❖ FY2018/9 Financial Summary and the New Medium-term Management Plan

SUSHIRO GLOBAL HOLDINGS

November 8, 2018

Financial Results FY2018/9

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Financial Highlights for the FY2018/9

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- Revenue and profits both marked the highest levels since the foundation of the company.
- Amid the various cost increases, profit grew close to (slightly below) 30%.

(in millions, JPY)

	FY2017/9		FY2018/9		
	Actual	% in Revenue	Actual	% in Revenue	YoY%
Revenue	156,402	100.0%	174,883	100.0%	+11.8%
Operating Profit	9,204	5.9%	11,718	6.7%	+27.3%
Profit for the Period	6,946	4.4%	7,990	4.6%	+14.9%
Adjusted Profit for the Period	6,473	4.1%	8,053	4.6%	+24.4%

*Note: FY2017/9 results reflects reassessment of DTA recoverability (JPY 7.9 million). See Reconciliation Table for more details.

Review on the Medium-term Management Plan

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Medium-term Management Plan (Announced in July, 2016)	FY2018/9 Results	
1. Continue store expansion with Sushiro brand* stores (30 - 40 stores/year)	**33** New Store	**11.8%** Revenue Growth
2. Maintain same-store sales momentum	**104.4%**	
3. Profit margin improvement by strict cost control	**0.5%** Adjusted Profit for the Period Improvement	

* Note : Sushiro brand includes all 3 Sushiro models (Standard Sushiro+ Urban Sushiro + Sushiro conomi)

1. Continue Store Expansion

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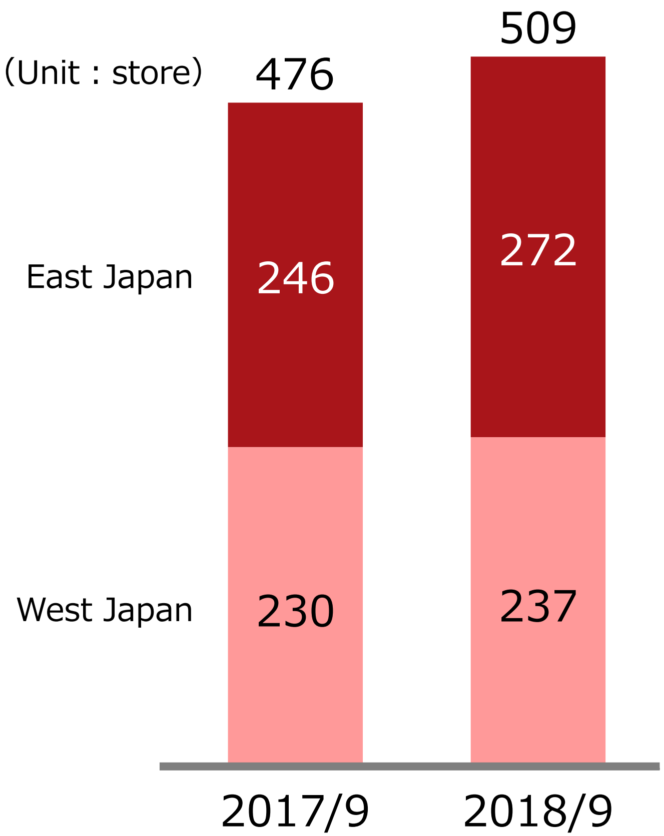
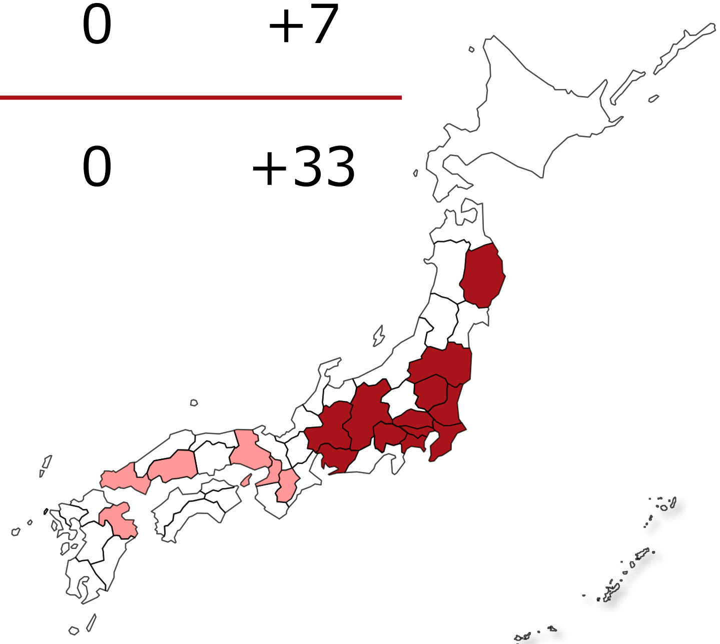
- Total of 33 stores under Sushiro brand* opened in FY2018/9.
- Continued strong expansion in eastern Japan. Sushiro also became the first *kaiten* sushi chain in the domestic market to reach the milestone of 500 stores under the same brand.



	Open	Close	Change
East Japan	+26	0	+26
West Japan	+7	0	+7
Total	+33	0	+33



* Note : Sushiro brand includes all 3 Sushiro models (Standard Sushiro+ Urban Sushiro + Sushiro conomi)

Ref. Newly-Opened Store

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Sukagawa Store [Fukushima Pref./ 2018 Jul.]

