

Financial Highlights and Supplementary Data FY2022/1H

May 6, 2022



FOOD & LIFE
COMPANIES

[Consolidated] Financial Highlights, FY22/1H vs. FY21/1H (by Segment)

- [Domestic Sushiro Business] Revenue increased, despite the impact of operating hour restrictions from COVID resurgence, but profits decreased due to the factors including the disappearance of the temporary effect of advantageous procurement.
- [Overseas Sushiro Business] Korea, Hong Kong, Mainland China, and Singapore grew to 10.9% of consolidated revenue (6.6% in FY21/1H), despite strict operating restrictions. Achieved a surplus in operating income (before royalty fees exchange).
- [Kyotaru Business] Despite continued difficult conditions due to COVID, EBITDA was positive due to government subsidy (received for shortened store hours)

	Sushiro Japan			Sushiro Overseas			Kyotaru Business			Other Business		
	FY21 1H	FY22 1H	Increase/ Decrease	FY21 1H	FY22 1H	Increase/ Decrease	FY21 1H	FY22 1H	Increase/ Decrease	FY21 1H	FY22 1H	Increase/ Decrease
(Millions, JPY)												
Revenue	110,323	112,273	1.8%	7,875	15,249	93.6%	—	10,768	—	844	1,967	133.1%
Operating Profit <small>(w/o loyalty exchange)</small>	13,589	10,772	▲20.7%	▲104	655	—	—	▲766	—	▲602	▲346	▲42.5%
Depreciation & Amortization	7,031	7,853	11.7%	1,101	1,908	73.3%	—	821	—	153	185	20.9%
Impairment	64	483	654.7%	109	439	302.8%	—	704	—	363	164	▲54.8%
EBITDA	20,620	18,693	▲9.3%	997	2,564	157.2%	—	55	—	▲448	▲161	▲64.1%
Store Count	583	640	(57)	44	71	(27)	—	283	(283)	33	54	(21)

[Note] (1) EBITDA = Operating Profit adjusted for Depreciation & Amortization

(2) The difference between consolidated operating profit and the sum of operating profits of all segments is the amount of cross-segment transactions as well as the amount of all-company-level expenses that don't belong to above segments.

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	Sushiro Japan			Sushiro Overseas			Other Business			Total		
	FY21 1H	FY22 1H	Increase/ Decrease	FY21 1H	FY22 1H	Increase/ Decrease	FY21 1H	FY22 1H	Increase/ Decrease	FY21 1H	FY22 1H	Increase/ Decrease
(Millions, JPY)												
Revenue	110,323	112,273	1.8%	7,875	15,249	93.6%	844	1,967	133.1%	119,042	130,489	109.6%
Operating Profit <small>(w/o loyalty exchange)</small>	13,589	10,772	▲20.7%	▲104	655	73.3%	—	185	20.9%	13,693	11,612	▲14.5%
Depreciation & Amortization	7,031	7,853	11.7%	1,101	1,908	73.3%	—	153	20.9%	8,132	9,761	20.0%
Impairment	64	483	654.7%	109	439	302.8%	—	704	—	363	164	▲54.8%
EBITDA	20,620	18,693	▲9.3%	997	2,564	157.2%	—	55	—	▲448	▲161	▲64.1%
Store Count	583	640	(57)	44	71	(27)	—	283	(283)	33	54	(21)

Reasons for Impairment

① Speed of revenue recovery slower than expected

(Both in Japan and overseas, COVID impact and weakness of consumer sentiment lasting longer than expected.)

② Absence of temporary effect of advantageous procurement

As a result, FY21/1H impairment of 536 million JPY grew large, to 1,791 million JPY for FY22/1H.

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(2) The difference between consolidated operating profit and the sum of operating profits of all segments is the amount of cross-segment transactions as well as the amount of all-company-level expenses that don't belong to above segments.

