

Financial Summary

FY2021/Q2



FOOD & LIFE
COMPANIES

May 6, 2021



Financial Results FY2021/1H

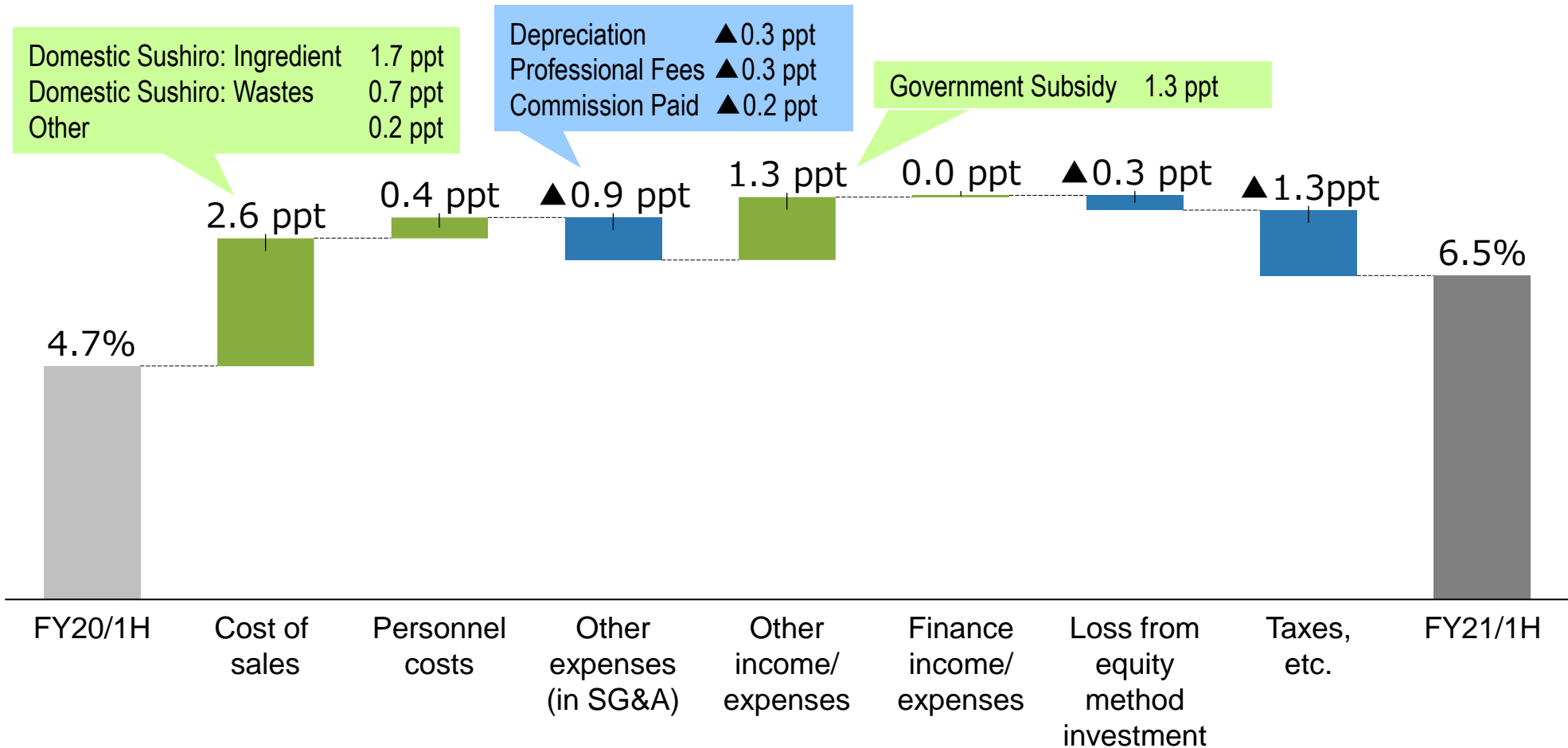
Financial Highlight for FY21/1H

■ Revenue & profits marked record highs for 1H

	FY20/1H		FY21/1H		YoY%
	Actual	% in Revenue	Actual	% in Revenue	
(in millions, JPY)					
Revenue	108,170	100.0%	119,042	100.0%	+10.1%
Operating Profit	8,235	7.6%	13,114	11.0%	+59.2%
Profit before Income Taxes	7,883	7.3%	12,414	10.4%	+57.5%
Profit for the Period	5,084	4.7%	7,760	6.5%	+52.7%