- Sushiro became the first *kaiten* sushi chain in domestic market, to open the 500th stores under a single brand. (Sukagawa city, Fukushima prefecture) On the opening day, customers waited in a long line extending to the outside of the store to get in. So the store on that day, scored the top revenue in Japan.
- A good example demonstrating store opening potential in suburban areas.

Ogikubo Store (Urban Model) [Tokyo/ 2018 Sep.]

- The store opened in the commercial/ station-front facility, only 3 minutes walk from the Ogikubo station (approx. 270,000 passengers/daily*) in Suginami ward, Tokyo.
- Its revenue and profit margin are currently at the higher level than the suburban roadside model store average.

＊ The number of passengers of Ogikubo station consists of JR Line and Tokyo Metro Line users.

2. Maintain Same-Store Sales Momentum

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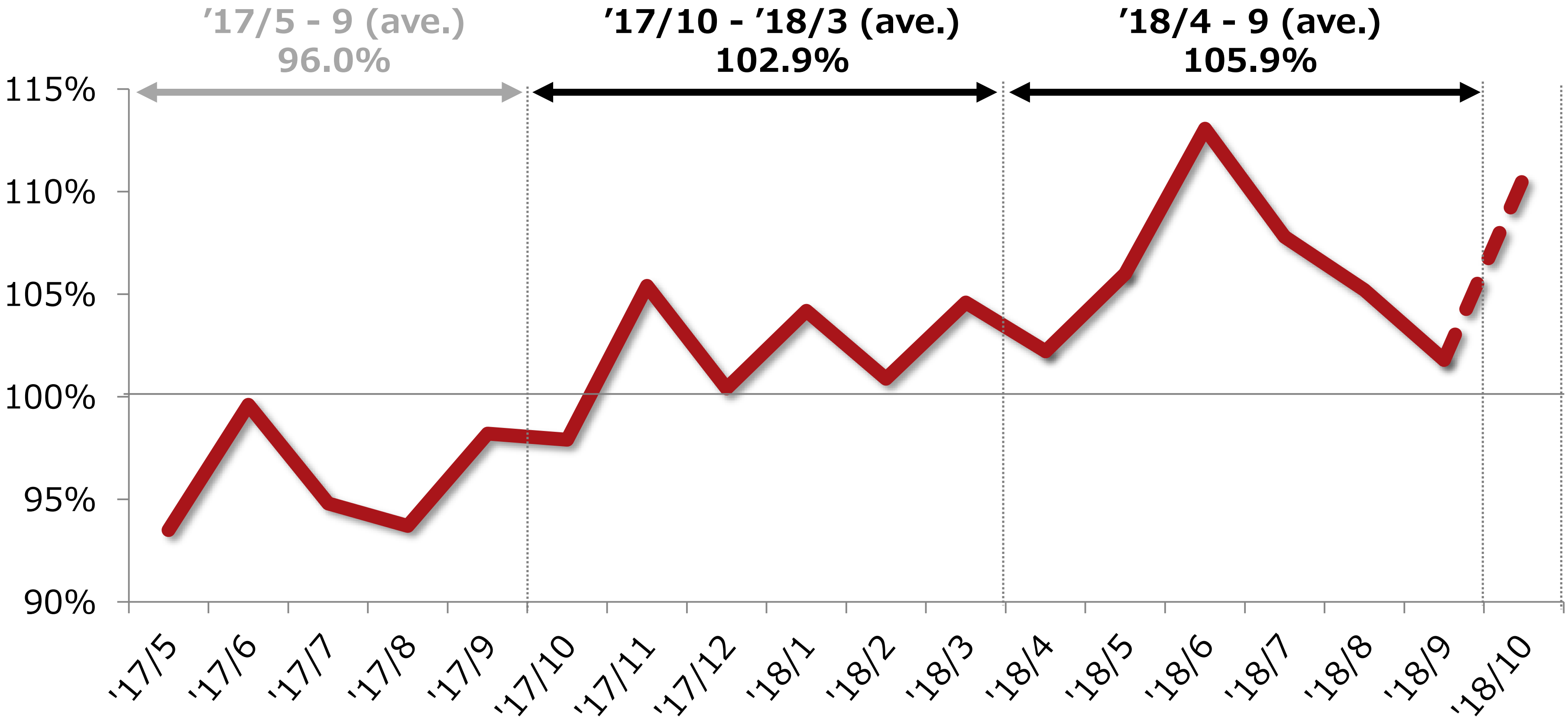
- Same-Store Sales (full year) 104.4% (Customer Count 102.0%, Average Customer Ticket 102.4%)
- Along with the Customer Count recovery from last year's downturn, Average Customer Ticket also pushed up high as a result of product strengthening.



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

① Tasty Sushi

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Attractive menu lineups, offering the joy of selecting

- Offer a various promotional items to have our customers entertained at all time.

Further strengthened 'value-for-money' campaigns

- Following the 'Anniversary Fair' held in June-July every year, 'Big Heap Festival' was also held to mark the celebration of the 500th Sushiro opening.

