

# Annual Report 2020

*Year Ended September 30, 2020*

**Sushiro Global Holdings Ltd.**  
1-22-2 Esaka-cho, Suita-shi, Osaka 564-0063, Japan  
Tel. +81-6-6368-1001



# Bringing Joy, through Food

## Forward-Looking Statements

The future outlook and other forward-looking statements presented in this Report are based on information available to the Company at the time of preparation. They do not constitute guarantees by the Company of future performance. Factors such as economic conditions, market trends in the dining industry, shifts in consumer preferences, and fluctuations in the price of raw materials may cause actual operating results, financial position, and other results of the Company to differ materially from those discussed herein.

## Organizations and Period Covered

In principle, the information in this Report concerns Sushiro Global Holdings Ltd. and its consolidated subsidiaries (as of September 30, 2020) for the fiscal year ended September 30, 2020. When appropriate, however, information from outside this period is included, as when citing past circumstances and data or using recent examples for illustration purposes.

## Contents

	
<b>Our Value Creation</b>	
02 Top Message 04 Trajectory of Growth 06 To Our Stakeholders	
	<b>Financial Strategy / Performance Report</b>
12 Operating Performance and Financial Status 14 Financial Highlights / Non-Financial Information	
<b>Sites of Value Creation</b>	
16 Special Feature #1 Overseas Development 18 Special Feature #2 Strengthening Management Foundations	
<b>Foundations Supporting Value Creation</b>	
20 Corporate Governance 22 Comments from Outside Directors 26 Risk Information 27 Management Team	
	
<b>Data Section</b>	
28 Consolidated Financial Statements 33 Company Profile / Stock Information	
	

# Sushiro Global Holdings becomes FOOD & LIFE COMPANIES

## Koichi Mizutome

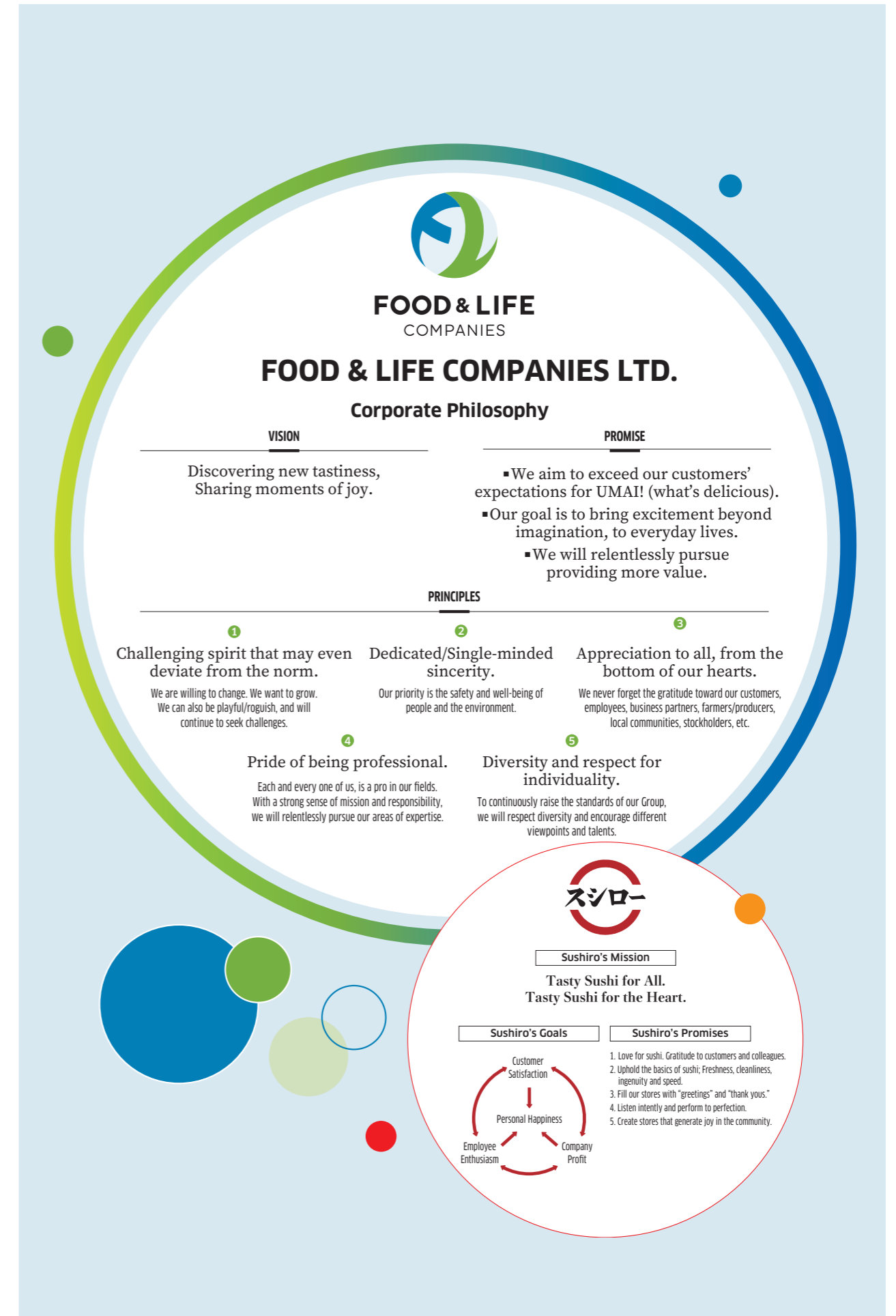
President & CEO  
Sushiro Global Holdings Ltd.

Founded in 1984, Sushiro Group has steadily expanded its network of Sushiro stores, bringing delicious sushi to as many people as possible. Thanks to the support we received from customers, since March 2011 Sushiro has been the sales leader in *kaiten* (revolving) sushi industry. Currently our focus is on diversification, including developing new business formats such as the casual sushi *izakaya* (Japanese-style pub) SUGIDAMA, and the Sharetea stores specializing in Taiwanese tea. We are also expanding our network of overseas Sushiro locations, and have increased our stake in the U.K. firm WASABI Sushi Bento Limited.

With this in mind, to broaden our business scope, accelerate global expansion, and facilitate further growth, on April 1, 2021, Sushiro Global Holdings will change its corporate name to FOOD & LIFE COMPANIES LTD. This new name incorporates the values of FOOD (enriching the lives of customers through food), LIFE (valuing life in the form of the rice and fish we receive from nature), and COMPANIES (employees and group companies working together to realize our dreams).

I would like to express my appreciation to all stakeholders, and ask for your continued support as we adopt this new identity.

March 2021





Our Value Creation

1975

### Trajectory of Growth

In July 1975, founder and sushi chef Yoshio Shimizu opened the sushi restaurant Taisushi in Osaka City's Abeno Ward with the desire for his customers to enjoy inexpensive, delicious sushi. In the spirit of giving half of revenue back to customers, he provided sushi at a cost rate of around 50%. Taisushi would come to be a favorite in the area, fondly dubbed by locals as "Tasty Taisushi." This would be the origin of Sushiro. Today, Sushiro continues to grow as a global company while always holding dear the beliefs of its founder.

1984

### Founding

Sushiro is the successor to Sushitaro Co., Ltd., which was established by founder Yoshio Shimizu in October 1984. Sushitaro began its foray into *kaiten* (revolving) sushi, opening a store in Hyogo Prefecture in September 1996. There, all sushi was ¥100 per plate. In December 2000, the Company's trading name was changed to Akindo Sushiro Co., Ltd., with the management philosophy of "Enriching People's Lives through Sushi." After developing the world's first total management system for *kaiten* sushi to bring the taste of delicious sushi to as many people as possible, the Company was listed on the Second Section of the Tokyo Stock Exchange (TSE) in September 2003.

- Jun. 1984 Opened the first store (Sushitaro) in Toyonaka City, Osaka Prefecture
- Oct. 1984 Established Sushitaro Co., Ltd.
- Sep. 1996 Opened a 100-yen sushi store in Takarazuka City, Hyogo Prefecture
- Sep. 2003 Listed on TSE Second Section

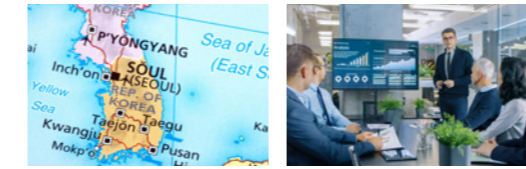


2007

### Transformation

After establishing a strategic business alliance with Unison Capital Inc. in August 2007, Sushiro formed a strategic business alliance with Permira Advisors Ltd., a British investment fund, in September 2012. During this period of transformation, the Company rigorously built foundations setting it apart from other dining companies, such as developing customer service training and efficient store operation environments, as well as deploying strategic marketing. In March 2011, Sushiro achieved the highest sales in the *kaiten* sushi industry in Japan. In April of the same year, the Company established its first overseas subsidiary, Sushiro Korea, Inc., and opened a store in Seoul, South Korea in December.

- Aug. 2007 Established a strategic business alliance with Unison Capital Inc.
- Mar. 2010 Became the No. 1 under Food & Dining Category of the Japan Customer Satisfaction Index
- Mar. 2011 Achieved the highest sales in the domestic *kaiten* sushi industry
- Dec. 2011 Expanded its business to South Korea
- Sep. 2012 Formed a strategic business alliance with UK-based investment fund Permira Advisors Ltd.



2015

### Expansion and Growth

After establishment of Akindo Sushiro Holdings Ltd. in March 2015, Sushiro Global Holdings Ltd. was born in October of the same year. Sushiro Creative Dining Ltd., which was established around the same time, opened the first new SUGIDAMA restaurant in Nishinomiya City, Hyogo Prefecture in 2017. Currently, Sushiro is focusing on measures to achieve the goals of its Medium-Term Management Plan, which concludes with the fiscal year ending September 2021. In addition, bearing the new company name FOOD & LIFE COMPANIES LTD. as of April 2021, it is seeking further growth for the Group.

- Mar. 2015 Established Akindo Sushiro Holdings Ltd.
- Oct. 2015 Trade name changed to Sushiro Global Holdings Ltd.
- Mar. 2017 Listed on TSE First Section
- Aug. 2017 Opened a new style of restaurant, SUGIDAMA, in Nishinomiya City, Hyogo Prefecture
- Jun. 2018 Expanded its business to Taiwan
- Aug. 2019 Expanded its business to Hong Kong and Singapore





**Under its new corporate name and philosophy,  
we will broaden its business scope and  
accelerate global expansion.**

**Koichi Mizutome**

President & CEO  
Sushiro Global Holdings Ltd.

## Q1

**How would you summarize  
the fiscal year ended  
September 30, 2020?**

## Q2

**What are your basic  
policies and outlook for  
each business?**

## A1

### **Record-high sales despite the COVID-19 pandemic**

Sushiro Group achieved record-high sales in FY2020/9 despite the effects of the COVID-19 pandemic, and secured operating profit. Our ability to maintain growth amid the crisis reaffirmed for us the “strength of sushi” at the core of our business.

We also made steady progress on the main measures of the Medium-Term Management Plan (FY19/9 – FY21/9), namely 1) Continue to expand the Sushiro brand in the domestic market; 2) Cultivate new opportunities in peripheral sushi markets with new brands; and 3) Embark on active overseas expansion.

In the domestic Sushiro business, we opened 33 new stores, exceeding our initial target, for a total of 559 stores as of the end of September 2020. We continue to have the largest network of stores in the *kaiten* sushi industry.

For new business formats, we opened 15 stores of the casual sushi *izakaya* SUGIDAMA, exceeding the number of openings in the previous fiscal year. The slump in investor enthusiasm due to the COVID-19 made it difficult to find franchisees, but we continued to pursue growth by concentrating on opening directly managed stores.

Overseas, we achieved growth in the Sushiro business by adapting flexibly to the impact of the COVID-19 and government regulations in each market. New store openings were mostly in line with plan, with the exception of South Korea, where we are focusing on rebuilding.