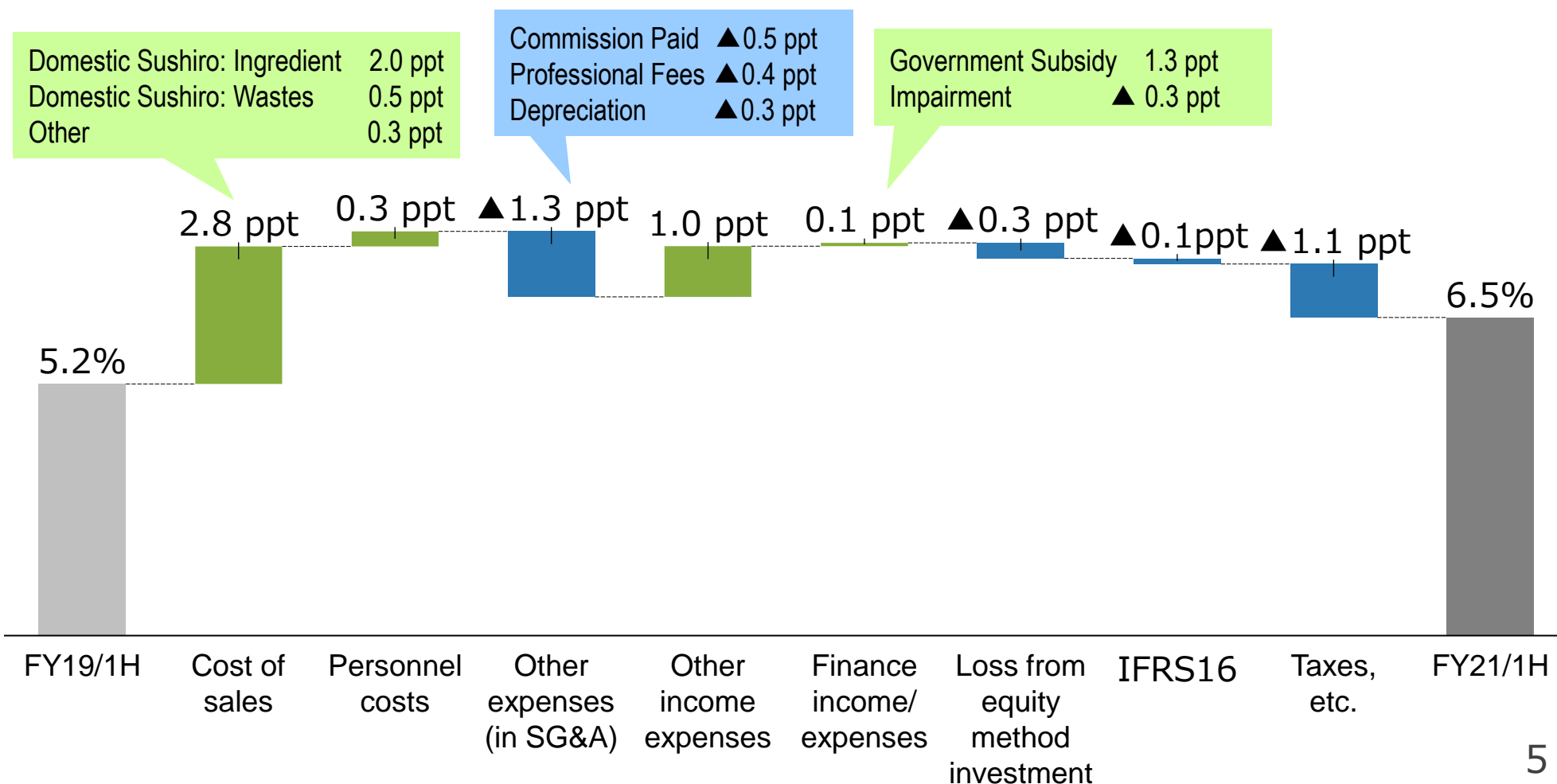
PL Analysis: YoY Comparison vs. 2020/9

- Profit for the period improved by 1.8 ppt, mainly due to lowered COGS %.
(Reduction of COGS % includes a portion which resulted from Covid and should be considered a temporary effect for FY21/1H only)



PL Analysis: YoY Comparison vs. 2019/9

- Profit for the period improved by 1.3 ppt, compared to pre-Covid FY19/1H (Reduction of COGS % includes a portion which resulted from Covid and should be considered a temporary effect for FY21/1H only)



Financial Position

Consolidated Statement of Financial Position

(in millions, JPY)	FY20/9	FY21/1H	Change
Current assets	21,175	47,400	26,225
[Cash and cash equivalents]	[12,665]	[33,024]	[20,359]
Non-current assets	216,090	226,008	9,918
[Goodwill]	[30,371]	[30,371]	[-]
Assets	237,265	273,408	36,142
Current liab.	78,802	50,427	- 28,375
[Borrowings]	[36,701]	[4,021]	[- 32,679]
Non-current liab.	107,543	165,201	57,658
[Bonds, Borrowings]	[9,987]	[60,912]	[50,925]
Liab.	186,345	215,628	29,283
Equity	50,920	57,780	6,859
Liab. & Equity	237,265	273,408	36,142
Equity Ratio	21.4%	21.0%	-0.4%
Net Debt/EBITDA	1.8x	1.4x	-0.4x
ROE	13.2%	14.5%	1.3%

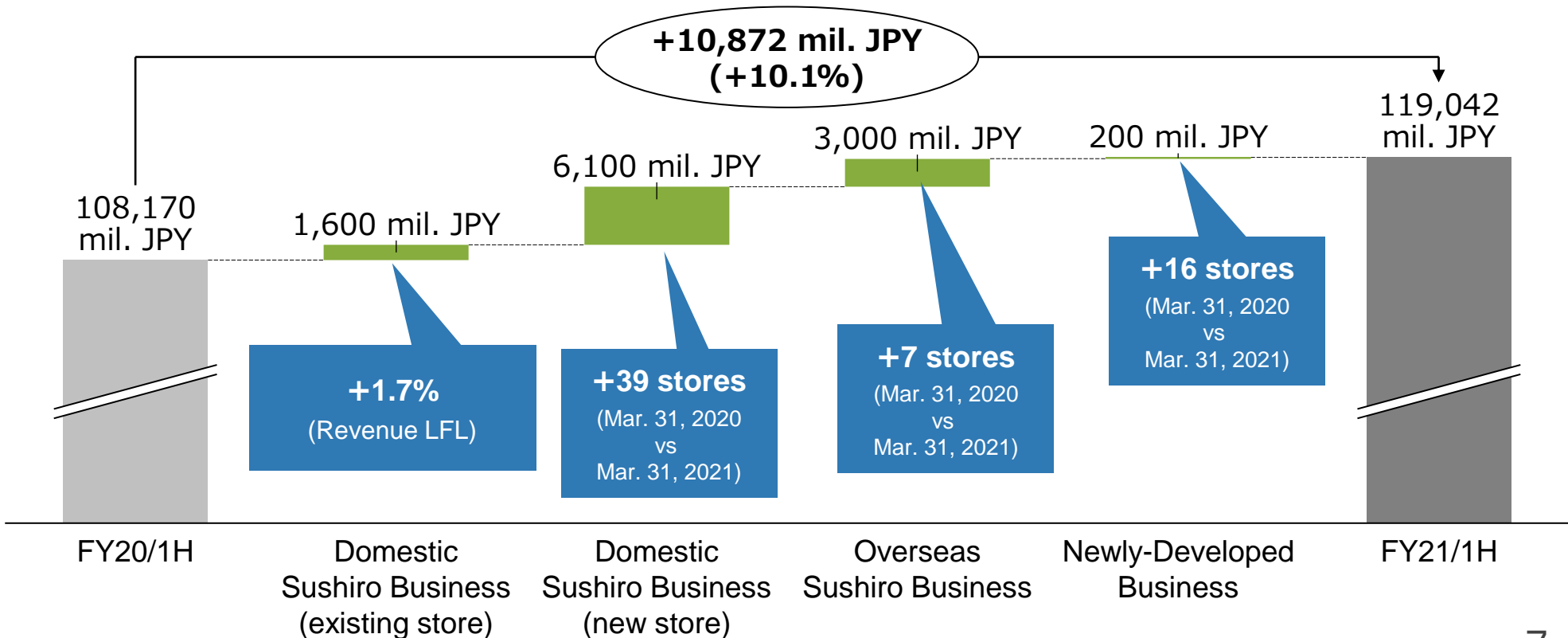
Consolidated Statement of Cash Flows

(in millions, JPY)	FY20/1H	FY21/1H	Change
Operating CF	10,232	16,016	5,783
Investing CF	-7,286	-6,975	310
Financing CF	373	11,109	10,736
Increase/decrease in cash and cash equivalents	3,349	20,359	17,010