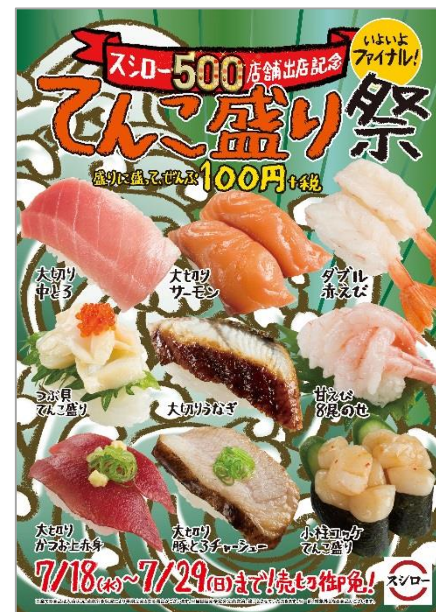
Past Campaigns

Sushi rice with traditional 'Red Vinegar'

Non-marine product campaign, 'Meat Sushi Fair'

'3-Pieces Specials' of 'Customer Thanks & Anniversary Fair'

'Big Heap Festival' to celebrate our 500th domestic store opening



② Attractive Side Menu

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Desserts Co-Developed with Popular Brands

・Sushiro Café Club and 'BAKE Inc.' co-produced a fun, limited-time-offer dessert, "Cheese Ice" with Cookie & Blueberry.

'POP-UP-SHOP' PR

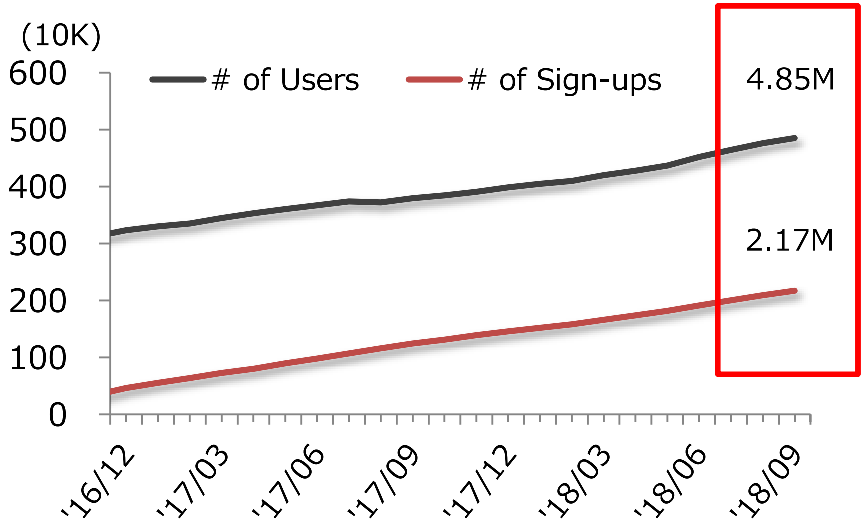
・In central Omotesando (Tokyo) full of young crowds, opened a POP-UP SHOP where customers can enjoy a variety of Sushiro fun sweets for a limited time period.

・From the past big hits to the brand-new launch, the POP-UP SHOP offered the desserts that you'd want to share on SNS!

③ Strengthened Digital Initiatives

Growing Sushiro app users

- The number of cumulative app users and account sign-ups continues to increase.
- The percentage of store visits using the app is now over 20%. (approx. 50% during the hours with waiting line)



Delivery service expansion

・Continue to use Rakuten Delivery Premium and Uber Eats for delivery service.

(19 stores incl. Minami Ikebukuro Store, and Gotanda Store as of September, 2018)

・As the coverage area of Uber Eats expands, more stores in Kanto, Chubu and Kansai regions will be equipped with delivery service.

* [Percentage of store visits via Sushiro app] = [Number of seated customer (both single & group customer) via app reservation] divided by [Total number of customer tickets]

