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November 2, 2016

Summary of Financial Results of the Second Quarter of the Fiscal Year Ending March 31, 2017
[Japanese standards] (Consolidated)

Company name: SATO RESTAURANT SYSTEMS COMPANY LIMITED
 Securities code: 8163
 Representative: Yoshitaka Shigesato, President & Chief Executive Officer
 Contact: Masahiro Tanaka, Director & Head of Corporate Planning Division
 Scheduled date of filing of quarterly report: November 10, 2016
 Scheduled date of payment of dividend: N/A
 Preparation of supplementary references regarding quarterly results: No
 Holding the briefing of quarterly results: Yes (For institutional investors and analysts)

Stock Exchange listings: Tokyo
 URL: <http://www.sato-restaurant-systems.co.jp>
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(All amounts are rounded down to the nearest million yen)
 (△ means negative)

1. Financial results of the Second Quarter of the Fiscal Year Ending March 31, 2017 (Apr. 1, 2016 – Sep. 30, 2016)

(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 | % |
| 2Q FY03/2017 | 20,291 | 3.0 | 59 | △88.2 | △134 | — | △511 | — |
| 2Q FY03/2016 | 19,704 | 5.7 | 504 | △9.5 | 428 | △26.7 | 182 | △40.3 |

(Note) Comprehensive income 2Q FY03/2017: △528 million yen (—%)
 2Q FY03/2016: 163 million yen (△52.0%)

| | Net income per share | | Diluted net income per share | |
|--------------|----------------------|--|------------------------------|--|
| | Yen | | Yen | |
| 2Q FY03/2017 | △15.39 | | — | |
| 2Q FY03/2016 | △5.88 | | — | |

(2) Consolidated financial position

| | Total assets | | Net assets | | Equity ratio | Net assets per share |
|--------------|--------------|--|-------------|--|--------------|----------------------|
| | Million yen | | Million yen | | % | Yen |
| 2Q FY03/2017 | 28,930 | | 13,837 | | 47.5 | 413.94 |
| FY03/2016 | 27,820 | | 14,531 | | 51.8 | 434.35 |

(Reference) Shareholders equity: 2Q FY03/2017: 13,746 million yen
 FY03/2016: 14,424 million yen

2. Dividends

| | Annual dividend per share | | | | |
|-----------------------|---------------------------|--------|--------|----------|-------|
| | 1Q-end | 2Q-end | 3Q-end | Year-end | Total |
| | Yen | | | | |
| FY03/2016 | — | — | — | 5.00 | 5.00 |
| FY03/2017 | — | — | — | — | — |
| FY03/2017 (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, 2017 (April 1, 2016 – March 31, 2017)

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

| | Net sales | | Operating income | | Ordinary income | | Income attributable to owners of parent | | Net income per share |
|-----------|-------------|-----|------------------|-----|-----------------|-------|---|---|----------------------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| Full term | 44,000 | 9.8 | 550 | 1.4 | 300 | △17.0 | △300 | — | △9.03 |

(NOTE) Revisions to performance forecasts published most recently: Yes

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***Notes**

- (1) Changes in important subsidiaries during the current period
(changes in specific subsidiaries resulting in modifications of the consolidation scope): Yes
New company: Two companies (Miyamoto Munashi Corporation; TWO SIX Corporation)
Excluded company: None
- NOTE: Please see the appendix page 4, “2. Matters regarding Summary Information (Notes), (1) Changes in important subsidiaries during the current consolidated cumulative period”.
- (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: | None |
| 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) | |
| 2Q FY03/2017: | 33,209,080 shares |
| FY03/2016: | 33,209,080 shares |
| 2) Number of treasury stock at the end of the period | |
| 2Q FY03/2017: | 262 shares |
| FY03/2016: | 212 shares |
| 3) Average number of shares outstanding during the period (quarterly cumulative) | |
| 2Q FY03/2017: | 33,208,861 shares |
| 2Q FY03/2016: | 31,066,059 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)