[Cash and cash equivalents] More than 33.0 billion JPY, a sufficient level secured.
 [Net Debt/EBITDA] x1.4 (improved by 0.4)
 * EBITDA calculated with LTM
 [Operating CF] Significant increase year on year due to increase in profit before income taxes
 [Investment CF] Continued to invest in new store openings and labor-saving measures
 [Finance CF] Raised 20 billion JPY in corporate straight bonds.
 [Financing] In addition to bonds, refinancing of 35.0 billion JPY was completed on favorable terms, and a commitment line of 20.0 billion JPY has been secured

Change in Revenue

- The main reason for the +10.1% increase in revenue was the acceleration of new store openings even during the pandemic
 - With domestic Sushiro, overseas Sushiro, and a newly-developed brand, new store opening continued even during the pandemic, which is the direct cause for the increase in revenue
 - In addition, revenue LFL of domestic Sushiro was 101.7%, achieving 100%+ level.



Review on Medium-term Management Plan

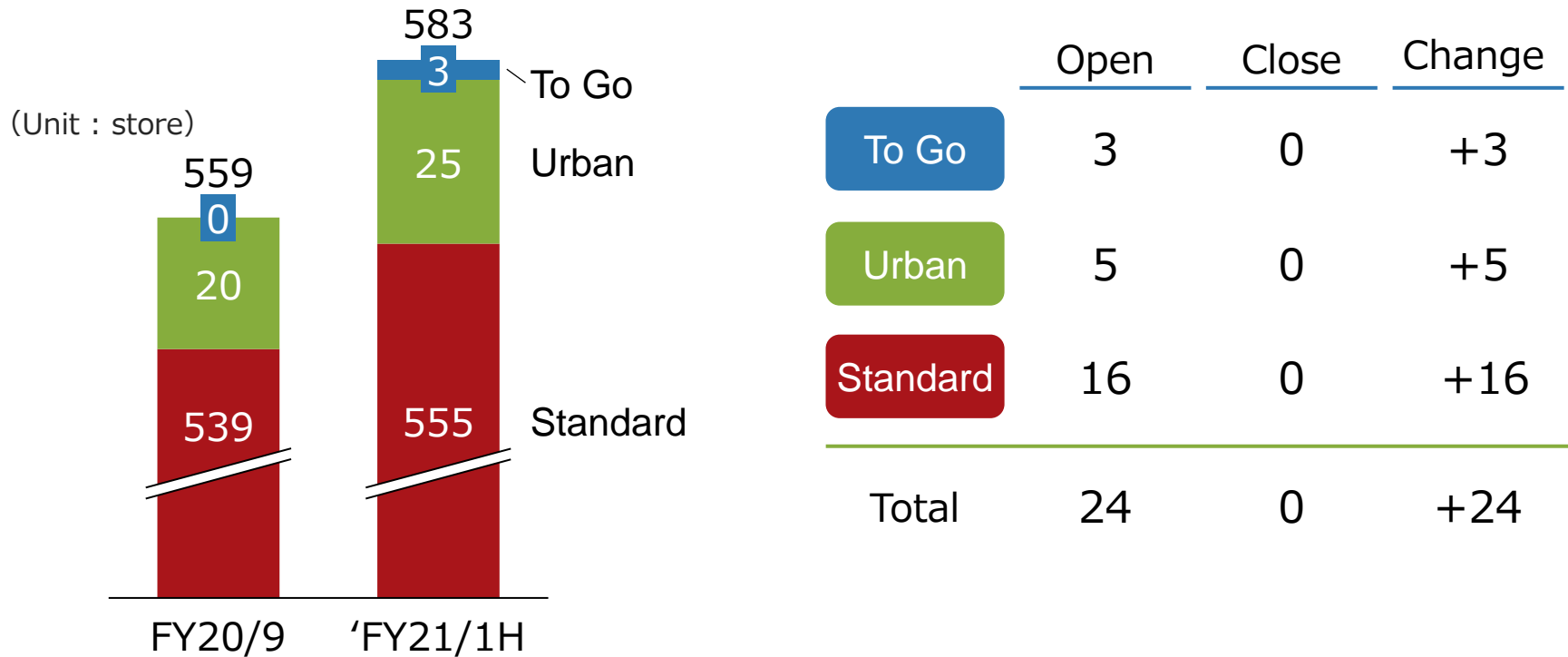
- Despite the pandemic, made a good progress vs. targets set in Medium-term (FY19-FY21) Management Plan announced in FY18/9.

Medium-term Management Plan (FY19/9 - FY21/9)	FY21/1H Achievements
<p>1. Continuing domestic store expansion under Sushiro brand ⇒ More new openings and maintain LFL growth</p>	<p>24 New Openings* 101.7% Revenue LFL</p>
<p>2. Cultivating the peripheral sushi market with new brand ⇒ Expand SUGIDAMA brand and develop even more new formats</p>	<p>Beat the Peers in the Number of New Openings and in Revenue</p>
<p>3. Active overseas expansion ⇒ Operate in 5+ countries and regions ⇒ Overseas revenue JPY 20 bil, and the ratio of the number of overseas stores to domestic stores 10%+</p>	<p>Further Expanded in Singapore and Hong Kong, Opened the 1st Store in Thailand, Successfully Operating in Total of 5 Overseas Markets</p>

*Note: Three 'To Go' model (= takeout) stores are included in 24 new openings

Continued Expansion of Domestic Sushiro Business

- Opened 24 stores in FY21/1H, and contracts for FY21/2H are progressing smoothly
- Of these, 3 are 'To Go' model stores (takeout only store), which are planned for further expansion.