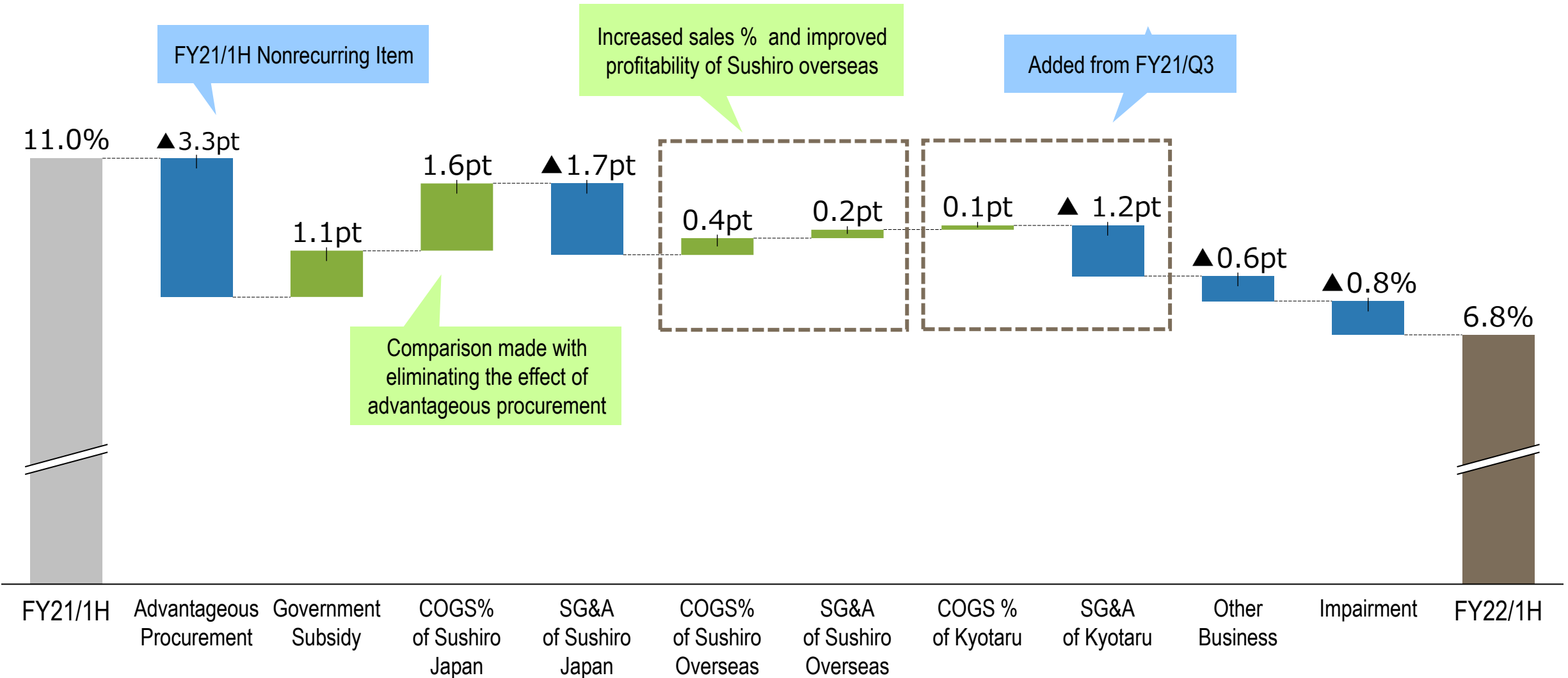
[Consolidated] Financial Highlights, FY22/1H vs. FY21/1H

- Although our businesses both in Japan and overseas were under strict restrictions due to COVID resurgence, contribution from new stores and Kyotaru Co. (that jointed the group from FY21/Q3) led to a record revenue for 1H.
- Profits decreased due to the impact of COVID-related restrictions, the absence of the effect of advantageous procurement (that we had in FY21/1H), and impairment losses, etc. However, despite the tough business environment, F&LC posted solid results, continued to open new stores and raised funds to invest in growth. This FY22/1H was a period of progress that contributed to achieving the targets of Medium-term Management Plan.

