



## 2. Dividends

	Annual dividends				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Fiscal year-end	Total
Fiscal year ended September 30, 2018	Yen -	Yen 0.00	Yen -	Yen 85.00	Yen 85.00
Fiscal year ending September 30, 2019	-				
Fiscal year ending September 30, 2019 (forecast)		0.00	-	85.00	85.00

Notes:

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

## 3. Consolidated Earnings Forecasts for the Fiscal Year Ending September 30, 2019 (October 1, 2018 to September 30, 2019)

(Percentages indicate year-on-year changes)

	Revenue		Operating profit		Profit before income taxes		Profit for the year		Profit for the year attributable to owners of the parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	
Fiscal year ending September 30, 2019	192,521	10.1	12,565	7.2	12,328	7.1	7,911	(1.0)	7,911	(1.0)	Yen 272.68

Note: Revisions to the most recently announced earnings forecasts: No

\* 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: YES

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)	1st quarter ended December 31, 2018	29,012,496 shares	Fiscal year ended September 30, 2018	29,012,496 shares
b. Number of treasury shares at the end of the period	1st quarter ended December 31, 2018	62 shares	Fiscal year ended September 30, 2018	62 shares
c. Average number of shares during the period (cumulative from the start of the fiscal year)	1st quarter ended December 31, 2018	29,012,434 shares	1st quarter ended December 31, 2018	28,387,626 shares

- \* These financial results are outside the scope of quarterly review procedures by certified public accountants or accounting firms.

- \* 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 “(3) Explanation of consolidated earnings forecasts and other forward-looking statements” under “1. Qualitative Information on Financial Results for the Period Under Review” on page 3 of the attached materials.

- (2) The Company calculates adjusted profit for the period using the formula below.

Adjusted profit for the period = Profit for the period + Expenses related to management integration + Tax effect adjustments, etc.

- (3) Adjusted profit for the period is a financial metric that is not a measure of performance under International Financial Reporting Standards (IFRS), but the Company regards it as a useful indicator for investor valuation of the results of the Company and its subsidiaries (“the Sushiro Group”). This financial indicator excludes 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 management advisory fees based on the management advisory agreement, listing-related costs that should not recur after listing, expenses related to a management integration under discussion with Genki Sushi Co., Ltd.

Note that adjusted profit for the period excludes some items that affect profit for the period and therefore has substantial limitations as an analysis tool. Accordingly, it should not be regarded as a replacement for other indicators that are presented in accordance with IFRS. Adjusted profit for the period at the Sushiro Group is calculated differently from the same or similar metrics used at other sector companies. Consequently, it 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 statement of profit or loss .....	5
(3) Condensed consolidated statement of comprehensive income .....	6
(4) Condensed consolidated statement of changes in equity .....	7
(5) Condensed consolidated statement of cash flows .....	8
(6) Notes on condensed consolidated financial statements .....	9
(Notes regarding assumption of a going concern) .....	9
(Changes in accounting policies) .....	9
(Segment information) .....	9
(Selling, general and administrative expenses) .....	10
(Earnings per share) .....	10
(Important subsequent events) .....	11

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

### (1) Explanation of operating results

During the 1st quarter of the consolidated fiscal year ending September 30, 2019, the Japanese economy was on a gradual recovery path supported by continued improvement in corporate earnings and employment conditions. However, the economic outlook remains clouded by trends such as trade friction between the US and China and problems surrounding the UK's withdrawal from the European Union.

Despite an uptick in consumer spending, the restaurant sector continued to face a challenging management environment distinguished by rising labor costs and intensifying competition to secure human resources driven by worker shortages.

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 Sushiro Group opened 8 new stores (domestic: 7, overseas: 1) and closed 2 stores (domestic: 2), bringing the total number of stores to 531 (domestic: 518, overseas: 13) at the end of the 1st quarter of the consolidated fiscal year ending September 30, 2019.

As a result, revenue for the 1st quarter of the current consolidated fiscal year totaled 48,571 million yen (+16.6% year on year), operating profit 4,090 million yen (+48.8% year on year), profit before income taxes 4,028 million yen (+45.2% year on year), and profit for the period attributable to owners of the parent 2,528 million yen (+30.1% year on year).

