

❖ **Financial Summary**
for the 2nd Quarter of FY2019

SUSHIRO
GLOBAL HOLDINGS

May 10, 2019

Financial Highlight for FY19/1H :

Revenue & profit scored record highs for the 1H

(in millions, JPY)

	FY18/1H		FY19/1H		YoY%
	Actual	% in Revenue	Actual	% in Revenue	
Revenue	84,696	100.0%	96,539	100.0%	+14.0%
Operating Profit	5,829	6.9%	7,752	8.0%	+33.0%
Profit for the Period	3,945	4.7%	4,954	5.1%	+25.6%
Adjusted Profit for the Period*	4,001	4.7%	4,979	5.2%	+24.4%

* See 'Reconciliation Table for Adjusted Profit for the Period' at a later page for details

Performance Review on the Medium-term Management Plan

Medium-term Management Plan (FY19/9 - FY21/9)

FY19/1H Results

1. Continue domestic store expansion under Sushiro brand*

⇒ More new openings and maintain LFL growth

12 New Stores

106.9% Revenue LFL

2. Cultivate the peripheral sushi market with new brand

⇒ Expand SUGIDAMA band and develop even more new formats

**SUGIDAMA
Rollout** Progresses

3. Active overseas expansion

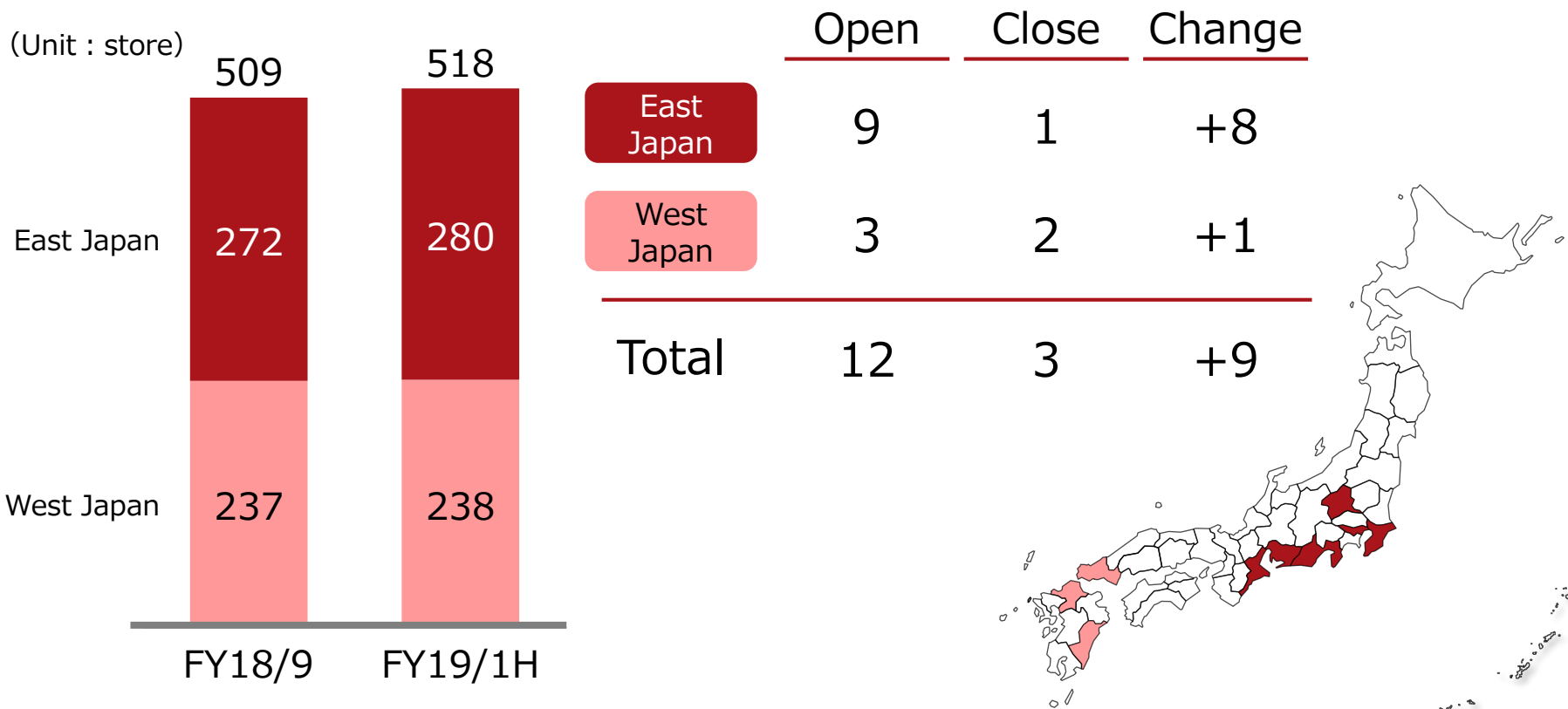
⇒ Operate in 5+ countries and regions
⇒ Overseas revenue JPY 20 bn, and ratio of the number of overseas stores to domestic stores 10%+