[Note] The Sushiro brand includes 3 types of stores: to 'Standard,' 'Urban' and 'To Go.'

'To Go' Model Store Expansion

- Opening 'To Go' model stores (specialized in takeout) aggressively this fiscal year to meet the growing demand for takeout due to Covid
- Opening new stores in locations not covered by standard-model Sushiro, such as within stations and station buildings
 - In particular, the three stores that opened in FY21/1H are located within a one-minute walk of ticket gates
- Developed special 'To Go' model store products, from set menus to a la carte items, to meet the needs of each location and customers

'To Go' JR Abiko Station
(Opened 2021/Feb.
Abiko city, Chiba pref.)



'To Go' JR Kobe Station
(Opened 2021/Mar.
Kobe city, Hyogo pref.)



'To Go' JR Rokkomichi Station
(Opened 2021/Mar.
Kobe city, Hyogo pref.)



'Sushi Assort'
650 JPY (incl. tax)



'Seafood
Chirashi Sushi'
580 JPY (incl. tax)



[Reference] New Store Examples

Shinjuku 3-chome Store

(Shinjuku Ward, Tokyo,
opened in 2021/3)



- Shinjuku is one of the stations with the world's top-class passenger traffic at 3.55 million a day. The store is conveniently located next to the busy Shinjuku downtown area, and with 208 seats, it is one of the largest among the urban model stores.
- Even with Covid restrictions on opening hours, more than 1,000 people visited the store on the first day, setting a new record for the sales revenue on the first day of opening

'To Go' JR Abiko Station Store

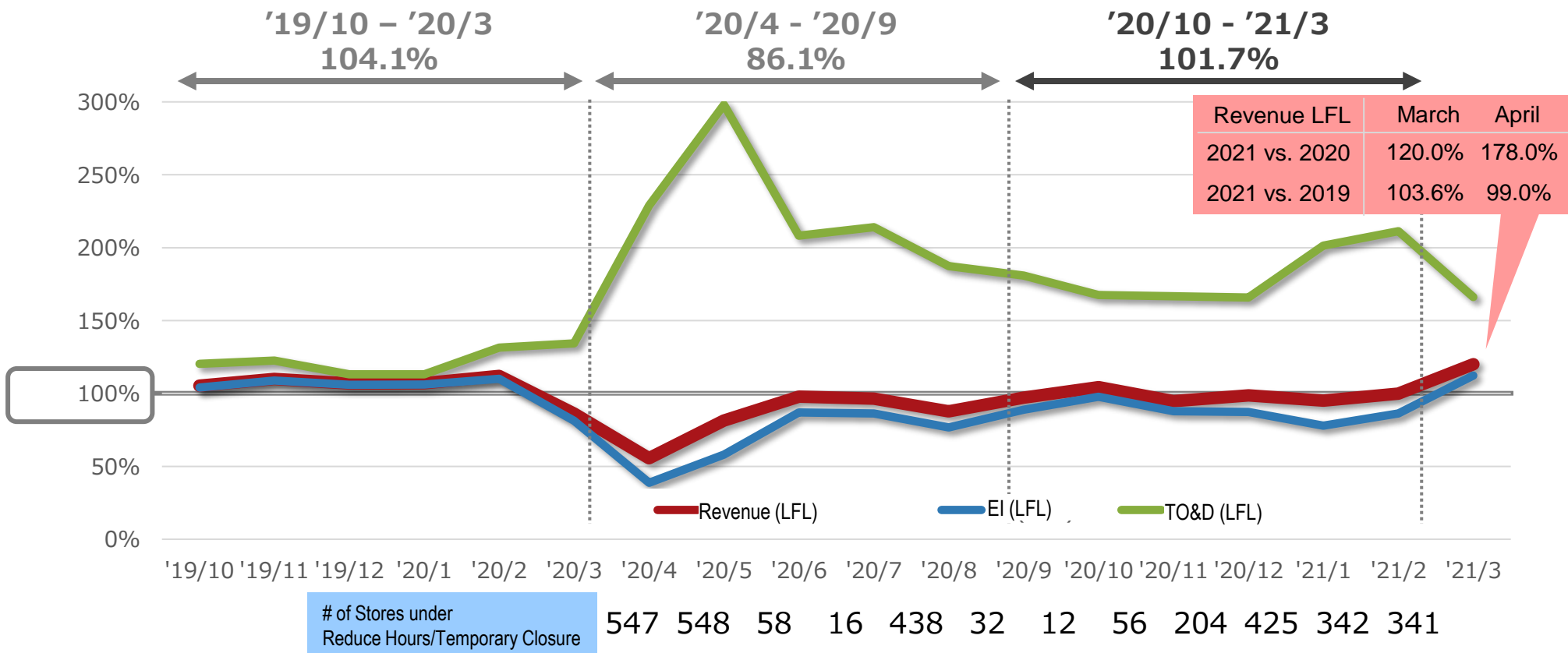
(Abiko City, Chiba Prefecture,
opened 2021/2)



- Abiko Station, located in the suburbs of the Tokyo metropolitan area (60,000 passengers per day), opened a takeout only store next to the station ticket gate
- Absorbing the takeout demand due to Covid, sales exceeded expectations by a wide margin and are expected to remain high in the future

Covid Impact on Revenue

- EI (eat-in) revenue fell below that of last year. But revenue LFL for FY21/1H (cumulative) marked 101.7%, as we strengthened our focus on non-EI (TO&D) to drive up its sales.



Note:

- LFL figures are of the stores in Japan that are in the 15th month of operation or longer. Revenue LFL is calculated using the revenue per store.
- TO&D = Takeout & Delivery EI = Eat In

Existing Store: Continued Strong Sales Promotion Package

'Go To Super Sushiro Project'

- During the pandemic, we were able to temporarily procure ingredients advantageously. In order to thank our customers, we developed/ran 'give-back-to-customer campaigns' at an unprecedented scale.
- Continuously implemented a total of 5 campaigns between December and February to encourage repeat visits



Focus on 480/980-yen Menu

- In addition to the 980-yen (1,078 JPY incl. tax) plates that had been launched already, a fuller range of 480-yen (528 JPY incl. tax) plates were also introduced
- Actively utilized in-store broadcast via microphone (that works for droplets prevention), which led to a big increase of % in sales.