In addition, adjusted profit for the period came to 2,528 million yen (+28.0% year on year).

Notes: Adjusted profit for the period = Profit for the period + Tax effect adjustments, etc.

### (2) Explanation of financial position

#### 1) Assets, liabilities and equity

##### (Assets)

The balance of total assets decreased 363 million yen from the end of the previous consolidated fiscal year to 131,699 million yen.

The balance of current assets decreased 547 million yen from the end of the previous consolidated fiscal year to 15,981 million yen. This mainly reflected a 634 million yen increase in inventories, 616 million yen increase in trade and other receivables and a 1,881 million yen decrease in cash and cash equivalents.

The balance of non-current assets increased 184 million yen from the end of the previous consolidated fiscal year to 115,718 million yen. This mainly reflected a 246 million yen increase in property, plant and equipment resulting from new store openings.

##### (Liabilities)

Total liabilities decreased 359 million yen from the end of the previous consolidated fiscal year to 90,868 million yen.

The balance of current liabilities increased 850 million yen from the end of the previous consolidated fiscal year to 31,642 million yen. This mainly reflected a 507 million yen decrease in provisions, a 269 million yen decrease in income tax payable, a 203 million yen decrease in other non-current liabilities and a 1,574 million yen increase in trade and other payables.

The balance of non-current liabilities decreased 1,209 million yen from the end of the previous consolidated fiscal year to 59,226 million yen. This was mainly attributable to a 1,017 million yen decrease in borrowings and a 242 million yen decrease in other financial liabilities.

##### (Equity)

Total equity decreased 4 million yen from the end of the previous consolidated fiscal year to 40,831 million yen.

This mainly reflected a 116 million yen decrease in capital surplus and a 2,350 million yen decrease in retained earnings, both from cash dividends paid, and the booking of 2,528 million yen in profit for the period.

## 2) Cash flows

During the 1st quarter of the consolidated fiscal year ending September 30, 2019, cash and cash equivalents (hereinafter "Cash") decreased 1,881 million yen from the end of the previous consolidated fiscal year to 10,505 million yen.

The breakdown of cash flows by activities and underlying factors for the 1st quarter of the current consolidated fiscal year is shown below.

### (Cash flows from operating activities)

Cash provided by operating activities totaled 3,638 million yen (+68.4% year on year).

This mainly reflected the booking of 4,028 million yen in profit before income taxes and 1,147 million yen in depreciation and amortization, and an increase of 1,889 million yen in trade and other payables, alongside an increase of 635 million yen in inventories, an increase of 622 million yen in trade and other receivables, 40 million yen in interest paid and 1,760 million yen in income taxes paid.

### (Cash flows from investing activities)

Cash used in investing activities came to 1,780 million yen (+8.6% year on year).

This was mainly attributable to 1,487 million yen in purchase of property, plant and equipment accompanying store openings, 174 million yen in purchase of intangible assets and 133 million yen in payments for lease and guarantee deposits.

### (Cash flows from financing activities)

Cash used in financing activities amounted to 3,715 million yen (versus inflow of 626 million yen in the 1st quarter of the previous fiscal year). This mainly reflected 1,042 million yen in repayments of long-term borrowings and 2,403 million yen in cash dividends paid.

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

There are no changes to the consolidated earnings forecasts announced on November 8, 2018. Furthermore, 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

(in millions, JPY)

