

## DISCLAIMER

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February 1, 2016

**Summary of Financial Results of the Third Quarter of the Fiscal Year Ending March 31, 2016**  
**[Japanese standards] (Consolidated)**

Stock Exchange listings: Tokyo

Company name: SATO RESTAURANT SYSTEMS COMPANY LIMITED  
 Securities code: 8163 URL: <http://www.sato-restaurant-systems.co.jp>  
 Representative: Yoshitaka Shigesato, President & Chief Executive Officer  
 Contact: Masahiro Tanaka, Director, Officer, Head of Administration Division Tel: +81-6-7222-3101  
 Scheduled date of filing of quarterly report: February 10, 2016  
 Scheduled date of payment of dividend: N/A  
 Preparation of supplementary references regarding quarterly results: None  
 Holding the briefing of quarterly results: None

(All amounts are rounded down to the nearest million yen)  
 (△ means negative)

**1. Financial results of the Third Quarter of the Fiscal Year Ending March 31, 2016 (Apr. 1, 2015 – Dec. 31, 2015)**

(1) Consolidated operating results (cumulative total)

(Percentages represent changes from previous year)

	Net sales		Operating income		Ordinary income		Income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
3Q FY03/2016	29,919	5.9	674	△32.3	620	△46.4	303	△59.8
3Q FY03/2015	28,248	24.5	996	32.4	1,157	57.3	754	57.5

(Note) Comprehensive income 3Q FY03/2016: 316 million yen (△61.0%)  
 3Q FY03/2015: 811 million yen ( 51.2%)

	Net profit per share		Diluted net profit per share	
	Yen		Yen	
3Q FY03/2016	9.56		—	
3Q FY03/2015	26.75		—	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
3Q FY03/2016	28,679		14,974		51.8		447.17	
FY03/2015	24,272		10,456		42.5		365.89	

(Reference) Shareholders equity: 3Q FY03/2016: 14,850 million yen  
 FY03/2015: 10,321 million yen

**2. Dividends**

	Annual dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY03/2015	—	—	—	5.00	5.00
FY03/2016	—	—	—		
FY03/2016 (forecasts)				5.00	5.00

(NOTE) Revisions to dividend forecasts published most recently: None

**3. Consolidated performance forecasts for the Fiscal Year Ending March 31, 2016 (Apr. 1, 2015 – Mar. 31, 2016)**

(Percentages represent changes from previous year; △ means negative)

	Net sales		Operating income		Ordinary income		Income attributable to owners of parent		Net profit per share	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	
Full term	40,900	7.7	1,260	6.5	1,220	△8.3	490	△41.7		15.29

(NOTE) Revisions to performance forecasts published most recently: None

**\*Notes**

- (1) Changes in important subsidiaries during the current quarterly consolidated cumulative period (changes in specific subsidiaries resulting in modifications of the consolidation scope): None  
New company: None  
Excluded company: None
- (2) Application of special accounting methods to the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting principles, changes and restatements of accounting estimates
- |   |      |
|---|------|
| 1) Changes in accounting principles caused by revision of accounting standards: | Yes  |
| 2) Changes other than 1):   | None |
| 3) Changes in accounting estimates:   | None |
| 4) Restatements:  | None |
- (4) Number of outstanding shares (common shares)
- |   |                   |
|---|-------------------|
| 1) Number of shares outstanding at the end of the period (including treasury stock) |                   |
| 3Q FY03/2016:   | 33,209,080 shares |
| FY03/2015:  | 28,209,080 shares |
| 2) Number of treasury stock at the end of the period                                |                   |
| 3Q FY03/2016:   | 212 shares        |
| FY03/2015:  | 163 shares        |
| 3) Average number of shares outstanding during the period (quarterly cumulative)    |                   |
| 3Q FY03/2016:   | 31,708,913 shares |
| 3Q FY03/2015:   | 28,208,958 shares |

**\* Presentation concerning implementation status of quarterly review procedures**

These quarterly financial results are not the subject of a quarterly review procedure based on the Financial Instruments and Exchange Act, and at the time of disclosing these quarterly financial results, review procedures regarding the quarterly financial statements based on the Financial Instruments and Exchange Act had not been completed.

**\* Explanation regarding appropriate use of the earnings forecast and other special notes**

Descriptions about the future such as performance forecasts contained in this document are based on information currently available to the Company and certain presumptions considered to be reasonable, and therefore actual business performance and other elements may differ substantially due to various factors.