**[Korea/Taiwan]
Rollout** Progresses

**[Singapore/HK*]
Company
Established**

1. Continue Store Expansion

- [Open] 12 stores under Sushiro brand* opened in FY19/1H. Sushiro brand continues to be the top brand, in terms of the number of stores operated under a single brand within the industry.
- [Close] 2 stores closed due to expiration of contract term. 1 relocated to a nearby location.



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

New Store Examples

Nabari Store (Mie pref., '18/11)



- Nabari store reopened at a new location on a trunk road.
- The store sales 1.4x of the former-Nabari store.

BIGBOX Takadanobaba Store (Tokyo, '18/11)

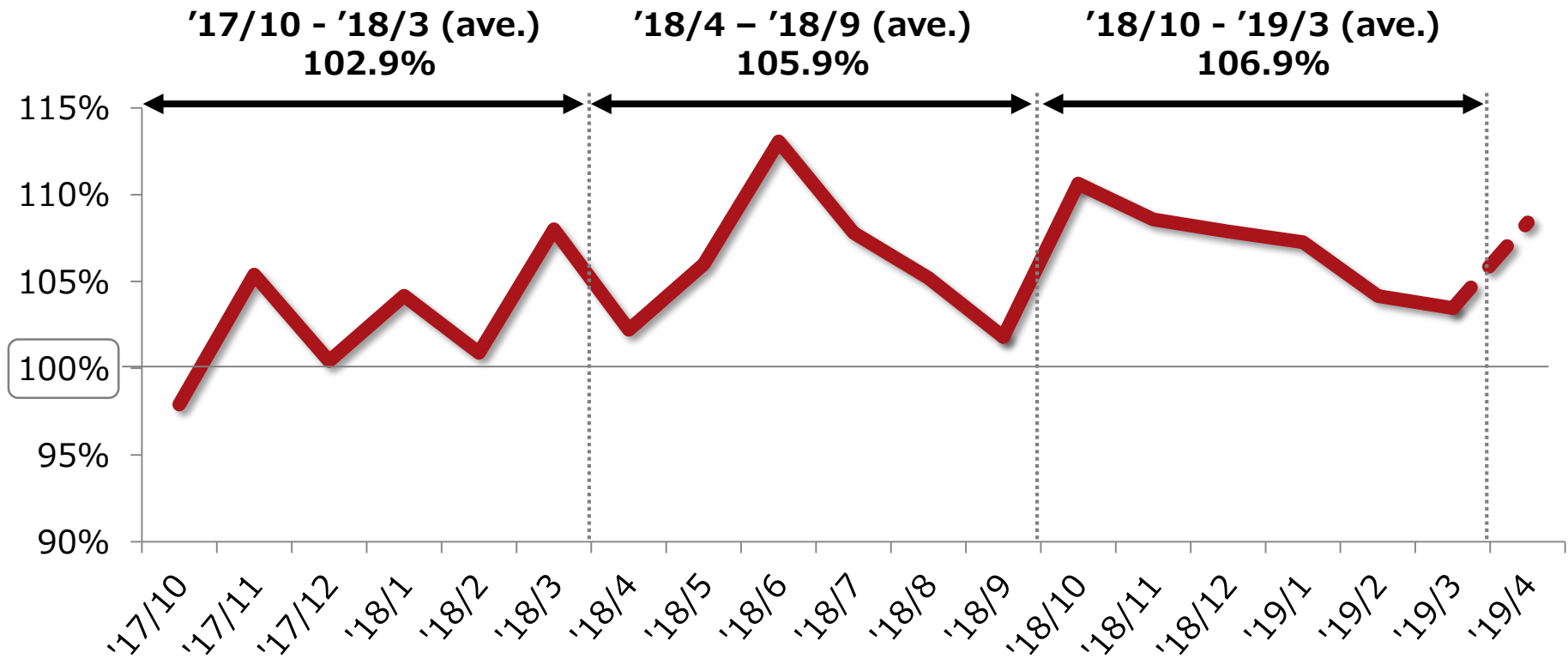


- The store opened inside the commercial facility by Takadanobaba station. (approx. 950,000 passengers/daily*)
- The sales performing well, though it was our first challenge to open a store on a higher floor (9F) with an elevator as the entry way to store.

* The number of passengers of Takadanobaba station consists of JR Line, Seibu Line and Tokyo Metro Line users.

Revenue LFL 106.9%, maintaining a positive momentum

- Customer Count rose to 104.5% owing to brushed up product lineup as well as enhanced media exposure
- Average Customer Ticket also marked 102.3% as the price change conducted in '18/9 are working well.



* Revenue LFL consists of revenue of stores that are in the 15th month or more of operation in Japan.

① Customer Count LFL grew to 104.5%

Maintained the high level of campaign effectivity by running further-strengthened, 'give-back-more-to-customer' campaigns

In addition to the product campaigns, improved grand menu and increased media exposure also helped to drive up customer count

'Tuna Fest'
with higher quality tuna than regular menu
('18/10/3~14)

'BIG! Fair'
with upsized topping
('19/1/9~20)



- Seasonal products as well as non-campaign limited-time-offer products added to the lineup, in effort to keep customer entertained at all time
- Increased media exposure by both national and local broadcasts led to enhanced brand recall
 - ✓ 'Ariyoshi Hiroiki no Daretoku!?' ('18/10 Kansai TV)
 - ✓ 'Hirunandesu' ('18/10 NIPPON TV)
 - ✓ 'Jobtune' ('18/12 TBS)
 - ✓ 'Sakagami & Sashihara no Tsuburenaimise' ('19/1 TBS)
