

Financial Highlights and Supplementary Data

FY2021/9

Nov 5, 2021



FOOD & LIFE
COMPANIES

[Consolidated] Financial Highlights for FY21*

- Marked **record-high** revenue, operating profit, profit before income taxes and profit for the period. (The profits include a one-off factor resulting from COVID19.)
- Amid the pandemic, we (1) **continued to open stores in Japan and overseas markets**, (2) **continued to invest in labor-saving measures**, and (3) set out a foundation for future growth through **the acquisition of KYOTARU CO., LTD.**

(in millions, JPY)	FY20		FY21		YoY%	Vs. Forecast
	Actual	% in Revenue	Actual	% in Revenue		
Revenue	204,957	100.0%	240,804	100.0%	+17.5%	▲0.9%
Operating Profit	12,061	5.9%	22,901	9.5%	+89.9%	+9.1%
Profit before Income Taxes	10,536	5.1%	21,584	9.0%	+104.9%	+9.6%
Profit for the Period	6,420	3.1%	13,119	5.4%	+104.3%	+4.1%
COGS	97,244	47.4%	110,577	45.9%	▲1.5pt	—
# of Stores	624	—	999	—	+375	—

※Revised earnings forecast released in August 2021.

*FY = Fiscal Year (ex : FY21 = Fiscal Year 2021 Ended September 30)

[Consolidated] FY21 results reflect one-off (non-recurring) COVID19 factors

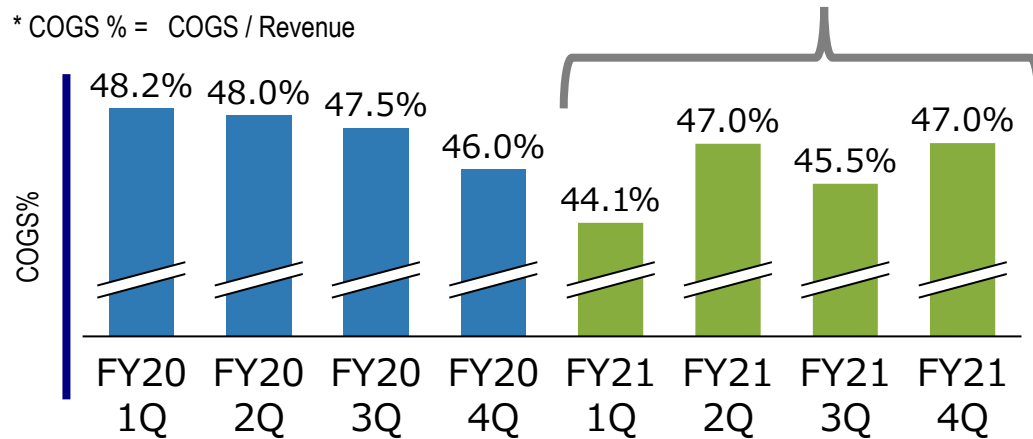
Profits increased due to non-recurring COVID19 factors

Profit adjusted for COVID19 factors

Profit increase due to advantageous procurement : approx. 4.0 bil. JPY

Achieved YoY profit increase even after the adjustment

* COGS % = COGS / Revenue



Adjust the profits for one-off factor

Operating Profit

FY21

Actual

Adjusted for COVID19

22.9
bil. JPY
(9.5%)

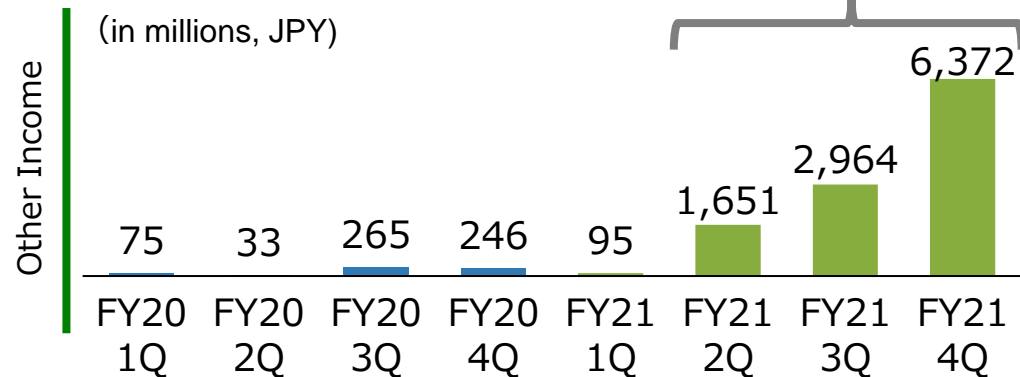
▲4.0
bil. JPY

18.9
bil. JPY
(7.8%)

Advantageous Procurement

Subsidy Received For Shortened Store Hour

Profit increase due to subsidy : approx. 11.0 bil. JPY



Not adjust the profits as these are considered to be lost profits due to shortened operating hour

[Consolidated] Financial Highlights for FY21 (by Quarter)

- Quarterly profits in all 4 quarters achieved positive figures.
- In Q4, though the business was greatly impacted by shortened store hour, we invested in strategic purposes for FY22 onwards. (p.7 for more details)