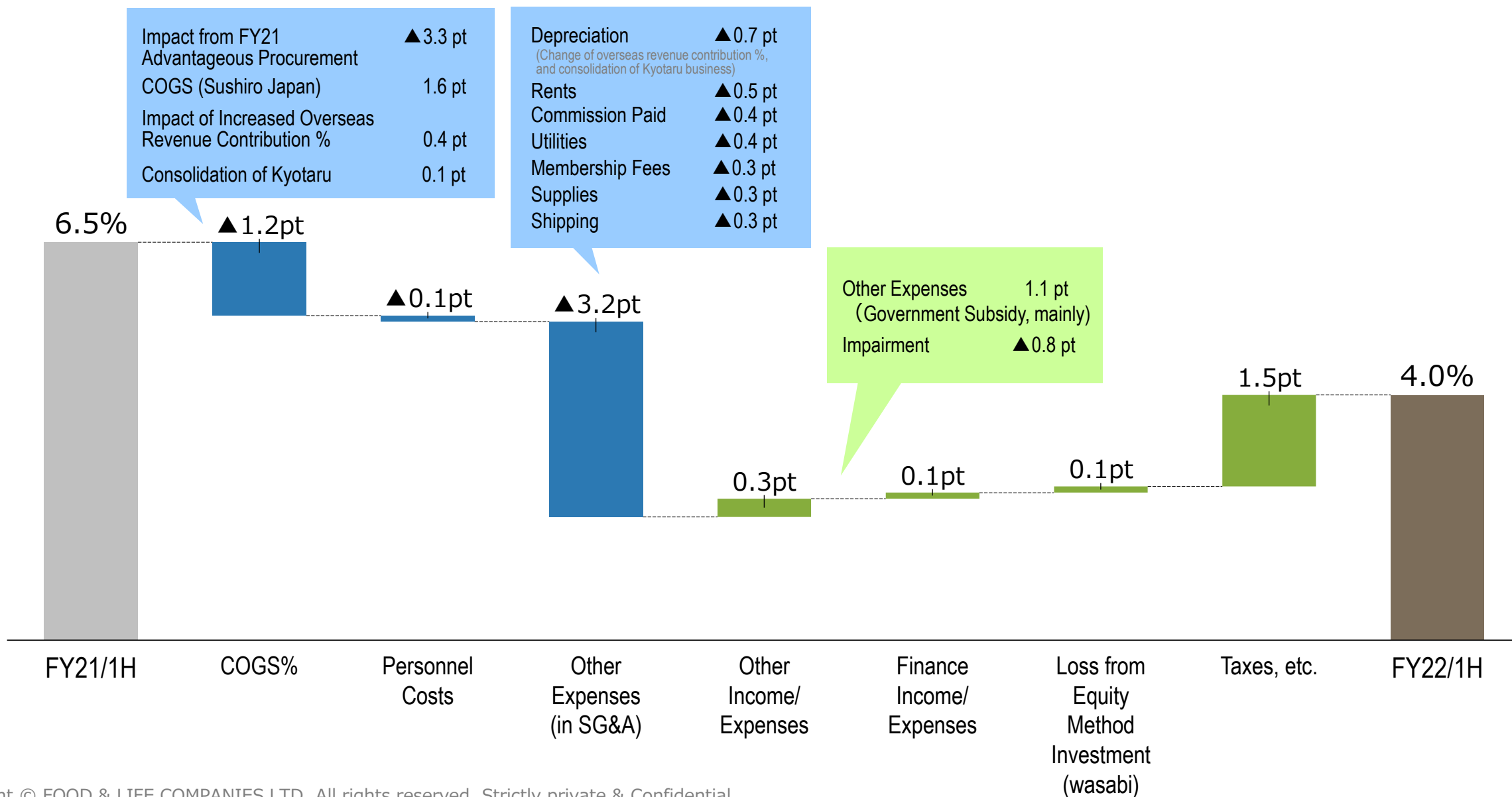
	FY21/1H		FY22/1H		YoY%	vs. Forecast *
	Actual	% in Revenue	Actual	% in Revenue		
(Millions, JPY)						
Revenue	119,042	—	140,257	—	17.8%	47.5%
Operating Profit	13,114	11.0%	9,572	6.8%	▲ 27.0%	59.8%
Profit before Income Taxes	12,414	10.4%	9,046	6.4%	▲ 27.1%	64.6%
Profit for the Period	7,760	6.5%	5,589	4.0%	▲ 28.0%	64.2%
COGS	54,221	45.5%	65,515	46.7%	1.2pt	—
Store Count	660	—	1,048	—	388	—