 - ✓ 'Saturday Plus' ('19/1 MBC)
- These actions collectively contributed to drive up customer count throughout the FY19-1H period.

② Average customer ticket LFL 102.3%, continued on a positive trend

Higher-price products sales grew, owing to sushi price change carried out in '18/9

- % revenue of non-100 yen sushi products in all sushi sales rose. (% revenue of 100 yen sushi product dropped by 7%)
- Direct link between attractive products and average customer ticket increase has now been confirmed.

<Sample of Higher Price Product>



Keep introducing newsworthy side menus

- Sushiro Café keeps launching attractive product lineup – from original menus to brand collaboration products.
- These brand collaboration products, alongside the sushi price change, resulted in average customer ticket and customer count increase.



2. New Format : SUGIDAMA rollout progresses

Store No.5 'Musashisakai' opened in '18/11



- The store opened on 1F of a commercial building by Musashisakai station (JR Chuo Line) with approx. 170,000 passengers daily.
- This store's average monthly revenue beats the average of other existing SUDIDAMA stores.

- The number of passengers of Musashisakai station consists of JR Line and Seibu Line users.
- 3 stores= 'Nishinomiya-kitaguchi,' 'Jinbocho' and 'Kagurazaka'

Existing stores' revenue far exceeding the target level

- Average monthly revenue of 3 stores opened by the end of FY18/1H grew by 18%

FY18/2H	➔	FY19/1H
JPY 6.4 mil		JPY 7.5 mil
(month average)	+18%	(month average)

Cause :

- ✓ strengthened menu
- ✓ increased media (TV) exposure

- Store No.4 ('Asagaya') opened in FY18/2H also achieved a high profit ratio

3. Active overseas expansion

- Existing stores in Korea and Taiwan continue to perform well. One new store opened in each country.
- Next new market challenge is to be Singapore and Hong Kong. Established Sushiro companies in each country.

Hongdae Store (Seoul, Korea '19/3)



- The first stand-alone roadside store opened in Korea. Store design and fixtures similar to Japan Sushiro are applied, which have been quite well received by the market.
- Other existing stores' revenue currently shifting at the level far exceeding the target.