3. Profit Margin Improvement

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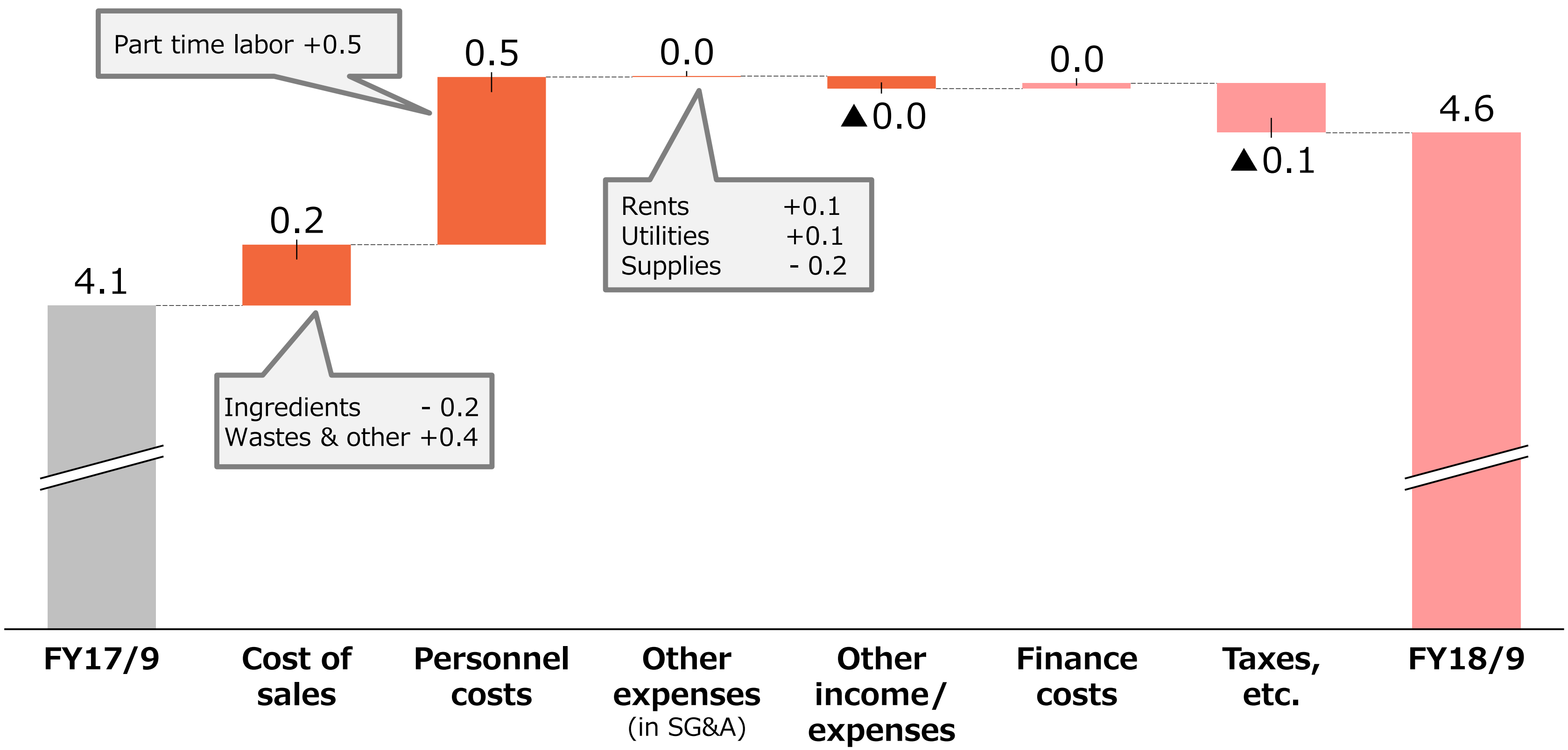
- Adjusted profit for the period improved by 0.5%
- High sales helped to improve ‘Personnel Costs’ and ‘Other Expenses (SG&A)’.



Domestic New Brand

'SUGIDAMA' successfully established, planned for further rollout

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Opened 3 new locations, bringing the total units to 4

'Nishinomiya Kitaguchi Store' [2017/8~]

・The 1st SUGIDAMA opened in a business/residential district in Kansai region. (Western Japan)

'Jinbocho Store' [2018/1~]

・The No.2 is in an office district of Tokyo.

'Kagurazaka Store' [2018/3~]

・The No.3 opened in a business/residential district of Tokyo.

'Asagaya Store' [2018/9~]

・The No.4 also opened in a business/residential district of Tokyo.

Favorable performance gives strong support for further rollout

Brand Recap

- SUGIDAMA successfully established as a high-profitability business model.
  - ✓ Profit margin comparable to Sushiro model
  - ✓ LFL of Nishinomiya Kitaguchi Store, past 12 months since its opening, is in a quite high range.
- Deepened understanding of 'location'
  - ✓ Trial operations on a various locations. (Kanto/Kansai regions, office/residential districts, etc.)
  - ✓ Gained confidence in successfully running SUGIDAMA on station-front or near-station sites.

Gearing up for mass expansion

- ✓ Strengthen the infrastructure/management system to support the plan.
- ✓ Further improve its profitability

Overseas Market

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With successful entry to Taiwan, Sushiro plans to further expand its worldwide presence.

[Taiwan]

Entered Taiwan (2nd overseas) market in June. Its great performance gives a big push for a rapid expansion going forward.

- The 1st store (Taipei Guanqian Lu, 6/15) and the 2nd store (Taipei Zhonghua Lu, 9/6) both opened at central locations in the city of Taipei.
- The stores have been extremely well received by the market. Plan to accelerate the expansion going forward.

[Korea]

Opened 3 new locations in FY2018, reaching 10 in total.

- Three stores newly opened; Store No.8 (COEX, 5/23), No.9 (Suwon Yeongtong, 6/28), No.10 (Gwangan W-Square, 8/16)
- With 10 stores in operation, the business in Korea is fastly approaching a profitable level.

Financial Position

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Consolidated Statements of Financial Position

(in millions, JPY)

	FY17/Sep.	FY18/Sep.	Increase/ Decrease
Current assets	11,975	16,528	4,553
[Cash and cash equivalents]	[8,538]	[12,386]	[3,848]
Non-current assets	113,587	115,534	1,947
[Goodwill]	[30,371]	[30,371]	[-]
Assets	125,562	132,062	6,501
Current liab.	27,722	30,793	3,070
[ST borrowings]	[4,114]	[4,132]	[18]
Non-current liab.	66,040	60,435	-5,605
[LT borrowings]	[44,747]	[40,696]	[-4,051]
Liab.	93,762	91,227	-2,535
Assets	31,800	40,835	9,035
Liab. & Equity	125,562	132,062	6,501
Equity Ratio	25.0%	31.5%	6.5%
Net Debt / EBITDA	2.9x	1.9x	-1.0x

Consolidated Statements of Cash Flows

(in millions, JPY)