| | 2Q FY03/2016 | | | 2Q FY03/2017 | | |
|---|----------------|--------------------|-------------|----------------|--------------------|-------------|
| | Actual results | +/- amounts YoY | +/-% YoY | Actual results | +/- amounts YoY | +/-% YoY |
| Net sales | 19,704 | 1,057 | 5.7 | 20,291 | 586 | 3.0 |
| Operating income | 504 | △52 | △9.5 | 59 | △444 | △88.2 |
| Ordinary income | 428 | △156 | △26.7 | △134 | △562 | — |
| Income attributable to owners of parent | 182 | △123 | △40.3 | △511 | △693 | — |

During the current second quarter consolidated cumulative period, net sales increased as compared to the previous year due to increase in number of restaurants in operation.

The Group unfortunately experienced lower profitability as compared to the previous year because, for example, sales in existing restaurants could not achieve its goals as planned and labor cost increased due to arranging working environment, and also because of allocating advisory expenses and others associated with share acquisition of Miyamoto Munashi Corporation and TWO SIX Corporation, occurrence of foreign exchange losses due to stronger yen, loss on evaluation of investment in overseas joint ventures, and allocating impairment loss due to decision to close two restaurants.

In addition, as of September 1, 2016, the Group acquired 100% shares of two companies: Miyamoto Munashi Corporation which had operated "Meshiya Miyamoto Munashi" (a restaurant chain), and TWO SIX Corporation which had held the premise of "Miyamoto Munashi JR Nagoyaekimae branch"; both of which have become our subsidiaries and been included within the scope of consolidated accounting. Only the balance sheet has been consolidated for the current second quarter consolidated fiscal period and therefore there is no impact on the consolidated performance except for the aforementioned advisory expenses.

② Measures for opening new restaurants

(numbers of restaurants)

| Category | As of end of the 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 | 201 (—) | — (—) | — (—) | 201 (—) | 4 (—) |
| Sushi-han | 14 (—) | — (—) | — (—) | 14 (—) | — (—) |
| Tendon & Tenpura restaurant Santen | 22 (—) | 4 (1) | — (—) | 26 (1) | 25 (5) |
| Nigiri Chojiro | 53 (—) | 2 (—) | — (—) | 55 (—) | 6 (—) |
| Nigiri Chujiro | 6 (—) | — (—) | — (—) | 6 (—) | — (—) |
| Katsuya | 28 (14) | 5 (2) | — (—) | 33 (16) | 11 (6) |
| Miyakobito | 18 (17) | — (—) | 1 (1) | 17 (16) | — (—) |
| Meshiya Miyamoto Munashi | — (—) | 69 (7)※ | — (—) | 69 (7) | — (—) |
| Domestic total | 342 (31) | 80 (10) | 1 (1) | 421 (40) | 46 (11) |
| Overseas restaurants | 6 (5) | 1 (—) | 1 (1) | 6 (4) | — (—) |
| Worldwide total | 348 (36) | 81 (10) | 2 (2) | 427 (44) | 46 (11) |

NOTE: Numbers in parentheses represent FC restaurants (domestic) and joint venture restaurants (overseas).

※ The number of newly opened "Meshiya Miyamoto Munashi" restaurants means that Miyamoto Munashi Corporation had its shares entirely acquired and has since been included within the scope of the consolidated accounting.

Newly opened restaurants during the current second quarter consolidated cumulative period were as follows: 4 "Tendon & Tenpura restaurant Santen" restaurants including 3 directly managed and 1 FC restaurants, 2 directly managed "Nigiri Chojiro" restaurant, and 5 "Katsuya" restaurants including 3 directly managed and 2 FC restaurants, totaling 11 restaurants were newly opened in all categories domestically; moreover, contracts have already been executed for opening 19 new restaurants. As for overseas development, "Washoku Sato Jung-Li branch" was newly opened in Taiwan, whereas "Washoku Sato AMATA Home Pro branch" was closed, which means the Company currently operates 6 overseas restaurants: 2 in Taiwan, 2 in Indonesia and 2 in Thailand.

