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## Consolidated Financial Results for the Fiscal Year Ended September 30, 2019 [IFRS]

November 8, 2019

Listed company name: Sushiro Global Holdings Ltd. Listed stock exchange: TSE  
 Securities code: 3563 URL: <http://www.sushiroglobalholdings.com>  
 Representative: President & CEO Koichi Mizutome  
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 Scheduled date of annual general meeting of shareholders: December 19, 2019 Scheduled date to commence dividend payment: December 20, 2019  
 Scheduled filing date to file Annual Securities Report: December 20, 2019  
 Supplementary briefing materials on quarterly financial results prepared: Yes  
 Quarterly financial results presentation meeting held: Yes (for institutional investors and analysts)

(Amounts of less than one million yen are rounded off to the million)

### 1. Consolidated Financial Results for the Fiscal Year Ended September 30, 2019 (October 1, 2018 to September 30, 2019)

#### (1) Consolidated operating results (cumulative) (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		Total comprehensive income for the period	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended September 30, 2019	199,088	13.8	14,546	24.1	14,363	24.8	9,959	24.6	9,959	24.6	9,523	19.4
Fiscal year ended September 30, 2018	174,883	11.8	11,718	27.3	11,508	27.9	7,990	15.0	7,991	14.9	7,975	14.9

	Basic earnings per share	Diluted earnings per share	Return on equity attributable to owners of the parent	Ratio of profit before income taxes to total assets	Ratio of operating profit to revenue
	Yen	Yen	%	%	%
Fiscal year ended September 30, 2019	343.25	341.08	22.4	10.7	7.3
Fiscal year ended September 30, 2018	276.93	273.54	21.9	8.9	6.7

Reference: Investment gains/losses by equity method:

	Fiscal Year Ended September 30, 2019:	2 million yen
	Fiscal Year Ended September 30, 2018:	- million yen
: Adjusted profit for the year:	Fiscal Year Ended September 30, 2019:	9,995 million yen (+24.1% year-on-year)
	Fiscal Year Ended September 30, 2018:	8,053 million yen

Notes:

The Company uses adjusted profit for the year as an important management indicator. For more information about this indicator, refer to (2) and (3) under "Explanation of Proper Use of Financial Forecasts, and Other Special Matters."

#### (2) Consolidated financial position

	Total assets	Total equity	Total equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent	Equity per share attributable to owners of the parent
	Million yen	Million yen	Million yen	%	Yen
Fiscal year ended September 30, 2019	136,349	47,367	47,367	34.7	1,630.54
Fiscal year ended September 30, 2018	132,062	40,835	40,835	31.5	1,435.99

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended September 30, 2019	17,309	(10,682)	(8,578)	10,341
Fiscal year ended September 30, 2018	14,744	(6,398)	(4,516)	12,386

2. Dividends

	Annual dividends					Dividends paid (total)	Payout ratio (consol.)	Dividend on equity (consol.)
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended September 30, 2018	-	0.00	-	85.00	85.00	2,466	30.7	6.6
Fiscal year ended September 30, 2019	-	0.00	-	90.00	90.00	2,611	26.2	5.9
Fiscal Year Ending September 30, 2020 (forecast)	-	0.00	-	90.00	90.00		25.6	

Notes:

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, 2020 (October 1, 2019 to September 30, 2020)

(Percentages indicate year-on-year changes)

	Revenue		Operating profit		Profit before income taxes		Profit for the period		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, 2020	223,730	12.4	16,290	12.0	15,630	8.8	10,210	2.5	10,210	2.5	351.92

\* 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)	Fiscal year ended September 30, 2019	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	Fiscal year ended September 30, 2019	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)	Fiscal year ended September 30, 2019	29,012,434 shares	Fiscal year ended September 30, 2018	28,854,948 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 “2) Outlook for the 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 adjusted profit for the year using the formula below.

Adjusted profit for the year = Profit for the year + Expenses related to management integration + Expenses related to purchase of subscription rights to shares + Expenses related to secondary offering of shares + Tax effect adjustments, etc.