(in millions, JPY)	Q 1			Q 2			Q 3			Q 4		
	Actual	% in Revenue	vs. LY	Actual	% in Revenue	vs. LY	Actual	% in Revenue	vs. LY	Actual	% in Revenue	vs. LY
Revenue	59,529	–	+6.8%	59,513	–	+13.5%	59,709	–	+40.5%	62,052	–	+14.3%
Operating Profit	7,008	11.8%	+44.9%	6,105	10.3%	+79.7%	5,131	8.6%	+1236.3%*	4,656	7.5%	+35.3%
Profit before Income Taxes	6,656	11.2%	+41.8%	5,758	9.7%	+80.5%	4,878	8.2%	–	4,291	6.9%	+27.6%
Profit for the Period	4,091	6.9%	+35.0%	3,669	6.2%	+78.7%	2,942	4.9%	–	2,417	3.9%	+11.0%
COGS	26,267	44.1%	▲4.1pt	27,954	47.0%	▲1.0pt	27,180	45.5%	▲2.0pt	29,175	47.0%	+1.0pt
# of Stores	642	–	–	660	–	–	971	–	–	999	–	–

* The percentage of FY21/Q3 Operating Profit vs.LY is high due to the following 2 reasons; (1) [FY20/Q3] the 1st wave of COVID19 which led to the issuance of nation-wide State of Emergency (2) [FY21/Q3] government subsidy received for shortened store hour

[Consolidated] Financial Highlights for FY21 (by Segment)

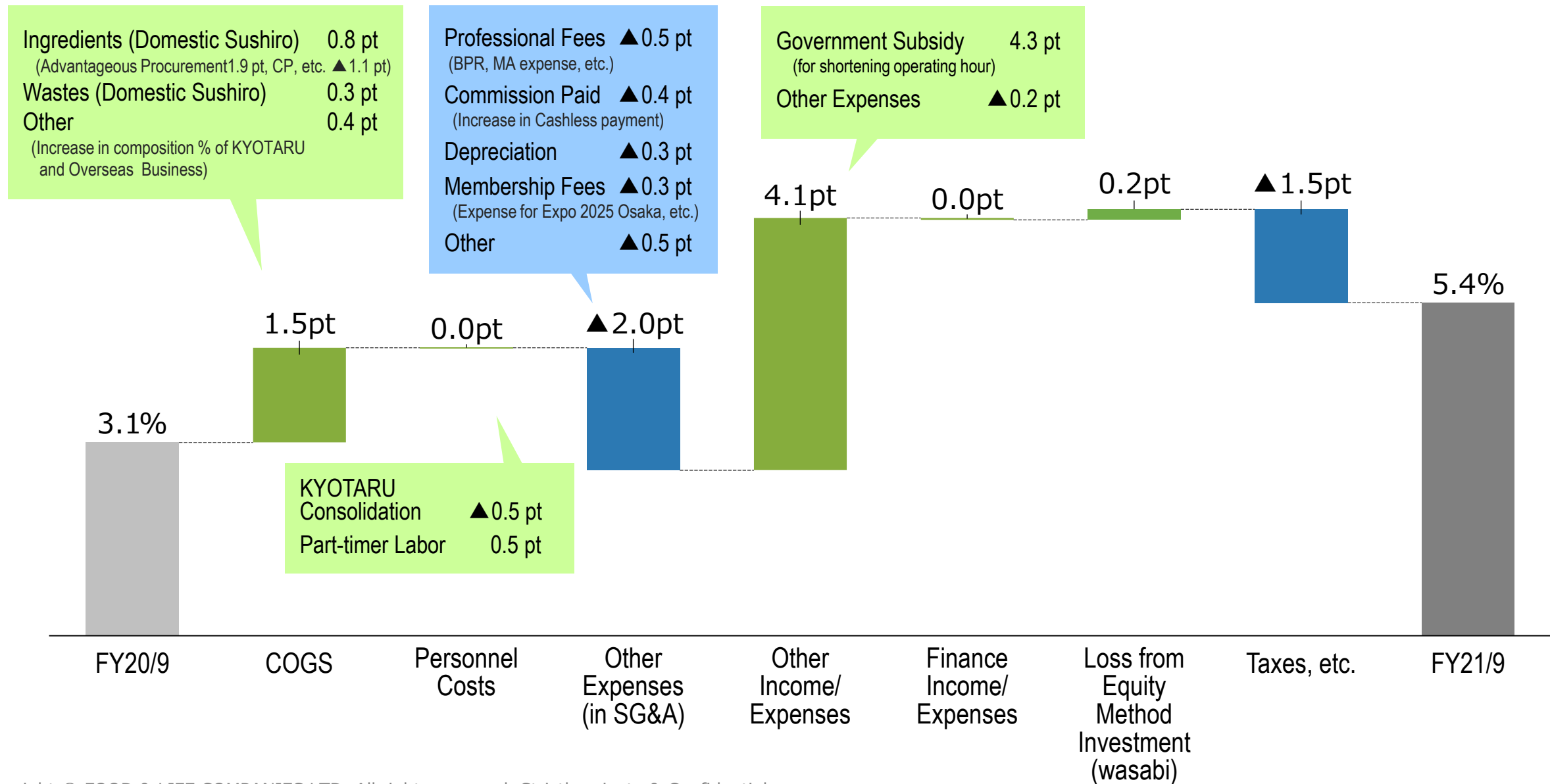
- Overseas Sushiro Business : Though it couldn't achieve a positive operating profit expected in the original plan due to strict operating restrictions imposed by COVID19, it has grown into a business that generates approx. 1.4 billion JPY in EBITDA.
- KYOTARU Business : Operating profit and EBITDA were positive. But the profit structure needs further improvement as its operating margin was 2.0%.