## A2

### **Domestic Sushiro Business—Restore pre-COVID growth track**

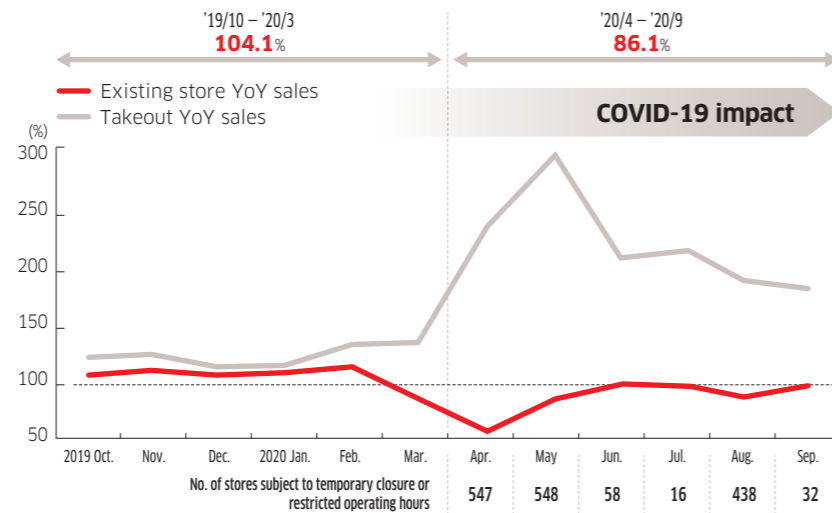
Sushiro Group utilizes a unique “true value” earnings model for its domestic Sushiro business to generate earnings while maintaining the proportion of variable expenses (costs of goods sold and labor costs). Sales at existing stores declined in April and May 2020 due to the impact from the COVID-19 pandemic, but we were able to hold the decrease to a minimum on a year-on-year basis. This was due to the success of our strategy of arranging stores so that customers can enjoy meals without anxiety, expanding takeout and delivery services, and ensuring strict cost controls by individual store focused on securing profit.

In FY2021/9, we plan to regain the growth track we had prior to the pandemic by strengthening product appeal to benefit both producers and customers, such as by participating in the government’s “#Genki Itadakimasu Project” and conducting major sales campaigns. We are also taking steps to expand our lineup and increase average revenue per customer by introducing a new price line (¥480 plate), and exploring the possibility of takeout-only stores and an in-house delivery service. We plan to maintain the current level of new store openings at around 30 stores annually, and will focus on developing employees with the skills and experience to manage stores in order to increase the number of outlets without a decline in service quality.

### **Overseas Sushiro Business—Target of around 10% of total revenue**

Sushi and Japanese cuisine have becoming increasingly popular overseas, and we are pursuing business development focusing on areas that are attractive in terms of market scale and growth potential.

### Sushiro Domestic Existing Store Sales

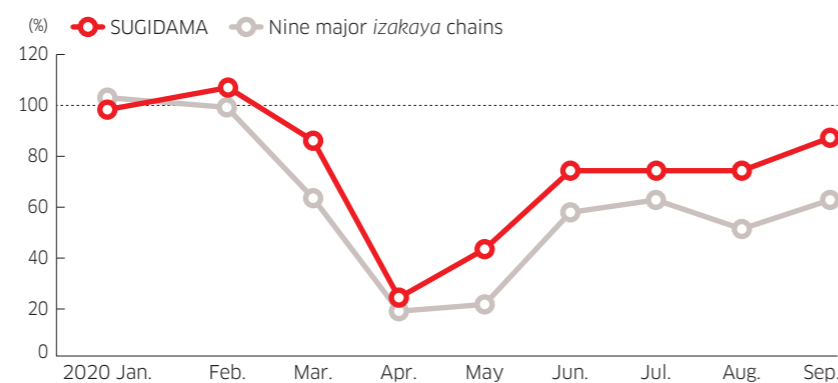


Note: Existing stores are those that have been in operation for at least 15 months. Sales calculation based on revenue per store.

Sushiro Group's strength lies in its store operational know-how cultivated in Japan, and capability to procure the type of high-quality food material essential for delicious sushi. Certain types of food material are difficult to obtain outside Japan, but we are confident that if we are consistent with the rice and vinegar that are the foundation of sushi, and offer sushi that we think is delicious, it is sure to receive a positive reaction from customers.

We have now entered a full-fledged expansion stage, and have set a target for overseas sales to account for 10% of total revenue in FY2021/9. We are already making preparations for openings in South China and Thailand, and expect that within the next few years, new store openings overseas will exceed those in Japan.

### SUGIDAMA Domestic Existing Store YoY Sales



### New business development increasing the diversity of the corporate group

The impact of the COVID-19 was particularly severe in the *izakaya* industry, but SUGIDAMA has recovered comparatively quickly. The style in which people enjoy sushi when they gather for drinks is likely to be an increasingly important key to the business's success. We are also experimenting with other new business formats, such as the Sharetea stores specializing in Taiwanese tea.

In September 2020, Sushiro Group increased its stake in the U.K. firm Wasabi, following an initial investment in 2019. We now indirectly hold a share of around 50%, a further step toward diversity for the corporate group over the medium term.

Sushiro Group is also exploring other types of businesses to enhance diversity, and will continue to actively pursue new business development.

### Measures to Achieve Our Medium-Term Growth Strategy

Medium-Term Growth Strategy Commitment	FY2021/9 Targets
<b>1 Continue to expand Sushiro brand in domestic market</b> - Open new stores and continue driving growth at existing stores	<ul style="list-style-type: none"> <li>Open around 30 new stores</li> <li>Existing store YoY growth of 10% (FY19/9 +4%), back to pre-COVID level</li> </ul>
<b>2 Embark on active overseas expansion</b> - Stores in at least five overseas markets - Overseas revenue of 20 billion JPY, with more than 10% of stores overseas	<ul style="list-style-type: none"> <li>Open first store in Thailand at end of first half, expansion to sixth market</li> <li>Overseas sales of around 24 billion JPY, significantly exceeding initial medium-term plan target</li> </ul>
<b>3 Cultivate new opportunities in peripheral sushi markets with new brands</b> - Expand SUGIDAMA and develop other formats	<ul style="list-style-type: none"> <li>Maintain growth of SUGIDAMA, continue developing new formats</li> </ul>



## Q3

**What is your intent with the new company name announced in November 2020?**

## A3

**Separate “Sushiro” from the company name, and clear away fixed ideas**

The change in the company name is intended to broaden our business scope, accelerate global expansion, and facilitate further growth. The philosophy behind the new name “FOOD & LIFE COMPANIES Ltd.” is the goal of bringing delicious food and dishes to everyday meals, and providing enriching experiences to customers. By separating the “Sushiro” brand from the company name, we aim to break away from fixed ideas about our businesses and the services we provide. The Sushiro philosophy, developed to realize the corporate mission of “Tasty Sushi for All. Tasty Sushi for the Heart.” continues in Akindo Sushiro Co., Ltd., the business company in charge of the domestic Sushiro business.

The new business name and philosophy were formulated through discussion and debate centered on general managers. The initiatives taken by these next-generation leaders under the new name and philosophy, which they personally were involved in creating, is sure to lead to future progress.

## Q4

**What are you doing to build a management foundation to support further growth?**

## A4

**Strengthening corporate governance and human resources**

A highly trusted corporate governance structure is of course essential for our further growth as a global corporation. That is why we recently adopted the monitoring board model for corporate governance. Under this structure, the Board of Directors has a high percentage of outside directors. In fact, of the nine board members, I am the only internal director. The aim of the Board of Directors is, rather than being a forum to build consensus, to reflect the varied perspectives of highly experienced outside directors in its decision-making. Strengthening the monitoring function also has the implication of entrusting business operations to the executive officers most closely connected to the actual stores, leading to greater speed in conducting business.



## Q5

**What message do you have for stakeholders?**

## A5

**Increasing product and store appeal, and enhancing enterprise value over the longer term**

FY2020/9 has reminded us of the extent to which our mainstay product of sushi is much loved in Japan and around the world, and that through takeout and delivery this type of food culture extends beyond just stores to a wide range of settings, including companies and homes. I believe that our experience this year, when store staff faced a severe business environment, and we went to great lengths and effort to secure earnings and offer delicious sushi, will be extremely helpful in supporting the next stage of growth for our corporate group.

Sushiro Group will adopt a new company name and corporate philosophy from April 2021. We will further increase the product and store appeal unique to our corporate group to further broaden our potential, and seek to enhance our enterprise value over the longer term. I would like to offer my sincere appreciation to all stakeholders, and ask for their continued support going forward.

At the same time, a corporate environment able to support a diverse range of employees is a vital part of the management foundation. We are working to build a human resource system that gives people a sense of purpose, such as an evaluation model that directly reflects earnings performance, and a system for replacing managers based on the evaluation results. Implementing these systems all at once has not been easy, but we continue to aim to be a corporate group where all store staff, including full-time employees, derive satisfaction and enjoyment from their work.

### Summary of FY2020/9 Results and FY2021/9 Forecasts

(in millions, JPY)

	FY2019/9	FY2020/9	FY2021/9	FY2019/9 vs. FY2020/9	FY2020/9 vs. FY2021/9 (E)
	Actual	Actual	Forecast	Component ratio YoY	Component ratio YoY
<b>Revenue</b>	199,088	<b>204,957</b>	250,600	100.0% +2.9%	100.0% +22.3%
Cost of sales	95,797	<b>97,244</b>	–	47.4% +1.5%	– –
Employee expenses	54,844	<b>57,775</b>	–	28.2% +5.3%	– –
<b>Operating profit</b>	14,546	<b>12,061</b>	17,300	5.9% –17.1%	6.9% +43.4%
<b>Profit before income taxes</b>	14,363	<b>10,536</b>	16,300	5.1% –26.6%	6.5% +54.7%
<b>Net profit</b>	9,959	<b>6,420</b>	10,500	3.1% –35.5%	4.2% +63.5%
<b>Capital investment</b>	8,759	<b>13,863</b>	15,000	– +58.3%	– +8.2%

No. of stores at end-period	566	<b>624</b>	695–705	100.0%	+58
Sushiro (Japan)	531	<b>559</b>	587–589	89.6%	+28
Sushiro (Overseas)	25	<b>38</b>	62–66	6.1%	+13
SUGIDAMA (Directly managed)	10	<b>22</b>	33–35	3.5%	+12
SUGIDAMA (Franchises)	–	<b>3</b>	7–9	0.5%	+3

# Sushiro Group is making investments for sustainable growth, while maintaining financial security.

## Keita Shimizu

Corporate Officer, Finance & Accounting/Investment  
Sushiro Global Holdings Ltd.



### Review of FY2020/9 Consolidated Results

Despite a difficult year due to the COVID-19 pandemic, Sushiro Group achieved record-high revenue of 204,957 million JPY and secured operating profit of 12,061 million JPY. The impact from the pandemic was particularly severe in the third quarter period, but the Domestic Sushiro Business managed to maintain an operating profit by strengthening its takeout and delivery service, and quickly implementing measures to cut costs. As the impact abated in the fourth quarter, the business made a sharp recovery.

This success was the result of measures to strengthen product offerings taken by Akindo Sushiro Co., Ltd. over the last few years, a fusion of planning and store design capabilities, which has proved effective during the pandemic. Specifically, sales campaigns based on product development and marketing capabilities led to an increase in customers during the first half, and a quick recovery in customer traffic following the initial period of the pandemic. In addition, demand remained firm for premier, high-value items even during the pandemic, and average spending per customer rose over the full-year period. Akindo Sushiro also quickly

reassigned store staff according to circumstances, taking steps to flexibly revise operations and enhance efficiency. I think the strength of Sushiro's on-site capabilities was a major factor in the sense that stores managed to cope with difficult conditions while implementing measures to help control the pandemic, and at the same time remaining conscious of cost.

In the New Brand Development Business, which was even more severely affected by the COVID-19 pandemic, and the Overseas Sushiro Business, where the degree of impact and speed of recovery varied by area, Sushiro Group adapted its response, making decisions for continued investment or store closures. This policy of acceleration or braking as appropriate resulted in sales growth and firm securing of earnings, and we feel it is the reason for our successful results this term.