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**1. Qualitative Information regarding the Current Quarter**

## (1) Descriptions regarding operating results

## ① Consolidated performance

(million yen; △ means negative)

	3Q FY03/2015			3Q FY03/2016		
	Actual results	+/- amounts YoY	+/-% YoY	Actual results	+/- amounts YoY	+/-% YoY
Net sales	28,248	5,561	24.5%	29,919	1,670	5.9%
Operating income	996	243	32.4%	674	△321	△32.3%
Ordinary income	1,157	421	57.3%	620	△537	△46.4%
Income attributable to owners of parent	754	275	57.5%	303	△451	△59.8%

As for consolidated performance of the current third quarter consolidated cumulative period, net sales increased due to increase in number of restaurants in operation and relatively solid growth of sales of existing restaurants. Profitability in the current period was lower as compared to the previous year because of increase in labor costs, increase in expenses associated with opening new restaurants and decrease in foreign exchange gains, etc.

## ② Measures for opening new restaurants

(numbers of restaurants)

Category	As of end of previous consolidated fiscal year	Newly opened restaurants	Closed restaurants	As of end of the current second quarter consolidated fiscal period	Planned to open during the current consolidated fiscal year
Washoku Sato	198 (—)	2 (—)	— (—)	200 (—)	3 (—)
Sushi-han	14 (—)	— (—)	— (—)	14 (—)	— (—)
Tendon & Tenpura restaurant Santen	12 (—)	8 (—)	— (—)	20 (—)	20 (4)
Nigiri Chojiro	52 (—)	1 (—)	— (—)	53 (—)	4 (—)
Nigiri Chujiro	3 (—)	2 (—)	— (—)	5 (—)	3 (—)
Katsuya	23 (11)	6 (3)	— (—)	29 (14)	16 (10)
Miyakobito	21 (20)	— (—)	2 (2)	19 (18)	— (—)
Total	323 (31)	19 (3)	2 (2)	340 (32)	46 (14)

NOTE: Numbers in parentheses represent FC restaurants

In the current consolidated fiscal year, that is, the second year of our mid-term management plan, total 46 of directly managed restaurants and FC restaurants are planned to be newly opened; and in practice, during the current third quarter consolidated cumulative period, 2 directly managed "Washoku Sato" restaurant, 8 directly managed "Tendon & Tenpura restaurant Santen" restaurants, 1 directly managed "Nigiri Chojiro" restaurants, and 6 "Katsuya" restaurants comprising 3 directly managed ones and 3 FCs were newly opened, totaling 19 new restaurants among all categories, and at the same time 2 FC restaurants of "Miyakobito" were closed. It should be noted that in addition to the abovementioned restaurants already in operation, contracts have been executed for opening 17 new restaurants (as of December 31, 2015). In addition, Tokyo office was established in October in order to further enhance the opening of new restaurants in Kanto area.

As part of overseas development, second restaurant in Indonesia in May, 2015, second and third ones in Thailand in September and October, respectively, 2015, were newly opened, whereas in Taiwan, 2 "Nabe Sato" and 1 "Washoku Sato" restaurants in Taiwan were closed, so currently there are 6 restaurants in operation overseas.

These developments have resulted in 346 restaurants of the entire Group in operation domestic and overseas at the end of the current third quarter consolidated fiscal period.

Renovation was carried out at 6 "Washoku Sato" restaurants and 5 "Nigiri Chojiro" restaurants.

## ③ Other measures

With respect to human resource measures, 7 female regular employees who were employed following the "short-time regular employee system" adopted in October, 2014, have been newly appointed as store managers, still holding their status as short-time regular employees. Such enhanced system made it possible to further drive active participation of female staff and to provide working environment in harmony with changes in their personal life stages. Moreover, we will put our efforts to improve working environment for every employee to work in some comfortable and stable way.

As operational measures at "Washoku Sato" restaurants, "Project Smile" was initiated where employees express their minds of hospitality to customers as their "smiles", such that some working environment would be fostered to make everyone smile naturally, and a "Smile Posting Contest" was organized by our employees on our official Facebook page.

And at "Nigiri Chojiro" restaurants, the greatest joy is that customers would say "Delicious!" and they deliver seasonal menu making use of fresh stuff, such as Kinmedai (Red snapper) and fresh tiger prawn, that received much appreciation.

It should be noted that the Group is a single segment of food service business and therefore description of segmental performance is omitted.

(2) Descriptions regarding financial position

(Status of assets, liabilities and net assets)

Total assets at the end of the current third quarter consolidated fiscal period were 28,679 million yen (increase by 4,407 million yen from the end of the previous consolidated fiscal year).

(Assets)

Current assets was 11,479 million yen (increase by 3,952 million yen from the end of the previous consolidated fiscal year). It comprises mainly increase in cash and deposits by 3,482 million yen and increase in raw materials and supplies by 344 million yen.

Non-current assets was 17, 199 million yen (increase by 456 million yen from the end of the previous consolidated fiscal year). It comprises mainly increase in tangible assets - other (net) by 126 million yen, increase in long -term loans receivable by 107 million yen and increase in investments and other assets - other by 136 million yen.