* FY22 forecast announced in November 2021.

[Consolidated] Operating Profit, FY22/1H vs FY21/1H



[Consolidated] Profit for the Period, FY22/1H vs. FY21/1H



[Consolidated] Financial Position

Consolidated Statement of Financial Position

(Millions, JPY)	FY21/9	FY21/1H	Change
Current assets	48,841	75,591	26,749
[Cash and cash equivalents]	[29,367]	[57,909]	[28,542]
Non-current assets	247,159	255,764	8,605
[Goodwill]	[30,541]	[30,541]	[-]
Assets	296,001	331,355	35,355
Current liab.	59,860	57,452	▲2,407
[Borrowings]	[4,009]	[4,009]	[-]
Non-current liab.	172,568	208,187	35,619
[Bonds, Borrowings]	[58,896]	[90,909]	[32,014]
Liab.	232,428	265,639	33,212
Equity	63,573	65,716	2,143
Liab. & Equity	296,001	331,355	35,355
Equity Ratio	21.3%	19.6%	▲1.7pt
Net Debt/EBITDA	1.6x	2.2x	0.6x

Consolidated Statement of Cash Flows

(Millions, JPY)	FY21/1H	FY22/1H	Change
Operating CF	16,016	16,665	650
Investing CF	▲6,975	▲8,801	▲1,826
Financing CF	11,109	20,262	9,153
Increase/decrease in cash and cash equivalents	20,359	28,542	8,183

Consolidated Financial Position

Assets : [Increase] Cash & Cash Equivalents, Tangible Fixed Assets

[Decrease] Trade & Other Receivables

Liab. : [Increase] Borrowings, Lease Liab.

[Decrease] Income Tax Payables, Allowances

Equity : [Increase] Quarterly Earnings [Decrease] Treasury Stocks, Dividends

Consolidated Cash Flows

Operating CF: The amount of decrease in Trade Receivables is 2.7 bil JPY, mainly due to recipient of government subsidy (4.9 bil JPY increase in FY21/1H)

Investment CF: Increased due to New Store and Labor-saving Equipment Development

Finance CF: [FY22/1H] Raised 32.0 bil. JPY in LT Borrowings (FY21/1H : Raised 20 bil. JPY w/Corporate Straight Bond) [FY22/1H] Lease Liab. Repayment 7.1 bil. JPY (5.2 bil. JPY for FY21/1H), Acquisition of Treasury Stocks 2 bil. JPY

Financial Position:

Equity Ratio ▲1.7pt, NetDebt/EBITDA 0.6x increase (due to increase in LT borrowings)

ROE : [FY21/1H] 14.5% [FY22/1H] 8.7% (due to decrease in Profits)

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

	FY21/9 at End-of-Term	FY22/1H			at End-of-Term
		OPEN	CLOSE	Increase/ Decrease	
Suburban Model ⁽¹⁾	564	17	1 ⁽²⁾	+ 16	580
Urban Model	31	5 ⁽²⁾	0	+ 5	36
Takeout Model	15	10	1	+ 9	24
[Japan] Sushiro Brand	610	32	2	+ 30	640
[Japan] Sugidama Brand ⁽³⁾	39	15	1	+ 14	53
[Japan] Kyotaru Brand (Takeout)	154	8	6	+ 2	156
[Japan] Kaitenzushi Misaki Brand (Kaisen Misakiko) & Misakimaru Brand	106	0	4	▲4	102
Standard Model	58	11	0	+ 11	69
Takeout Model	1	1	0	+ 1	2
[Overseas] Sushiro Brand	59	12	0	+ 12	71
Other Brands	31	0	5	▲ 5	26
All Company Total	999	67	18	+ 49	1,048