	Fiscal year ended September 30, 2018	1st quarter ended December 31, 2018 (From October 1, 2018 to December 31, 2018)
<b>Assets</b>		
Current assets		
Cash and cash equivalents	12,386	10,505
Trade and other receivables	1,634	2,250
Inventories	1,343	1,977
Other financial assets	280	379
Other current assets	886	870
Total current assets	16,528	15,981
Non-current assets		
Property, plant and equipment	22,595	22,841
Goodwill	30,371	30,371
Intangible assets	54,688	54,627
Lease and guarantee deposits	7,304	7,351
Other financial assets	108	78
Other non-current assets	467	450
Total non-current assets	115,534	115,718
Total assets	132,062	131,699
<b>Liabilities and equity</b>		
Liabilities		
Current liabilities		
Trade and other payables	18,589	20,163
Borrowings	4,132	4,136
Income taxes payable	1,759	1,490
Other financial liabilities	1,724	1,974
Provisions	1,927	1,419
Other current liabilities	2,662	2,460
Total current liabilities	30,793	31,642
Non-current liabilities		
Trade and other payables	39	36
Borrowings	40,696	39,680
Other financial liabilities	1,447	1,205
Provisions	1,778	1,830
Deferred tax liabilities	16,459	16,459
Other non-current liabilities	16	16
Total non-current liabilities	60,435	59,226
Total liabilities	91,227	90,868
Equity		
Capital stock	100	100
Capital surplus	15,863	15,747
Retained earnings	25,663	25,848
Treasury stock	(0)	(0)
Other components of equity	(790)	(864)
Total equity attributable to owners of the parent	40,835	40,831
Non-controlling interests	-	-
Total equity	40,835	40,831
Total liabilities and equity	132,062	131,699

## (2) Condensed consolidated statement of profit and loss

(in millions, JPY)

	1st quarter ended December 31, 2017 (From October 1, 2017 to December 31, 2017)	1st quarter ended December 31, 2018 (From October 1, 2018 to December 31, 2018)
Revenue	41,644	48,571
Cost of sales	(20,362)	(23,639)
Gross profit	21,281	24,932
Selling, general and administrative expenses	(18,456)	(20,853)
Other income	12	57
Other expenses	(89)	(47)
Operating profit	2,748	4,090
Finance income	120	24
Finance expenses	(93)	(86)
Profit before income taxes	2,774	4,028
Income taxes	(833)	(1,500)
Profit for the period	1,942	2,528
Profit attributable to:		
Owners of the parent	1,943	2,528
Non-controlling interests	(1)	-
Profit for the period	1,942	2,528
Earnings per share		
Basic earnings per share (yen)	68.43	87.14
Diluted earnings per share (yen)	67.50	86.13

## (3) Condensed consolidated statement of comprehensive income

(in millions, JPY)

	1st quarter ended December 31, 2017 (From October 1, 2017 to December 31, 2017)	1st quarter ended December 31, 2018 (From October 1, 2018 to December 31, 2018)
Profit for the period	1,942	2,528
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(67)	(47)
Effective portion of changes in fair value of cash flow hedges	(3)	(26)
Total of items that may be reclassified subsequently to profit or loss	(70)	(72)
Other comprehensive income after taxes	(70)	(72)
Total comprehensive income for the period	1,872	2,456
Attributable to:		
Owners of the parent	1,877	2,456
Non-controlling interests	(5)	-
Total comprehensive income for the period	1,872	2,456

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

1st quarter ended December 31, 2017 (From October 1, 2017 to December 31, 2017)

(in millions, JPY)

	Capital stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
Balance as of October 1, 2017	100	13,573	17,730	(0)	450	31,853	(53)	31,800
Profit for the period			1,943			1,943	(1)	1,942
Other comprehensive income					(66)	(66)	(4)	(70)
Total comprehensive income	-	-	1,943	-	(66)	1,877	(5)	1,872
Capital reduction	(1,715)	1,715				-		-
Exercise of subscription rights to shares	1,715	1,811			(239)	3,287		3,287
Share-based payment transactions			1		(1)	-		-
Dividends		(1,236)				(1,236)		(1,236)
Changes in ownership interests in subsidiaries that do not result in loss of control			(59)			(59)	58	(2)
Total transactions with the owners	-	2,290	(58)	-	(240)	1,992	58	2,050
Balance as of December 31, 2017	100	15,863	19,615	(0)	144	35,721	-	35,721

1st quarter ended December 31, 2018 (From October 1, 2018 to December 31, 2018)

(in millions, JPY)

	Capital stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
Balance as of October 1, 2018	100	15,863	25,663	(0)	(790)	40,835	-	40,835
Profit for the period			2,528			2,528	-	2,528
Other comprehensive income					(72)	(72)	-	(72)
Total comprehensive income	-	-	2,528	-	(72)	2,456	-	2,456
Share-based payment transactions			8		(1)	6		6
Dividends		(116)	(2,350)			(2,466)		(2,466)
Total transactions with the owners	-	(116)	(2,342)	-	(1)	(2,460)	-	(2,460)
Balance as of December 31, 2018	100	15,747	25,848	(0)	(864)	40,831	-	40,831