(in millions, JPY)	Domestic Sushiro Business			Overseas Sushiro Business			Kyotaru Business			Other Business			ALL (Consolidated Total)
	Actual	% in Revenue	% in ALL	Actual	% in Revenue	% in ALL	Actual	% in Revenue	% in ALL	Actual	% in Revenue	% in ALL	Actual
	Revenue	213,237	—	88.5%	16,983	—	7.1%	9,267	—	3.8%	1,469	—	0.6%
Operating Profit	25,818	12.1%	112.7%	▲1,208	—	▲5.3%	181	2.0%	0.8%	▲1,198	—	▲5.2%	22,901
Depreciation & Amortization	14,512	6.8%	78.2%	2,595	15.3%	14.0%	846	9.1%	4.6%	307	20.9%	1.7%	18,565
Impairment	704	0.3%	29.8%	542	3.2%	23.0%	393	4.2%	16.7%	721	49.1%	30.5%	2,361
EBITDA	40,331	18.9%	97.3%	1,387	8.2%	3.3%	1,027	11.1%	2.5%	▲891	—	▲2.1%	41,466

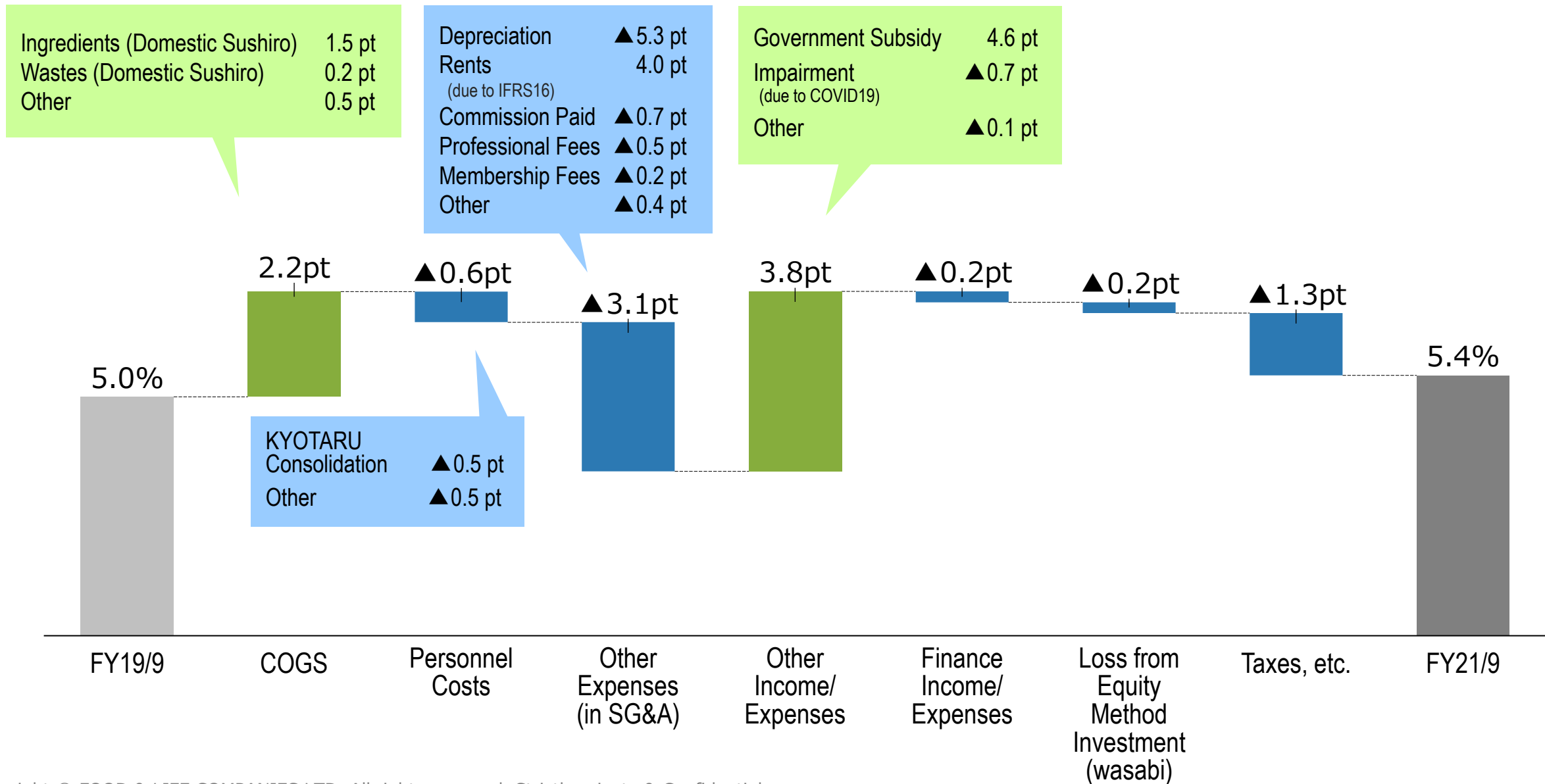
Note: (1) EBITDA = Operating Income adjusted for Depreciation & Amortization

(2) The difference between the Consolidated Total of Operating Profit and the total of Operating Profits of all segments is mainly corporate expenses that do not belong to each reportable segments.

