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## Consolidated Financial Results for the 1st Quarter Ended December 31, 2021 [IFRS]

February 10, 2022

Listed company name: FOOD & LIFE COMPANIES LTD. Listed stock exchange: TSE  
 Securities code: 3563 URL <http://www.food-and-life.co.jp>  
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 Scheduled filing date to file: February 14, 2022 Scheduled date to commence dividend payment: —  
 Quarterly Securities Report: dividend payment  
 Supplementary briefing materials on quarterly financial results prepared: No  
 Quarterly financial results presentation meeting held: No

(Amounts of less than one million yen are rounded off to the million)

### 1. Consolidated Financial Results for the 1st Quarter Ended December 31, 2021 (October 1, 2021 to December 31, 2021)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes)

|                                     | Revenue     |      | Operating profit |        | Profit before income taxes |        | Profit for the period |        | Profit for the period attributable to owners of the parent |        | Total comprehensive income for the period |       |
|-------------------------------------|-------------|------|------------------|--------|----------------------------|--------|-----------------------|--------|--|--------|---|-------|
|                                     | Million yen | %    | Million yen      | %      | Million yen                | %      | Million yen           | %      | Million yen  | %      | Million yen                               | %     |
| 1st Quarter Ended December 31, 2021 | 71,601      | 20.3 | 5,469            | (22.0) | 5,255                      | (21.1) | 3,389                 | (17.2) | 3,388  | (17.3) | 3,963                                     | (4.9) |
| 1st Quarter Ended December 31, 2020 | 59,529      | 6.8  | 7,008            | 44.9   | 6,656                      | 41.8   | 4,091                 | 35.0   | 4,098  | 35.2   | 4,167                                     | 24.5  |

|                                     | Basic earnings per share | Diluted earnings per share |
|-------------------------------------|--------------------------|----------------------------|
|                                     | Yen                      | Yen                        |
| 1st Quarter Ended December 31, 2021 | 29.23                    | 29.07                      |
| 1st Quarter Ended December 31, 2020 | 35.31                    | 35.19                      |

### (2) Consolidated financial position

|                                      | Total assets | Total equity | Total equity attributable to owners of the parent | Ratio of equity attributable to owners of the parent |
|--------------------------------------|--------------|--------------|---|--|
|                                      | Million yen  | Million yen  | Million yen                                       | %  |
| 1st Quarter Ended December 31, 2020  | 293,823      | 63,009       | 63,003  | 21.2   |
| Fiscal year ended September 30, 2021 | 296,001      | 63,573       | 63,569  | 21.3   |

## 2. Dividends

|  | Annual dividends   |                    |                    |                 |       |
|--|--------------------|--------------------|--------------------|-----------------|-------|
|  | End of 1st quarter | End of 2nd quarter | End of 3rd quarter | Fiscal year-end | Total |
|  | Yen                | Yen                | Yen                | Yen             | Yen   |
| Fiscal year ended<br>September 30, 2021                | —                  | 0.00               | —                  | 22.50           | 22.50 |
| Fiscal year ending<br>September 30, 2022               | —                  |                    |                    |                 |       |
| Fiscal year ending<br>September 30, 2022<br>(forecast) |                    | 0.00               | —                  | 22.50           | 22.50 |

Notes:

Revisions to the most recently announced dividend forecasts: No

## 3. Consolidated Earnings Forecasts for the Fiscal Year Ending September 30, 2022 (October 1, 2021 to September 30, 2022)

(Percentages indicate year-on-year changes)

|  | Revenue     |      | Operating profit |       | Profit before income taxes |        | Profit for the year |       | Profit for the year attributable to owners of the parent |       | Basic earnings per share |
|--|-------------|------|------------------|-------|----------------------------|--------|---------------------|-------|--|-------|--------------------------|
|  | Million yen | %    | Million yen      | %     | Million yen                | %      | Million yen         | %     | Million yen  | %     |                          |
| Fiscal year ending<br>September 30, 2022 | 310,000     | 28.7 | 21,000           | (8.3) | 19,000                     | (12.0) | 12,000              | (8.5) | 12,000   | (9.0) | Yen<br>103.39            |

Note: Revisions to the most recently announced earnings forecasts: No

\* Notes:

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): No

New: –

Excluded: –

(2) Changes in accounting policies, changes in accounting estimates

1) Changes in accounting policies required by IFRS: None

2) Changes in accounting policy other than 1): None

3) Changes in accounting estimates: None

(3) Total number of issued shares (common shares)

|  |  |                    |   |                    |
|--|--|--------------------|---|--------------------|
| a. Total number of issued shares at the end of the period (including treasury shares)        | 1st quarter ended<br>December 31, 2021 | 116,069,184 shares | Fiscal year ended<br>September 30, 2021 | 116,069,184 shares |
| b. Number of treasury shares at the end of the period  | 1st quarter ended<br>December 31, 2021 | 410,448 shares     | Fiscal year ended<br>September 30, 2021 | 248 shares         |
| c. Average number of shares during the period (cumulative from the start of the fiscal year) | 1st quarter ended<br>December 31, 2021 | 115,910,960 shares | 1st quarter ended<br>December 31, 2021  | 116,049,736 shares |

\* These financial results are outside the scope of quarterly review procedures by certified public accountants or accounting firms.

\* Explanation of Proper Use of Financial Forecasts, and Other Special Matters

The earnings forecasts and other forward-looking statements presented in this document are based on information currently available to the Company and on certain assumptions deemed to be reasonable. They do not constitute guarantees by the Company of future performance. Furthermore, actual results and performance may differ materially from these forecasts due to various factors. In addition, for more details on earnings forecasts, please refer to “(3) Explanation of consolidated earnings forecasts and other forward-looking statements” under “1. Qualitative Information on Financial Results for the Period Under Review” on page 3 of the attached materials.

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## 1. Qualitative Information on Financial Results for the Period Under Review

### (1) Explanation of operating results

During the 1st quarter of the consolidated fiscal year ending September 30, 2022, although the state of emergency declaration related to COVID-19 was lifted in October and economic activity gradually normalized, the outlook for the Japanese economy remained uncertain with no clear prospect for when the pandemic will come to an end, including the emergence of new mutations of the virus. The restaurant sector also continued to be impacted by COVID-19, and the environment remained challenging.

Under such circumstances, FOOD & LIFE COMPANIES LTD. worked to enhance product development, in-store food preparation, and health and safety initiatives and services with “Discovering new tastiness, Sharing moments of joy” as our Vision, and the desire to surprise and move our customers with delicious sushi.

In addition, store count by business format is as follows.

#### Group store count by business format

| Name of brand                           | Fiscal year ended<br>September 30 2021 | Store openings | Store closures | Three-month period<br>ended December 30<br>2021 |
|---|--|----------------|----------------|---|
| Japan: Sushiro (TOGO)                   | 610 (15)                               | 16 (5)         | —              | 626 (20)  |
| Japan: Sugidama (FC)                    | 39 (6)                                 | 6 (3)          | —              | 45 (9)  |
| Japan: Kyotaru                          | 154 (—)                                | 4              | 1              | 157(—)  |
| Japan:Kaiten Sushi<br>Misaki/Misakimaru | 106 (—)                                | —              | 1              | 105 (—)   |
| Japan: Others                           | 29 (—)                                 | —              | 1              | 28 (—)  |
| Japan total                             | 938 (21)                               | 26 (8)         | 3              | 961 (29)  |
| Overseas: Sushiro<br>(TOGO)             | 59 (1)                                 | 5 (1)          | —              | 64 (2)  |
| Overseas: Others                        | 2(—)                                   | —              | —              | 2(—)  |
| Overseas total                          | 61(1)                                  | 5(1)           | —              | 66(2)   |
| Total                                   | 999 (22)                               | 31 (9)         | 3              | 1,027 (31)                                      |

Figures in parentheses show the number of take out only and FC stores.

As a result, revenue for the 1st quarter of the current consolidated fiscal year totaled 71,601 million yen (+20.3% year on year), operating profit 5,469 million yen (-22.0% year on year), profit before income taxes 5,255 million yen (-21.1% year on year), and profit for the period attributable to owners of the parent 3,388 million yen (-17.3% year on year).

Operating results by segment are as follows.