In addition, Miyamoto Munashi Corporation has joined the Group to add 69 "Meshiya Miyamoto Munashi" restaurants (including 2 FC and 5 quasi-directly managed restaurants), resulting in 427 restaurants of the entire Group in operation domestic and overseas at the end of the current second quarter consolidated fiscal period.

③ Other measures

As operational measures at "Washoku Sato" restaurants, renewed menu has been introduced in July, 2016 including shifting vegetables used for "Sato-Shabu" (all-you-can-eat style Shabu-Shabu) to domestic ones for more added-value, and also in August "Sato-Suki" (all-you-can-eat style Sukiyaki) started, so that we could offer higher-value added items. As a result, average spending increased from the previous year in the current second quarter consolidated fiscal period, contributing to higher sales. For the second half as well, we will develop various promotional measures such as TV commercials aiming at further expansion of sales quantities of "Sato-Suki". In addition, facilities renovations were carried out at 3 restaurants.

At "Santen" restaurants, Narumi branch (Aichi pref.), the first restaurant in Chubu area was newly opened in May and Mikawa-Anjo branch (Aichi pref.), the first FC in the same area in August. Net sales of both have maintained good performance at higher levels than planned.

At "Nigiri Chojiro" restaurants, Chojiro's 15th anniversary special events were organized to roll out highly newsworthy commercial measures coupled with promotional activities including "Spring seasonal harvest festival" featuring seasonal fresh materials such as Sakuradai (Cherry Anthias), and "Summer seasonal harvest festival" featuring special menu designed in collaboration with popular talents.

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 second quarter consolidated fiscal period was 28,930 million yen (increase by 1,109 million yen from the end of the previous consolidated fiscal year).

(Assets)

Current liabilities was 9,153 million yen (decrease by 1,612 million yen from the end of the previous consolidated fiscal year). It comprises mainly decrease in cash and deposits by 1,535 million yen.

Non-current assets was 19,735 million yen (increase by 2,681 million yen from the end of the previous consolidated fiscal year). It comprises mainly increase in goodwill by 1,755 million yen following acquisition of consolidated subsidiaries, increase in guarantee deposits by 238 million yen, and increase in buildings (net) by 186 million yen.

(Liabilities)

Current liabilities was 6,958 million yen (decrease by 393 million yen from the end of the previous consolidated fiscal year). It comprises mainly decrease in accounts payable-other by 392 million yen.

Non-current liabilities was 8,134 million yen (increase by 2,197 million yen from the end of the previous consolidated fiscal year). It comprises mainly increase in bonds payable by 1,720 million yen and increase in long-time loans payable by 286 million yen.

(Net assets)

Net assets at the end of the current second quarter consolidated fiscal period was 13,837 million yen (decrease by 694 million yen from the end of the previous consolidated fiscal year).

(Cash flow status)

Cash and cash equivalents (hereinafter, "business fund") at the end of the current second quarter consolidated fiscal period was 7,080 million yen (decrease by 1,535 million yen from the end of the previous consolidated fiscal year). Each cash flow status and factors thereof in the current second quarter consolidated fiscal period consolidated fiscal year are as follows.

(Cash flow from operating activities)

Business fund resulting from operating activities was 47 million yen (whereas it was 49 million yen in the previous fiscal year). It comprises mainly net income before income taxes of 216 million yen, depreciation of 665 million yen and decrease in accounts payable-other by 454 million yen.

(Cash flow from investment activities)

Business fund used for investment activities was 3,351 million yen (whereas it was 1,684 million yen in the same period of the previous year). This includes mainly expense by acquiring shares in subsidiaries resulting in change in scope of consolidation of 2,381 million yen, and expense by purchase of property, plant and equipment of 581 million yen.

(Cash flow from financial activities)

Business fund resulting from financial activities was 1,823 million yen (whereas it was 3,713 million yen in the previous consolidated fiscal year). It comprises mainly proceeds from issuance of bonds of 1,958 million yen and expense by paying dividends of 166 million yen.