### Financial Strategies during the COVID-19 Pandemic and Main Measures

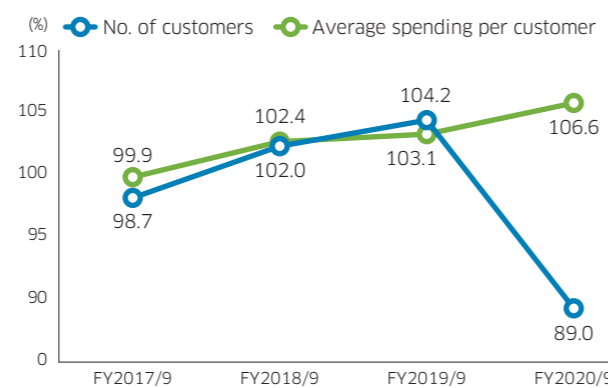
Sushiro Group had been pursuing measures to strengthen its finances even before the COVID-19 pandemic. In September 2019, we newly received an "A minus" rating from Japan

### Consolidated Results by Quarter

	(in millions, JPY)							
	Q1		Q2		Q3		Q4	
	Actual	Sales ratio	Actual	Sales ratio	Actual	Sales ratio	Actual	Sales ratio
Revenue (Existing store YoY)	55,738 (107.5%)	100.0%	52,432 (100.8%)	100.0%	42,491 (78.3%)	100.0%	54,296 (93.5%)	100.0%
Operating profit	4,837 8.7%		3,398 6.5%		384 0.9%		3,442 6.3%	
Profit for the period	3,031 5.4%		2,053 3.9%		(841) (2.0%)		2,178 4.0%	

Note: Figures for "Existing stores YoY" are for Sushiro brand stores in Japan.

### Sushiro Brand No. of Customers and Spending per Customer



Credit Rating Agency (JCR). Considering the current pace of proactive new store openings under the Medium-Term Management Plan, the reduction in financing cost resulting from this rating has been vitally important. We also recognize the significance of such a rating, which is extremely high in the food industry. Based on this, Sushiro Group issued 10 billion JPY in corporate bonds in January 2020 just prior to the outbreak of COVID-19, and a further 20 billion JPY in November 2020 the following fiscal year. Along with a 30 billion JPY commitment line agreement concluded to respond to the COVID-19 pandemic, we have managed to maintain financial soundness and secure funds for growth in an extremely positive manner.

Looking ahead, Sushiro Group has 35 billion JPY in bank loans issued under an investment fund that will come due in March 2021, which we are preparing to refinance. At the time of this borrowing Sushiro was not listed and initial costs were high, but since we have been able to procure financing beforehand through corporate bonds based on high creditworthiness, with support from financial institutions and recognizing the cost reduction, we plan to secure sufficient funds for growth.

### Status of Business Investment in the Management Plan

In Japan, along with new store openings, Sushiro Group is proactively investing in automation equipment. As I mentioned previously, product development, marketing, and on-site capabilities are important to strengthen competitiveness, but investment in automation and IT is also essential to ensure greater solidity and stability.

Accordingly, we are currently conducting regular development and testing of automation equipment, and introducing these systems at existing and new stores. As a

result, of the approximately 4.0 billion JPY in capital investment at existing stores, 3.0 billion JPY is allocated for automation. The approximately 4.5 billion JPY invested for new stores includes several hundred million yen for automation, showing the extremely large proportion of total investment spending. We have naturally set the hurdle for recovery of automation investment at four years, the same as for new stores, and are enhancing the efficiency of store operations in order to prevent a decline in revenue.

Overseas, Sushiro Group is making investments based on earning and growth potential by region. Despite the impact of the COVID-19 pandemic and other external factors, we aim to achieve profitability in the Taiwan and Hong Kong markets during FY2021/9, and in Singapore the following year. In these core investment areas, we are proactively making up-front investments to quickly generate operating cash flow, aiming to reach a cycle where we are able to invest using internal funds. We plan to continue making selective investments to meet the target of 10% of total revenue generated from overseas sales.

### Message to Stakeholders

The most important concept for Sushiro Group in terms of finance is to proactively invest for growth, while ensuring financial soundness. With the current acceleration in investment, we are utilizing a combined method that includes external financing. However, we are keeping fund procurement costs low, and over the medium term will revert to a basis of business investment within the scope of operating cash flow. Our emphasis is on implementing strategies aimed at sustainable growth, without lowering the hurdles for financial ratios or profitability, and providing returns to shareholders based on the cash generated from these measures. We ask for your continued support of Sushiro Group.

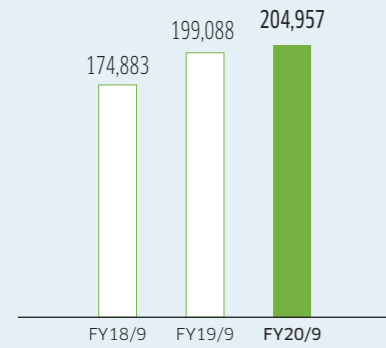
### Summary of FY2020/9 Results and FY2021/9 Forecasts

	FY2019/9	FY2020/9	FY2021/9	Growth Rate
	Actual	Actual	Guidance	FY2020/9 vs. FY2021/9 (E)
Revenue	199,088	204,957	250,600	+22.3%
Operating profit	14,546	12,061	17,300	+43.4%
Operating profit margin	7.3%	5.9%	6.9%	-
Profit before income taxes	14,363	10,536	16,300	+54.7%
Profit before income tax margin	7.2%	5.1%	6.5%	-
Profit for the year	9,959	6,420	10,500	+63.5%
Net profit margin	5.0%	3.1%	4.2%	-
When income growth not applicable	(790)	(420)	-	-
Net profit after considering income growth	9,169	6,000	10,500	+75.0%
Basic earnings per share	85.81	55.64	90.48	+62.6%
Existing store YoY sales (after adjustment for day of week)	107.7%	94.7%	110.0%	-
No. of store openings	45	70	71-81	-
Cost rate	48.1%	47.4%	47.3%	-0.1%
Employee expenses ratio	27.5%	28.3%	27.8%	-0.5%
Other SG&A + Other earnings/expenses ratio	17.0%	18.5%	18.0%	-0.5%

## Financial Highlights (Consolidated)

### Revenue

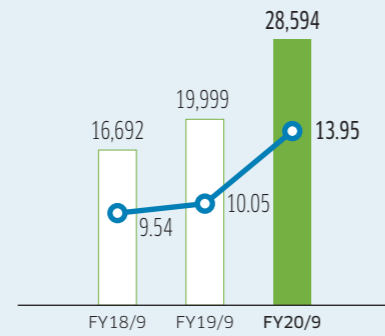
(in millions, JPY)



### Adjusted EBITDA / Adjusted EBITDA margin

Adjusted EBITDA  
Adjusted EBITDA margin (%)

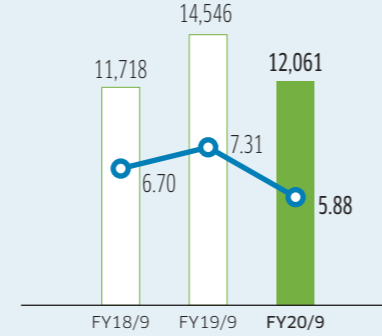
(in millions, JPY)



### Operating profit / Operating profit margin

Operating profit  
Operating profit margin (%)

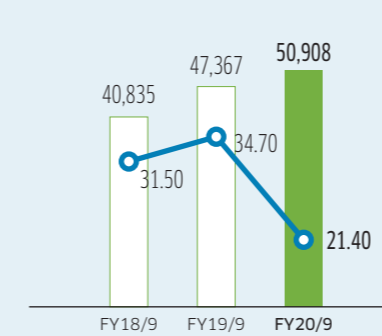
(in millions, JPY)



### Total equity / Equity ratio

Total equity  
Equity ratio (%)

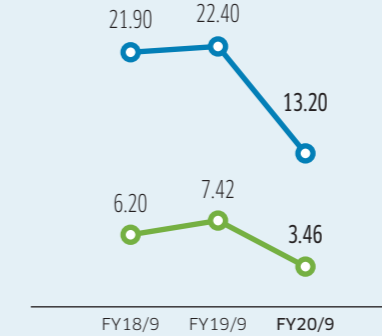
(in millions, JPY)



### ROA / ROE

ROA  
ROE (%)

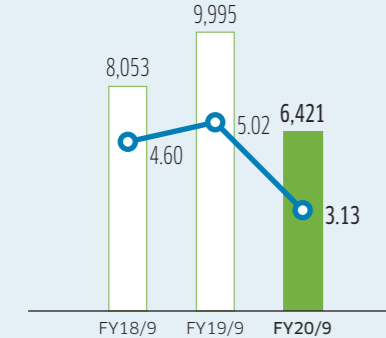
(%)



### Adjusted profit for the year / Adjusted profit margin for the year

Adjusted profit for the year  
Adjusted profit margin for the year (%)

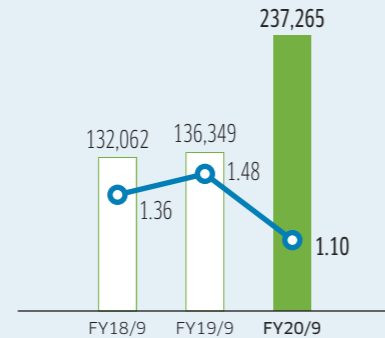
(in millions, JPY)



### Total assets / Total asset turnover

Total assets  
Total asset turnover

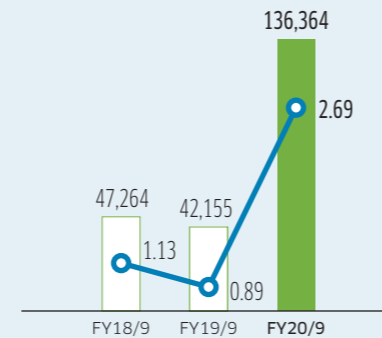
(in millions, JPY)



### Interest-bearing debt / D/E ratio

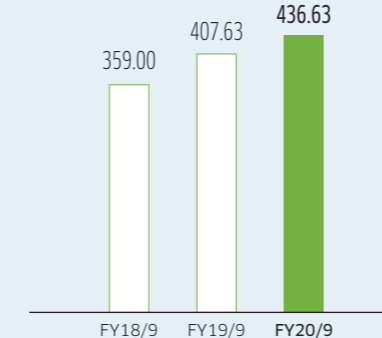
Interest-bearing debt  
D/E ratio (times)

(in millions, JPY)



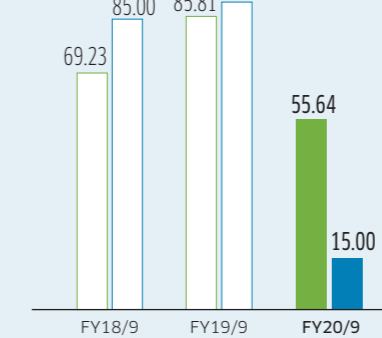
### Total equity per share attributable to owners of the parent (BPS)

(in JPY)



### Basic earnings per share (EPS) / Dividends per share (DPS)

EPS  
DPS (in JPY)



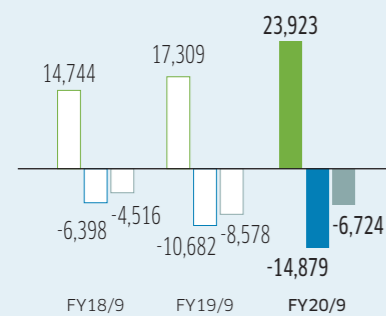
Notes: 1. The Company conducted a stock split of its common shares at a ratio of four shares for every one share on April 1, 2020.

2. Figures presented for past results of EPS and BPS reflect this split, whereas DPS figures present actual dividend amounts that do not reflect this split.