#### (Japan Sushiro Business)

In the Japan Sushiro Business, with the lifting of the state of emergency declaration in October, requests for restaurants to shorten their business hours and times for serving alcoholic beverages were gradually lifted by the end of October in each prefecture. As part of our efforts to recover quickly from the COVID-19 pandemic, Sushiro in Japan ran the first Go To Super Sushiro PROJECT with 100 yen (110 yen including tax) yellow plates on sale for a forbidden 90 yen (99 yen including tax, from 15:00 on weekdays) and the second Go To Super Sushiro PROJECT with a half price sale of mugs of draft beer (weekdays only).

In addition, in order to meet the increased demand for takeout and delivery due to the COVID-19 pandemic, we further expanded the number of stores handling delivery and continued to open new takeout specialty stores.

As a result of the above, net sales of the Japan Sushiro Business were 57,491 million yen, (+3.5% year on year, and segment profit was 4,829 million yen (-34.0% year on year).

#### (Overseas Sushiro Business)

In the Overseas Sushiro Business, amid continued operating restrictions on restaurants due to the renewed spread of COVID-19 in various countries and regions, we opened our second store in Guangzhou (mainland China) in November, where we opened our first store in September 2021. We also continued to open new stores in other

regions, including one store in Hong Kong, one store in Singapore, and two stores in Thailand in anticipation of the period after COVID-19.

Furthermore, to maintain and increase the number of customers visiting stores despite operating restrictions imposed by COVID-19, we implemented attractive sales promotion and marketing measures in each region, including the Otoro (Fatty Tuna) Festival in Taiwan and the Year-End Thanksgiving in Hong Kong.

As a result of the above, net sales of the Overseas Sushiro Business were 7,493 million yen (+111.8% year on year) and segment profit was 379 million yen (segment loss was 227 million yen in the same period of previous fiscal year).

(Kyotaru Business)

In the Kyotaru Business, with the aim of creating synergies after the merger, we revamped the grand menu of Kyotaru takeout specialty stores and switched to a double-brand with Sushiro. In November 2021, we rebranded our existing kaiten-sushi business as Kaiten Sushi Misaki in an effort to improve sales. At the Kyotaru Central Kitchen, which is responsible for manufacturing products for the takeout business, we also upgraded the Edomae-zushi production line with the aim of improving the capacity utilization rate and supplying products to the F&LC Group's takeout business. In addition to these efforts, we worked on measures to create synergies, such as the integration of the headquarters organization and the subsequent integration of operations.

As a result of the above, net sales of the Kyotaru Business were 5,708 million yen (—% year on year) and segment loss was 527 million yen (—% year on year).

## (2) Explanation of financial position

### 1) Assets, liabilities and equity

(Assets)

The balance of total assets decreased 2,178 million yen from the end of the previous consolidated fiscal year to 293,823 million yen.

The balance of current assets decreased 5,646 million yen from the end of the previous consolidated fiscal year to 43,195 million yen. This mainly reflected a 4,957 million yen decrease in cash and a 1,564 million yen decrease in trade and other receivables.

The balance of non-current assets increased 3,469 million yen from the end of the previous consolidated fiscal year to 250,628 million yen. This mainly reflected an 2,681 million yen increase in property, plant and equipment resulting from an opening new stores.

(Liabilities)

Total liabilities decreased 1,614 million yen from the end of the previous consolidated fiscal year to 230,814 million yen.

The balance of current liabilities decreased 2,218 million yen from the end of the previous consolidated fiscal year to 57,641 million yen. This mainly reflected a 3,742 million yen increase in trade and other payables alongside a 5,102 million yen decrease in income tax payable and a 1,601 million yen decrease in provisions.

The balance of non-current liabilities increased 605 million yen from the end of the previous consolidated fiscal year to 173,173 million yen. This was mainly attributable to a 1,488 million yen increase in lease liabilities, alongside a 997 million yen increase in bonds and borrowings.

(Equity)

Total equity decreased 564 million yen from the end of the previous consolidated fiscal year to 63,009 million yen.

This mainly reflected a 2,612 million yen decrease in retained earnings resulting from cash dividends paid and 2,020 million yen resulting from acquisition of treasury stock, alongside the booking of 3,388 million yen in profit for the period.

## 2) Cash flows

During the 1st quarter of the consolidated fiscal year ending September 30, 2021, cash and cash equivalents (hereinafter "Cash") decreased 4,957 million yen from the end of the previous consolidated fiscal year to 24,411 million yen.