[Note] (1) Suburban Model includes four 110-yen trial stores. (2) Conversion from Suburban Model to Urban Model (Suburban +1, Urban +1)
(3) Sugidama Brand includes FC stores

Domestic Business

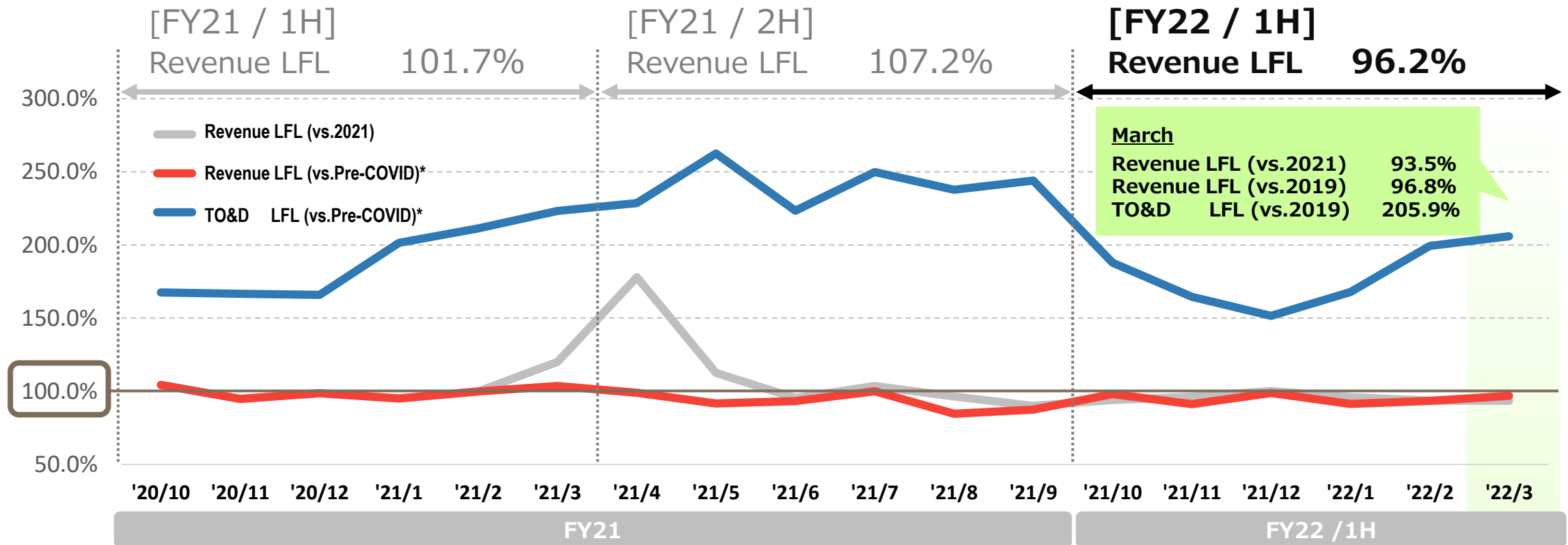
Overseas Business



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[Domestic] Revenue Trend of Kaiten* Sushi Business (Sushiro Brand)

- March revenue LFL* posted a strong results of 96.8% vs. pre-COVID (vs. March, 2019). Even after the removal of restrictions on business hours, it has been taking longer than expected to recover from the decline in the 'eat-in' customer traffic due to lifestyle changes, especially at night. But TO&D* revenue LFL, compared to the pre-COVID year, has been hovering around over 200% level, providing a strong revenue support.