### Operating/Investing/Financing cash flows (CF)

Operating CF  
Investing CF  
Financing CF

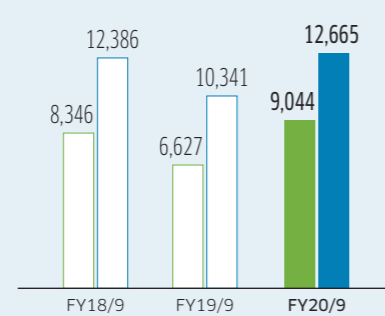
(in millions, JPY)



### Free cash flows / Cash and cash equivalents at end of period

Free cash flows  
Cash and cash equivalents at end of period

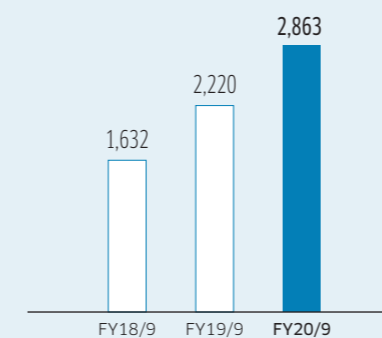
(in millions, JPY)



## Non-Financial Information

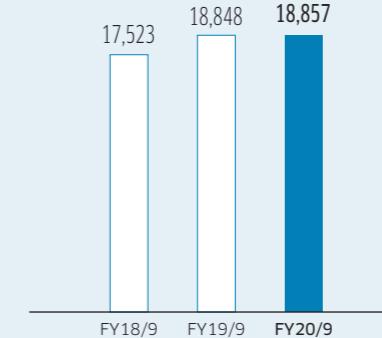
### No. of consolidated employees

(in persons)



### Average no. of temporary staff

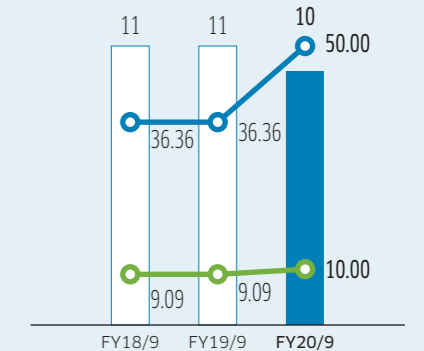
(in persons)



### No. of directors / Ratio of independent outside directors / Ratio of female directors

No. of directors  
Ratio of independent outside directors (%)  
Ratio of female directors (%)

(in persons)



“Bringing the joy of deliciousness to every corner of the planet”  
We have been engaged in overseas development in pursuit of that desire.  
This section presents the state of those activities.

**Strategic Outline for Overseas Development within the Medium-Term Management Plan**

Under the three-year Medium-Term Management Plan starting from the fiscal year ended September 30, 2019 (hereinafter referred to as “the medium-term plan”), we have the aim of becoming a global dining group commanding one trillion JPY in revenue. To that end, we have assembled a strategic outline for greater growth in the Japanese market and full-scale development in overseas markets.

In the Japanese market, our eventual outlook is to become a comprehensive sushi/Japanese cuisine dining company that covers everything from *kaiten* sushi to related markets. To respond to demographic and behavioral changes, we maintain multiple store models, such as the standard and urban models, and have continued to open new locations at a rate of more than 30 a year. Furthermore, we are working to develop peripheral sushi markets, such as with our casual izakaya (Japanese-style pub) SUGIDAMA. Our plan for SUGIDAMA includes a cumulative new store count of 27 to 33 (including 22-26 franchise stores and 4-8 direct operation model stores) during the period of the medium-term plan.

In overseas markets, we take the eventual outlook of becoming a made-in-Japan global dining brand. To that end, in the fiscal year ending September 30, 2021, the final year in the medium-term plan, we have targeted overseas revenue of some 24 billion JPY, greatly exceeding the initial goal of 20 billion JPY. Armed with “goodness,” we are focusing our development on three regions that are highly receptive to

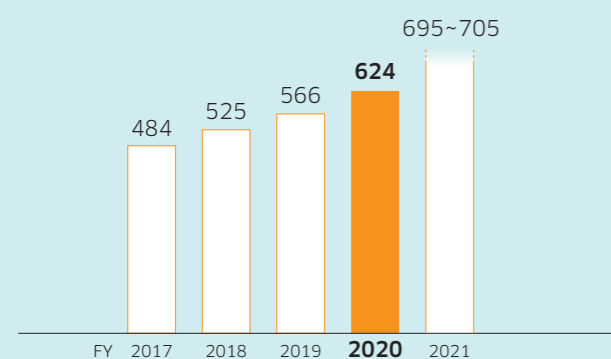
sushi and have appealing market sizes and growth potential: East Asia (including Greater China), Southeast Asia, and North America. In addition to establishing a subsidiary in Shanghai, China in December 2020, we plan to open a new store in Thailand around the spring of 2021.

**A Group Company Structure Supporting Overseas Development**

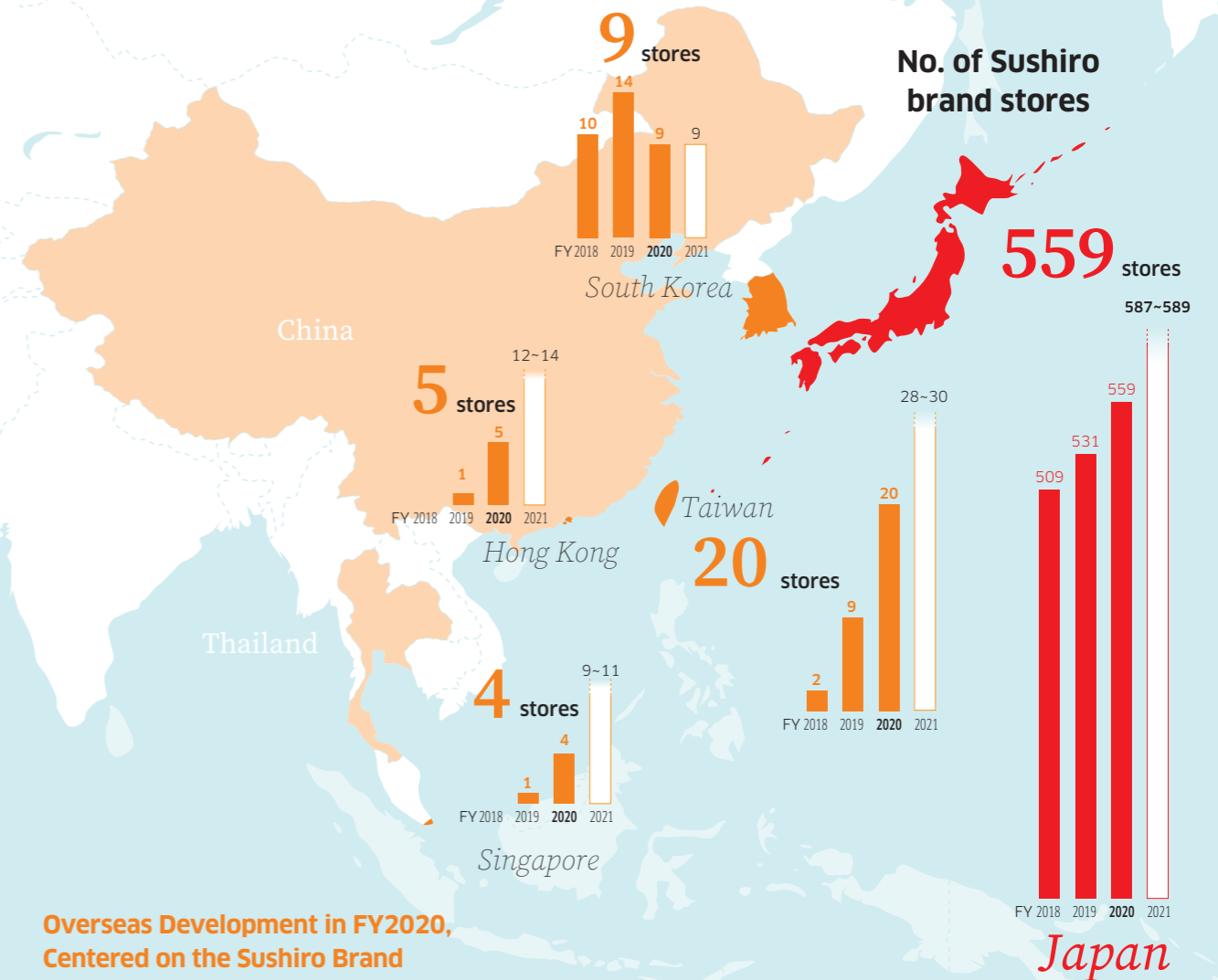
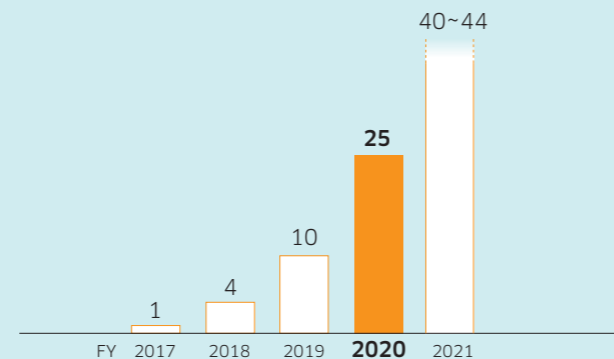
The Sushiro Group is comprised of Akindo Sushiro Co., Ltd. in Japan, which operates the Sushiro brand, regional Sushiro operating companies responsible for development in five overseas countries and regions, Sushiro Creative Dining Ltd., which operates the casual *izakaya* chain SUGIDAMA and other new businesses, and Sharetea Japan Co., Ltd., which operates Sharetea Taiwanese tea specialty stores. Sushiro also holds a stake in Wasabi Participations Limited, which operates takeout sushi chain stores in the United Kingdom. Group operations take place under Sushiro Global Holdings Ltd.

Particularly in development of the Sushiro brand, Japan’s Akindo Sushiro has long cultivated talent worthy of being called experts in Sushiro store operation. In overseas development, our fundamental policy is to dispatch talent with experience as operational managers to local sites, where they will reproduce our expertise, rules, and other elements from Japan. Procurement is also done by a Japanese team of Sushiro experts.

**No. of all brand stores over time**  
(domestic + overseas)



**No. of domestic SUGIDAMA stores over time**  
(Total of franchise + direct operation)



**Overseas Development in FY2020, Centered on the Sushiro Brand**

**Domestic Sushiro Business**

We continued to open new stores well beyond initial forecasts, with 20 new standard stores and 13 new urban stores primarily in East Japan. During COVID-19, we have focused on takeout and delivery options and creating an in-store environment where customers can dine with peace of mind, working to create even more opportunities to enjoy sushi.

**Overseas Sushiro Business**

- **Taiwan:** We have opened 11 new stores, even during COVID-19, and have built a system for continuously generating profits. Simultaneously, we are working to enhance our sales structure in response to store expansion. Due to expansion in business scale, we plan to explore potential of local procurement beginning in September 2021.
- **Hong Kong:** We maintained our ability to attract customers even during COVID-19. With the opening of four new stores, we are near to building our next profit-generating structure (following Taiwan).
- **Singapore:** In the second half of the year, we opened three new stores despite continued lockdowns and business restrictions imposed due to COVID-19. As in Japan, strengthening takeout and delivery options was successful and contributed to underpinning revenue.
- **South Korea:** We are in the midst of promoting business reforms, including only keeping stores that maintain a profit or limit losses to a minimum even during COVID-19, while closing seven unprofitable stores.

**New Brand Development Business**

- **SUGIDAMA:** We opened 15 new stores (12 direct operation model stores and three franchise stores), exceeding openings from the previous year. In particular, the number of direct operation model stores has exceeded planned figures during the medium-term plan. In the fiscal year ending September 2021, we will continue to open stores, albeit at a slower pace.
- **Sharetea:** We opened our first store in Japan in the Shinjuku area of Tokyo. We will continue to take on a variety of challenges in relation to this new style of store.
- **Additional investment in UK-based Wasabi:** Since its establishment in London in 2003, Wasabi has been developing and operating takeout chain stores selling sushi, *bento* (single-serving, packed meal) boxes, and more. During COVID-19, however, all Wasabi stores were closed due to lockdowns. This led to the need to raise funding, and we made additional investment in September 2020 increasing our indirect investment ratio from around 25% to around 50%. Through this investment, we will verify receptiveness to the tastes of Japan in Wasabi’s market, as well as consider a fusion of Sushiro’s knowledge and expertise in Japanese sushi with Wasabi’s knowledge and expertise in tastes and rice-eating culture.

## We will strengthen our corporate governance system with the aim of achieving sustainable growth and increasing corporate value over the medium to long term.