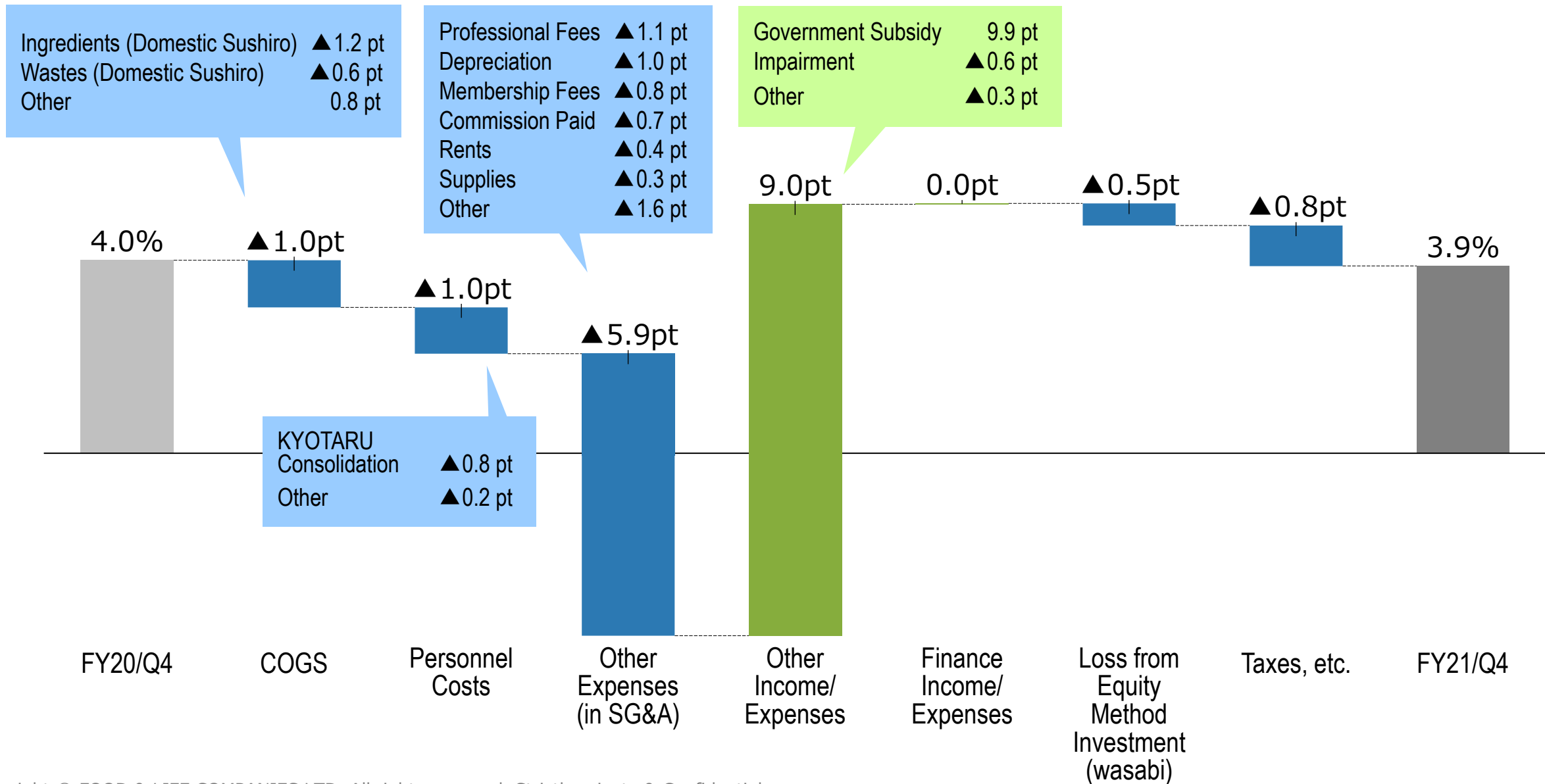
[Consolidated] PL Analysis YoY Comparison vs. FY20



[Consolidated] PL Analysis YoY Comparison vs. FY19



[Consolidated] PL Analysis YoY Comparison vs. FY20/Q4



[Consolidated] Financial Position

Consolidated Statement of Financial Position

(in millions, JPY)	FY20	FY21	Change
Current assets	21,175	48,841	27,666
[Cash and cash equivalents]	[12,665]	[29,367]	[16,702]
Non-current assets	216,090	247,159	31,069
[Goodwill]	[30,371]	[30,541]	[170]
Assets	237,265	296,001	58,735
Current liab.	78,802	59,860	▲18,942
[Borrowings]	[36,701]	[4,009]	[▲32,692]
Non-current liab.	107,543	172,568	65,025
[Bonds, Borrowings]	[9,987]	[58,896]	[48,909]
Liab.	186,345	232,428	46,083
Equity	50,920	63,573	12,653
Liab. & Equity	237,265	296,001	58,735
Equity Ratio	21.4%	21.3%	▲0.1pt
Net Debt/EBITDA	1.8x	1.6x	▲0.2x
ROE	13.2%	23.2%	+10.0pt

Consolidated Statement of Cash Flows

(in millions, JPY)	FY20	FY21	Change
Operating CF	23,923	31,679	7,756
Investing CF	▲14,879	▲17,286	▲2,407
Financing CF	▲6,724	2,107	8,831
Increase/decrease in cash and cash equivalents	2,324	16,702	14,378

[Impact of M&A (KYOTARU CO., LTD.)]