- (3) Adjusted profit for the year 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 Sushiro Group results. 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 expenses related to purchase of subscription rights to shares, expenses related to stock offering, expenses related to a management integration under discussion with Genki Sushi Co., Ltd. Note that adjusted profit for the year excludes some items that affect profit for the year 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 year 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.



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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, 2019, the Japanese economy maintained a gradual recovery backed by the firm employment and income environment. However, the outlook remains clouded by issues such as political trends and economic uncertainty overseas, including the prolonged trade issues between the U.S. and China and the United Kingdom's withdrawal from the EU.

The restaurant sector continued to face a challenging management environment distinguished by rising personnel expenses driven by chronic labor shortages and the impact of the increase in the rate of consumption tax on personal consumption.

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 45 new stores (domestic: 32, overseas: 13) and closed 4 stores (domestic:4), bringing the total number of stores to 566 (domestic: 541, overseas: 25) at the end of the consolidated fiscal year ended September 30, 2019.

As a result, revenue for the consolidated fiscal year ended September 30, 2019, totaled 199,088 million yen (+13.8% year on year), operating profit 14,546 million yen (+24.1% year on year), profit before income taxes 14,363 million yen (+24.8% year on year), and profit for the year attributable to owners of the parent 9,959 million yen (+24.6% year on year).

In addition, adjusted profit for the year came to 9,995 million yen (+24.1% year on year).

Notes: Adjusted profit for the period = Profit for the period + Expenses related to acquisition of subscription rights to shares + PO-related expenses + Tax effect adjustments, etc.

#### 2) Outlook for the next period

The Company forecasts revenue of 223,730 million yen (+12.4% year on year), operating profit of 16,290 million yen (+12.0% year on year), and profit for the year attributable to owners of the parent of 10,210 million yen (+2.5% year on year).

### (2) Overview of financial position during the period

#### (Assets)

The balance of total assets increased 4,287 million yen from the end of the previous consolidated fiscal year to 136,349 million yen.

The balance of current assets decreased 916 million yen from the end of the previous consolidated fiscal year to 15,612 million yen. This mainly reflected a 1,045 million yen increase in trade and other receivables and a 2,045 million yen decrease in cash and cash equivalents.

The balance of non-current assets increased 5,203 million yen from the end of the previous consolidated fiscal year to 120,737 million yen. This was mainly reflected a 2,984 million yen increase in property, plant and equipment resulting from new store openings, a 1,816 million yen increase in Equity method investment, and a 655 million yen increase in lease and guarantee deposits, alongside a 128 million yen decrease in intangible assets and a 103 million yen decrease in other financial assets.

#### (Liabilities)

Total liabilities decreased 2,245 million yen from the end of the previous consolidated fiscal year to 88,982 million yen.

The balance of current liabilities increased 2,743 million yen from the end of the previous consolidated fiscal year to 33,536 million yen. This mainly reflected a 2,667 million yen increase in trade and other payables, a 523 million yen increase in provisions and a 244 million yen increase in other current liabilities, alongside a 407 million yen decrease in other financial liabilities, and a 300 million yen decrease in income taxes payable.

The balance of non-current liabilities decreased 4,988 million yen from the end of the previous consolidated fiscal year to 55,447 million yen. This mainly reflected a 204 million yen increase in provisions, alongside a 4,074 million yen decrease in borrowings, a 796 million yen decrease in other financial liabilities, a 352 million yen decrease in deferred tax liabilities.

(Equity)

Total equity increased 6,532 million yen from the end of the previous consolidated fiscal year to 47,367 million yen. This mainly reflected a 116 million yen decrease in capital surplus from cash dividends paid, a 2,350 million yen decrease in retained earnings from cash dividends paid, a 1,419 million yen decrease from retirement of subscription rights to shares, the booking of 9,959 million yen in profit for the period, a 1,764 million yen increase in other components of equity from retirement of subscription rights to shares, and a 913 million yen decrease from acquisition of subscription rights to shares.

(3) Cash flows during the period

In the consolidated fiscal year ended September 30, 2019, cash and cash equivalents decreased 2,045 million yen year on year to 10,341 million yen.

