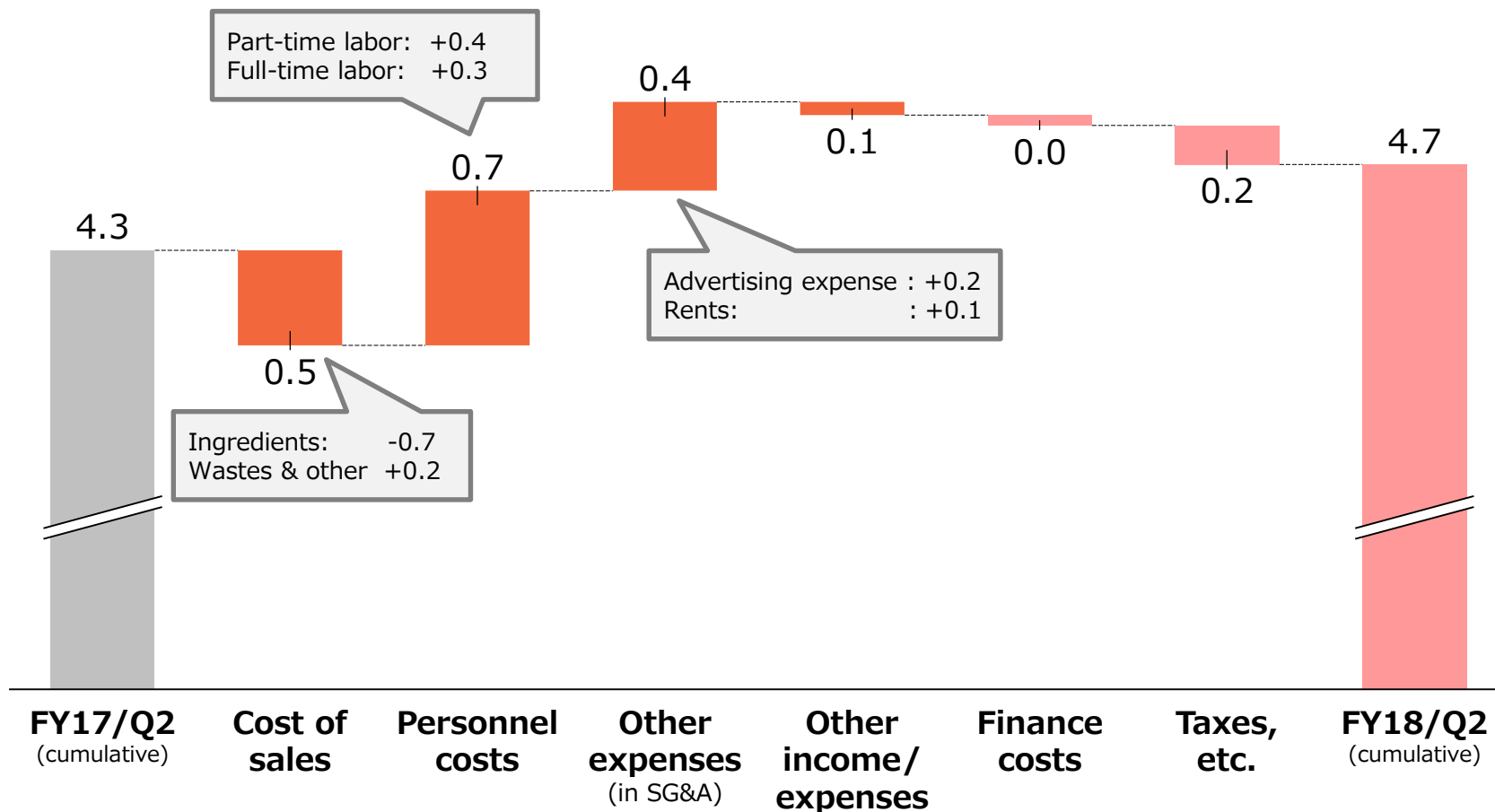
### Delivery Service Expansion

- Continue to use Rakuten Delivery Premium and Uber Eats for delivery service at Minami Ikebukuro Store, Gotanda Store and Karasuyama Store
- As the coverage area of Uber Eats expanded, Higashi-kanagawa Store, Minamisuna Store and Katsushika Store also started delivery service from March, 2018.
- Stores in Osaka, also, started delivery with UBER EATS in April. More and more stores are scheduled to have delivery service as the coverage area of both expands further.