Current assets 4.3 bil JPY, Non-current assets 10.5 bil JPY
= 14.7 bil JPY increase in Total Assets.

* The value recorded on the day of the merger.

[Net Debt/EBITDA] x1.6 (Improved by 0.2)

[ROE] Improved by 10.0pt, exceeding FY19 level (22.4%)

* EBITDA calculated with LTM

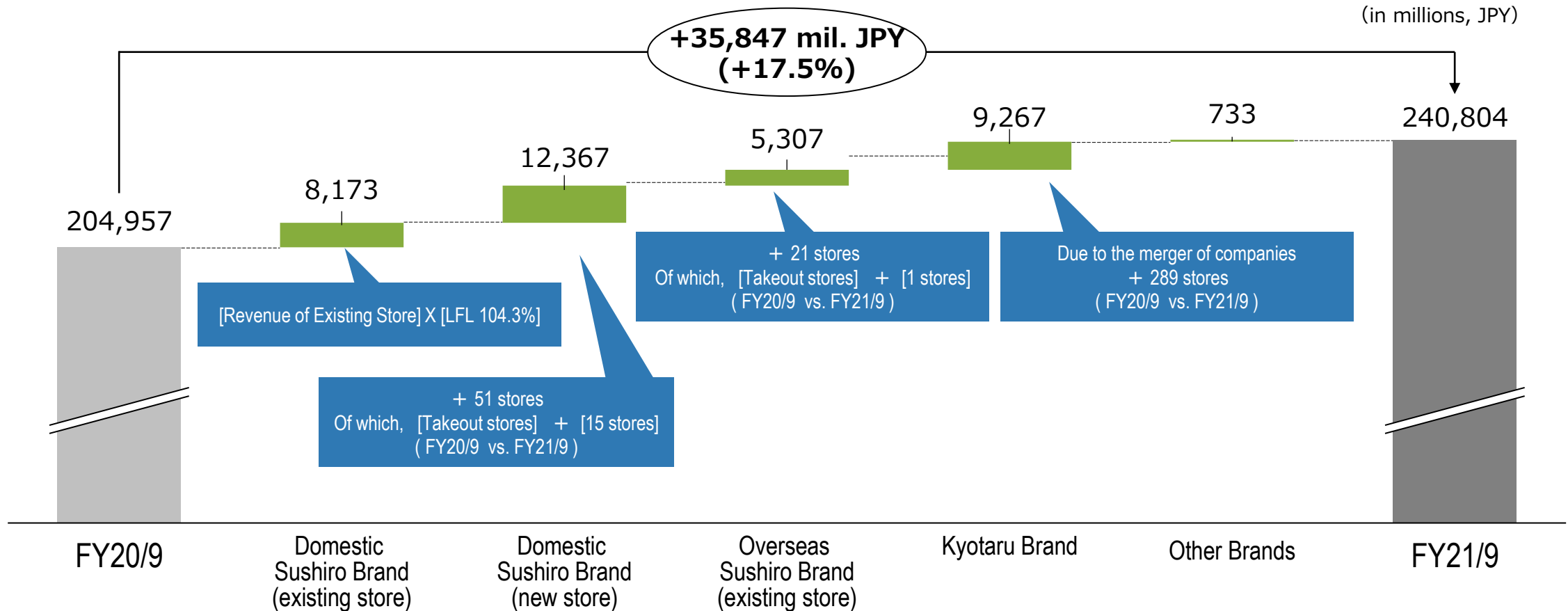
[Operating CF] Significant increase in YoY due to increase in profit before income taxes

[Finance CF] Continued investment for new store opening, labor-saving equipment development. Plus, 2.2 bil JPY for acquisition of companies (KYOTARU CO., LTD. and two others)

[Financing CF] Raised 20 bil. JPY in corporate straight bonds.

[Consolidated] Change in Revenue

- Continued store opening in both domestic and overseas markets amid the pandemic and achieved +17.5% revenue increase.
 - The revenue of acquired KYOTARU CO., LTD. has been added since April 2021.
 - Existing Sushiro brand stores in domestic market achieved 104.3% revenue LFL.



[All Company] Store Opening/Closing in Domestic & Overseas Markets

	FY20 at End-of-Term	FY21				Increase/ Decrease	at End-of-Term
		KYOTARU CO., LTD.	OPEN	CLOSE			
Suburban Model	539	—	26	1	+ 25	564	
Urban Model	20	—	11	—	+ 11	31	
Takeout Model	—	—	15	—	+ 15	15	
[Domestic] Sushiro Brand	559	—	52	1	+ 51	610	
[Domestic] Sugidama Brand	25	—	18	4	+ 14	39	
[Domestic] Kyotaru Brand (Takeout)	—	149	5	—	+ 154	154	
[Domestic] Kaisen Misakiko Brand & Misakimaru Brand	—	107	1	2	+ 106	106	
Standard Model	38	—	21	1	+ 20	58	
Takeout Model	—	—	1	—	+ 1	1	
[Overseas] Sushiro Brand	38	—	22	1	+ 21	59	
Other Brands	2	31	3	5	+ 29	31	
All Company Total	624	287	101	13	+ 375	999	