Sales Ratio of 480/980 yen Menu

FY20/1H 1.4% $\times 2.2$ FY21/1H 3.2%



Existing Store: Further Sales Expansion of TO&D

Investment into Further Expansion of Takeout Business

- In order to maintain and increase takeout sales, which have expanded due to Covid, 'takeout pickup locker' have been installed in 118 stores accounting for approx. 20% of all stores (as of 2021/3).
- Improved convenience and assurance of safety and peace of mind during Covid through the use of non-human-contact technology



Expand Experiments of In-house Delivery Services

- Introduced in-house delivery service at 29 stores in areas that cannot be covered by outside delivery companies (Uber Eats, Demaekan, etc.) (as of the end of 2021/3).
- Although there is a minimum order value, customers can enjoy sushi at home at a lower price than with external delivery services

An advertisement for Sushiro Delivery. The text reads: 'お寿司のお値段そのまま!' (Sushi prices as is!), 'スシローデリバリー' (Sushiro Delivery), '配達料(税込) 300円 今だけ!' (Delivery fee (tax included) 300 yen, only today!), '通常税込 480円' (Regular tax included 480 yen), 'お寿司がテイクアウト価格と同じだから 絶対オトク!' (Sushi is the same price as takeout, so it's absolutely a bargain!). The Sushiro logo is in the top right corner. A small image of a delivery vehicle is on the right. At the bottom, it says: '月~金 税込3,000円、土・日・祝・繁忙期 税込5,000円からご注文を承ります。(配達料別)' (Monday-Friday tax included 3,000 yen, Saturday, Sunday, Holiday, Busy Period tax included 5,000 yen from ordering. (Delivery fee separate)).

Overseas Business: Strengthening Structure and Continued Expansion even under Business Restrictions due to Covid

- Taiwan and Hong Kong achieved profits in FY21/1H despite Covid operating restrictions
- Focus on cost control, sales promotion, marketing, takeout stores, and other measures in each country and region

Taiwan

Turned profits
for FY21/1H

20 Stores
(+0)

- Achieved profitability in the first half by raising awareness through TV advertisements and strengthening sales promotion
- Focused on attractive sales promotion and advertising. The most recent sales promotion was covered in the news and received a lot of response

Hong Kong

Turned profits
for FY21/1H

7 Stores
(+2)

- Sales promotion effects were significant and contributed to the increase of existing store sales
- Achieved profitability in the first half of the year by focusing on TO&D and maintaining high sales under the Covid operating restrictions
- Newly opened stores also maintained high sales levels

Singapore

Continued to open stores
under restrictions

7 Stores
(+3)

- Continued to open new stores while reinforcing TO&D under strict operating restrictions in anticipation of sales increase after the restrictions are lifted
- Began preparations to open the first TO-only store overseas

South Korea

Strengthened sales
capabilities

9 Stores
(+0)

- As a result of re-strengthening sales, cost control and reinforcement of marketing, customer satisfaction improved and monthly profit and loss improved
- Continue to work on measures such as offering a fuller range of menu items
- March (single month's) results recovered to a break-even level

Overseas Business: Opening One of the Largest Stores in Thailand

- Opened the first Sushiro restaurant in Thailand on March 31 in a large shopping mall in central Bangkok, boasting one of the largest seating capacities of 350* at Sushiro
- The store got off to a strong start, recording 1,012 customers and 2.5 million JPY sales on its first day of operation, and attracted attention from the Thai media and commercial facilities, which were positive for future store expansion.



*Note: In Japan, the standard number of seats is 196, and the largest is 268 at the Makuhari and Kamitsuruma stores

Newly-Developed Business: SUGIDAMA Expansion Roughly on Track

Revenue LFL outperformed competitors due to TO&D focus

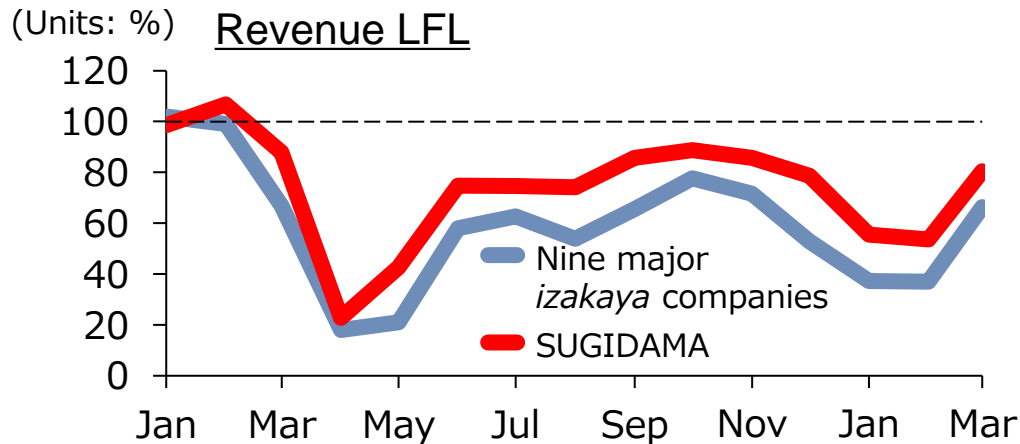
- Revenue LFL is below 100%, but higher than that of competitors’.
- Mainly due to the fact that non-EI (eat-in) sales are increasing due to the development of highly cost-effective products for TO&D



Steady store openings amid the pandemic

- Opened a record five directly-operated stores in the suburban areas of the Tokyo metropolitan area
- Opened 3 FC stores in the Kyushu area. Covid has stalled the opening of new franchise stores, but the company expects to bounce back and further expand its store network

SUGIDAMA Sasazuka Store (Shibuya Ward, Tokyo, opened in 2021/2)



[Note] TO&D = takeout and delivery. Izakaya = Japanese-style bar



FY21/9 Forecasts and Initiatives

FOOD & LIFE COMPANIES LTD.



FOOD & LIFE COMPANIES

Our goal is to bring delicious food and dishes to everyday meals, and provide enriching experiences to our customers. This is the philosophy behind the name “FOOD & LIFE COMPANIES.”