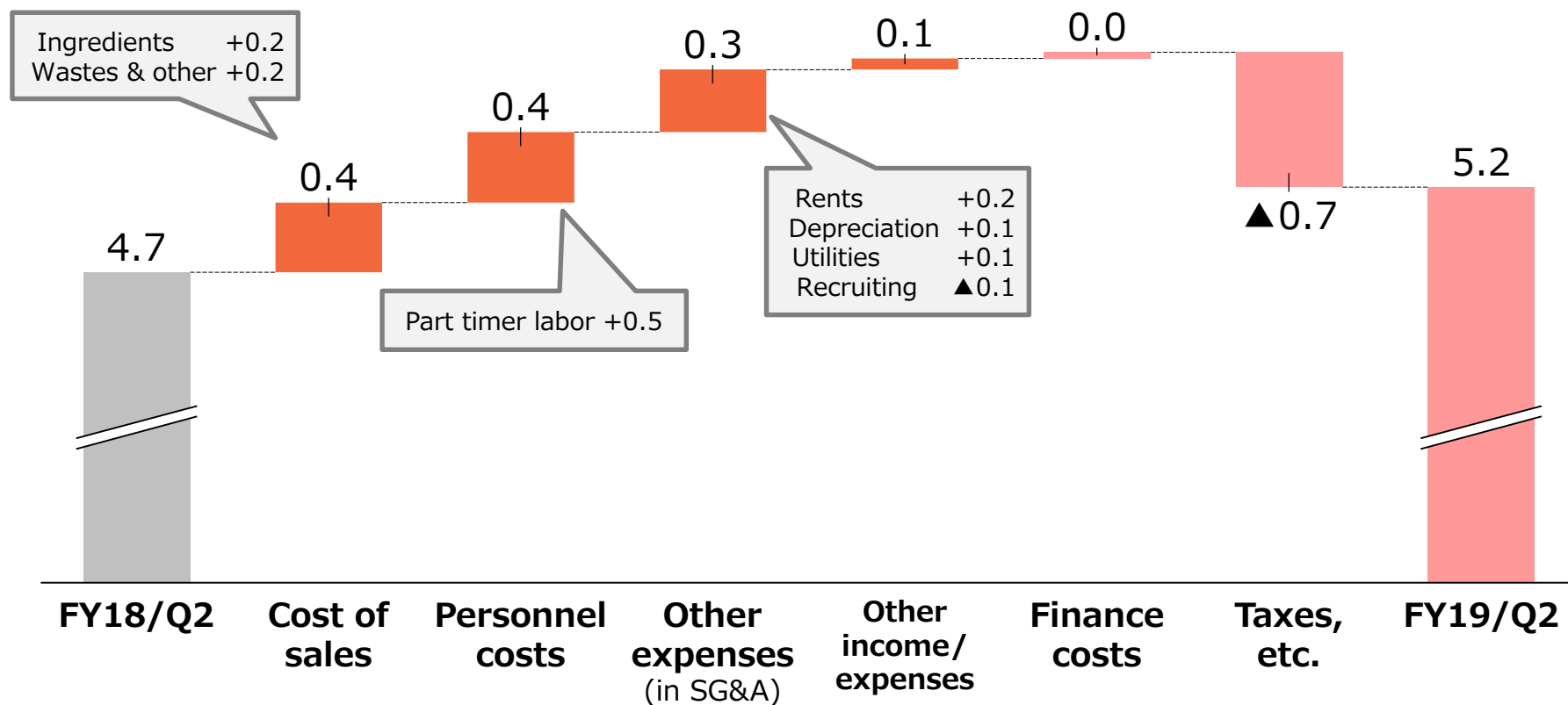
Kaohsiung Dream Mall Store (Kaohsiung, Taiwan '18/10)



- Store opened outside Taipei for the very first time. This store No.3 is generating revenue at a level similar to store No.1 and No.2
- Store No.1 and No.2, both, keep generating extremely high revenues.