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

Consolidated performance forecasts for the fiscal year ending March 31, 2017 have been amended from those as announced in the Summary of Financial Results on May 11, 2016. For details, please refer to "Notices concerning differences between performance forecasts and actual achievements, and amendment to full term performance forecasts for the second quarter cumulative period of FY03/2017" published on November 2, 2016.

2. Matters regarding summary information (Notes)**(1) Changes in important subsidiaries during the current quarterly consolidated cumulative period**

In the current second quarter consolidated cumulative period, the Group acquired 100% shares of two companies: Miyamoto Munashi Corporation which had operated "Meshiya Miyamoto Munashi" (a restaurant chain), and TWO SIX Corporation which had held the premise of "Miyamoto Munashi JR Nagoyaekimae branch"; both of which have been included within the scope of consolidated accounting.

Miyamoto Munashi Corporation is a specified subsidiary of the Group.

(2) Application of special accounting methods to the preparation of quarterly consolidated financial statements

Not applicable.

**(3) Changes in accounting principles, changes and restatements of accounting estimates
Additional information**

(Application of Implementation Guidance on Recoverability of Deferred Tax Assets)

The Company has applied the "Implementation Guidance on Recoverability of Deferred Tax Assets" (Accounting Standards Board of Japan Guidance No. 26 of March 28, 2016) since the current first quarter consolidated fiscal period.

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, 2016) | Current second quarter consolidated fiscal period (September 30, 2016) |
|-------------------------------------|--|--|
| Assets | | |
| Current assets | | |
| Cash and deposits | 8,616,381 | 7,080,561 |
| Accounts receivable - trade | 603,001 | 609,142 |
| Merchandise | 41,279 | 40,232 |
| Raw materials and supplies | 710,854 | 700,180 |
| Deferred tax assets | 312,739 | 198,983 |
| Other | 481,583 | 524,128 |
| Total current assets | 10,765,840 | 9,153,230 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings, net | 2,456,152 | 2,642,408 |
| Land | 4,742,506 | 4,742,506 |
| Other, net | 2,174,772 | 2,229,607 |
| Total property, plant and equipment | 9,373,431 | 9,614,522 |
| Intangible assets | | |
| Goodwill | 1,116,373 | 2,871,505 |
| Other | 977,751 | 1,207,928 |
| Total intangible assets | 2,094,124 | 4,079,434 |
| Investment and other assets | | |
| Investment securities | 805,407 | 873,568 |
| Long-term loans receivable | 833,744 | 849,277 |
| Guarantee deposits | 3,039,010 | 3,277,942 |
| Deferred tax assets | 445,963 | 523,932 |
| Other | 475,766 | 529,746 |
| Allowance for doubtful accounts | △13,505 | △12,725 |
| Total investments and other assets | 5,586,386 | 6,041,741 |
| Total non-current assets | 17,053,942 | 19,735,699 |
| Deferred assets | 649 | 41,131 |
| Total assets | 27,820,432 | 28,930,061 |

| | (Thousand yen; △ means negative) | |
|---|--|--|
| | Previous consolidated fiscal year (March 31, 2016) | Current second quarter consolidated fiscal period (September 30, 2016) |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 1,179,980 | 1,116,995 |
| Current portion of bonds | 50,000 | 280,000 |
| Current portion of long-term loans payable | 2,437,500 | 2,340,500 |
| Accounts payable-other | 2,137,639 | 1,744,981 |
| Income taxes payable | 230,746 | 294,555 |
| Provision for bonuses | 272,916 | 319,684 |
| Other | 1,043,361 | 861,939 |
| Total current liabilities | 7,352,143 | 6,958,656 |
| Non-current liabilities | | |
| Bonds payable | — | 1,720,000 |
| Long-term loans payable | 3,759,945 | 4,046,740 |
| Deferred tax liabilities for land revaluation | 274,908 | 274,908 |
| Deferred tax liabilities | 83,745 | 176,373 |
| Provision for directors' retirement benefits | 29,578 | 29,578 |
| Asset retirement obligations | 510,772 | 610,483 |
| Other | 1,277,478 | 1,275,954 |
| Total non-current liabilities | 5,936,428 | 8,134,037 |
| Total liabilities | 13,288,571 | 15,092,694 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 8,532,856 | 8,532,856 |
| Capital surplus | 4,981,675 | 4,981,675 |
| Retained earnings | 1,400,978 | 723,784 |
| Treasury shares | △173 | △214 |
| Total shareholders' equity | 14,915,337 | 14,238,101 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 108,976 | 108,286 |
| Revaluation reserve for land | △600,061 | △600,061 |
| Total accumulated other comprehensive income | △491,085 | △491,775 |
| Non-controlling interests | 107,608 | 91,041 |
| Total net assets | 14,531,860 | 13,837,367 |
| Total liabilities and net assets | 27,820,432 | 28,930,061 |