In order to convey that we are realizing our dreams together, we have added the word “COMPANIES.” The logomark is formed from the F and L, and expresses our wish to spread the joy of delicious food to every corner of the world.

And the key colors of “ocean blue” and “earth green” symbolize the blessings we hope to continue to enjoy, well into the future.

Summary of Measures for FY2021/9

- Continuing to make steady investments in domestic and overseas Sushiro businesses even during the pandemic
 - In terms of new store openings, the domestic Sushiro business and the new development business are capturing prime properties in urban areas, and in the overseas Sushiro business, we will continue to accelerate the opening of new stores in strongly performing areas
 - We will continue to invest in measures to strengthen sales and reduce labor at existing stores
- Continuing to invest in overseas Sushiro business expansion
 - We will aim to open the 1st store in mainland China by the end of FY21/9
 - We will continue to develop new businesses in peripheral sushi markets
- Quickly realizing synergy with Kyotaru, which joined COMPANIES through M&A

- Revenue No. 1 in the *kaiten* sushi sector
- Global supply chain and procurement capabilities
- Product development and marketing capabilities



- History of Kamigata sushi (Chakin sushi, etc.)
- Market leader in takeout sushi
- Urban/Artisanal format (gourmet sushi)

Maximize use of F&LC's strengths and assets

Refine and evolve Kyotaru's strengths

[Note] The impact of Kyotaru on business performance is currently being examined, and the following figures do not include the impact of Kyotaru

Expecting to Exceed Initial Targets for New Openings

- Though there were some delays in new store opening with overseas Sushiro business and newly-developed business, we aggressively moved forward with new openings with domestic Sushiro brand. As a result, we expect to exceed the consolidated target set for FY21/9.

	FY21/9 Target	FY21 Estimates	
Domestic Sushiro Business	28~30 stores (Standard 21~23 Urban 6~8)	45~50 stores (Standard 25~26 Urban 10~11 To Go 10~13 *New Model)	Significantly exceeding targets amid the pandemic > 35-37 standard + urban-model stores > 'To Go' model stores to be added
Overseas Sushiro Business	24~28 stores (Taiwan 8~10 Hong Kong 7~9 Singapore 5~7 Korea 0 New Region 2~4)	20~24 stores (Taiwan 5~6 Hong Kong 7~8 Singapore 5~6 Korea 0 New Region 3~4)	Delays in many regions due to Covid > In Taiwan, store openings target was missed by a large margin in 1H, but will be accelerated in 2H.
Newly-Developed Business	19~23 stores (SUGIDAMA Direct 11~13 New Model 3~5 SUGIDAMA FC 4~6)	17~19 stores (SUGIDAMA Direct 11~12 New Model 1 SUGIDAMA FC 5~6)	SUGIDAMA in line with target. Delays with store expansion of newly-developed business > SUGIDAMA (both direct-operation store and FC) expects to open stores in line with budget. > On the other hand, new opening with newly-developed brand is expected to fall behind the target.
Total	71~81 stores	82~93 stores	Overall, the total number of new openings is expected to exceed the target.

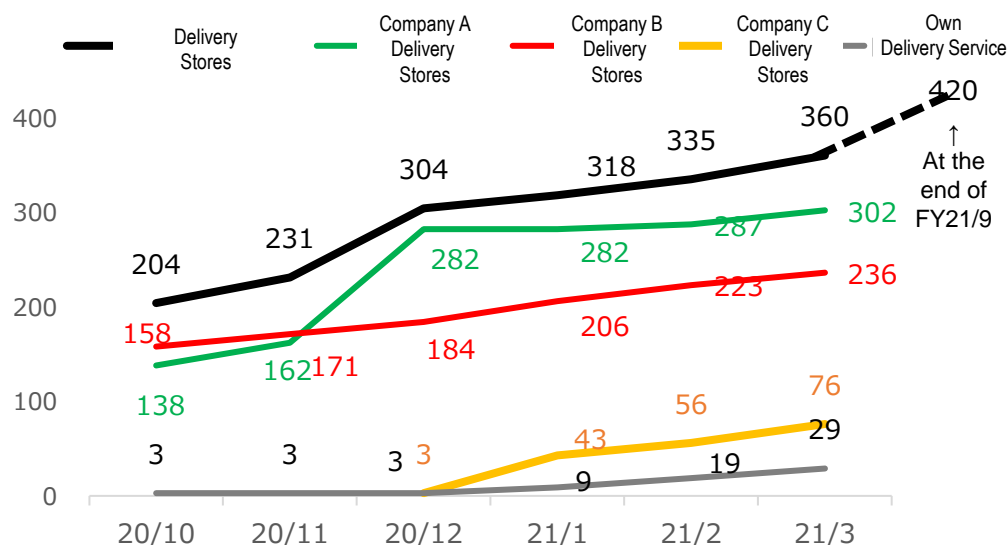
Accelerating New Openings with Domestic Sushiro Brand in Urban Areas.

- Opened 'Umeda Chayamachi store' in West Japan's largest downtown area in 2021/4
- Implemented large-scale advertising around Umeda Station's famous "moving walkway"
- Continuing to aggressively open stores in urban districts of Tokyo metropolitan and Kansai regions



Further Focus on Non-EI (TO&D) for Domestic Sushiro Business

Increase in more stores offering delivery services and delivery sales



- On top of the conventional delivery companies, actively added new delivery companies. The number of stores offering delivery is expected to exceed 420 (70% of all stores) by the end of this fiscal year.
- Delivery sales are expected to continue to increase, accounting for 10%+ of total non-EI (eat-in) sales.

New takeout service utilizing 'PickGo'

- Tie-up with 'PickGo' (shopping agent service) enabled customers to have 'PickGo' to go to Sushiro store to pick up their takeout order (placed online) on their behalf.
- The number of stores offering this service is 188 (as of the end of April), and is expected to increase as the service area expands



April Revenue LFL is 178.0%, Staying Strong even under the Operating-Hour Restrictions due to Covid

- Even under restrictions to shorten business hours, revenue LFL is 178.0% for April (customer count LFL 192.8%, average customer ticket LFL 92.3%). April LFL, compared to 2 years ago, is 99.0%, maintaining no-less-than 100% level.
- Preparations for our annual 'anniversary fair' is steadily underway. It's expected to be held at unprecedented scale, and scheduled to be launched on May 14, Fri.