	FY17/Sep.	FY18/Sep.	Increase/ Decrease
Operating CF	11,574	14,744	3,170
Investing CF	-5,533	-6,398	-865
Financing CF	-5,663	-4,516	1,147
Increase/ decrease in cash and cash equivalents	-377	3,830	3,453

- Net Debt/EBITDA dropped to 1.9x (1.0x decrease from 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

Reconciliation Table for Adjusted Profit for the Period

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(in millions, JPY)	FY2017/9	FY2018/9	vs.LY
Profit for the year	**6,946**	**7,990**	**1,044**
(+) Management fees	26	-	(26)
(+) Listing-related Costs	407	-	(407)
(+) Management integration-related costs	-	80	80
(+) Operating Gains/Losses from U.S. Business	(10)	2	12
(+) Tax effect adjustments	(106)	(20)	86
(+) Reassessment of DTA Recoverability	(790)	-	790
Adjusted profit for the year	**6,473**	**8,053**	**1,579**

Medium-term Management Plan

FY19-FY21

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FY17-FY19 Medium-term Plan targets achieved in advance.

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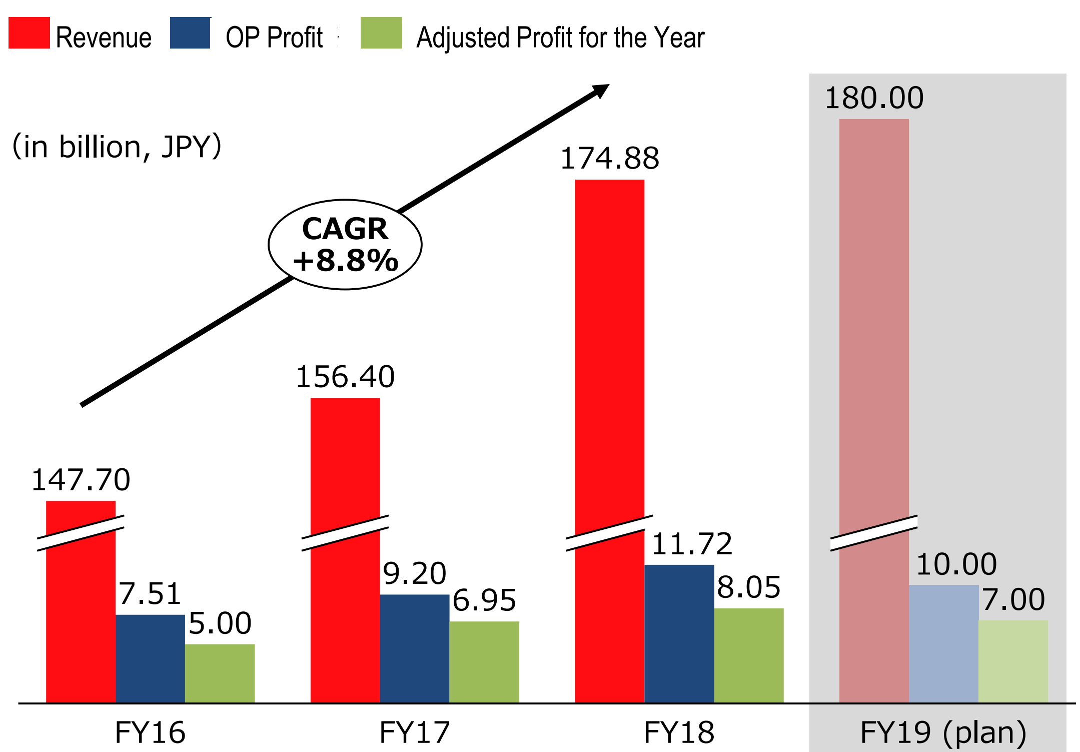
KPI	Revenue CAGR **Approx. 7.0－8.5 %**

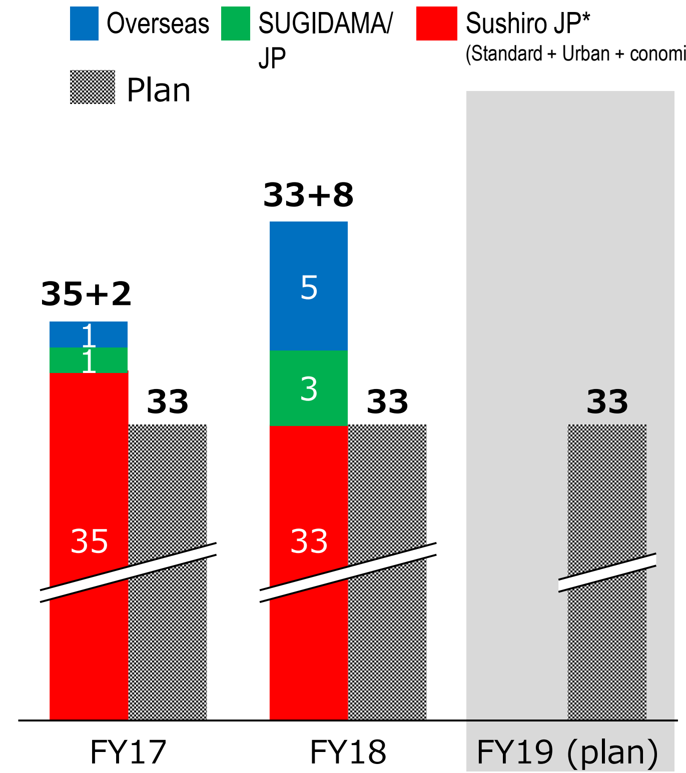
KPI	Sushiro brand* per-year new openings **30～40 store/yr**