## (5) Condensed consolidated statement of cash flows

(in millions, JPY)

	1st quarter ended December 31, 2017 (From October 1, 2017 to December 31, 2017)	1st quarter Ended December 31, 2018 (From October 1, 2018 to December 31, 2018)
Cash flows from operating activities		
Profit before income taxes	2,774	4,028
Depreciation and amortization	1,050	1,147
Impairment losses	42	42
Finance income	(120)	(24)
Finance expenses	93	83
Amount of rent offset by lease and guarantee deposits	74	75
Increase/decrease in trade and other receivables, (increase)	(298)	(622)
Increase/decrease in inventories, (increase)	(422)	(635)
Increase/decrease in trade and other payables, (decrease)	1,570	1,889
Others	(525)	(546)
Subtotal	4,238	5,438
Interest and dividend income received	0	0
Interest paid	(46)	(40)
Income taxes paid	(2,031)	(1,760)
Net cash from operating activities	2,161	3,638
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,322)	(1,487)
Purchase of intangible assets	(76)	(174)
Payments for lease and guarantee deposits	(214)	(133)
Others	(27)	14
Cash flows from investing activities	(1,639)	(1,780)
Cash flows from financing activities		
Repayments of long-term borrowings	(1,042)	(1,042)
Repayments of lease obligations	(301)	(275)
Payments for commission fees	(4)	(1)
Proceeds from exercise of subscription rights to shares	3,287	-
Cash dividends paid	(1,113)	(2,403)
Others	(201)	6
Cash flows from financing activities	626	(3,715)
Net increase/decrease in cash and cash equivalents, (decrease)	1,148	(1,857)
Cash and cash equivalents at beginning of year	8,538	12,386
Effect of exchange rate changes on cash and cash equivalents	2	(24)
Cash and cash equivalents at end of year	9,688	10,505

(6) Notes on condensed consolidated financial statements

(Notes regarding assumption of a going concern)

Not applicable.

(Changes in accounting policies)

Important accounting policies applied to these condensed quarterly consolidated financial statements are the same as the accounting policies applied to the consolidated financial statements for the previous consolidated fiscal year, except for the standards shown below.

In addition, income tax expenses for the 1st quarter of the consolidated fiscal year ending September 30, 2019 were calculated based on the estimated annual effective tax rate.

The Sushiro Group has applied the following standards from the 1st quarter of the consolidated fiscal year ending September 30, 2019.

Standard	Standard name	Summary of new standards and amendments
IFRS 9	“Financial Instruments”	Amendments with regard to the classification, measurement, impairment, and hedge accounting of financial assets and financial liabilities
IFRS 15	“Revenue from Contracts with Customers”	Amendments with regard to accounting treatment of revenue recognition

(1) Application of IFRS 9 “Financial Instruments”

The Sushiro Group has applied the IFRS 9 “Financial Instruments” standard from the 1st quarter of the consolidated fiscal year ending September 30, 2019. In applying the new standard, it has adopted a transitional measure under which figures for the previous consolidated fiscal year are not restated.

The impact of the application of the new standard on the group’s condensed quarterly consolidated financial statements is negligible.

(2) Application of IFRS 15 “Revenue from Contracts with Customers”

The Sushiro Group has applied the IFRS 15 “Revenue from Contracts with Customers” standard from the 1st quarter of the consolidated fiscal year ending September 30, 2019. In applying the new standard, it has adopted a method that recognizes the cumulative effect of the application of the standard as of the initial date of application, which is accepted as a transitional measure.

In accordance with the application of IFRS 15, the group recognizes revenue based on the following five-step approach.

Step 1: Identify the contract with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when the entity satisfies a performance obligation

(A performance obligation may be satisfied at a point in time or over time.)

The Sushiro Group operates *kaiten-sushi* (conveyor belt-style sushi) restaurants as its core business. It believes that customers obtain control and that its performance of obligations is satisfied at the time it provides dishes, and therefore recognizes revenue upon such provision.