The breakdown of cash flows by activities and underlying factors for the 1st quarter of the current consolidated fiscal year is shown below.

### (Cash flows from operating activities)

Cash provided by operating activities totaled 8,139 million yen (+38.3% year on year).

This mainly reflected the booking of 5,255 million yen in profit before income taxes, the booking of 5,234 million yen in depreciation and amortization, a 4,255 million yen increase in trade and other payables, a 1,598 million yen decrease in trade and other receivables, alongside a 6,896 million yen in income tax paid and a 1,510 million yen decrease in provision for bonuses.

### (Cash flows from investing activities)

Cash used in investing activities came to 4,437 million yen (+4.4% year on year).

This was mainly attributable to 3,711 million yen in purchase of property, plant and equipment accompanying store openings.

### (Cash flows from financing activities)

Cash used in financing activities amounted to 8,864 million yen (versus cash gained 14,544 million yen in the 1st quarter of the previous fiscal year). This mainly reflected a 3,300 million yen in repayments of lease liabilities, 2,567 million yen in cash dividends paid, 1,998 million yen in purchase of treasury stock and 1,002 million yen in repayments of long-term borrowings.

## (3) Explanation of consolidated earnings forecasts and other forward-looking statements

There are no changes to the consolidated earnings forecasts published on November 5, 2021. The consolidated earnings forecasts presented in this document are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual results may differ materially from these forecasts due to various factors including economic trends.

## 2. Condensed Quarterly Consolidated Financial Statements and Important Notes

### (1) Condensed consolidated statement of financial position

(in millions, JPY)

|  | Fiscal year ended<br>September 30, 2021 | 1st quarter ended<br>December 31, 2021<br>(From October 1, 2021 to<br>December 31, 2021) |
|--|---|--|
| <b>Assets</b>  |   |  |
| Current assets                                       |   |  |
| Cash and cash equivalents                            | 29,367                                  | 24,411   |
| Trade and other receivables                          | 15,004                                  | 13,440   |
| Inventories  | 2,146                                   | 2,721  |
| Other financial assets                               | 442                                     | 554  |
| Other current assets                                 | 1,883                                   | 2,069  |
| Total current assets                                 | <u>48,841</u>                           | <u>43,195</u>  |
| Non-current assets                                   |   |  |
| Property, plant and equipment                        | 146,554                                 | 149,235  |
| Goodwill   | 30,541                                  | 30,541   |
| Intangible assets                                    | 54,634                                  | 54,927   |
| Equity method investment                             | 1,855                                   | 2,023  |
| Lease and guarantee deposits                         | 12,182                                  | 12,503   |
| Other financial assets                               | 487                                     | 487  |
| Deferred tax assets                                  | 411                                     | 411  |
| Other non-current assets                             | 496                                     | 502  |
| Total non-current assets                             | <u>247,159</u>                          | <u>250,628</u>   |
| Total assets   | <u><u>296,001</u></u>                   | <u><u>293,823</u></u>  |
| <b>Liabilities and equity</b>                        |   |  |
| Liabilities  |   |  |
| Current liabilities                                  |   |  |
| Trade and other payables                             | 26,676                                  | 30,418   |
| Borrowings   | 4,009                                   | 4,009  |
| Income taxes payable                                 | 6,831                                   | 1,729  |
| Lease liabilities                                    | 13,115                                  | 13,500   |
| Other financial liabilities                          | 1,419                                   | 1,294  |
| Provisions   | 3,377                                   | 1,776  |
| Other current liabilities                            | 4,432                                   | 4,914  |
| Total current liabilities                            | <u>59,860</u>                           | <u>57,641</u>  |
| Non-current liabilities                              |   |  |
| Trade and other payables                             | 46                                      | 47   |
| Bonds and Borrowings                                 | 58,896                                  | 57,899   |
| Lease liabilities                                    | 96,094                                  | 97,582   |
| Other financial liabilities                          | 86                                      | 90   |
| Provisions   | 3,233                                   | 3,373  |
| Deferred tax liabilities                             | 14,175                                  | 14,176   |
| Other non-current liabilities                        | 38                                      | 6  |
| Total non-current liabilities                        | <u>172,568</u>                          | <u>173,173</u>   |
| Total liabilities                                    | <u>232,428</u>                          | <u>230,814</u>   |
| Equity   |   |  |
| Capital stock  | 100                                     | 100  |
| Capital surplus                                      | 15,755                                  | 15,724   |
| Retained earnings                                    | 46,584                                  | 47,361   |
| Treasury stock                                       | (0)                                     | (1,971)  |
| Other components of equity                           | 1,130                                   | 1,790  |
| Total equity attributable to owners of<br>the parent | <u>65,569</u>                           | <u>63,003</u>  |
| Non-controlling interests                            | 4                                       | 6  |
| Total equity   | <u><u>63,573</u></u>                    | <u><u>63,009</u></u>   |