FY19 original target achieved mostly by FY18/end



* Revenue = FY16 Actual × 107%[3]
Profit = FY16 Actual × 110%[3]

Achieved with a bonus openings of SUGIDAMA and Sushiro overseas



* Note : Sushiro brand includes all 3 Sushiro models (Standard + Urban + conomi)

Vision of New Medium-term Plan (FY19-FY21)

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■ **Grow to be a global Sushi/Japanese dining business group with the revenue of JPY 1 trillion. Continue to grow in Japan and carry out the active expansion plan in overseas markets over the course of 3 years. (Pursue growth actively, with M&A as one of the options)**

	Today	New Medium-term	Ultimate Goal
	FY18 JPY 174.8 bn	FY21 JPY 240 bn	JPY 1 tn*
Japan	**Consolidated its position as the industry leader** • Sushiro Brand : 500+ stores • Sales LFL : 100% +	**Solidify its No.1 position while expanding the business in other related markets** • Sushiro Brand: + 100 stores / 3 yrs • Expand with new brands (i.e.SUGIDAMA)	**Grow to be a comprehensive sushi/Japanese dining service company operating in kaiten sushi and other related markets**
Overseas	**Developed a foundation for expansion** • Korea : 10 stores • Taiwan : 2 stores	**Accelerate global expansion** • Operate in : 5+ countries • Overseas revenue : JPY 20 bn • Ratio of overseas stores to stores in Japan : 10% +	**Grow to be a dining service brand from Japan with the strong presence in global markets**

Note * mn = million, bn = billion, tn = trillion

Strategic framework of New Medium-term Plan (FY19-FY21)

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1) Continue to expand Sushiro brand* in domestic market

⇒ Continue **30+ new openings/year**

2) Cultivate new opportunities in other sushi-related markets with new brands

⇒ Active expansion of SUGIDAMA brand including FC

⇒ Develop more new brands

3) Embark on an active overseas expansion

⇒ Operate in **5+ countries**

⇒ Overseas revenue **JPY 20 bn,** Ratio of the number of overseas stores to domestic stores **10%+**

Revenue (Consolidated)

JPY 240 bn

Profit for the Year (Consolidated)

JPY 10 bn

Growth Rate

Revenue and Profit 10%+ /year

Note
* Sushiro brand includes all 3 Sushiro models (Standard + Urban + conomi)

1) Continue 30+ new openings/year of Sushiro brand*

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- **Multiple store models prepared to meet the changes in domestic demography and consumer behaviors.
Continue to open new stores under Sushiro brand* as one of the pillars for future growth.**

Location		Model			Plan (Medium-term)
Suburb	Eastern Japan continues to have most rooms for new opening.	**Standard Model**		Price starts from 100 yen (+tax) /dish. Continues to be the core model of Sushiro brand.	20-30 store/yr
City	Great degree of uncaptured demand. More value kaiten sushi stores needed to meet the demand of increasing population.	**Urban Model** SUSHIRO XX		Price starts from 120 yen (+tax) /dish. Offers delicious quality sushi for low prices that can't be found anywhere else, in high-rent city areas.	5-10 store/yr
Commercial Facility (i.e. station building, shopping center)	Strong demand for quick-bite service (incl. take-out) at convenient locations.	**conomi**		Choose by a piece. Cultivate a new dining occasion.	5-10 store/yr

* Note : Sushiro brand includes all 3 Sushiro models (Standard + Urban + conomi)

2) Cultivate new opportunities in other sushi-related markets with new brands

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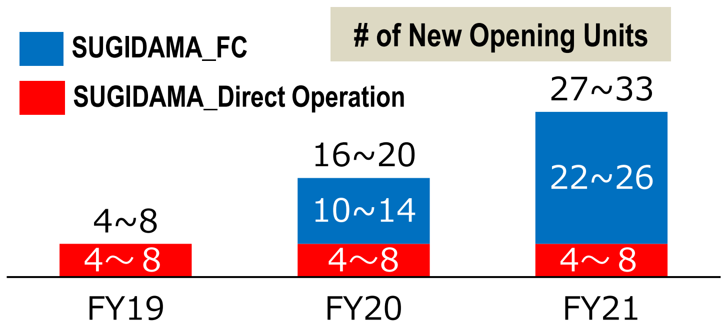
■ **Actively pursue entry to various sushi-related markets, leveraging Sushiro group's procurement power and operational capability.**

	Market Size*
Kaiten Sushi	JPY 0.6 tn
Sushi*	JPY 1.1 tn
Izakaya・Robata	JPY 1.7 tn
Other Japanese Cuisine*	JPY 1.1 tn
Family Restaurant	JPY 1.3 tn

Sushiro
(Standard+Urban+conomi)

SUGI-DAMA

- Open as casual Izakaya on a site inside a station-front building
- Ample room for new openings as this model can fit in a small trading area
- Receiving strong demand for FC. Aim for speedy rollout of this brand, using both direct-operation and FC options.