(Liabilities)

Current liabilities was 7, 178 million yen (decrease by 106 million from the end of the previous consolidated fiscal year). It comprises mainly increase in accounts payable - trade by 464 million yen, decrease in reserve for bonuses by 253 million yen and decrease in current liabilities - other by 330 million yen.

Non-current liabilities was 6,527 million yen (decrease by 3 million yen from the end of the previous consolidated fiscal year). It comprises mainly decrease in long-term loans payable by 74 million yen, decrease in bonds payable by 50 million yen and increase in non-current liabilities - other by 91 million yen.

(Net assets)

Net assets was 14, 974 million yen (increase by 4,517 million yen from the end of the previous consolidated fiscal year).

(3) Descriptions regarding future prospects such as consolidated performance forecasts

There is no change in consolidated performance forecasts for the full term, as announced in the Summary of Financial Results on July 31, 2015.

**2. Matters regarding Summary Information (Notes)**

- (1) Changes in important subsidiaries during the current quarterly consolidated cumulative period  
Not applicable.
- (2) Application of special accounting methods to the preparation of quarterly consolidated financial statement  
Not applicable.

- (3) Changes in accounting principles, changes and restatements of accounting estimates  
(Application of Accounting Standard for Business Combination, etc.)

"Accounting Standard for Business Combination" (Corporate Accounting Standard No. 21 of September 13, 2013), "Accounting Standard for Consolidated Financial Statements" (Corporate Accounting Standard No. 22 of September 13, 2013), and "Accounting Standard for Business Divestitures" (Corporate Accounting Standard No. 7 of September 13, 2013) have been applied to the Group's accounting method since the first quarter consolidated fiscal period, and therefore balance amount due to change in equity interest which the Group has in its subsidiaries in case of continuous control over them is allocated as capital surplus and expenses related to acquisition are allocated as having been incurred during the consolidated fiscal year during which such acquisition took place. With respect to business combination to be carried out after the beginning of the first quarter consolidated fiscal period, accounting method has been revised so that allocation amount of acquisition cost readjusted due to ascertainment of provisional accounting treatment should be reflected on the quarterly consolidated financial statements for the quarterly consolidated fiscal period during which relevant business combination took place. In addition, the manner in which quarterly net profit and others are represented has been revised; and reference to "minority shareholders" has been changed to as "non-controlling shareholders". In order to reflect such changes in representation, quarterly consolidated financial statements for the third quarter of the previous consolidated cumulative fiscal period and consolidated financial statements for the previous consolidated fiscal year were reconstructed accordingly.

Application of Accounting Standards for Business Combination and for others are in compliance with the transitional treatments as set out in Accounting Standard for Business Combination, Sec. 58-2 (4), Accounting Standard for Consolidated Financial Statements, Sec. 44-5 (4), and Accounting Standard for Business Divestitures, Sec. 57-4 (4), having been applied since the beginning of the first quarter consolidated fiscal period and onwards.

These have no effect on the Group's loss/profit.

**3. Summary of Important Information for Going Concern Assumption**

Not applicable.

**4. Quarterly Consolidated Financial Statements**

## (1) Quarterly Consolidated Balance Sheets

(Thousand yen; △ means negative)

	Previous consolidated fiscal year (March 31, 2015)	Current third quarter consolidated fiscal period (December 31, 2015)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	5,532,308	9,014,475
Accounts receivable - trade	541,833	657,822
Merchandise	36,395	41,989
Raw materials and supplies	651,647	995,691
Deferred tax assets	250,648	141,956
Other	514,238	627,450
Allowance for doubtful accounts	△477	—
<b>Total current assets</b>	<b>7,526,595</b>	<b>11,479,385</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings, net	2,522,630	2,563,437
Land	4,742,506	4,742,506
Other, net	2,104,254	2,230,877
<b>Total property, plant and equipment</b>	<b>9,369,391</b>	<b>9,536,821</b>
<b>Intangible assets</b>		
Goodwill	1,206,282	1,138,850
Other	822,990	895,228
<b>Total intangible assets</b>	<b>2,029,273</b>	<b>2,034,079</b>
<b>Investment and other assets</b>		
Investment securities	822,623	879,888
Long-term loans receivable	698,913	805,954
Guarantee deposits	3,051,899	3,045,176
Deferred tax assets	401,559	391,597
Other	383,435	519,464
Allowance for doubtful accounts	△14,665	△13,900
<b>Total investments and other assets</b>	<b>5,343,765</b>	<b>5,628,181</b>
<b>Total non-current assets</b>	<b>16,742,431</b>	<b>17,199,081</b>
Deferred assets	3,259	1,298
<b>Total assets</b>	<b>24,272,286</b>	<b>28,679,765</b>