The breakdown of cash flows by activities and underlying factors for the consolidated fiscal year ended September 30, 2019 is shown below.

(Cash flows from operating activities)

Cash provided by operating activities totaled 17,309 million yen (+17.4% year on year).

This mainly reflected the booking of 14,363 million yen in profit before income taxes, 4,794 million yen in depreciation and amortization and 584 million yen in impairment losses, and a 2,355 increase in trade and other payables, alongside a 1,060 million yen increase in trade and other receivables, 155 million yen in interest paid and 4,690 million yen in income taxes paid.

(Cash flows from investing activities)

Cash used in investing activities came to 10,682 million yen (+67.0% year on year).

This was mainly attributable to 7,416 million yen in purchase of property, plant and equipment accompanying new store openings, to 309 million yen in purchase of Intangible assets, to 1,033 million yen in payments for lease and guarantee deposits, and to 1,994 million yen in payment for equity method investment.

(Cash flows from financing activities)

Cash used in financing activities amounted to 8,578 million yen (+90.0% year on year).

This mainly reflected 4,168 million yen in repayments of long-term borrowings, 1,049 million yen in repayments of lease obligations, 945 million yen in purchase of subscription rights to shares and 2,465 million yen in cash dividends paid.

Reference: Trends in cash flow indicators

	Fiscal year ended September 30, 2017	Fiscal year ended September 30, 2018	Fiscal year ended September 30, 2019
Ratio of equity attributable to owners of the parent (%)	25.0	31.5	34.7
Ratio of equity attributable to owners of the parent on market value basis (%)	78.9	147.8	154.7
Cash flows to interest-bearing debt ratio (%)	451.2	320.6	243.6
Interest coverage ratio (x)	46.7	83.9	111.7

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. Our basic policy is to continuously enhance performance and provide ongoing, appropriate profit distribution in line with performance. In terms of our dividend policy, we aim to provide dividends based on performance once a year as an apportionment of surplus while comprehensively taking into consideration matters such as earnings trends and the replenishment of internal reserves. Internal reserves are used to fund aggressive investments to support the implementation of a range of measures geared toward strengthening our operating base.

Based on the above policy, the Company has decided to pay a final dividend per share of 90 yen for the year ended September 30, 2019 as a result of comprehensively considering performance and other factors during the current period.

In the next fiscal year, the Company plans an annual dividend per share of 90 yen assuming the outlook for the next period described on page 2 of the attached materials is achieved.

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.

## 2. Consolidated Financial Statements and Important Notes

### (1) Consolidated statement of financial position

(in millions, JPY)

	Fiscal Year Ended September 30, 2018	Fiscal Year Ended September 30, 2019
<b>Assets</b>		
Current assets		
Cash and cash equivalents	12,386	10,341
Trade and other receivables	1,634	2,678
Inventories	1,343	1,313
Other financial assets	280	316
Other current assets	886	963
Total current assets	16,528	15,612
Non-current assets		
Property, plant and equipment	22,595	25,579
Goodwill	30,371	30,371
Intangible assets	54,688	54,560
Equity method investment	-	1,816
Lease and guarantee deposits	7,304	7,959
Other financial assets	108	6
Other non-current assets	467	446
Total non-current assets	115,534	120,737
Total assets	132,062	136,349
<b>Liabilities and equity</b>		
Liabilities		
Current liabilities		
Trade and other payables	18,589	21,256
Borrowings	4,132	4,149
Income taxes payable	1,759	1,459
Other financial liabilities	1,724	1,317
Provisions	1,927	2,449
Other current liabilities	2,662	2,906
Total current liabilities	30,793	33,536
Non-current liabilities		
Trade and other payables	39	36
Borrowings	40,696	36,622
Other financial liabilities	1,447	651
Provisions	1,778	1,982
Deferred tax liabilities	16,459	16,107
Other non-current liabilities	16	49
Total non-current liabilities	60,435	55,447
Total liabilities	91,227	88,982
Equity		
Capital stock	100	100
Capital surplus	15,863	15,747
Retained earnings	25,663	31,859
Treasury stock	(0)	(0)
Other components of equity	(790)	(339)
Total equity attributable to owners of the parent	40,835	47,367
Non-controlling interests	-	-
Total equity	40,835	47,367
Total liabilities and equity	132,062	136,349