In addition, the group measures revenue at the consideration promised in contracts with customers, less discounts and other items.

The impact of the application of the new standards on the group’s condensed quarterly consolidated financial statements is negligible.

(Segment information)

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

(Selling, general and administrative expenses)

The breakdown of selling, general and administrative expenses is as shown below.

	1st quarter ended December 31, 2017 (From October 1, 2017 to December 31, 2017)	1st quarter ended December 31, 2018 (From October 1, 2018 to December 31, 2018)
Employee benefits	11,479	13,163
Rents	1,930	2,125
Depreciation and amortization	1,028	1,126
Utilities expenses	967	1,039
Other	3,051	3,399
Total	18,456	20,853

(Earnings per share)

	1st quarter ended December 31, 2017 (From October 1, 2017 to December 31, 2017)	1st quarter ended December 31, 2018 (From October 1, 2018 to December 31, 2018)
Profit for the period attributable to common shareholders of the parent (million yen)	1,943	2,528
Profit for the period attributable to common shareholders used in calculations for basic earnings per share (million yen)	1,943	2,528
Profit for the period attributable to common shareholders used in calculations for diluted earnings per share (million yen)	1,943	2,528
Average number of shares during the period	28,387,626	29,012,434
Increase in number of common shares used in calculation for diluted earnings per share	392,631	339,980
Average number of common shares during the period after dilution	28,780,257	29,352,414
Basic earnings per share (yen)	68.43	87.14
Diluted earnings per share (yen)	67.50	86.13
Outline of potentially dilutive shares excluded from the calculation of diluted earnings per share due to the absence of dilutive effects	-	-

(Important subsequent events)

(Acquisition and retirement of subscription rights to shares)

At its Board of Directors meeting held on February 7, 2019, the Company resolved to acquire its 10th and 13th series of subscription rights to shares held by the employees of the company and its subsidiaries and other parties and retire these along with the subscription rights to shares held by the Company on said purchase date. (Note) "The employees of the company and its subsidiaries and other parties" refers to managing officers and employees of the Company, and directors and employees of its subsidiaries.

(1) Purpose of the acquisition and retirement of subscription rights to shares

While considering the conditions underlying the business of the Company and its profits/losses, the acquisition and retirement of the subscription rights to shares mainly aims to maintain financial soundness through application of appropriate tax systems and prevent share dilution.

(2) Overview of the acquisition of subscription rights to shares

	10th series of subscription rights to shares	13th series of subscription rights to shares
Number of subscription rights to shares to be acquired	135,423,880 units	137,719,200 units
Number of shares to be allotted for the subscription rights to shares	90,205 shares	91,734 shares
Amount payable on the exercise of the subscription rights to shares	1,993.02 yen per share	
Method for determining acquisition price of the subscription rights to shares	Acquisition price per subscription right to shares = (Amount arrived at by multiplying the number of common shares to be allotted per subscription right to shares by the average closing price for the Company's shares during the acquisition price determination period) – (Amount arrived at by multiplying the number of common shares to be allotted per subscription right to shares by the exercise price for the subscription rights to shares per common share) * Acquisition price determination period: February 8 – 15, 2019	
Acquisition date	February 28, 2019	

(3) Overview of retirement of subscription rights to treasury shares

Name of subscription rights to shares to be retired	Number of subscription rights to shares to be retired	Number of shares from subscription rights to shares	Retirement date
4th series	22,953,212 units	15,289 shares	February 28, 2019
7th series	474,239,183 units	315,890 shares	February 28, 2019
10th series	150,343,460 units	100,143 shares	February 28, 2019
11th series	50,000,000 units	33,305 shares	February 28, 2019
12th series	50,000,000 units	33,305 shares	February 28, 2019
13th series	154,934,100 units	103,201 shares	February 28, 2019

(4) Impact on condensed quarterly consolidated financial statements

The exact impact of the acquisition of subscription rights to shares by the Company cannot be estimated at present as the acquisition price has yet to be determined. The Company plans to deduct the acquisition amount of subscription rights to shares and the retirement difference amount of subscription rights to treasury shares from equity.