Cost control for continuing profit margin improvement

- Adjusted profit for the period improved by 0.5%
- Cost of sales, personnel costs and other expenses (in SG&A) also improved



Financial Position

Consolidated Statements of Financial Position

(in millions, JPY)

	FY18/9	FY19/9 1H	Increase/ Decrease
Current assets	16,528	15,333	-1,195
[Cash and cash equivalents]	[12,386]	[10,527]	[-1,859]
Non-current assets	115,534	115,988	454
[Goodwill]	[30,371]	[30,371]	[-]
Assets	132,062	131,322	-741
Current liab.	30,793	30,537	-255
[ST borrowings]	[4,132]	[4,140]	[9]
Non-current liab.	60,435	58,021	-2,413
[LT borrowings]	[40,696]	[38,662]	[-2,034]
Liab.	91,227	88,559	-2,669
Equity	40,835	42,763	1,928
Liab. & Equity	132,062	131,322	-741
Equity Ratio	31.5%	32.5%	1.0%
Net Debt / EBITDA	1.9x	1.7x	-0.2x

Consolidated Statements of Cash Flows

(in millions, JPY)

	FY18/1H	FY19/1H	Increase/ Decrease
Operating CF	5,991	7,465	1,474
Investing CF	-2,939	-3,308	-369
Financing CF	-830	-5,997	-5,166
Increase/ decrease in cash and cash equivalents	2,205	-1,859	-4,064

- Net Debt/EBITDA lowered to 1.7x (0.2x decrease from the end of FY18/9)
- Large increase in Operating CF offset the increase in Investing CF and Financing CF



Performance Forecasts and Initiatives For FY19/9

SUSHIRO
GLOBAL HOLDINGS

2H Summary

- The total new openings of Sushiro Group for FY19 is now estimated to be just below 50, which will be the highest figure ever achieved.
- Domestic Sushiro brand, supporting the Group's growth, continues to run attractive campaigns and a various initiative in 2H to maintain strong LFL momentum.
- [New Format] Alongside the expansion of SUGIDAMA brand (FC included), development of a new (will be our 3rd) brand is to start.
- [Overseas] The 1st stores in Singapore and in Hong Kong are now scheduled to open. Accelerate new opening in Korea and Taiwan. Establish a foothold for entry to European market as part of a medium-to-long term vision.

New opening for FY19 (the Group total) estimated to be approx. 50

(Unit: store)

	1 H	FY19 (new estimate)	FY19 (old estimate)
Sushiro Brand*	12	26±	31~
SUGIDAMA	1	7 ±	4~
Overseas	2 Korea:1 Taiwan:1	13± Korea: 4± Taiwan: 7 ± Singapore: 1 Hong Kong: 1	16~
Total	15	46±	51~

- Though the existing Sushiro stores continue to perform well, the total new openings for domestic Sushiro brand is to miss the target
 - The number of new openings of urban model store missed the target. Plan to further strengthen site development team and to take other necessary improvement actions
 - Continue to work on further development of 'Sushiro conomi' format

- New opening progresses as planned
- Preparation for FC expansion also advances

- Property contracts getting signed but the actual openings for this fiscal year estimated to be about 13.
 - [Korea & Taiwan] Some of the new stores will move to FY20.
 - [Singapore and Hong Kong] The 1st stores in both countries will open in FY19, and more contracts are getting signed for new opening in FY20.

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

Sushiro Brand:

April revenue LFL 108.4%, maintaining a positive trend

- April revenue LFL marked 108.4% owing to the popular campaigns - '6-Day-Long Full Force Battle!' (April/mid) and 'The Meat Fest' (April/end) [Customer Count 104.5%, Average Customer Ticket 103.7%]



* Revenue LFL consists of revenue of stores that are in the 15th month or more of operation in Japan.

Maintain the high growth trend in 2H, by running various effective initiatives

Continue and strengthen currently popular product campaigns in 2H

- Continue to run attractive product campaigns in May onwards (some of the campaign details to be introduced on May 13)
- Launch attractive product lineup to enhance higher price product appeal

Enhance recognition of Sushiro brand in city areas

- Sushiro brand recognition in urban area still has room for improvement. Plan to run active PR/Ads campaigns for brand recognition enhancement.
- The above actions lead to customer count increase as well as being able to secure more sites for new opening

Launch new payment method

- Make 'QR code payment' available for customer for better convenience in bill payment
- Started off with LINE Pay getting implemented since March, plan to introduce more payment methods, 'merpay' & 'au PAY,' in July.