### Basic Approach to Corporate Governance

As of April 1, 2021, our company name and philosophy will be changed. Under our new vision, "Discovering new tastiness, Sharing moments of joy," our basic approach to corporate governance is that we keep a management structure where managers can check compliance status with laws, regulations, and the articles of incorporation, and that this capability is maintained on an ongoing basis.

In order to achieve our management philosophy and management targets, we believe that establishing management systems that guide the attitudes of all officers and employees and provide direction in our business activities will lead to fairer and more transparent management, bringing about benefits for all of Sushiro's stakeholders.

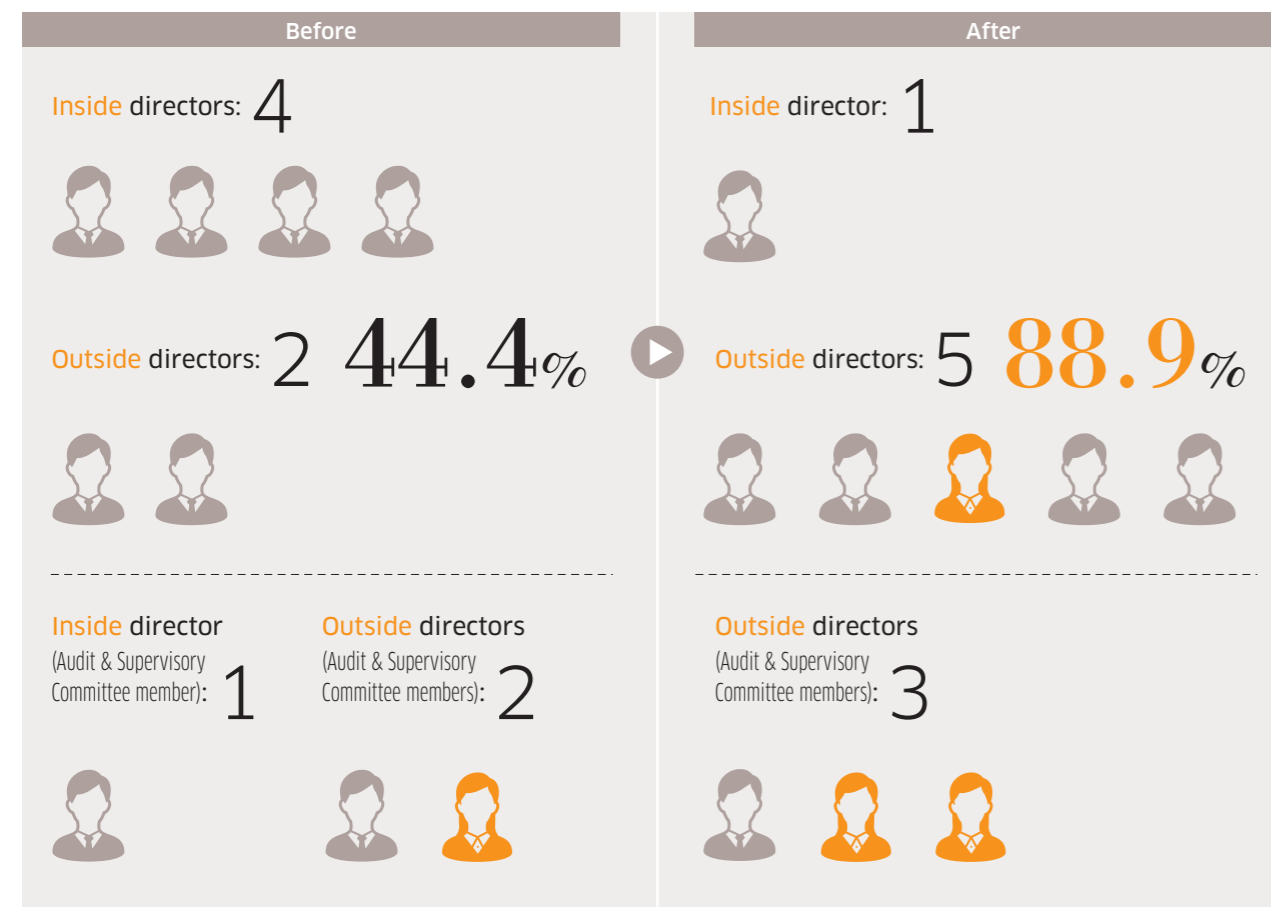
### Strengthening Our Corporate Governance System

Ahead of our company name change, we altered our corporate governance system to a monitoring board structure as of December 24, 2020 to realize sustainable growth and increase corporate value over the medium to long term.

#### Key changes

1. Increase the number of outside directors, raising the ratio of outside directors from the current level of 44.4% to 88.9%
2. Establish a total term of office for outside directors of six years
3. Review of criteria for matters for discussion by the Board of Directors
  - Strengthening monitoring functions by the Board of Directors
  - Improving speed and efficiency of decision-making in executive departments

Changes in Board of Directors structure (Of the nine directors, the number of outside directors will be increased from four to eight)



We will create an environment in which diverse human resources can play an active role, and strengthen management foundations to support sustainable growth.

## Tomoko Fukuyama

Corporate Officer  
Communications planning / Corporate communication  
Sushiro Global Holdings Ltd.

Tomoko Fukuyama has been involved in marketing, regional business management, corporate planning, and corporate communications for a number of years at a major confection/food manufacturer. At Sushiro, she is working to create an environment where diverse human resources, including women, can work comfortably, as well as to strengthen corporate communication from the perspective of the Sustainable Development Goals (SDGs). She tells us about the current situation and future direction.

### Promoting Diversity and Inclusion Management: Creating an Environment Enabling Diverse Work Styles

After joining Sushiro, I got the sense that it was a company with lots of fans and with a lot of attractive talent, regardless of gender. They are constantly and sincerely thinking about what to do to realize Sushiro's motto, "Tasty Sushi for All. Tasty Sushi for the Heart." They are united in their strong desire to work hard for the growth of the Company, and are working to advance the business with a sense of speed.

However, when it comes to on-site operation at primarily Sushiro-brand stores, locations are extremely busy during weekends and during holidays like the Bon Festival and the New Year. Depending on the life stage each staff member is at, they can find it a difficult environment to work in for a long time. Our stores employ a number of women, and there are no doubt times where it is difficult to work, such as while raising a child. In addition, the question of whether it is really possible for employees to take maternity leave, childcare leave, or work with reduced hours, and whether this can be achieved by both men and women, is a matter for consideration going forward.

To resolve these issues, I believe that creating an environment where each and every talent can play an active role and work with vibrance and excitement is important, and to that end, diversification of work styles is essential. This is also applicable to our head office. When promoting work-style reform across the entire Group, we would like to begin by considering making workplaces that allow women to work

comfortably, as they bear a significant burden in the home with housework and childcare. For example, if we consider reduced working hours, a workplace where employees can work during childcare, offering a strong career path, will be able to proactively accept diversity through flexible work, more efficient work, and other factors. At such a workplace, I think that it would likely offer much of its talent, regardless of gender, the ability to select from a diverse set of work styles in the future.

### Building a Sustainable Management Foundation: Using Food to Deliver Warmth and Enjoyment to Customers

In parallel with the diversification of work styles, we are organizing our thinking toward building a sustainable management foundation. We would like to organize our businesses from an SDG-based perspective, determine our direction on disclosure of sustainability-related issues and non-financial information, and in that process, seek to build a value creation story.

Beyond that, we will also change the state of our corporate communications. Coincidentally, our company will change its name to FOOD & LIFE COMPANIES LTD. as of April 1, 2021. Our fundamental desire – to bring delicious food to our customers with safety, peace of mind, and at a reasonable price we can – remains unchanged. However, while keeping our Sushiro *kaiten* sushi brand as our primary foundation, we will work to achieve greater growth and expansion. We will convey our approach as a sustainable corporate group looking ahead to the next 10 and even 100 steps.

We seek to enrich the lives and lifestyles of our customers by making everyday food tastier. To that end, we will focus on building the sort of management foundation upon which all Group employees will continue to grow in a unified way so that we can further expand our range of food, bring ourselves closer to our customers' lives, and provide a variety of comforts and enjoyment.

# Corporate Governance

## Basic Approach to Corporate Governance

Sushiro's basic approach to corporate governance is for management to take personal responsibility for confirming adherence to laws, regulations and the articles of incorporation, and establishing a management system that upholds corporate governance. In order to achieve our management philosophy and management targets, we believe that establishing management systems that guide the attitudes of all officers and employees and provide direction in our business activities will lead to fairer and more transparent management, and bring about benefits for all of Sushiro's stakeholders.

## Corporate Governance System

Sushiro is a "company with audit & supervisory committee." We have established the Audit & Supervisory Committee to provide a framework for supervising the Company's operations, and have strengthened the transparency and objectivity of our Board of Directors by increasing the composition ratio of outside directors and creating a more diverse membership. Additionally, we delegate broad decision-making authority to executive directors and executive officers, which helps separate business execution and supervision while also streamlining the business decision-making process.

The Board of Directors (nine directors, including eight outside directors) is a forum for taking ample time to deliberate basic management policies and medium- to long-term strategic challenges. Based on this concept, the Board

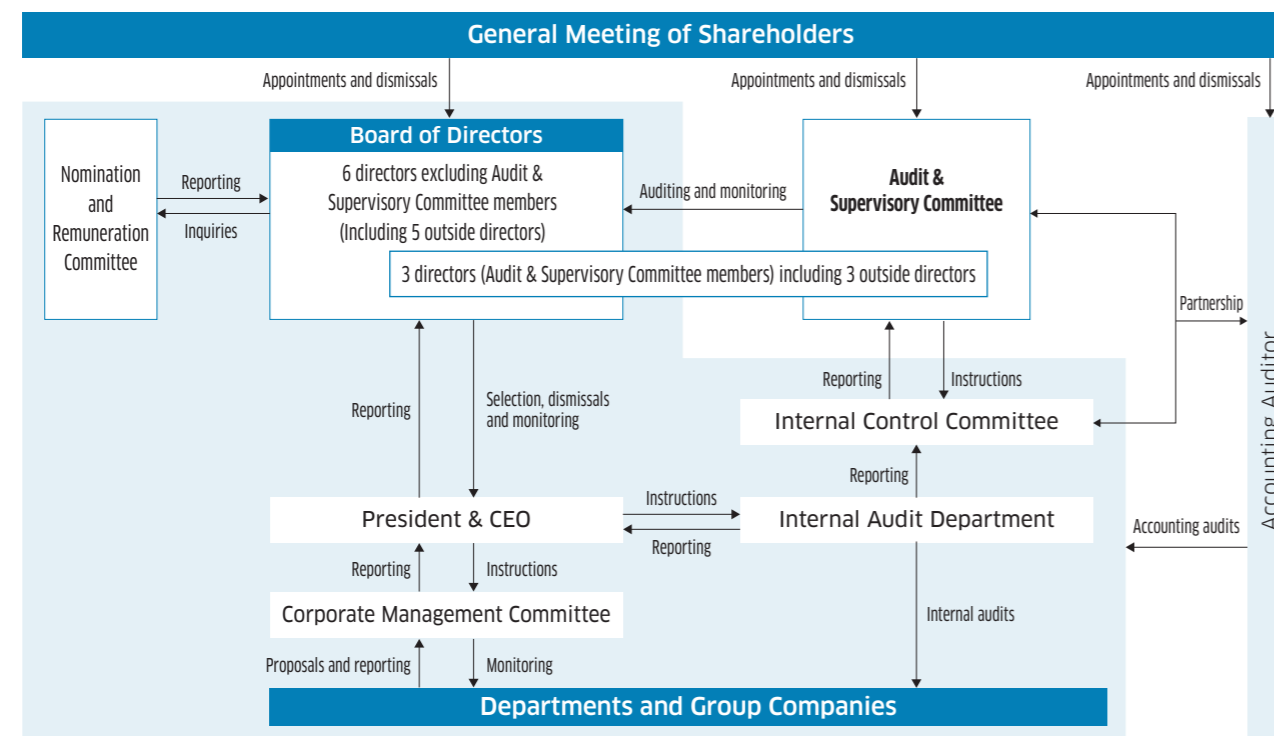
makes determinations regarding Group managerial basic policies and other important matters, as well as supervises the execution of duties based on reports regarding the same. Sushiro also has an Audit & Supervisory Committee comprising three outside directors. These members monitor whether the directors are performing their duties appropriately, by attending Board of Directors meetings and checking the daily activities of directors.