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|                              | Fiscal year ended<br>September 30, 2021 | 1st quarter ended<br>December 31, 2021<br>(From October 1, 2021 to<br>December 31, 2021) |
|------------------------------|---|--|
| Total liabilities and equity | <u>296,001</u>                          | <u>293,823</u>   |

## (2) Condensed consolidated statement of profit and loss

(in millions, JPY)

|  | 1st Quarter Ended<br>December 31, 2020<br>(From October 1, 2020 to<br>December 31, 2020) | 1st Quarter Ended<br>December 31, 2021<br>(From October 1, 2021 to<br>December 31, 2021) |
|--|--|--|
| Revenue  | 59,529   | 71,601   |
| Cost of sales  | (26,267)   | (33,668)   |
| Gross profit   | 33,262   | 37,933   |
| Selling, general and administrative<br>expenses                            | (26,108)   | (32,889)   |
| Other income   | 95   | 1,323  |
| Other expenses   | (241)  | (898)  |
| Operating profit   | 7,008  | 5,469  |
| Finance income   | 46   | 106  |
| Finance expenses   | (212)  | (207)  |
| Share of profit (loss) of investments<br>accounted for using equity method | (186)  | (113)  |
| Profit before income taxes   | 6,656  | 5,255  |
| Income taxes   | (2,565)  | (1,865)  |
| Profit for the period  | 4,091  | 3,389  |
| Profit attributable to:  |  |  |
| Owners of the parent   | 4,098  | 3,388  |
| Non-controlling interests  | (7)  | 1  |
| Profit for the period  | 4,091  | 3,389  |
| Earnings per share   |  |  |
| Basic earnings per share (yen)   | 35.31  | 29.23  |
| Diluted earnings per share (yen)   | 35.19  | 29.07  |

## (3) Condensed consolidated statement of comprehensive income

(in millions, JPY)

|   | 1st Quarter Ended<br>December 31, 2020<br>(From October 1, 2020 to<br>December 31, 2020) | 1st Quarter Ended<br>December 31, 2021<br>(From October 1, 2021 to<br>December 31, 2021) |
|---|--|--|
| Profit for the period   | 4,091  | 3,389  |
| Other comprehensive income  |  |  |
| Items that may be reclassified to profit<br>or loss                       |  |  |
| Exchange differences on translation<br>of foreign operations              | 75   | 574  |
| Effective portion of changes in fair<br>value of cash flow hedges         | 1  | —  |
| Total of items that may be reclassified<br>subsequently to profit or loss | 76   | 574  |
| Other comprehensive income after taxes                                    | 76   | 574  |
| Total comprehensive income for the period                                 | 4,167  | 3,963  |
| Attributable to:  |  |  |
| Owners of the parent  | 4,174  | 3,962  |
| Non-controlling interests   | (7)  | 1  |
| Total comprehensive income for the<br>period                              | 4,167  | 3,963  |

## (4) Condensed consolidated statement of changes in equity

1st quarter Ended December 31, 2020 (From October 1, 2020 to December 31, 2020)

(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, 2020          | 100           | 15,747          | 35,156            | (0)            | (95)                       | 50,908  | 13                        | 50,920       |
| Profit for the period                  |               |                 | 4,098             |                |                            | 4,098   | (7)                       | 4,091        |
| Other comprehensive income             |               |                 |                   |                | 76                         | 76  | (0)                       | 76           |
| Total comprehensive income             | —             | —               | 4,098             | —              | 76                         | 4,174   | (7)                       | 4,167        |
| Lapse of subscription rights to shares |               |                 | 3                 |                | (3)                        | —   |                           | —            |
| Share-based payment transactions       |               | 8               |                   |                | 57                         | 65  |                           | 65           |
| Dividends                              |               |                 | (1,741)           |                |                            | (1,741)   |                           | (1,741)      |
| Total transactions with the owners     | —             | 8               | (1,738)           | —              | 53                         | (1,676)   | —                         | (1,676)      |
| Balance as of December 31, 2020        | 100           | 15,755          | 37,516            | (0)            | 35                         | 53,406  | 5                         | 53,412       |