April Campaign

4/7~18

'Big Kyushu Fair'



4/21~5/9

'100-yen Plate
(¥110 w/tax)
& Meat Festival'



May Campaign

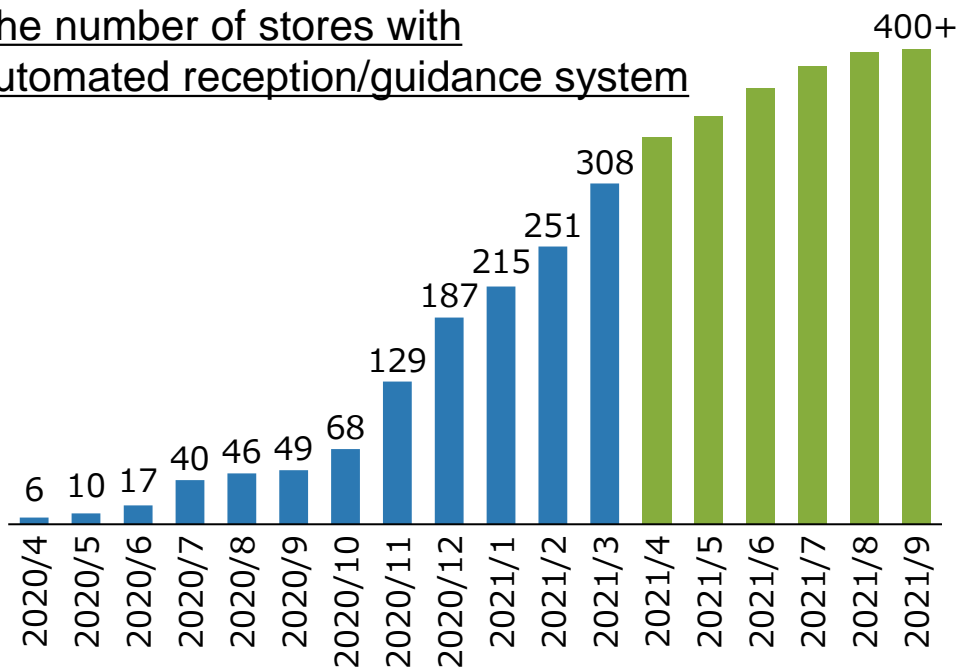
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Starts on
May 14, Fri.
Don't miss it!

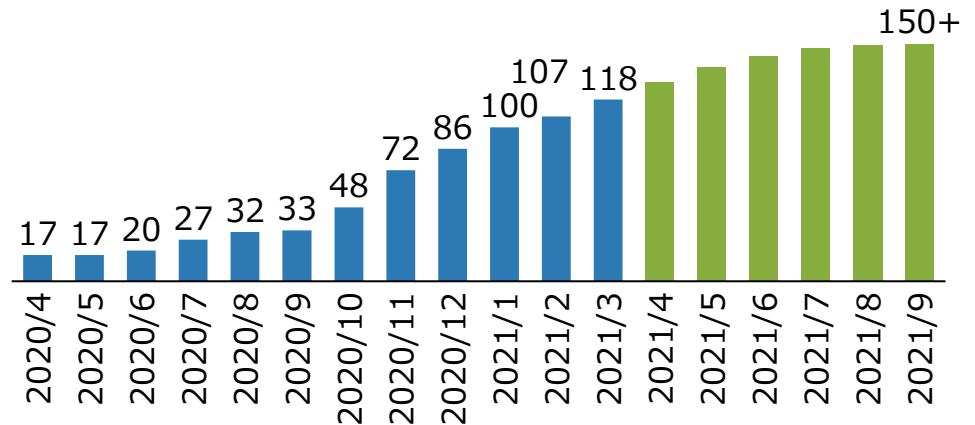
Further Focus on Labor-Saving Measures

- We will continue to steadily invest in labor-saving equipment, which is important in reducing the risk from human contact.
- We will accelerate implementation of **automated reception/guidance system** and **automated pick-up locker** which have proven to be particularly effective.

The number of stores with automated reception/guidance system

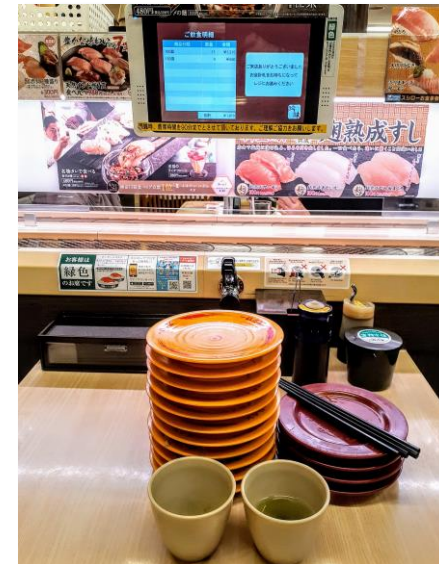
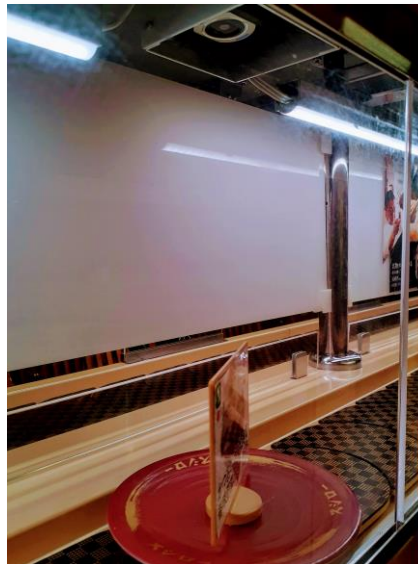


The number of stores with automated pick-up locker



Implementation of Automated Plate-Counting System Using AI Image Analysis in More Stores

- Installed a system that fully automates the counting of plates to create a bill
 - A camera captures plates taken from the lane and counts the price and number of plates using AI image recognition
 - The system is linked to the store system for automatic checkout
- The test has already been completed, and the system will be installed in 30 30 stores by the end of FY21/9.
 - This system is already in operation at Nara Sanjo, Esaka, and Shin-Yokohama stores
 - Success of the trial at the Shin-Yokohama store, one of the top 10 stores in Japan in terms of sales, is expected to lead to the introduction of the system at stores (both in Japan and overseas) with high sales value