	(Thousand yen; △ means negative)	
	Previous consolidated fiscal year (March 31, 2015)	Current third quarter consolidated fiscal period (December 31, 2015)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	1,111,667	1,576,619
Current portion of bonds	100,000	50,000
Current portion of long-term loans payable	2,403,186	2,532,000
Accounts payable-other	1,686,382	1,861,096
Income taxes payable	297,104	56,671
Provision for bonuses	471,966	218,847
Other	1,214,125	883,132
<b>Total current liabilities</b>	<b>7,284,433</b>	<b>7,178,365</b>
<b>Non-current liabilities</b>		
Bonds payable	50,000	—
Long-term loans payable	4,398,835	4,324,295
Deferred tax liabilities for land revaluation	289,282	289,282
Deferred tax liabilities	84,719	87,326
Provision for directors' retirement benefits	31,403	29,578
Asset retirement obligations	478,446	506,901
Other	1,198,225	1,289,895
<b>Total non-current liabilities</b>	<b>6,530,912</b>	<b>6,527,280</b>
<b>Total liabilities</b>	<b>13,815,345</b>	<b>13,705,645</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	6,361,756	8,532,856
Capital surplus	2,810,575	4,981,675
Retained earnings	1,535,148	1,697,316
Treasury shares	△129	△173
<b>Total shareholders' equity</b>	<b>10,707,350</b>	<b>15,211,674</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	228,418	252,906
Revaluation reserve for land	△614,436	△614,436
<b>Total accumulated other comprehensive income</b>	<b>△386,018</b>	<b>△361,530</b>
Non-controlling interests	135,607	123,975
<b>Total net assets</b>	<b>10,456,940</b>	<b>14,974,119</b>
<b>Total liabilities and net assets</b>	<b>24,272,286</b>	<b>28,679,765</b>



(2) Quarterly Consolidated Statements of Income and Statement of Comprehensive Income  
(Quarterly Consolidated Statements of Income)  
(For the third quarter consolidated cumulative period)

(Thousand yen; △ means negative)

	Previous third quarter consolidated cumulative period (April 1, 2014 - December 31, 2014)	Current third quarter consolidated cumulative period (April 1, 2015 - December 31, 2015)
Net sales	28,248,120	29,919,031
Cost of sales	9,634,542	10,313,107
Gross profit	18,613,577	19,605,924
Selling, general and administrative expenses	17,617,136	18,931,132
Operating income	996,440	674,791
Non-operating income		
Interest income	9,550	10,433
Dividend income	15,182	15,862
House rent income	76,501	76,674
Foreign exchange gains	223,639	28,469
Miscellaneous income	55,082	42,861
Total non-operating income	379,957	174,301
Non-operating expenses		
Interest expenses	117,527	105,377
Rent expenses on real estates	62,900	62,126
Share issuance cost	—	28,261
Miscellaneous loss	38,075	32,588
Total non-operating expenses	218,504	228,353
Ordinary income	1,157,893	620,739
Extraordinary income		
Gain on sales of non-current assets	4,129	—
Total extraordinary income	4,129	—
Extraordinary losses		
Loss on retirement of non-current assets	16,015	11,733
Loss on valuation of investment securities	—	12,216
Loss on cancellation of rental contracts	2,400	—
Loss on valuation of investment securities	26,084	—
Total extraordinary losses	44,500	23,950
Income before income taxes and minority interests	1,117,522	596,789
Income taxes - current	277,939	195,577
Income taxes - deferred	81,839	109,632
Total income taxes	359,778	305,209
Profit	757,744	291,579
Profit (loss) attributable to non-controlling interests	3,240	△11,632
Profit attributable to owners of parent	754,503	303,212

(Quarterly Consolidated Statement of Comprehensive Income)  
(For the third quarter consolidated cumulative period)

	(Thousand yen; △ means negative)	
	Previous third quarter consolidated cumulative period (April 1, 2014 - December 31, 2014)	Current third quarter consolidated cumulative period (April 1, 2015 - December 31, 2015)
Profit	757,744	291,579
Other comprehensive income		
Valuation difference on available-for-sale securities	53,442	24,487
Total other comprehensive income	53,442	24,487
Comprehensive income	811,186	316,067
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	807,946	327,700
Comprehensive income attributable to non-controlling interests	3,240	△11,632

(3) Notes on Quarterly Consolidated Financial Statements

(Going Concern Assumption)

Not applicable.

(Notes in Case of Significant Changes in the Amount of Shareholders' Equity)

The Company has its capital stock and capital surplus increased by 2,171,000,000 yen, respectively, due to capital expansion through public offering, the due date of payment of which was June 1, 2015.

(Segment Information, etc.)

The Group is a single segment of food service business and therefore description of segment information, etc. is omitted.