Furthermore, we have established the Nomination and Remuneration Committee, with a majority of its membership comprised of independent outside directors. With a view to further enhancing our corporate governance structure, we established the Internal Control Committee. Chaired by the President, the Internal Control Committee comprises expert advisers (legal professionals), directors who are Audit & Supervisory Committee members, and other members (Sushiro's executive officers) appointed by the Chair. The Secretariat requests the Chair to call meetings of the Internal Control Committee as necessary, and the committee otherwise meets regularly.

The Corporate Management Committee is entirely comprised of executive directors and executive officers. The Committee deliberates on matters to be resolved by the Board of Directors as well as other important business managerial matters delegated from the Board of Directors.

Our system of corporate governance is represented in the chart below.

Corporate Governance System (As of December 24, 2020)



## The Roles and Functions of Outside Directors

Outside directors play an essential role. By monitoring and checking the management team, and by offering independent opinions and professional insights, they help ensure effective decision-making and business oversight, and contribute toward healthier and more transparent business operations.

Sushiro has adopted specific standards for the independence of our outside directors. We only select outside directors who are free from any conflicts of interest with general shareholders and who have solid business acumen born from a vast range of business activities outside the Company.

Our outside directors keep abreast of the Company's business by receiving timely reports from the Internal Control Committee and Internal Audit Department via the Board of Directors. Outside directors who serve on the Audit & Supervisory Committee keep tabs on audit & supervisory matters by requesting reports on the method or results of audits from the accounting auditor or the Internal Audit Department, as well as by exchanging information and coordinating with each other as necessary. Such outside directors also ascertain any matters that will require further investigation or that warrant a swift response. In this way, they contribute to rational and efficient business management.

<p>Outside Director <b>Akira Kondoh</b></p>	<p>Mr. Akira Kondoh has abundant experience and an excellent track record as a manager at multiple financial institutions and business corporations. We appointed him as a result of determining that we could benefit from his experience and track record for management supervision for the sustainable enhancement of the Group's corporate value.</p>
<p>Outside Director <b>Kohzoh Takaoka</b></p>	<p>Mr. Kohzoh Takaoka has abundant experience and an excellent track record as a corporate manager. We appointed him as a result of determining that we could benefit from his pertinent advice and track record for management supervision for the sustainable enhancement of the Group's corporate value from a broad perspective.</p>
<p>Outside Director <b>Minesaburo Miyake</b></p>	<p>Mr. Minesaburo Miyake has many years of management experience and good insight as a manager. We appointed him as a result of determining that we could benefit from his supervision based on his experience and insight as an expert manager, which he would be able to provide in sustainable enhancement of the Group's corporate value.</p>
<p>Outside Director <b>Reiko Kanise</b></p>	<p>Ms. Reiko Kanise has many years of management experience as a manager and abundant expertise and a wide range of insights in retail business and marketing. We appointed her as a result of determining that we could benefit from her supervision based on her experience and insight, which she would be able to provide in sustainable enhancement of the Group's corporate value.</p>
<p>Outside Director <b>Koki Sato</b></p>	<p>Mr. Koki Sato has many years of management experience and good insight as a manager. We appointed him as a result of determining that we could benefit from his supervision based on his experience and insight as an expert manager, which he would be able to provide in sustainable enhancement of the Group's corporate value.</p>
<p>Outside Director (Audit &amp; Supervisory Committee Member) <b>Yoshihiro Noutsuka</b></p>	<p>Mr. Yoshihiro Noutsuka has abundant experience and broad insight in accounting and finance and compliance cultivated through his years of experience at Santen Pharmaceutical Co., Ltd. We appointed him as a result of determining that he would provide the Group with appropriate advice and supervision due to his past service as an auditor at Santen Pharmaceutical and familiarity with audit work as well as the aforementioned experience and insight.</p>
<p>Outside Director (Audit &amp; Supervisory Committee Member) <b>Yumiko Ichige</b></p>	<p>Ms. Yumiko Ichige has abundant experience and broad insight as an attorney and is familiar with corporate legal affairs. We appointed her as a result of determining that she would provide fair and objective supervision of the Group due to the aforementioned experience and insight.</p>
<p>Outside Director (Audit &amp; Supervisory Committee Member) <b>Mami Taira</b></p>	<p>Ms. Mami Taira holds qualifications as a certified public accountant and certified tax accountant and is familiar with finance and accounting. We appointed her as a result of determining that she would utilize her high level of insights in these areas in the Company's auditing and related processes.</p>

None of the outside directors has any personal or financial interests with the Company or any other conflict of interest.

In addition to transitioning to a new company name and philosophy, we have taken steps to bolster the governance system that steers the Group, increasing the number of outside directors to eight. Here, we present a number of messages received from new and reappointed outside directors.

## Reappointees

Topics posed to our four reappointed outside directors (respondents to select two of four)

- 1) What are your thoughts on the introduction of the monitoring board structure?
- 2) What sort of impact will increasing the number of outside directors have on the effectiveness of the Board of Directors?
- 3) What are your expectations regarding diversity in relation to the increase in outside directors?
- 4) Under the new company name, how will you contribute to further improvement of corporate value?



Outside Director

**Akira Kondoh**

- 1) The situation for the Company has changed, with the majority of its shareholders being non-Japanese and a business environment in upheaval. I think what is called for here is a shift to a structure where the Company's management team takes its experience at other companies and focuses entirely on management, whereas the Board of Directors, and primarily the outside directors, serves to monitor management. My understanding is that the decision to make this transition comes with the support of management and staff.
- 4) I will maintain and expand the Sushiro brand even after the company name change. I will not allow Sushiro to suffer from a conglomerate discount. I would like to contribute to improved corporate value through constant monitoring of productivity improvements in administrative departments. This includes providing support in financial areas and building IT systems that support global expansion. This is because I believe greater efficiency in administrative departments and greater productivity in the field and in operating departments are two wheels on the same axle, driving the car forward toward continuous improvement of corporate value, so to speak.



Outside Director

**Kohzoh Takaoka**

- 1) In Europe and the United States, it is common for all officers except the chairman and president to be outside directors. This is designed to manage and supervise the runaway energy of professional managers. It is because the Group is led by President Mizutome, himself a top-flight professional manager rarely found in Japanese companies, that we have been able to propose a Board of Directors composition that makes such strides.
- 4) To achieve the long-term vision of accelerating global expansion, a vision advocated by the new company name, the Company will need to be firmly resolved to target global perspectives and globally standard management. Alongside the executive officers, I will contribute to the Company's evolution to a state where it can generate innovation with constant consideration toward sustainability.



Outside Director  
(Audit & Supervisory Committee member)

**Yoshihiro Notsuka**

- 2) When we consider effectiveness from a shareholder and investor standpoint, it is important to take into account each principle of "Section 4: Responsibilities of the Board" from Japan's Corporate Governance Code. In the areas of encouraging constructive discussions on management strategies and planning, creating an environment that supports risk-taking, supporting swift and decisive decision-making, evaluating business performance, and fostering successors to the CEO, I believe that alignment with the Governance Code will naturally increase, and effectiveness, so to speak, will grow further.
- 3) The world is transitioning from the era of mass marketing into the era of personal marketing, shifting from a universal marketing direction to a tailored one. In this era, respect is put on the individual characteristics of each person, and therefore it is very natural for people with diverse minds, experiences, and ways of thinking to come together, which I think will encourage new value creation and new discoveries.



Outside Director  
(Audit & Supervisory Committee member)

**Yumiko Ichige**

- 2) While the pillars of the Company's growth strategy are its overseas businesses and the expansion of its domestic business formats, beating the competition in new segments calls for innovation, and diversity is critical to bringing about innovation. The independent outside director system, taking effect in the fiscal year ending September 2021, offers a board backed by an extremely diverse range of qualities and experiences.
- 3) On-site where actual business is done, the fact is that the low ratio of female managers is still unresolved. To help resolve this issue, we have established round-table discussions with field managers (store managers and assistant store managers) and women managers at headquarters departments. In these discussions, women have been able to frankly talk about the issues they are facing, their expectations, their motivation, and more. The issues that came to light were then summarized and reported to the Board of Directors, where we asked for speedy consideration from the management team.

## New Appointees



Outside Director  
**Minesaburo Miyake**

Topics posed to our four new appointee directors

- a) What kind of impressions has Sushiro left you with?
- b) How will you take your past experiences and current work duties and use them to improve corporate value?

- a) I remember feeling a sense of freshness when I saw a news report about Sushiro. It showed me the chain's unique work styles for its employees, that it leverages the unique traits of housewives, and that it delivers the fish meat in a large block-shaped fillet that employees slice into the individual serving sizes while watching an instructional DVD. However, during the COVID-19 pandemic, I feel a little more effort may be needed when it comes to the lack of covers for sushi dishes at the counter. I had not been aware of any expansion outside of the sushi business format, and I am looking forward to seeing more in these areas.
- b) Based on my past management experience, I believe that corporate philosophy should take a central role, which will serve as my basis for contributing to management in keeping with that philosophy and helping the Company to grow not only in company size, but also in healthy spirit. In particular, I believe I can leverage my past experience to contribute to the development of the world of food, a concept visible in the company name change. In keeping with this, I will provide advice on formulation of medium- to long-term strategies and on the improvement of participatory mindsets and motivation among employees through education rooted in the Company's philosophy.



Outside Director  
**Reiko Kanise**

- a) The *kaiten* sushi style of service, a new entrant to the dining industry when it was created more than 50 years ago, has now become a part of global food culture. Sushiro is a player to watch here. It is constantly keeping its eyes on the rest of the world and continuing to innovate with a desire to create the pinnacle of food. I believe it is a driving force in the industry, with its early adoption of digital transformation (DX), cozy in-store design, pursuit of better ideas on food, and its proposal of a food culture that looks ahead to the near future.
- b) What can I do for the Sushiro name that has been loved for so long? Having grown up with the sushi in Hakata and having built a consumer-minded career over a number of years, my intent is to participate in supervising Sushiro's management from my standpoint as an individual consumer, dropping in my unhindered opinions. That is what I will do for Sushiro, a name that will be loved for a long time to come.



Outside Director  
**Koki Sato**

- a) My impression of Sushiro among the dining industry is that it was a growth company with a unique business model. By experiencing actual customer service at a Sushiro store, I was able to see that the Company built the corporate value it enjoys today on a fusion of high quality, reasonable pricing, and efficient operational capabilities. In addition, while speaking with President Mizutome about the future form the Board of Directors should take, I sensed the desire to incorporate a more advanced governance structure into management with the goal of improving corporate value.
- b) I will contribute to increasing corporate value by leveraging my entrepreneurial spirit, seen in my creation of a number of businesses from the ground up, as well as my over 20 years of management experience at listed companies, and my expertise in DX support underpinning growth of customer-oriented businesses.



Outside Director  
(Audit & Supervisory Committee member)

**Mami Taira**

- a) Investment funds have been major shareholders of Sushiro Global Holdings, and the Company has succeeded in being relisted on the First Section of the Tokyo Stock Exchange. Its stock price has also trended strongly. As a result, my impression is that this is an excellent company not only in management and financial structures, but also in governance.
- b) In the current effort to strengthen governance systems, I will make full use of my past experience as an outside officer, as well as my perspectives as a woman and in the area of finance, to improve effectiveness even further. When it comes to the success of women, there is only one woman among Sushiro's executive officers, and I would like to make the establishment of a system allowing women to proactively advance their careers a key priority for human resources investment.

### Directors' Remuneration

In accordance with a resolution of a General Meeting of Shareholders, we have set a limit on the amount of remuneration paid to each director for both those directors who are on the Audit & Supervisory Committee and those who are not.