# 3. Profit Margin Improvement

- Adjusted profit for the period improved by 0.4%
- Invest in 'Ingredients' to strengthen products, and save in 'Personnel Costs' & 'Other' to offset the total cost increase.



# Initiatives to Maintain & Lower Costs

## Cost of Sales

## Personnel Costs

FY18 / 1H

- Launched high-price high cost of sales products in order to drive up sales.  
(This contributed not only to Average Customer Ticket, but also to Customer Count)
- On the other hand, the total cost of sales kept low by reducing wastes

- Despite 2% wage increase per year continues,
- High sales & part-time worker shortage kept personnel costs lower than our plan.

FY18 / 2H

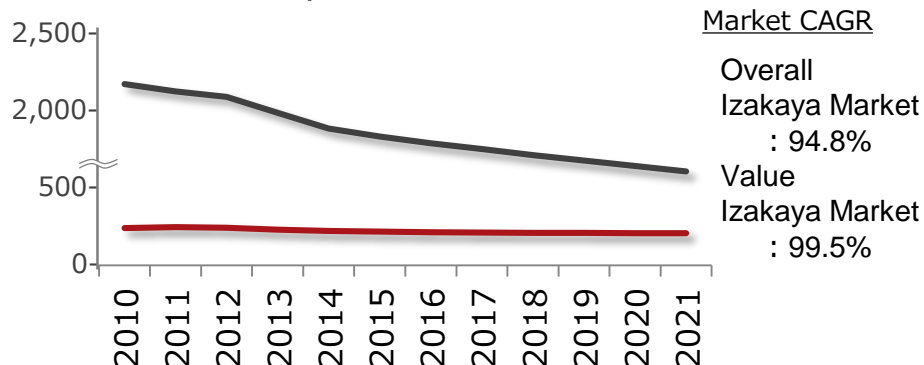
- While continuing to strengthen products, limit the degree of rise in cost of sales by devising smart promotion campaigns
- Drive down procurement cost even further, by strengthening relationships with suppliers in the upper stream of supply chain

- Further reinforce recruiting activity to resolve part-time worker shortage.
- In parallel, continue to work on development of device/equipment that further improve operation efficiency.

# Sushiro's New Brand, 'SUGIDAMA'

## Enter the Value Izakaya Market

- Though overall Izakaya market has been shrinking due to population decline and alcohol-adverse trend in the society, the size of value Izakaya market is stable.



- Customers can enjoy sushi & seafood dish ranging from JPY 299(+tax) per dish at SUGIDAMA.



## 3 stores in operation already and further store opening also in sight



### 'Nishinomiya Kitaguchi Store' [2017/8~]

- SUGIDAMA No.1 opened in a business/residential district of Kansai (Western Japan) region.



### 'Jinbocho Store' [2018/1~]

- SUGIDAMA No.2 opened in an office district of Kanto (Eastern Japan) region.



### 'Kagurazaka Store' [2018/3~]

- SUGIDAMA No.3 opened in a business/residential district of Kanto (Easter Japan) region.
- SUGIDAMA officially introduced for the first time to the public as Sushiro's new business

# Financial Position

## Consolidated Statements of Financial Position

(in millions, JPY)

	FY17/Sep.	FY18/Mar.	Increase/ Decrease
<b>Current assets</b>	11,975	14,778	2,804
[Cash and cash equivalents]	[8,538]	[10,743]	[2,205]
<b>Non-current assets</b>	113,587	114,603	1,016
[Goodwill]	[30,371]	[30,371]	[-]
<b>Assets</b>	125,562	129,381	3,820
<b>Current liab.</b>	27,722	28,145	422
[ST borrowings]	[4,114]	[4,123]	[9]
<b>Non-current liab.</b>	66,040	63,467	-2,573
[LT borrowings]	[44,747]	[42,726]	[-2,021]
<b>Liab.</b>	93,762	91,611	-2,151
<b>Assets</b>	31,800	37,770	5,970
<b>Liab. &amp; Equity</b>	125,562	129,381	3,820
<b>Equity Ratio</b>	25.0%	29.1%	4.0%
<b>Net Debt / EBITDA</b>	2.9x	2.4x	-0.5x

## Consolidated Statements of Cash Flows

(in millions, JPY)

	FY17 1st Half	FY18 1s Half	Increase/ Decrease
<b>Operating CF</b>	4,023	5,991	1,968
<b>Investing CF</b>	-2,638	-2,939	-301
<b>Financing CF</b>	-2,957	-830	2,127
<b>Increase/ decrease in cash and cash equivalents</b>	-1,559	2,205	3,764