1st quarter ended December 31, 2021 (From October 1, 2021 to December 31, 2021)

(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, 2021   | 100           | 15,755          | 46,584            | (0)            | 1,130                      | 63,569  | 4                         | 63,573       |
| Profit for the period   |               |                 | 3,388             |                |                            | 3,388   | 1                         | 3,389        |
| Other comprehensive income  |               |                 |                   |                | 574                        | 574   | 0                         | 574          |
| Total comprehensive income  | —             | —               | 3,388             | —              | 574                        | 3,962   | 1                         | 3,963        |
| Exercise of subscription rights to shares (Disposal of treasury shares) |               | (11)            |                   | 29             | (5)                        | 13  |                           | 13           |
| Purchase of treasury shares   |               | (20)            |                   | (2,000)        |                            | (2,020)   |                           | (2,020)      |
| Share-based payment transactions  |               |                 |                   |                | 91                         | 91  |                           | 91           |
| Dividends   |               |                 | (2,612)           |                |                            | (2,612)   |                           | (2,612)      |
| Total transactions with the owners                                      | —             | (31)            | (2,612)           | (1,971)        | 86                         | (4,527)   | —                         | (4,527)      |
| Balance as of December 31, 2021   | 100           | 15,724          | 47,361            | (1,971)        | 1,790                      | 63,003  | 6                         | 63,009       |

## (5) Condensed consolidated statement of cash flows

(in millions, JPY)

|  | 1st Quarter Ended<br>December 31, 2020<br>(From October 1, 2020 to<br>December 31, 2020) | 1st Quarter Ended<br>December 31, 2021<br>(From October 1, 2021 to<br>December 31, 2021) |
|--|--|--|
| Cash flows from operating activities                                 |  |  |
| Profit before income taxes   | 6,656  | 5,255  |
| Depreciation and amortization  | 4,125  | 5,234  |
| Impairment losses  | 210  | 797  |
| Finance income   | (42)   | (82)   |
| Finance expenses   | 212  | 206  |
| Increase (decrease) in provision for product warranties              | 370  | (1,510)  |
| Amount of rent offset by lease and guarantee deposits                | 70   | 67   |
| Share of loss (profit) of entities accounted for using equity method | 186  | 113  |
| Increase/decrease in trade and other receivables, (increase)         | (3,588)  | 1,598  |
| Increase/decrease in inventories, (increase)                         | (635)  | (566)  |
| Increase/decrease in trade and other payables, (decrease)            | 1,756  | 4,225  |
| Others   | (708)  | (115)  |
| Subtotal   | 8,611  | 15,221   |
| Interest and dividend income received                                | 1  | 4  |
| Interest paid  | (169)  | (189)  |
| Income taxes paid  | (2,558)  | (6,896)  |
| Net cash from operating activities                                   | 5,885  | 8,139  |
| Cash flows from investing activities                                 |  |  |
| Purchase of property, plant and equipment                            | (3,355)  | (3,711)  |
| Purchase of intangible assets  | (154)  | (380)  |
| Payments into time deposits  | (291)  | —  |
| Payments for lease and guarantee deposits                            | (425)  | (367)  |
| Purchase of investment securities                                    | (52)   | —  |
| Others   | 25   | 21   |
| Cash flows from investing activities                                 | (4,252)  | (4,437)  |
| Cash flows from financing activities                                 |  |  |
| Proceeds from issuance of bonds                                      | 19,918   | —  |
| Repayments of long-term borrowings                                   | (1,042)  | (1,002)  |
| Repayments of lease liabilities                                      | (2,637)  | (3,300)  |
| Payments for commission fees   | (6)  | (1)  |
| Purchase of treasury shares  | —  | (1,998)  |
| Cash dividends paid  | (1,694)  | (2,567)  |
| Others   | 5  | 3  |
| Cash flows from financing activities                                 | 14,544   | 8,864  |
| Net increase/decrease in cash and cash equivalents,<br>(decrease)    | 16,177   | (5,162)  |
| Cash and cash equivalents at beginning of year                       | 12,665   | 29,367   |
| Effect of exchange rate changes on cash and cash equivalents         | 12   | 205  |
| Cash and cash equivalents at end of year                             | 28,854   | 24,411   |

(6) Notes on condensed consolidated financial statements

(Notes regarding assumption of a going concern)

Not applicable.