More of New Brands

- Develop more new brands, and grow to be a comprehensive sushi/Japanese cuisine dining service company. (Consider M&A as one of the options)

Source:
*Fuji Keizai #Food Service Industry Marketing Handbook Vol.1 / Vol.2 2017" 2018 market Size is an estimate.
* 'Sushi' consists of following service categories; 'regular sushi service,' 'sushi delivery' and 'sushi take-out.'
* 'Other Japanese Cuisine' consists of following categories; 'soba/udon noodle,' 'Japanese ryotei restaurant,' 'Japanese kappo restaurant,' 'tempura,' 'tempura bowl,' 'tempura (fast-food style service)'

3) Embark on the active expansion in overseas market.

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■ **Using ‘deliciousness’ as our key competitive advantage, focus on 3 regions with high sushi receptivity, attractive market size & growth potential.**

Focus Regions	Population*	Japanese Restaurants*	Market Appeal	Entry Timeline: Up to FY18	Entry Timeline: FY19	Entry Timeline: FY20 & After
East Asia	1,640 million	70,000	Their food cultures have high affinity for sushi cuisine. Attractive market size and growth potential	Korea, Taiwan		Greater China
Southeast Asia	630 million				Singapore	Southeast Asia
North America	360 million	30,000	Sushi is already well penetrated in the market. The market size as a single country is large.			North America

*Source : Ministry of Agriculture, Forestry and Fisheries “2017 The number of Japanese Restaurants Overseas,” U.N. “World Population Prospects2017”

Costs to remain at current levels even after the enhanced labor spending and increased investments

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	FY18 Actual	Environment & Countermeasures
Cost of Goods Sold	48.2%	• Counter the price increase of fish and rice by continuing to use long-term purchase contracts + bulk-buy methods, and by further strengthening vertical (upstream) supply chain collaboration.
Personnel costs	27.6%	• Reflect, in advance, a (per-person) personnel costs increase resulting from the revision of legislation related to minimum wage and the use of paid leave. • To counter external macro environment deterioration (i.e. personnel costs increase, working population shrinkage), reduce the total store labor hours by investing in labor-saving measures.
Other expenses	17.3%	• Due to the advanced investments made as part of the Medium-term Plan, the ratio of depreciation & amortization to revenue, increases. • Use HQ costs as leverage to offset the above-mentioned cost upticks.

*Adjusted for the impact of the increase in number of stores, from new openings of urban Sushiro stores, Sushiro conomi, SUGIDAMA and Sushiro overseas.

Advanced investment increases during the New Medium-term Management Plan

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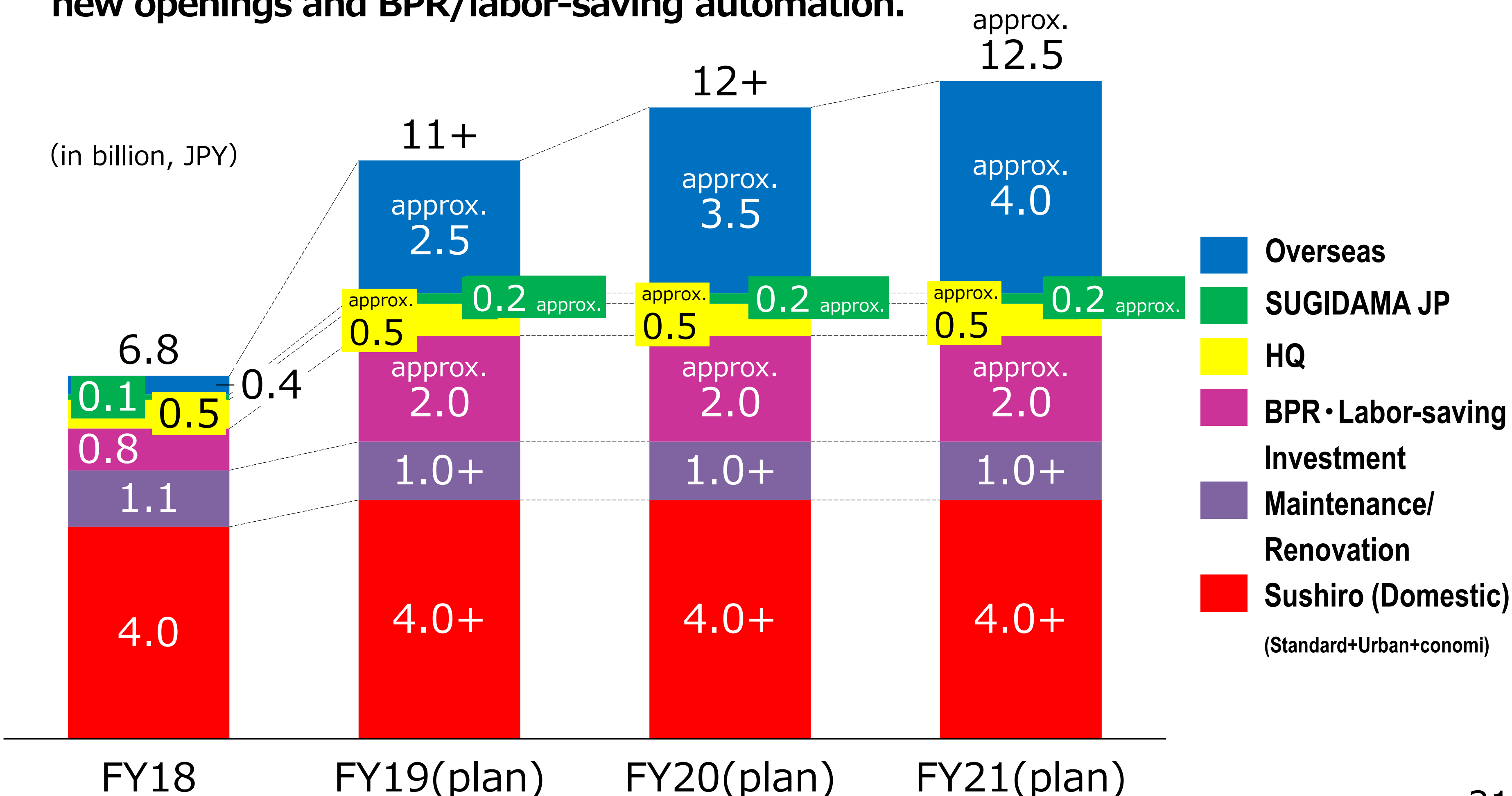
- **During the new Medium-term Plan period, the investment will increase from JPY 6.8 bn (in FY18) up to JPY 12 bn range, reflecting increased spending for overseas new openings and BPR/labor-saving automation.**