- Net Debt/EBITDA dropped to 2.4x (0.5x decrease since the end of FY17/9)
- Large increase in Operating CF and Financing CF offset the increase in Investing CF, which led to the overall increase in Cash and Cash Equivalents



**FY2018/9  
Business Performance  
Forecasts and Initiatives**

# Business Performance Forecasts for FY2018/9

(単位：百万円)

	FY2017/9		FY2018/9 (forecast)				
	Actual	% in Revenue	Company Forecast	% in Revenue	YoY%	CAGR FY16-18	Progress FY18/1H
<b>Revenue</b>	156,402	100.0%	169,361	100.0%	+8.3%	7.1%	50.0%
<b>Operating Profit</b>	9,204	5.9%	9,939	5.9%	+8.0%	15.0%	58.6%
<b>Profit for the Year</b>	6,946	4.4%	6,620	3.9%	-4.7%	44.6%	59.6%
<b>Adjusted Profit for the Year</b>	6,473	4.1%	6,620	3.9%	+2.3%	15.3%	60.4%

# Summary of 2H Initiatives

- Making a good progress with property contracts towards the fiscal year new store opening target. (original Sushiro format store)
  - Urban Sushiro No.3, 'Ueno Store,' opened on April 5, 2018. Omori Ekimae Store and Ogikubo Store also scheduled to open by the end of FY2018/9.
  - In July, Sushiro will be the first Kaiten Sushi business to have 500 stores within Japan.
  
- Maintain current LFL trend throughout the 2H of FY18
  - April sales LFL is 102.2%. 2H started off with good results. More of attractive campaigns ('Sushiro Anniversary,' '500th New Opening Celebration,' etc.) scheduled to be launched.
  
- Accelerate overseas expansion
  - Taiwan Sushiro No.1 opens on June 15. Aim to open up to Store No.3 by the end of FY18/9.
  - Sushiro Korea No.8 (May) and No.9 (June) also scheduled to open.

# Plan to Open 3 Urban-Format Stores and the 500th Original-Format Store in 2H of FY2018

## Urban Sushiro No.3, 'Ueno Store' opened on April 5

- Newly-opened urban Sushiro No.3 is located in a busy shopping/dining area, 4 minutes walk from Ueno Station (the number of passengers: 620,000).



- Omori Ekimae Store and Ogikubo Store are also scheduled to open by the end of FY18/9.

## 1st 500th store in Kaiten Sushi business will be opened in July.

- The 500th (original-format) store will open in Fukushima prefecture in July, 2018.
  - Since this 500th store opening will be a company milestone, planning to carry out a 'Customer Appreciation Campaign'
- (Ref.) A poster to celebrate the store opening in the 47th (the last) prefecture of Japan



# Same-store sales maintained a good momentum in April, 102.2%

- 'Red-Vinegar Sushi Rice Fair' in mid April, and 'Meat Sushi' campaign in late April led a good performance, which helped to mark 102.2% sales LFL (Customer Count LFL 100.2%, Average Customer Ticket 102.0%)
- With strengthened product lineup received well by customers, Average Customer Ticket, especially, is demonstrating a strong performance and staying at an above-100% level.

ネタのうまさをこだわれば  
**赤シャリ×天然もの**

天然 本鯖赤身 100円+税  
国産天然 ひと長鰯赤身 100円+税  
国産天然 メガジキ 100円+税  
国産天然 ひと長鰯赤身 100円+税  
国産天然 真鰯 100円+税  
国産天然 真いわし 100円+税

4/12(水)~期間限定!! 売切御免!!

江戸前ずしの原点  
**赤シャリって?**

酒粕を熟成させてつくる「赤酢」を使ったほんのり赤いシャリ。すっきりした味わいで、ネタ本来の味わいが際立ちます。

スシロー

## たしかに赤い。これが「赤酢」。

**赤酢**                      **米酢**

赤シャリに使われている「赤酢」は、酒粕からつくられる日本の伝統的なお酢です。ご覧の通り熟成による赤味がかった色あいが特徴で、まろやかな酸味とコクが持ち味です。スシローではどんなネタにも合うシャリに仕立てるために、オリジナルの「赤酢」にこだわっています。

スシロー

店内で炙って仕上げる肉の逸品!  
**熟成牛 炙りサーロイン** 230円+税

ユッケのような味わいが自慢!  
**熟成牛 赤身肉(ユッケ風)** 100円+税

脂のりがいい! ピンクな焼肉がずい!  
**熟成牛上カルビ** 130円+税

肉はサクッと食ばって! 食ばって! 食ばって!  
**2017 最高金賞 しの厚揚げ** 100円+税

からあげ! こごろは! しょう油! しょう油!  
**2017 最高金賞 しょう油** 200円+税

4/25(水)~期間限定!! 売切御免!!