## (2) Consolidated statement of profit and loss

(in millions, JPY)

	Fiscal Year Ended September 30, 2018 (From October 1, 2017 to September 30, 2018)	Fiscal Year Ended September 30, 2019 (From October 1, 2018 to September 30, 2019)
Revenue	174,883	199,088
Cost of sales	(84,132)	(95,797)
Gross profit	90,751	103,291
Selling, general and administrative expenses	(78,539)	(88,146)
Other income	69	123
Other expenses	(563)	(722)
Operating profit	11,718	14,546
Finance income	147	128
Finance expenses	(356)	(310)
Profit before income taxes	11,508	14,363
Income taxes	(3,518)	(4,405)
Profit for the year	7,990	9,959
Profit attributable to:		
Owners of the parent	7,991	9,959
Non-controlling interests	(1)	-
Profit for the year	7,990	9,959
Earnings per share		
Basic earnings per share (yen)	276.93	343.25
Diluted earnings per share (yen)	273.54	341.08

## (3) Consolidated statement of comprehensive income

(in millions, JPY)

	Fiscal Year Ended September 30, 2018 (From October 1, 2017 to September 30, 2018)	Fiscal Year Ended September 30, 2019 (From October 1, 2018 to September 30, 2019)
Profit for the year	7,990	9,959
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(11)	(371)
Effective portion of changes in fair value of cash flow hedges	(5)	(65)
Total of items that may be reclassified subsequently to profit or loss	(15)	(436)
Other comprehensive income after taxes	(15)	(436)
Total comprehensive income for the year	<u>7,975</u>	<u>9,523</u>
Attributable to:		
Owners of the parent	7,979	9,523
Non-controlling interests	(5)	-
Total comprehensive income for the year	<u>7,975</u>	<u>9,523</u>

## (4) Consolidated statement of changes in equity

(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 year			7,991			7,991	(1)	7,990
Other comprehensive income					(11)	(11)	(4)	(15)
Total comprehensive income	-	-	7,991	-	(11)	7,979	(5)	7,975
Capital reduction	(1,715)	1,715				-		-
Exercise of subscription rights to shares	1,715	1,811			(239)	3,287		3,287
Acquisition of subscription rights to shares					(1,006)	(1,006)		(1,006)
Share-based payment transactions			1		16	17		17
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)	-	(1,229)	1,003	58	1,061
Balance as of September 30, 2018	100	15,863	25,663	(0)	(790)	40,835	-	40,835
Profit for the year			9,959			9,959		9,959
Other comprehensive income					(436)	(436)		(436)
Total comprehensive income	-	-	9,959	-	(436)	9,523		9,523
Acquisition of subscription rights to shares					(913)	(913)		(913)
Retirement of subscription rights to treasury shares			(1,419)		1,764	344		344
Share-based payment transactions			8		37	44		44
Dividends		(116)	(2,350)			(2,466)		(2,466)
Total transactions with the owners	-	(116)	(3,763)	-	887	(2,991)	-	(2,991)
Balance as of September 30, 2019	100	15,747	31,859	(0)	(339)	47,367	-	47,367

## (5) Consolidated statement of cash flows

(in millions, JPY)