Domestic Business

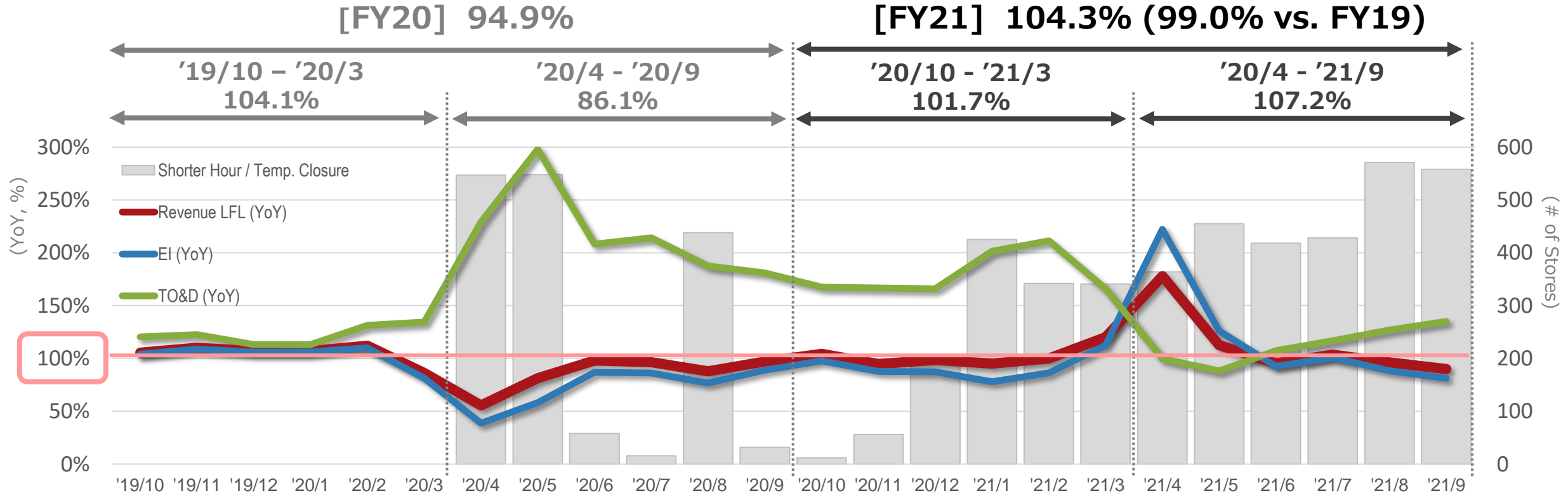
Overseas Business



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[Domestic Business] Revenue Trend amid the Pandemic

Domestic Sushiro's revenue LFL achieved 104.3% for the full year, as non-EI revenue LFL expanded while EI revenue LFL declined under the operating restrictions imposed by the State of Emergency. Domestic Sushiro's revenue LFL was also 99.0% compared to (pre-COVID) FY19, not much decline from that year.



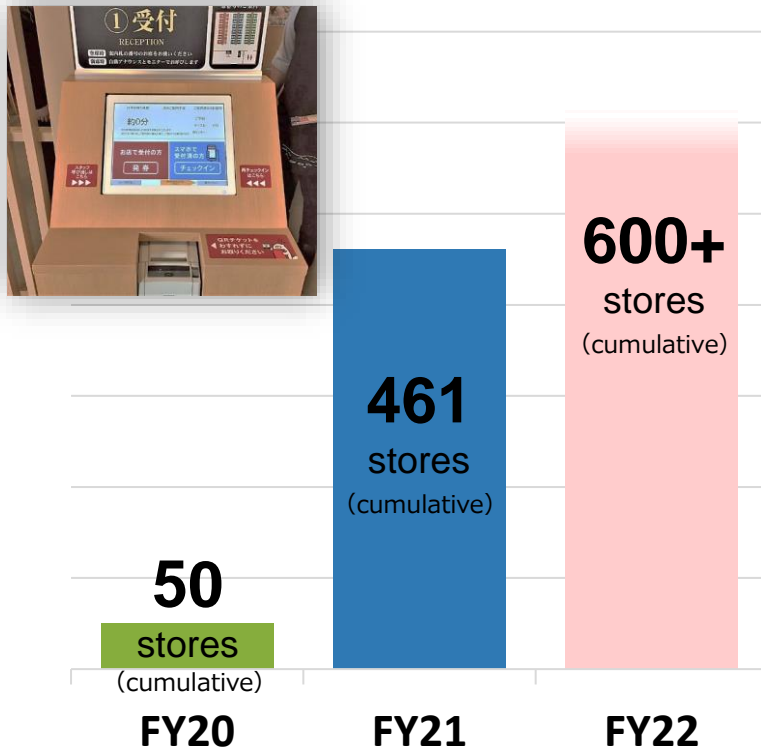
Note:

- The figures above are of the stores operated under Sushiro brand and located in Japan, and LFL figures are of the stores in Japan that are in the 15th month of operation or longer.
- EI = Eat-in