Remuneration paid in cash to directors who do not serve on the Audit & Supervisory Committee (excluding Outside Directors) consists of two components, a fixed salary (same amount paid regularly) and a performance-linked variable salary. The upper limit on remuneration for directors (excluding directors who are Audit & Supervisory Committee members) is 400 million JPY per year (including 50 million JPY per year for outside directors) per resolution of the General Meeting of Shareholders on December 19, 2019. The upper limit on remuneration for directors who are Audit & Supervisory Committee members is 100 million JPY per year per resolution of the General Meeting of Shareholders on December 16, 2015.

Base salary is paid according to each director's position and role. A total of 50% of base salary is paid as variable salary when targets (rate of growth in consolidated revenue in the earnings forecast and degree of achievement of profit for the year attributable to owners of the parent) set for the purpose of increasing the incentive for performance improvement are achieved. Variable salary is paid in a lump sum after business results are confirmed, within a range of 0% to 200%, calculated by setting the maximum amount paid when Sushiro recorded its best-ever performance as 200% and the amount when results fall below Sushiro's worst-ever performance as 0%. The same policy applies to our executive officers.

Remuneration for outside directors is composed entirely of fixed salary so as to ensure they discharge their duties as outside directors independently from those who execute business.

#### • Method of calculating variable salary for directors (excluding outside directors) who are not Audit & Supervisory Committee members (from September 2021)

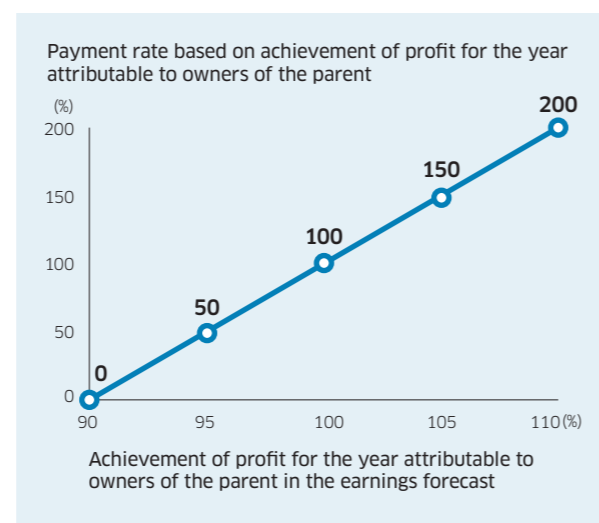
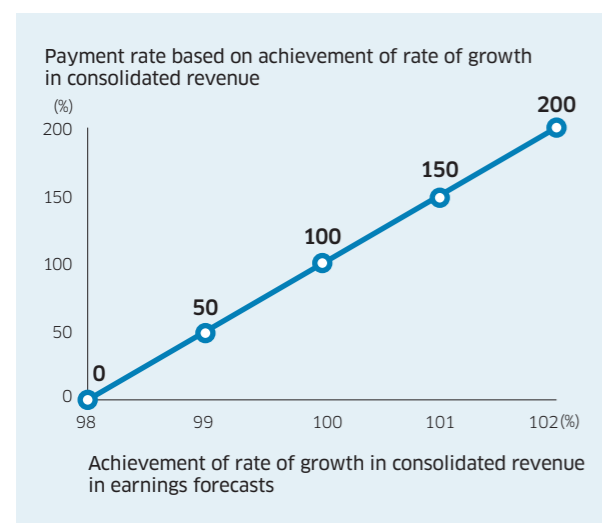
Variable salary based on company-wide performance evaluations and individual performance evaluations for each director.

<b>Company-wide performance evaluation</b>	Basic salary (35% of annual salary) × [payment rate based on achievement of consolidated revenue growth rate <sup>1</sup> × 50% + achievement of profit for the year attributable to owners of the parent in the earnings forecast <sup>2</sup> × 50%]
<b>Individual performance evaluation</b>	Basic salary (15% of annual salary) × [payment rate based on achievement of consolidated revenue growth rate <sup>1</sup> × 50% + achievement of profit for the year attributable to owners of the parent in the earnings forecast <sup>2</sup> × 50%] × achievement rate of individual performance indicators for each director × rate of fluctuation

<sup>1</sup> Achievement of consolidated revenue growth rate (%) (rounded to the third decimal place) = [actual consolidated revenue for the year (rounded to the nearest million yen) ÷ actual consolidated revenue for the previous year (rounded to the nearest million yen) × 100] - [forecast of consolidated revenue for the year ÷ actual consolidated revenue for the previous year × 100]

<sup>2</sup> Achievement of profit for the year attributable to owners of the parent in the earnings forecast (%) (rounded to the third decimal place) = [actual profit for the year attributable to owners of the parent (rounded to the nearest million yen) ÷ forecast profit for the year attributable to owners of the parent in the earnings forecast (rounded to the nearest million yen) × 100]

For directors who have been in office for less than one business year, variable salary is calculated by multiplying the result of the calculation by the ratio (rounded to the third decimal place) obtained by dividing the number of months in office by 12 (if the number of months in office is less than one, 15 or fewer days shall be counted as zero months, while 16 or more shall be counted as one month).



As a medium- to long-term incentive, Sushiro grants stock options with stock price-contingent compensation.

#### • Stock options with stock price-contingent compensation

Stock options with stock price-contingent compensation are granted with an exercise period of 40 years and an exercise price of 1 JPY from the day following the allotment date of the stock subscription rights. However, if the calculated vesting rate falls below the following value (hereinafter referred to as the minimum vesting rate), the vesting rate shall be the minimum vesting rate. The minimum vesting rate is applied if the absolute total shareholder return falls below one (100%), or if the stock price at the end of the year falls below the stock price at the beginning of the year (average closing price of the Company's common stock on the Tokyo Stock Exchange on each day of the month in which the date of allotment for the stock acquisition rights in question falls). Here, the stock price at the end of the year is calculated as the average closing price of the Company's common stock on the Tokyo Stock Exchange on each day of the month prior to the month in which three years have passed since the

allotment date (however, if the grantee has lost his or her position as director or executive officer of the Company or its subsidiaries before three years have passed since the allotment date, this shall be the date of loss). The stock price at the beginning of the year is calculated as the average closing price of the Company's common stock on the Tokyo Stock Exchange on each day of the month in which the date of allotment for the stock acquisition rights in question falls. The same calculation method applies to our executive officers.

Position	Minimum vesting rate
Sushiro President & CEO	16.60%
Sushiro executive managing officers	18.60%
Sushiro managing officers Sushiro executive officers	19.60%

#### Total remuneration (Results for FY2020, in millions, JPY)

Type of director	Total remuneration	Remuneration breakdown				Number of persons
		Base salary	Stock options	Bonus	Other*	
Director (excluding Audit & Supervisory Committee members) (excluding outside directors)	260	149	59	49	3	4
Director (Audit & Supervisory Committee members) (excluding outside directors)	9	9	-	-	-	1
Outside officers	42	42	-	-	-	5

\* "Other" includes an amount equivalent to the rent for company housing provided free of charge to directors.

#### • Internal Control and Risk Management System

We analyze a broad spectrum of risks in a uniform manner, identifying and assessing risks and devising preemptive measures. When a risk becomes an imminent threat, we act swiftly and effectively so as to minimize any damage, take steps to prevent a recurrence, and thus protect our corporate value. To ensure compliance with laws, we have established the Risk Management Guidelines and the Operating Guidelines of the Internal Control System. Both guidelines are managed and enforced by the Internal Control Committee.

The Internal Control Committee has the President as its Chair and the General Affairs Department as its Secretariat. Its membership comprises expert advisers (legal professionals) and other members appointed by the Chair. At the Internal Control Committee, members take charge of risk management by identifying, analyzing, and assessing material risks to the Group's business, and determining corrective actions in view of such risks. The Secretariat requests the Chair to call meetings of the Internal Control Committee as necessary, and the Committee otherwise meets regularly.

We have established the Crisis Management Guidelines to help ensure a swift and effective response during

emergencies. Additionally, wishing to lead the way in information security, we have established the Basic Guidelines on Information Systems, which sets forth standards for handling informational assets.

Sushiro also has an Internal Audit Department under the direct control of the President. The Internal Audit Department conducts regularly scheduled audits of the Company's business processes, issuing recommendations or directives for corrective action to the divisions or personnel concerned and reporting the results of its audits to the President as necessary. The department closely liaises with the Audit & Supervisory Committee and the accounting auditor, exchanging information as necessary. In this way, the Internal Audit Department works to forestall risk.

Anyone who notices or suspects a breach of a law or company rule, or any other serious malpractice, can immediately report the matter to a member of the Audit & Supervisory Committee or the Internal Control Committee. The Company has a whistleblower hotline in place so that such matters can be identified and resolved early.

## Risk Information

### Operating Risks

We have outlined below those risks to the Group's financial position and operating performance that may materially influence an investment decision. These descriptions contain forward-looking statements.

For a detailed explanation of each risk, please see pages 15-22 of the FY2020 Annual Securities Report (in Japanese only, link below) posted to the Investor Relations page of the Sushiro website.

[https://ssl4.eir-parts.net/doc/3563/youho\\_pdf/S100KG58/00.pdf](https://ssl4.eir-parts.net/doc/3563/youho_pdf/S100KG58/00.pdf)

- |  |   |
|--|---|
| (1) Risks associated with economic change  | (14) Risks associated with information and communication systems                                |
| (2) Risks associated with competition in the <i>kaiten</i> sushi industry and the dining industry in general | (15) Risks associated with reputational damage  |
| (3) Risks associated with changing consumer preferences  | (16) Risks associated with overseas business operations   |
| (4) Risks associated with food hygiene management  | (17) Risks associated with litigation and other legal proceedings                               |
| (5) Risks associated with procurement difficulties or the rising cost of ingredients                         | (18) Risks associated with leakage of personal information and other sensitive information      |
| (6) Risks associated with the Medium-Term Management Plan  | (19) Risks associated with intellectual property rights   |
| (7) Risks associated with new store opening plans  | (20) Risks associated with foreign exchange markets   |
| (8) Risks associated with real estate leasing  | (21) Risks associated with the application of impairment accounting                             |
| (9) Risks associated with store and supply chain management  | (22) Risks associated with large borrowings and conflicts with financial covenants              |
| (10) Risks associated with entering new domestic markets   | (23) Risks associated with dilution of share value due to exercise of stock subscription rights |
| (11) Risks associated with unforeseeable natural disasters   | (24) Risks associated with the spread of COVID-19   |
| (12) Risks associated with dependence on senior management and the need to secure competent store managers   |   |
| (13) Risks associated with securing and managing part-time staff   |   |

### New Addition of COVID-19 to Risk Items

From the fiscal year ended September 30, 2020, we have added COVID-19 as a new risk.

The full text is posted below, followed by a summary of infection prevention measures employed at stores.

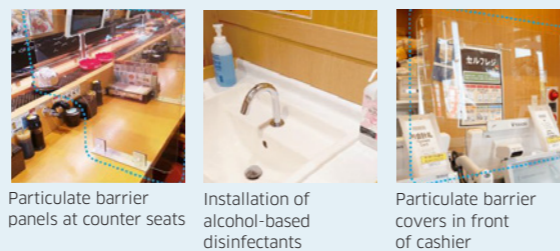
### Risks associated with the spread of COVID-19

In regard to COVID-19, there is currently uncertainty regarding when the situation will return to normal, and if this were to take a significant length of time, it could have a severe impact on our business performance. As a result, the Group's business operations, financial position, and operating performance may be adversely impacted.