	Fiscal Year Ended September 30, 2018 (From October 1, 2017 to September 30, 2018)	Fiscal Year Ended September 30, 2019 (From October 1, 2018 to September 30, 2019)
Cash flows from operating activities		
Profit before income taxes	11,508	14,363
Depreciation and amortization	4,425	4,794
Impairment losses	461	584
Finance income	(145)	(128)
Finance expenses	356	303
Amount of rent offset by lease and guarantee deposits	297	298
Increase/decrease in trade and other receivables, (increase)	(415)	(1,060)
Increase/decrease in inventories, (increase)	(173)	19
Increase/decrease in trade and other payables, (decrease)	1,666	2,355
Others	1,368	625
Subtotal	19,348	22,152
Interest and dividend income received	0	2
Interest paid	(176)	(155)
Income taxes paid	(4,429)	(4,690)
Net cash from operating activities	14,744	17,309
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,464)	(7,416)
Purchase of intangible assets	(294)	(309)
Payments for lease and guarantee deposits	(632)	(1,033)
Equity method investment	-	(1,994)
Others	(8)	70
Cash flows from investing activities	(6,398)	(10,682)
Cash flows from financing activities		
Repayments of long-term borrowings	(4,168)	(4,168)
Repayments of lease obligations	(1,205)	(1,049)
Payments for commission fees	(9)	(7)
Proceeds from exercise of subscription rights to shares	3,287	-
Payments for acquisition of subscription rights to shares	(1,006)	(945)
Cash dividends paid	(1,229)	(2,465)
Others	(186)	57
Cash flows from financing activities	(4,516)	(8,578)
Net increase/decrease in cash and cash equivalents, (decrease)	3,830	(1,951)
Cash and cash equivalents at beginning of year	8,538	12,386
Effect of exchange rate changes on cash and cash equivalents	18	(94)
Cash and cash equivalents at end of year	12,386	10,341

- (6) Notes on 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.

(New accounting standards not yet applied)

The major new accounting standards and new interpretations established or revised by the date of approval of the consolidated financial statements that the Sushiro Group has not applied early are as shown below.

Standard		Date of compulsory application (Fiscal year starting on or after)	Scheduled date of application by Sushiro Group	Overview of newly established/revised standard
IFRS 16	Leases	January 1, 2019	Fiscal year ending September 30, 2020	Revision of accounting treatment for leases

With the application of IFRS 16, lessees no longer classify leases into finance leases and operating leases and recognize right-of-use assets, which represent the right to use the underlying asset, and lease liabilities, which represent the obligation to make lease payments, for all leases, except for short-term leases and leases of low-value assets. After recognizing right-of-use assets and lease liabilities, lessees record depreciation related to right-of-use assets during the term of the lease and interest expenses related to lease liabilities. The Company plans to adopt the modified retrospective approach that recognize the cumulative impact due to the application of IFRS 16 at the initial application date.

The main impacts on the consolidated financial statements of the Sushiro Group as a result of this change are estimated to be increases of 80 billion yen in assets and 80.6 billion yen in liabilities and a decrease of 0.6 billion yen in equity on the consolidated statement of financial position at the beginning of the fiscal year ending September 30, 2020. The impact on the consolidated statement of profit and loss is estimated to be immaterial.

The amount of the impact has been calculated based on currently available information. As a result, the actual amount of the impact at the beginning of the fiscal year ending September 30, 2020 due to the application of IFRS 16 may change.

(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 follows.

	Fiscal Year Ended September 30, 2018 (From October 1, 2017 to September 30, 2018)	Fiscal Year Ended September 30, 2019 (From October 1, 2018 to September 30, 2019)
Employee benefits	48,689	54,844
Rents	8,010	8,761
Depreciation and amortization	4,340	4,710
Utilities expenses	4,200	4,494
Other	13,300	15,337
Total	78,539	88,146

## (Earnings per share)

	Fiscal Year Ended September 30, 2018 (From October 1, 2017 to September 30, 2018)	Fiscal Year Ended September 30, 2019 (From October 1, 2018 to September 30, 2019)
Profit for the year attributable to common shareholders of the parent (million yen)	7,991	9,959
Profit for the year attributable to common shareholders used in calculations for basic earnings per share (million yen)	7,991	9,959
Profit for the year attributable to common shareholders used in calculations for diluted earnings per share (million yen)	7,991	9,959
Average number of shares during the period	28,854,948	29,012,434
Increase in number of common shares used in calculation for diluted earnings per share	357,109	184,568
Average number of common shares during the period after dilution	29,212,057	29,197,002
Basic earnings per share (yen)	276.93	343.25
Diluted earnings per share (yen)	273.54	341.08
Outline of potentially dilutive shares excluded from the calculation of diluted earnings per share due to the absence of dilutive effects	-	-

## (Important subsequent events)

Not applicable.