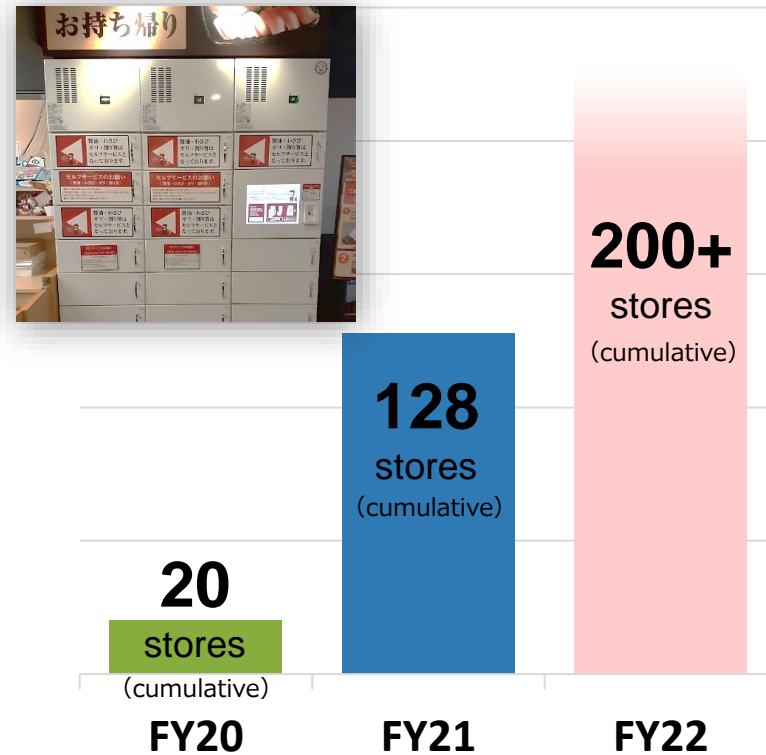
[Domestic Business] Labor-Saving Equipment Rollout

- New stores open with the latest labor-saving equipment as they are now part of the standard spec. The equipment (optimal package for each store) is also being installed in existing stores at the time of its renovation. The equipment not only saves labor by automation, but also improves customer convenience and enables contactless operation.

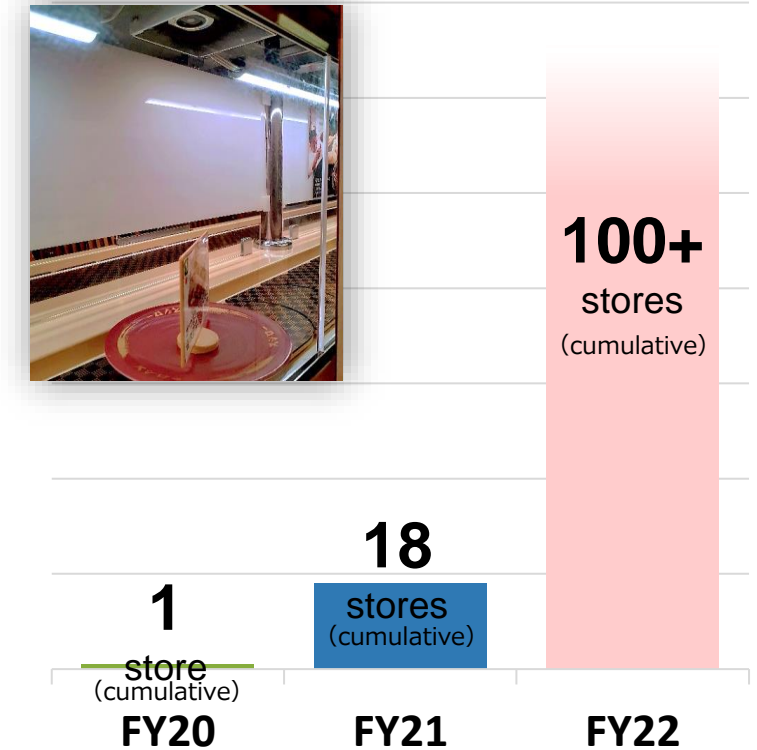
The Number of Auto Waiting-Ticket-Call System Installed



The Number of Takeout Pickup Lockers Installed



The Number of Auto Billing System Installed (w/Image Recognition Technology)



[Overseas Business] Established a Foundation for Growth Despite the Operating Restrictions

Continued to Actively Expand Stores in Already-Operating Four Areas

Korea

Performance recovered amid the business restrictions **9 stores (+0)**

- Review of product lineup and PR concept has been successful. Though the restrictions continued, the customer count has returned to a certain level and the business performance recovered.
- In the midst of severe restrictions on food imports, the business worked to stabilize the procurement and succeeded in further increasing menu items.

Taiwan

Strong Recovery After the Restrictions Got Lifted **26 stores (+6)**

- In 1H, the impact of COVID was relatively small that Taiwan business was profitable. But in 2H the business was placed under COVID restrictions again and was forced to operate only with takeout service. So, the business performance was severely impacted.
- Customer Count has recovered in recent months. The business has been performing in line with the plan.

Hong Kong

Generated profit for full-year basis amid the business restrictions **11 stores (+6)**

- Though the number of seats (that can be used) continued to be limited, strengthened takeout sales and PR, and maintained a high level of sales. HK business generated profit for the full year basis.
- Maintained high numbers for Customer Count and Average Customer Ticket at both existing and new stores without causing cannibalization.

Singapore

Strengthened the Operations for Post-COVID **9 stores (+5)**

- The business has been placed under strict restrictions for long and been operating only with takeout service. Continuing to place key focus on non-EI sales and, at the same time, strengthen menu lineup for post-COVID recovery.
- Opened a takeout-only store – the very first one in overseas market.

Two Overseas Markets Newly Added

Thailand

Performance Recovered Significantly After the Restrictions Got Lifted **3 stores (+3)**

- Opening of the store No.1 was a big success. But soon after the opening, the business was placed under strict operating restrictions. During the tough time, worked on staff training and operation brush-up. So immediately after the removal of restrictions, the customer traffic quickly recovered.