(2) Quarterly Consolidated Statements of Income and Statement of Comprehensive Income
(Quarterly Consolidated Statements of Income)
(Second quarter consolidated cumulative period)

| | (Thousand yen; △ means negative) | |
|---|--|---|
| | Previous first quarter consolidated cumulative period (April 1, 2015 - September 30, 2015) | Current first quarter consolidated cumulative period (April 1, 2016 - September 30, 2016) |
| Net sales | 19,704,981 | 20,291,683 |
| Cost of sales | 6,745,579 | 6,908,343 |
| Gross profit | 12,959,401 | 13,383,340 |
| Selling, general and administrative expenses | 12,455,178 | 13,323,697 |
| Operating income | 504,223 | 59,642 |
| Non-operating income | | |
| Interest income | 6,881 | 7,070 |
| Dividend income | 8,938 | 8,824 |
| House rent income | 51,020 | 35,032 |
| Miscellaneous income | 25,098 | 24,143 |
| Total non-operating income | 91,938 | 75,070 |
| Non-operating expenses | | |
| Interest expenses | 70,857 | 63,279 |
| Rent expenses on real estates | 41,320 | 28,398 |
| Share issuance cost | 28,261 | — |
| Foreign exchange losses | 4,695 | 160,114 |
| Miscellaneous loss | 22,929 | 17,397 |
| Total non-operating expenses | 168,064 | 269,190 |
| Ordinary income or loss (△) | 428,097 | △134,477 |
| Extraordinary losses | | |
| Loss on retirement of noncurrent assets | 8,423 | 10,056 |
| Loss on valuation of investment securities | — | 59,315 |
| Impairment loss | — | 12,251 |
| Loss on closing of stores | — | 888 |
| Total extraordinary losses | 8,423 | 82,512 |
| Income or loss (△) before income taxes and minority interests | 419,674 | △216,990 |
| Income taxes - current | 190,774 | 178,531 |
| Income taxes - deferred | 62,532 | 132,195 |
| Total income taxes | 253,307 | 310,727 |
| Net income or loss (△) | 166,367 | △527,717 |
| Net income or loss (△) attributable to non-controlling interests | △16,374 | △16,566 |
| Net income or loss (△) attributable to owners of parent | 182,742 | △511,150 |

(Quarterly Consolidated Statement of Comprehensive Income)
(Second quarter consolidated cumulative period)

| | (Thousand yen; △ means negative) | |
|--|---|--|
| | Previous second quarter consolidated cumulative period (April 1, 2015 - September 30, 2015) | Current second quarter consolidated cumulative period (April 1, 2016 - September 30, 2016) |
| Net income or loss (△) | 166,367 | △527,717 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | △2,474 | △690 |
| Total other comprehensive income | △2,474 | △690 |
| Comprehensive income | 163,893 | △528,407 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 180,267 | △511,840 |
| Comprehensive income attributable to non-controlling interests | △16,374 | △16,566 |