(Changes in Method of Presentation)

(Condensed Consolidated statement of cash flows)

The financial materiality of “Increase (decrease) in provision for bonuses” presented in “Others” in “Cash flows from operating activities” in the 1st quarter of the fiscal year ended September 30, 2021 increased, and they have therefore been stated separately from the 1st quarter of the fiscal year ending September 30, 2022. In order to reflect these changes in method of presentation, the condensed consolidated statement of cash flows for the 1st quarter of the fiscal year ended September 30, 2021 has been reclassified.

As a result, (338) million yen presented in “Others” in “Cash flows from operating activities” in the 1st quarter of the fiscal year ended September 30, 2021 has been reclassified as 370 million yen in “Increase (decrease) in provision for bonuses” and (708) million yen in “Others.”

(Segment information)

(1) Overview of Reportable Segments

The Group’s reportable segments consist mainly of business segments. Until the fiscal year ended September 30, 2021, the Group only had a single segment consisting of the sushi business. However, from the 1st quarter of fiscal year ending September 30, 2022, the Group has changed its segment classifications to the Japan Sushiro Business, the Overseas Sushiro Business, the Kyotaru Business, and Other Businesses.

As a result of reviewing its business segments from the perspective of business development, reallocation of management resources, and the actual status of the management and control system, the Group decided to change to the reportable segments described above as the priority businesses in the FOOD & LIFE COMPANIES 2022 - 2024 Medium-term Management Plan.

The major brands included in each reportable segment are as follows.

Japan Sushiro Business: Sushiro and takeout specialty stores operating in Japan

Overseas Sushiro Business: Sushiro and takeout specialty stores operating overseas

Kyotaru Business: All brands managed by KYOTARU CO., LTD. (major brands: Kyotaru, Kaiten Sushi Misaki, and Kaisen Misakiko)

Other Businesses: All brands managed by FOOD & LIFE INNOVATIONS LTD. (major brand: Sugidama)

Segment information for the 1st quarter of the fiscal year ended September 30, 2021 has been disclosed based on the segment classifications after the change.

The Kyotaru Business is business segment relating to KYOTARU CO. LTD., which became a consolidated subsidiary of the Group on April 1, 2021, and its two subsidiaries, and there are no actual figures for the business in the Group for the 1st quarter of the fiscal year ended September 30, 2021.

## (2) Reportable segment revenues and operating results

Revenues and operating results for the Group's reportable segments are as follows.

1st Quarter Ended December 31, 2020 (October 1, 2020 to December 31, 2020)

(Unit: Millions of yen)

|                               | Reportable segment     |                           |                  |       | Total  | Total adjustments | Consolidated total |
|-------------------------------|------------------------|---------------------------|------------------|-------|--------|-------------------|--------------------|
|                               | Japan Sushiro Business | Overseas Sushiro Business | Kyotaru Business | Other |        |                   |                    |
| Revenue                       |                        |                           |                  |       |        |                   |                    |
| External revenue              | 55,521                 | 3,538                     | —                | 471   | 59,529 | —                 | 59,529             |
| Intersegment revenue          | 32                     | —                         | —                | —     | 32     | (32)              | —                  |
| Total                         | 55,553                 | 3,538                     | —                | 471   | 59,561 | (32)              | 59,529             |
| Segment profit (loss) Notes 1 | 7,319                  | (227)                     | —                | (217) | 6,875  | 134               | 7,008              |
| Other Items                   |                        |                           |                  |       |        |                   |                    |
| Depreciation and amortization | 3,462                  | 517                       | —                | 73    | 4,052  | 72                | 4,125              |
| Impairment loss               | 30                     | 96                        | —                | 84    | 210    | —                 | 210                |

Notes 1. Segment profit (loss) is reconciled with operating profit on the consolidated statement of profit and loss.