Overseas Business: Acceleration of New Openings and Expansion of Countries & Regions for New Market Entry

Accelerate new store openings while implementing top-line measures

	Initiatives	# of Stores at the end of FY21/9 (new openings)
Taiwan	Aim to return to profitability for the full year by increasing average customer ticket and customer count through enhanced marketing and reinforced sales promotions	25~26 (+5~+6)
Hong Kong	Aim to return to profitability for the full year by strengthening store openings and controlling costs while maintaining high sales	12~13 (+7~+8)
Singapore	Strengthen TO&D and sales appeal capabilities to create a growth strategy suitable for the business environment under the operating restrictions	9~10 (+5~+6)
Korea	Improve sales by enhancing the number of menu items and strengthening sales promotion, leading to profitability in the next fiscal year and beyond	9 (+0)

Focus on launching stable business

	Initiatives	# of Stores at the end of FY21/9 (new openings)
Thailand	Focus on launching the business by opening new stores in carefully selected prime locations while maintaining the high sales of the first store	2~3 (+2~+3)
Greater China	Utilize the experience gained in Hong Kong to open the first store in a location with strong ability to attract customers in Guangdong Province	1 (+1)

[Note] TO&D = Takeout & Delivery

Newly-Developed Business 'SUGIDAMA': Continued to Accelerate New Openings, and Increased Sales at Existing Stores

- Opening stores at station-front sites in urban areas where there is high demand for dining service.
- Opening stores at carefully selected prime locations in downtown areas, aiming to restart strong in post-Covid period.
 - Opened on the 1st and 2nd floors of Amza 1000, a commercial building where Sushiro urban-model store is located, in Osaka Minami in 2021/4. Expected to generate sales through synergy with Sushiro
 - Opened a store in Kawaramachi, Kyoto's busiest downtown district, in 2021/4.
- Accelerate the opening of FC stores, especially in well-performing Kyushu region.
 - The 3 stores opened in Fukuoka, Kyushu in FY21/1H amid the pandemic are recording good sales performance. We will continue to accelerate store openings, mainly by FC.
- Planning to carry out an anniversary fair to increase sales at existing stores
 - SUGIDAMA's own anniversary fair is also being planned for August.

SUGIDAMA
Namba Amza Store
(Osaka city, opened 2021/4)



SUGIDAMA
Kyoto Kawaramachi store
(Kyoto City, opened 2021/4)



Forecast for FY2021/9

- Due to difficulty in assessing the future Covid impact, we retain our earnings forecast announced at the beginning of FY21/9.

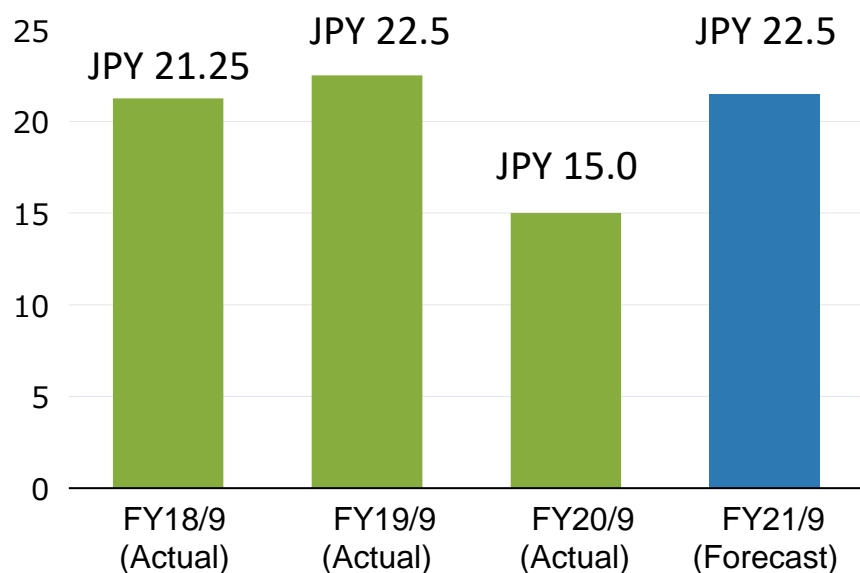
(in millions, JPY)

	FY20/9		FY21/9		FY21/1H	
	Actual	% in Revenue	Forecast	% in Revenue	Actual	Progress
Revenue	204,957	100.0%	250,600	100.0%	119,042	47.5%
Operating Profit	12,061	5.9%	17,300	6.9%	13,114	75.8%
Profit before Income Taxes	10,536	5.1%	16,300	6.5%	12,414	76.2%
Profit for the Period	6,420	3.1%	10,500	4.2%	7,760	73.9%

Returns to Shareholders

Dividends

- Conducted a stock split of our common shares at a ratio of 4 shares for every one share, on April 1, 2020. (Past dividends shown below are adjusted for the 1-to-4 split)
- Plan to pay a dividend of JPY 22.5 per share for the FY21/9.



Shareholder Benefits

Benefit Type

Meal discount coupons (provided twice a year) that can be used at Sushiro and SUGIDAMA

Criteria & Value

- 100 - 199 shares:**
JPY 2,200 worth of coupons/year
JPY 1,100 (record date: Sep. 30) JPY 1,100 (record date: Mar. 31)
- 200 - 399 shares:**
JPY 3,300 worth of coupons/year
JPY 1,650 (record date: Sep. 30) JPY 1,650 (record date: Mar. 31)
- 400 - 799 shares:**
JPY 4,400 worth of coupons/year
JPY 2,200 (record date: Sep. 30) JPY 2,200 (record date: Mar. 31)
- 800 - 1999 shares:**
JPY 8,800 worth of coupons/year
JPY 4,400 (record date: Sep. 30) JPY 4,400 (record date: Mar. 31)
- 2000+ shares:**
JPY 22,000 worth of coupons/year
JPY 11,000 (record date: Sep. 30) JPY 11,000 (record date: Mar. 31)

Notes

- One JPY 550 coupon can be used for every JPY 1,100 (incl. tax) spent. Coupon can be used in combination with other discount ticket
- This ticket can be used with other types of discount coupon.
- Coupon cannot be used for online takeout order and for delivery order.

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