(3) Quarterly Consolidated Cash flow Statement

(Thousand yen; △ means negative unless otherwise stated)

| | Previous second quarter consolidated cumulative period (April 1, 2015 - September 30, 2015) | Current second quarter consolidated cumulative period (April 1, 2016 - September 30, 2016) |
|---|---|--|
| Cash flow from operating activities | | |
| Net income or loss (△) before income taxes | 419,674 | △216,990 |
| Depreciation | 638,871 | 665,123 |
| Amortization of goodwill | 44,954 | 44,954 |
| Impairment loss | — | 12,251 |
| Loss on store closing | — | 888 |
| Increase/decrease in reserve for bonuses (△ means decrease) | △154,877 | 46,768 |
| Increase/decrease in allowance for doubtful accounts (△ means decrease) | △848 | △780 |
| Increase/decrease in provision for directors' retirement benefits (△ means decrease) | △1,825 | — |
| Increase/decrease in provision for loss on store closing (△ means decrease) | — | △8,599 |
| Interest and dividends income | △15,819 | △15,894 |
| Interest expenses | 70,857 | 63,279 |
| Loss on valuation of investment securities | — | 59,315 |
| Loss on sales of non-current assets | 8,423 | 10,056 |
| Increase/decrease in sales credit (△ means increase) | △22,632 | △6,141 |
| Increase/decrease in inventories (△ means increase) | △52,536 | 22,358 |
| Increase/decrease in notes and accounts payable-trade (△ means decrease) | 19,183 | △62,985 |
| Increase/decrease in accounts payable-other (△ means decrease) | △388,473 | △75,267 |
| Increase/decrease in accrued consumption taxes (△ means decrease) | △15,473 | △454,742 |
| Other | △164,069 | 150,489 |
| Subtotal | 385,408 | 234,084 |
| Interest and dividends income received | 8,805 | 8,727 |
| Interest expenses paid | △72,038 | △64,184 |
| Income taxes refund | — | 40,865 |
| Income taxes paid | △273,122 | △172,367 |
| Cash flow from operating activities | 49,052 | 47,125 |
| Cash flow from investment activities | | |
| Payments into time deposits | △1,000,000 | — |
| Purchase of property, plant and equipment | △424,319 | △581,940 |
| Proceeds from sales of property, plant and equipment | — | 825 |
| Purchase of investment securities | △21,147 | △125,072 |
| Purchase of investments in subsidiaries resulting in change in scope of consolidation | — | △2,381,665 |
| Purchase of intangible assets | △29,930 | △173,273 |
| Payments for guarantee deposits | △54,806 | △55,408 |
| Proceeds from collection of guarantee deposits | 42,203 | 42,399 |
| Payments of construction assistance fund receivables | △168,000 | △89,943 |
| Collection of construction assistance fund receivables | 47,484 | 45,267 |
| Other | △75,720 | △32,829 |
| Cash flow from investment activities | △1,684,235 | △3,351,639 |
| Cash flow from financial activities | | |
| Proceeds from long-term loans payable | 1,000,000 | 1,500,000 |
| Proceeds from issuance of bonds | — | 1,958,347 |
| Repayment of long-term loans payable | △1,302,162 | △1,310,476 |
| Repayments of finance lease obligations | △106,749 | △108,453 |
| Redemption of bonds | △50,000 | △50,000 |
| Proceeds from issuance of common stock | 4,313,938 | — |
| Purchase of treasury stock | — | △41 |
| Cash dividends paid | △141,044 | △166,044 |
| Cash flow from financial activities | 3,713,981 | 1,823,330 |
| Effect of exchange rate change on cash and cash equivalents | 74,296 | △54,636 |
| Increase/decrease in cash and cash equivalents (△ means decrease) | 2,153,095 | △1,535,819 |
| Balance of cash and cash equivalents at beginning of the period | 5,532,308 | 8,616,381 |
| Balance of cash and cash equivalents at end of the period | 7,685,404 | 7,080,561 |

**(4) Notes on Quarterly Consolidated Financial Statements
(Going concern assumption)**

Not applicable.

(Notes in case of significant changes in the amount of shareholders' equity)

Not applicable.

(Segment information, etc.)

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