2. Adjustment of 134 million yen in segment profit (loss) is mainly for corporate expenses not attributable to any reportable segment.

1st Quarter Ended December 31, 2021 (October 1, 2021 to December 31, 2021)

(Unit: Millions of yen)

|                               | Reportable segment     |                           |                  |       | Total  | Total adjustments | Consolidated total |
|-------------------------------|------------------------|---------------------------|------------------|-------|--------|-------------------|--------------------|
|                               | Japan Sushiro Business | Overseas Sushiro Business | Kyotaru Business | Other |        |                   |                    |
| Revenue                       |                        |                           |                  |       |        |                   |                    |
| External revenue              | 57,424                 | 7,493                     | 5,708            | 977   | 71,601 | —                 | 71,601             |
| Intersegment revenue          | 68                     | —                         | —                | —     | 68     | (68)              | —                  |
| Total                         | 57,491                 | 7,493                     | 5,708            | 977   | 71,669 | (68)              | 71,601             |
| Segment profit (loss) Notes 1 | 4,829                  | 379                       | (527)            | (233) | 4,449  | 1,019             | 5,469              |
| Other Items                   |                        |                           |                  |       |        |                   |                    |
| Depreciation and amortization | 3,842                  | 840                       | 384              | 86    | 5,152  | 82                | 5,234              |
| Impairment loss               | 292                    | 72                        | 303              | 130   | 797    | —                 | 797                |

Notes 1. Segment profit (loss) is reconciled with operating profit on the consolidated statement of profit and loss.

2. Adjustment of 1,019 million yen in segment profit (loss) is mainly for corporate expenses not attributable to any reportable segment.

(Selling, general and administrative expenses)

The breakdown of selling, general and administrative expenses is as shown below.

|                               | 1st Quarter Ended<br>December 31, 2020<br>(From October 1, 2020 to<br>December 31, 2020) | 1st Quarter Ended<br>December 31, 2021<br>(From October 1, 2021 to<br>December 31, 2021) |
|-------------------------------|--|--|
| Employee benefits             | 16,035   | 19,062   |
| Depreciation and amortization | 4,116  | 5,212  |
| Utilities expenses            | 1,114  | 1,486  |
| Commission expenses           | 688  | 1,112  |
| Other                         | 4,155  | 6,017  |
| Total                         | 26,108   | 32,889   |

(Earnings per share)

|   | 1st Quarter Ended<br>December 31, 2020<br>(From October 1, 2020 to<br>December 31, 2020) | 1st Quarter Ended<br>December 31, 2021<br>(From October 1, 2021 to<br>December 31, 2021) |
|---|--|--|
| Profit for the period attributable to common shareholders of the parent (million yen)   | 4,098  | 3,388  |
| Profit for the period attributable to common shareholders used in calculations for basic earnings per share (million yen)                 | 4,098  | 3,388  |
| Profit for the period attributable to common shareholders used in calculations for diluted earnings per share (million yen)               | 4,098  | 3,388  |
| Average number of shares during the period  | 116,049,736  | 115,910,960  |
| Increase in number of common shares used in calculation for diluted earnings per share  | 399,498  | 645,163  |
| Average number of common shares during the period after dilution  | 116,449,234  | 116,556,123  |
| Basic earnings per share (yen)  | 35.31  | 29.23  |
| Diluted earnings per share (yen)  | 35.19  | 29.07  |
| Outline of potentially dilutive shares excluded from the calculation of diluted earnings per share due to the absence of dilutive effects | —  | —  |

(Important subsequent events)

(Borrowing of Funds)

The meeting of the Company's Board of Directors held on February 10, 2022 passed a resolution on borrowing of funds.

The outline is as follows.

(1) Lender: Sumitomo Mitsui Banking Corporation

(2) Amount: 20 billion yen

(3) Borrowing rate: Fixed interest rate

(4) Drawdown date: February 28, 2022

(5) Repayment date: February 28, 2027

(6) Financial covenants

- Total equity stated in the consolidated statement of financial position as of the end of each consolidated fiscal year shall be maintained at an amount equivalent to 50% or more of the amount as of the end of the fiscal year ended September 30, 2021.

- Profit before income taxes stated in the consolidated statement of profit and loss for each consolidated fiscal year shall not be a loss for two consecutive periods.