Quantitative Targets of New Medium-term Plan (FY19-FY21)

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(in billion, JPY)	FY18/9 Actual	FY18/9 % in Rev.	FY19/9 Forecast	FY19/9 % in Rev.	FY21/9 Target	CAGR FY18-21
Revenue	174.9 bn	100.0%	192.5 bn	100.0%	approx. 240.0 bn	10%+
Operating Profit	11.7 bn	6.7%	12.5 bn	6.5%	approx. 16.0 bn	10%+
Operating Profit Before Income Taxes	11.5 bn	6.6%	12.3 bn	6.4%	approx. 16.0 bn	10%+
Profit for the Year (Tax Rate Applied)	8.0 bn (7.3 bn)	4.5% (4.2%)	7.9 bn	4.1%	approx. 10.0 bn	approx. 9% (10%+)

Ref. FY19 Guidance

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(in million, JPY)	FY18 Actual	FY19 Guidance	Growth % FY19/FY18	
Revenue	174,883	192,500	110%	
Operating Profit	11,718	12,500	107%	
Operating Profit Margin %	6.7%	6.5%	-	
Profit before income taxes	11,508	12,300	107%	
Profit %	6.6%	6.4%	-	
Profit for the year	7,990	7,900	99%	
Profit for the year %	4.6%	4.1%	-	
Impact of not applying FY18 'Tax Credit for Salary Growth'	△ 698	-	-	
Profit for the year, without the tax credit	7,292	7,900	108%	
Earnings per share	275	272	99%	
Revenue LFL (adjusted for day of week)	104.7%	102.5%	-	
New store openings	41	55-65	134~158%	①
Cost of sales %	48.2%	48.4%	-	②
Personnel costs %	27.6%	27.7%	-	③
Expenses %・Other %	17.3%	17.4%	-	④

①

	FY18	FY19	FY19-FY18
Total New Openings	41	55-65	+11~+24
Sushiro JP	36	31-41	-5~+5
New Brand JP	3	4-8	+1~+5
Overseas	5	16-20	+11~+15

②

- Similar size of cost increase as equipment parts/supplies

③

- Impact f increased paid leave and enhanced store labor assignment +0.2% (JPY 300 mn +)

④

- Increased depreciation and amortization due to enhanced new store openings and labor-saving automation +0.1% (approx. JPY 300 mn.)
- Costs to launch new brand in domestic & overseas markets +0.1% (JPY 300 mn +)

* Note : 'Sushiro JP' includes all 3 Sushiro models (Standard Sushiro+ Urban Sushiro + Sushiro conomi)

Returns to Shareholders

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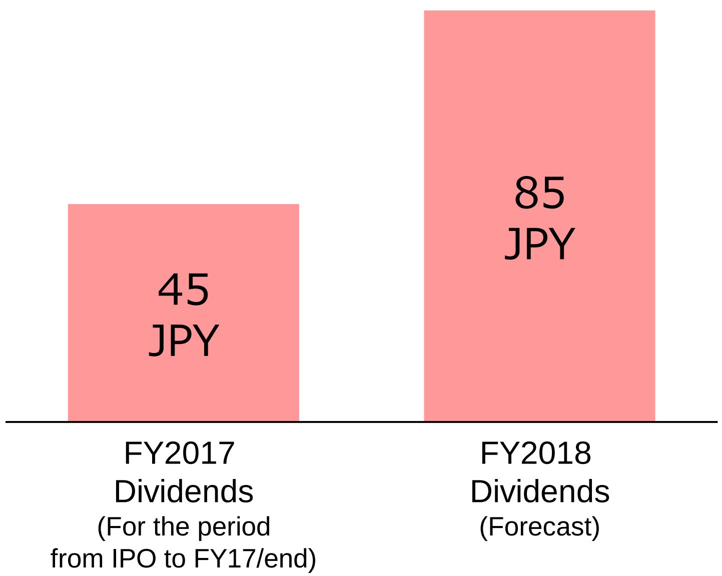
Dividends

- Paid out 45 JPY dividends for FY2017.
  (The period between the listing date and the end of FY2017 taken into account.)
- Plans 85 JPY per-share dividends for FY2018 (full-year basis).



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

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