スシロー

\* Same-store sales consists of store-level sales of the stores that are in the 15th month or more of operation in Japan.

# Taiwan Sushiro No.1 and No.2 to open in June and August, respectively.

## Taipei Guanqian Store

(Zhongzheng District, Taipei/ June 15, 2018)



## Taipei Zhonghua Lu Store

(Zhongzheng District, Taipei/ August 2018)



**More stores are being planned within the city of Taipei**  
(Preparing to open up to 3 stores by the end of FY2018)

# Sushiro Korea No.8 (May) and No.9 (June) scheduled to open.

## COEX Store

(Gangnam District, Seoul/ May)



- This store opened in 'COEX Mall (a largest-in-Asia underground-shopping center)' located in high-end Gangnam district of Seoul.
- Adjacent to 'the COEX' where international trade fair and convention take place.

## Suwon Yeongtong Store

(Suwon City, Gyeonggido/ June)

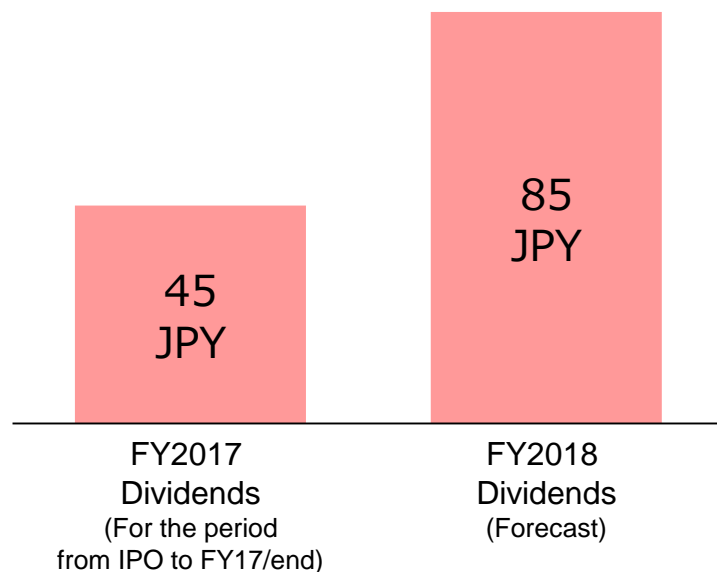


- Located about 35km south of Seoul, Suwon city has 1.2M population and the Gyeonggido municipal office.
- The store location is inside a station-front shopping mall, close to the Suwon city center.
- Seoul metropolitan area will have 7 sushiro stores in total (including this Suwon Yeontong Store).

# Returns to Shareholders

## Dividends

- FY2017 dividends was JPY 45yen, +3-5yen increase from original plan with good performance.
- FY2018 is currently announced as JPY 85yen, full-year basis from this FY.



## Shareholder Benefits

### Benefit Type

Meal discount coupons that can be used at Sushiro restaurant

### Criteria & Value

- 100 - 199 shares:  
JPY 4,000 worth of coupons per year  
(JPY 2,000 coupon book x twice per year; One coupon ticket (JPY500) out of JPY 2000 can only be used on weekday)
- 200 - 499 shares:  
JPY 8,000 worth of coupons per year  
(JPY 4,000 coupon book x twice per year; Two coupon tickets (JPY500 x 2) out of JPY 4,000 can only be used on weekday)
- 500+ shares:  
JPY 20,000 worth of coupons per year  
(JPY 10,000 coupon book x twice per year; Five coupon tickets (JPY500 x 5) out of JPY 10,000 can only be used on weekday)

### Notes

- One JPY 500 ticket can be applied to every JPY 1,000 spent
- Valid for 6 months from the issuance
- Can be combined with other discount coupon

# Reconciliation Table for Adjusted Profit for the Period

(in millions, JPY)

	FY17.Q2	FY18.Q2	vs.LY
<b>Profit for the period</b>	<b>2,986</b>	<b>3,945</b>	<b>960</b>
(+) Management fees	26	-	(26)
(+) IPO-related Costs	401	-	(401)
(+) Management integration-related costs	-	71	71
(+) Tax effect adjustments	(98)	(16)	82
<b>Adjusted profit for the period</b>	<b>3,315</b>	<b>4,001</b>	<b>686</b>

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