Start a pilot store for new labor-saving machines/equipment

- Renovate Itami-aramaki store to install a various new labor-saving machine/equipment to run a pilot operation (the store reopens on June 26)
- Analyze the test results and build a plan to install machine/equipment for other stores in FY20 onwards

New Format : Further expansion of SUGIDAMA. Challenge to develop another new format

<SUGIDAMA (direct operation)> Accelerate new opening

- Given current steady sales performance of existing stores, open 1 new store per month in 2H
 - Store No.2 ('Takatsuki') in Kansai region performing well since its opening in April
- Reinforce the site development team and train store operation team to support new opening at a steady pace

<SUGIDAMA (FC)> Prepare for FC Store No.1

- Preparation to open FC Store No.1 is in progress
- Streamline HQ team/function to provide support for FC store operation, and at the same time, work on more FC development

<the 3rd Brand> Start new format development

- Start to develop the 3rd new brand, alongside the rollout of existing SUGIDAMA brand
- Currently, searching for a property to run a pilot

SUGIDAMA Takatsuki Store



Overseas: [Hong Kong] Store No.1 opens in July

Hong Kong selected for its familiarity with sushi cuisine

- Hong Kong has been chosen for the following reasons; the region's household income level, pre-existing Japanese cuisine market, and its familiarity with sushi. Our competitive advantage, 'quality sushi,' works well under these conditions.
- SGH also looks to challenge greater China.



Store No.1 opens on the Nathan road at the end of July, 2019



<Store No.1>

- This flagship store to open on 2F of a building in the commercial/residential district near Jordan station in central Kowloon with many high-rises (Novotel Hotel on the upper floor)
- The search for more locations to open stores in FY20 is in progress

[Singapore] Store No.1 opens in August

Singapore selected for its familiarity with sushi dining, and also for its potential to become a base country for our overseas operation

- Establish Singapore as the 4th overseas market and as the base for further expansion in the region.
- High business growth potential as the country has high average household income and quite a few local *kaiten* sushi chains.



Store No.1 opens in Tiong Bahru in August






- The store opens on 2F of a building in the office district directly connected to Tiong Bahru station that has the number of passengers ranked in Top 10 in Singapore.
- The search for more locations in the city center area, to open stores in FY20 onwards, is in progress

Indirectly invests in Wasabi UK with a view to future potential entry to European market

Investment Highlights

- Wasabi Sushi Bento Ltd. ("Wasabi"), one of the largest sushi chain operating deli business in London, conducted capital increase to fund further growth.
- SGH invested 75% of the subject capital in SPV.
 - invested £13.5 mil of £18 mil
- SGH, going forward, will look to provide support to grow Wasabi and at the same time will work on strengthening the tie with Wasabi for potential collaboration in global expansion of each brand.

Wasabi Sushi Bento Ltd. Overview

Brand	Wasabi Sushi Bento Limited 
Established	2003
Business	<p>Operates sushi deli/take-out business in London mainly</p> <ul style="list-style-type: none"> • Wasabi: UK 50 sites, US 5 sites (NY) • Other non-core brands: 5 sites (UK)  
Founder	<p>CEO Dong Hyun Kim</p> <ul style="list-style-type: none"> • Mr. Kim founded the company in 2003 and grew its business to today's size/scale in just over 10 years. • Rice cooked in-store is one example of strict attention Wasabi pays to its food quality
Revenue	<ul style="list-style-type: none"> • £ 111mil (FY18/12)

FY19/9 Performance Forecast

(単位：百万円)

	FY18/9		FY19/9 (Plan)		
	Actual	% in Revenue	Forecast	% in Revenue	Vs.LY
Revenue	174,883	100.0%	192,521	100.0%	+10.1%
Operating Profit	11,718	6.7%	12,565	6.5%	+7.2%
Profit for the Period*	7,990 (7,292)	4.6% (4.2%)	7,911	4.1%	-1.0% (+8.5%)
Adjusted Profit for the Period	8,053	4.6%	—	—	—

* Profit for the Period Adjusted of Tax Rate

Returns to Shareholders

Dividends

- Plans 85 JPY per-share dividends for FY2019 (full-year basis).

Dividends (full-year)	
	(JPY)
FY2018/9	85.00
FY2019/9 (plan)	85.00

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)

	FY18/9 1H	FY19/9 1H	vs.LY
Profit for the year	3,945	4,954	1,009
(+) Costs related to management integration	71	-	(71)
(+) Costs related to acquisition of subscription rights to shares	-	33	33
(+) Tax effect adjustments	(16)	(7)	8
Adjusted profit for the year	4,001	4,979	978

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