Mainland China

Successful Opening of Store No.1 **1 stores (+1)**

- Sales of the store No.1 opened in September are beating our expectations. The store ran a 'Grand Opening Campaign' and succeeded in drawing in large number of customers.

[Ref.] FY22 Forecasts

	FY18 Actual	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Forecast	Growth% FY22/FY21
Revenue	174,883	199,088	204,957	240,804	310,000	+ 28.7%
Operating Profit	11,718	14,546	12,061	22,901	21,000	▲8.3%
Operating Profit %	6.7%	7.3%	5.9%	9.5%	6.8%	—
Profit Before Income Taxes	11,508	14,363	10,536	21,584	19,000	▲12.0%
Profit Before Income Taxes %	6.6%	7.2%	5.1%	9.0%	6.1%	—
Profit for the Year	7,990	9,959	6,420	13,119	12,000	▲8.5%
Profit for the Year %	4.6%	5.0%	3.1%	5.4%	3.9%	—
Earnings Per Share	69.23	85.81	55.64	113.61	103.39	▲10.22
Revenue LFL	104.4%	107.4%	94.9%	104.3%	108.8%	—
New Store Openings	41	45	70	388 (101 excl. Kyotaru)	115~153	—
COGS %	48.2%	48.1%	47.4%	45.9%	45.6%	▲0.3pt
Personnel Costs %	27.6%	27.5%	28.3%	28.2%	27.2%	▲1.0pt
Other in SG&A	17.0%	16.7%	17.9%	19.9%	20.1%	0.2pt
% of Other Income/Expenses*	▲0.3%	▲0.3%	▲0.6%	3.5%	▲0.3%	▲3.8pt

* [% of Other Income/Expenses] = [Other Income/Expenses] ÷ [Revenue]

■ New Openings : the Planned Number and Investment Amount

	FY21 Actual	FY22 Plan	FY22 Investment
Domestic Sushiro	52 (15)	50~65 (20~30)	6.0 bil. JPY
Overseas Sushiro	22 (1)	33~41	7.5 bil. JPY
Kyotaru Business	7	20~30	1.5 bil. JPY
Other Business [Sugidama + Other]	20	33~39	1.0 bil. JPY

* () = Takeout-only store

■ COGS %

Despite the pressure of fish price hike, the increase in shares of overseas Sushiro business and Kyotaru business gave it a downward pressure on COGS%. Combined with a various initiatives carried out COGS % stayed in a controlled range.

■ Other in SG&A

The costs increased due to continued new opening, but Other in SG&A stayed flat due to increased sales.

■ Other Income/Expenses

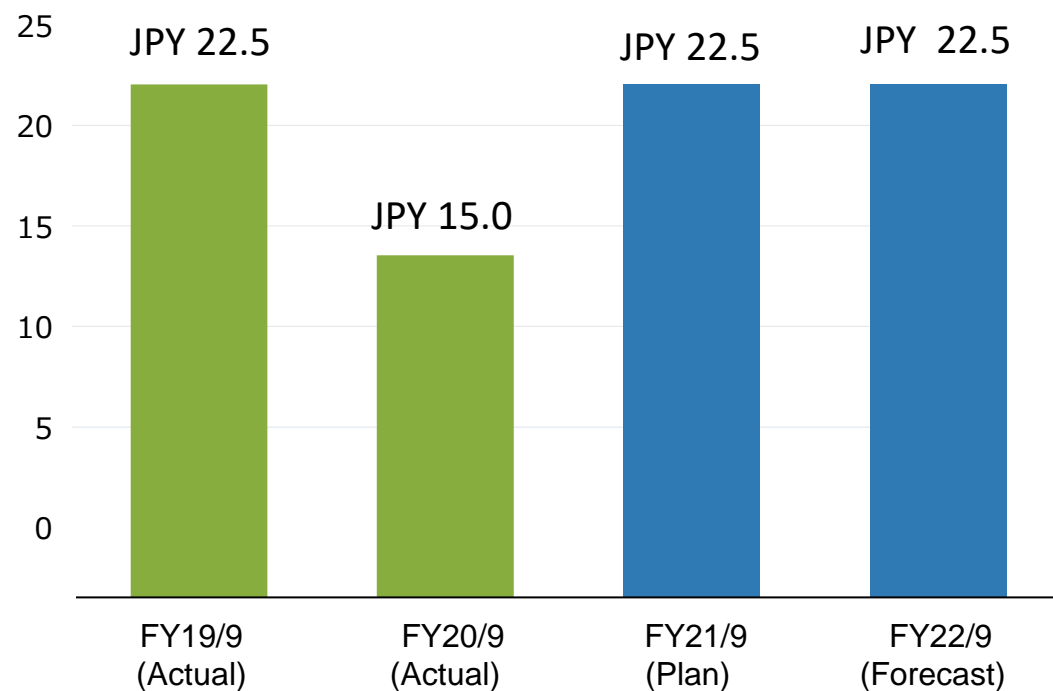
FY21 had a special factor – subsidy for shortened op hour

As a result, the FY21 operating profit declined, but stayed at the same level as pre-COVID year.

[Ref.] 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. (Total dividend amount is to be 2.6 bil. JPY)



Shareholder Benefits

Benefit Type

Meal discount coupons (provided twice a year) that can be used at Sushiro brand stores, Sugidama brand stores, and the stores KYOTARU operates in Japan.

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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