### Infection prevention measures in stores

To ensure that our customers can safely come to our stores, we implement thorough anti-transmission measures

Transmission prevention measures that further enhance traditional safety and hygiene management measures

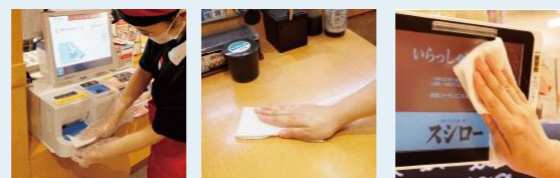


Particulate barrier panels at counter seats

Installation of alcohol-based disinfectants

Particulate barrier covers in front of cashier

Ensure thorough and regular disinfecting and cleaning



## Management Team (As of December 24, 2020)

# Board of Directors



From rear left

<b>Director</b> Kohzoh Takaoka	<b>Director</b> Koki Sato	<b>Director</b> Minesaburo Miyake	<b>Director</b> Akira Kondoh	<b>President &amp; CEO</b> Koichi Mizutome	<b>Director</b> Yoshihiro Noutsuka <small>(Audit &amp; Supervisory Committee member)</small>
-----------------------------------	------------------------------	--------------------------------------	---------------------------------	---	--

From front left

<b>Director</b> Reiko Kanise	<b>Director</b> Yumiko Ichige <small>(Audit &amp; Supervisory Committee member)</small>	<b>Director</b> Mami Taira <small>(Audit &amp; Supervisory Committee member)</small>
---------------------------------	---	--

**Executive Managing Officers**  
Yoshihito Kinoshita  
Kohei Nii  
You Horie

**Managing Officers**  
Keita Shimizu  
Hiroshi Ogawa  
Hiromitsu Kato  
Keisuke Yamabe

**Executive Officers**  
Toshiyuki Nagai  
Tomoko Fukuyama

## Consolidated Statement of Financial Position

(in millions, JPY)

	As of September 30, 2019	As of September 30, 2020
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	10,341	<b>12,665</b>
Trade and other receivables	2,678	<b>5,142</b>
Inventories	1,313	<b>1,687</b>
Other financial assets	316	<b>290</b>
Other current assets	963	<b>1,391</b>
Total current assets	15,612	<b>21,175</b>
<b>Non-current assets:</b>		
Property, plant and equipment	25,579	<b>119,667</b>
Goodwill	30,371	<b>30,371</b>
Intangible assets	54,560	<b>54,621</b>
Equity method investment	1,816	<b>2,171</b>
Lease and guarantee deposits	7,959	<b>8,671</b>
Other financial assets	6	<b>6</b>
Other non-current assets	446	<b>582</b>
Total non-current assets	120,737	<b>216,090</b>
<b>Total assets</b>	136,349	<b>237,265</b>
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
<b>Current liabilities:</b>		
Trade and other payables	21,256	<b>22,150</b>
Borrowings	4,149	<b>36,701</b>
Income taxes payable	1,459	<b>2,479</b>
Lease liabilities	809	<b>10,819</b>
Other financial liabilities	508	<b>726</b>
Provisions	2,449	<b>1,287</b>
Other current liabilities	2,906	<b>4,640</b>
Total current liabilities	33,536	<b>78,802</b>
<b>Non-current liabilities:</b>		
Trade and other payables	36	<b>31</b>
Bonds and borrowings	36,622	<b>9,987</b>
Lease liabilities	575	<b>78,857</b>
Other financial liabilities	75	<b>62</b>
Provisions	1,982	<b>2,257</b>
Deferred tax liabilities	16,107	<b>16,307</b>
Other non-current liabilities	49	<b>43</b>
Total non-current liabilities	55,447	<b>107,543</b>
Total liabilities	88,982	<b>186,345</b>
<b>Equity</b>		
Capital stock	100	<b>100</b>
Capital surplus	15,747	<b>15,747</b>
Retained earnings	31,859	<b>35,156</b>
Treasury stock	(0)	<b>(0)</b>
Other components of equity	(339)	<b>(95)</b>
Total equity attributable to owners of the parent	47,367	<b>50,908</b>
Non-controlling interests	–	<b>13</b>
Total equity	47,367	<b>50,920</b>
<b>Total liabilities and equity</b>	136,349	<b>237,265</b>

## Consolidated Statement of Profit and Loss

(in millions, JPY)

	Fiscal Year Ended September 30, 2019 <small>(From October 1, 2018 to September 30, 2019)</small>	Fiscal Year Ended September 30, 2020 <small>(From October 1, 2019 to September 30, 2020)</small>
Revenue	199,088	<b>204,957</b>
Cost of sales	(95,797)	<b>(97,244)</b>
Gross profit	103,291	<b>107,713</b>
Selling, general and administrative expenses	(88,146)	<b>(94,398)</b>
Other income	123	<b>619</b>
Other expenses	(722)	<b>(1,872)</b>
Operating profit	14,546	<b>12,061</b>
Finance income	128	<b>90</b>
Finance expenses	(308)	<b>(808)</b>
Share of profit (loss) of investments accounted for using equity method	(2)	<b>(807)</b>
Profit before income taxes	14,363	<b>10,536</b>
Income taxes	(4,405)	<b>(4,116)</b>
Profit for the year	9,959	<b>6,420</b>
Profit attributable to:		
Owners of the parent	9,959	<b>6,457</b>
Non-controlling interests	–	<b>(36)</b>
Profit for the year	9,959	<b>6,420</b>
Earnings per share		
Basic earnings per share (JPY)	85.81	<b>55.64</b>
Diluted earnings per share (JPY)	85.65	<b>55.48</b>

## Consolidated Statement of Comprehensive Income

(in millions, JPY)

	Fiscal Year Ended September 30, 2019 <small>(From October 1, 2018 to September 30, 2019)</small>	Fiscal Year Ended September 30, 2020 <small>(From October 1, 2019 to September 30, 2020)</small>
Profit for the year	9,959	<b>6,420</b>
Other comprehensive income:		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(371)	<b>69</b>
Effective portion of changes in fair value of cash flow hedges	(65)	<b>(1)</b>
Total of items that may be reclassified subsequently to profit or loss	(436)	<b>68</b>
Other comprehensive income after taxes	(436)	<b>68</b>
Total comprehensive income for the year	9,523	<b>6,488</b>
Attributable to:		
Owners of the parent	9,523	<b>6,524</b>
Non-controlling interests	–	<b>(36)</b>
Total comprehensive income for the year	9,523	<b>6,488</b>

## 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, 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
Capital reduction					(913)	(913)		(913)
Cancellation of subscription rights to 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
Cumulative impact resulting from the change in accounting policy			(554)			(554)		(554)
Balance as of October 1, 2019, reflecting the change in accounting policy	100	15,747	31,304	(0)	(339)	46,812	–	46,812
Profit for the year			<b>6,457</b>			<b>6,457</b>	<b>(36)</b>	<b>6,420</b>
Other comprehensive income					<b>67</b>	<b>67</b>	<b>0</b>	<b>68</b>
Total comprehensive income	–	–	<b>6,457</b>	–	<b>67</b>	<b>6,524</b>	<b>(36)</b>	<b>6,488</b>
Lapse of subscription rights to shares			<b>6</b>		<b>(6)</b>	–		–
Share-based payment transactions					<b>183</b>	<b>183</b>		<b>183</b>
Dividends			<b>(2,611)</b>			<b>(2,611)</b>		<b>(2,611)</b>
Capital increase of consolidated subsidiaries						–	<b>10</b>	<b>10</b>
Sales of shares of consolidated subsidiaries						–	<b>5</b>	<b>5</b>
Change in scope of consolidation						–	<b>33</b>	<b>33</b>
Total transactions with the owners	–	–	<b>(2,605)</b>	–	<b>177</b>	<b>(2,429)</b>	<b>49</b>	<b>(2,380)</b>
Balance as of September 30, 2020	<b>100</b>	<b>15,747</b>	<b>35,156</b>	<b>(0)</b>	<b>(95)</b>	<b>50,908</b>	<b>13</b>	<b>50,920</b>

## Consolidated Statement of Cash Flows

(in millions, JPY)

	Fiscal Year Ended September 30, 2019 <small>(From October 1, 2018 to September 30, 2019)</small>	Fiscal Year Ended September 30, 2020 <small>(From October 1, 2019 to September 30, 2020)</small>
<b>Cash flows from operating activities</b>		
Profit before income taxes	14,363	<b>10,536</b>
Depreciation and amortization	4,794	<b>15,217</b>
Impairment losses	584	<b>1,742</b>
Finance income	(128)	<b>(90)</b>
Finance expenses	301	<b>797</b>
Amount of rent offset by lease and guarantee deposits	298	<b>285</b>
Share of loss (profit) of entities accounted for using equity method	2	<b>807</b>
Increase/decrease in trade and other receivables, (increase)	(1,060)	<b>(2,456)</b>
Increase/decrease in inventories, (increase)	19	<b>(382)</b>
Increase/decrease in trade and other payables, (decrease)	2,355	<b>510</b>
Others	625	<b>544</b>
Subtotal	22,152	<b>27,510</b>
Interest and dividend income received	2	<b>3</b>
Interest paid	(155)	<b>(644)</b>
Income taxes paid	(4,690)	<b>(2,947)</b>
Net cash from operating activities	17,309	<b>23,923</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(7,416)	<b>(12,286)</b>
Purchase of intangible assets	(309)	<b>(313)</b>
Payments for lease and guarantee deposits	(1,033)	<b>(1,264)</b>
Equity method investment	(1,994)	<b>(1,156)</b>
Others	70	<b>140</b>
Cash flows from investing activities	(10,682)	<b>(14,879)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of bonds	–	<b>9,946</b>
Repayments of long-term borrowings	(4,168)	<b>(4,168)</b>
Repayments of lease obligations	(1,049)	<b>(9,982)</b>
Payments for commission fees	(7)	<b>(10)</b>
Payments for acquisition of subscription rights to shares	(945)	–
Capital contribution from non-controlling interests	–	<b>44</b>
Cash dividends paid	(2,465)	<b>(2,610)</b>
Others	57	<b>55</b>
Cash flows from financing activities	(8,578)	<b>(6,724)</b>
Net increase/decrease in cash and cash equivalents, (decrease)	(1,951)	<b>2,320</b>
Cash and cash equivalents at beginning of year	12,386	<b>10,341</b>
Effect of exchange rate changes on cash and cash equivalents	(94)	<b>4</b>
Cash and cash equivalents at end of year	10,341	<b>12,665</b>

## Company Profile / Stock Information (As of September 30, 2020)

## Company Outline

Company Name	Sushiro Global Holdings Ltd.
Established	March 2015
Head Office	1-22-2 Esaka-cho, Suita-shi, Osaka 564-0063, Japan
Capital	100 million JPY
Number of Employees	2,863 (Full-time, consolidated)
Main Banks	Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mizuho Bank, Ltd.
Line of Business	Sushi restaurant chain
Group Companies	Akindo Sushiro Co., Ltd. Sushiro Creative Dining Ltd. Sushiro Korea, Inc. Sushiro Taiwan Co., Ltd. SUSHIRO GH SINGAPORE PTE.LTD. SUSHIRO HONGKONG LIMITED Sushiro GH (Thailand) Ltd. Sharetea Japan Co., Ltd.

## Major Shareholders (Top 10)

Name	Shares held (1,000 shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust)	8,131	7.00
SSBTC Client Omnibus Account	6,365	5.48
National Federation of Agricultural Cooperative Associations	4,444	3.82
Custody Bank of Japan, Ltd. (trust)	4,261	3.67
MSIP Client Securities	4,259	3.67
RBC ISB S/A DUB Nonresident/Treaty Rate UCITS-Clients Account	3,797	3.27
The Bank of New York Mellon 140044	2,685	2.31
MLI for Client General Omni Non Collateral Non Treaty-PB	2,413	2.07
Custody Bank of Japan, Ltd. (trust account 5)	2,253	1.94
BNYM Treaty DTT 15	1,788	1.54

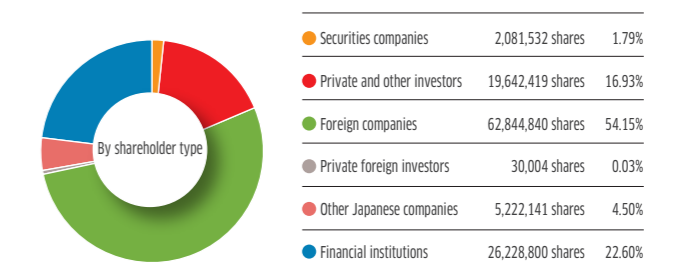
Note: Shareholding ratio is calculated based on the total number of issued shares excluding treasury shares (248 shares).

## Stock Information

Total number of authorized shares	436,000,000 shares
Total number of issued shares	116,049,984 shares
Number of shareholders	42,766

Note: The Company conducted a stock split of its common shares at a ratio of four shares for every one share on April 1, 2020. As a result, the total number of authorized shares has increased by 327,000,000 shares, and the total number of issued shares has increased by 87,037,488 shares.

## Shareholdings



## Stock Price and Trading Volume