[Note] 1 * LFL = like-for-like (same-store) * kaitan sushi = revolving sushi, * TO&D = Takeout and Delivery
 2. 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.
 3. Due to the impact of COVID, the year-on-year comparison for the period from March 2021 through February 2022 are comparisons with the same month two years ago. The figures for March 2022 and after, are compared with the same month three years ago.

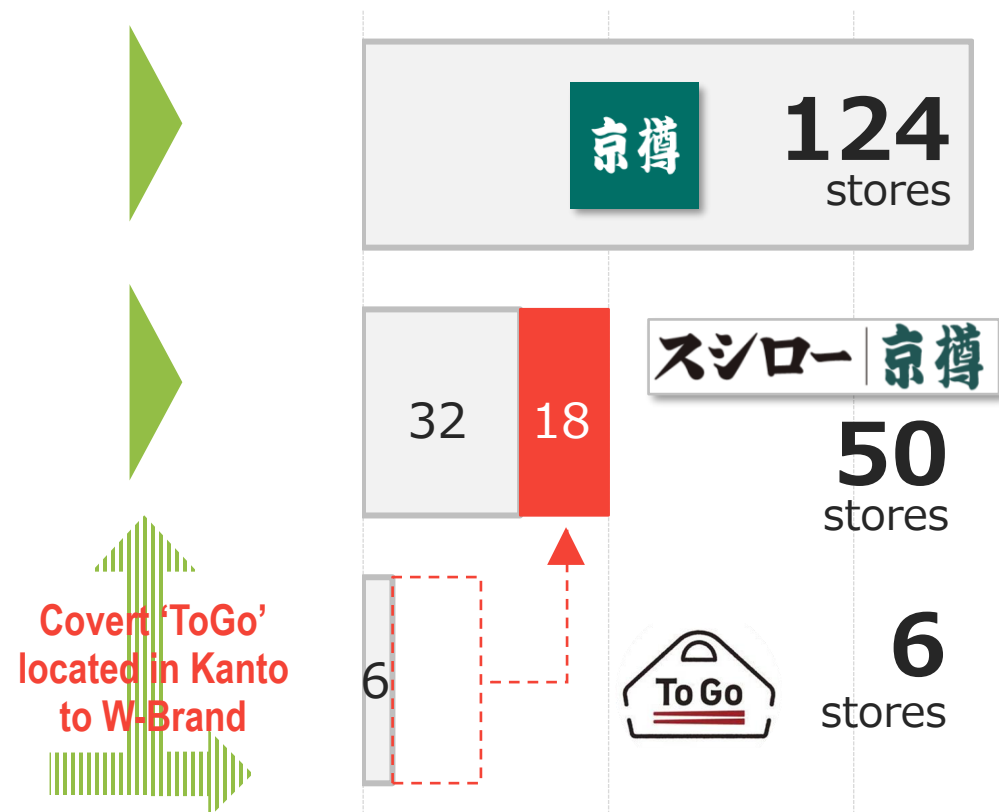
[Domestic] Takeout Business

- To maximize the use of the Kyotaru Central Kitchen ("Funabashi CK"), we plan to manufacture Sushiro ToGo products in Funabashi CK and to expand CK facilities/ equipment that will allow output increase - we'll expand our takeout business in the area where Funabashi CK can cover, with the W-brand.

Features of 3 Takeout Brands

Location	Department store, near-station	Kyotaru Brand 	124 stores
Menu	Kamigata sushi (ambient)		
Hours	No morning hour (department store's operating hours)		
Location	Shopping district, near/in-station	W-Brand Sushiro + Kyotaru 	32 stores
Menu	Kamigata sushi (ambient) & Edomae sushi (chilled)		
Hours	Flexible (morning ~ night)		
Location	Shopping district, near/in-station	Sushiro ToGo Brand 	24 stores
Menu	Edomae sushi (chilled)		
Hours	No morning hour (mother store's operating hours)		

Tentative Image of Store Size After Brand Conversion



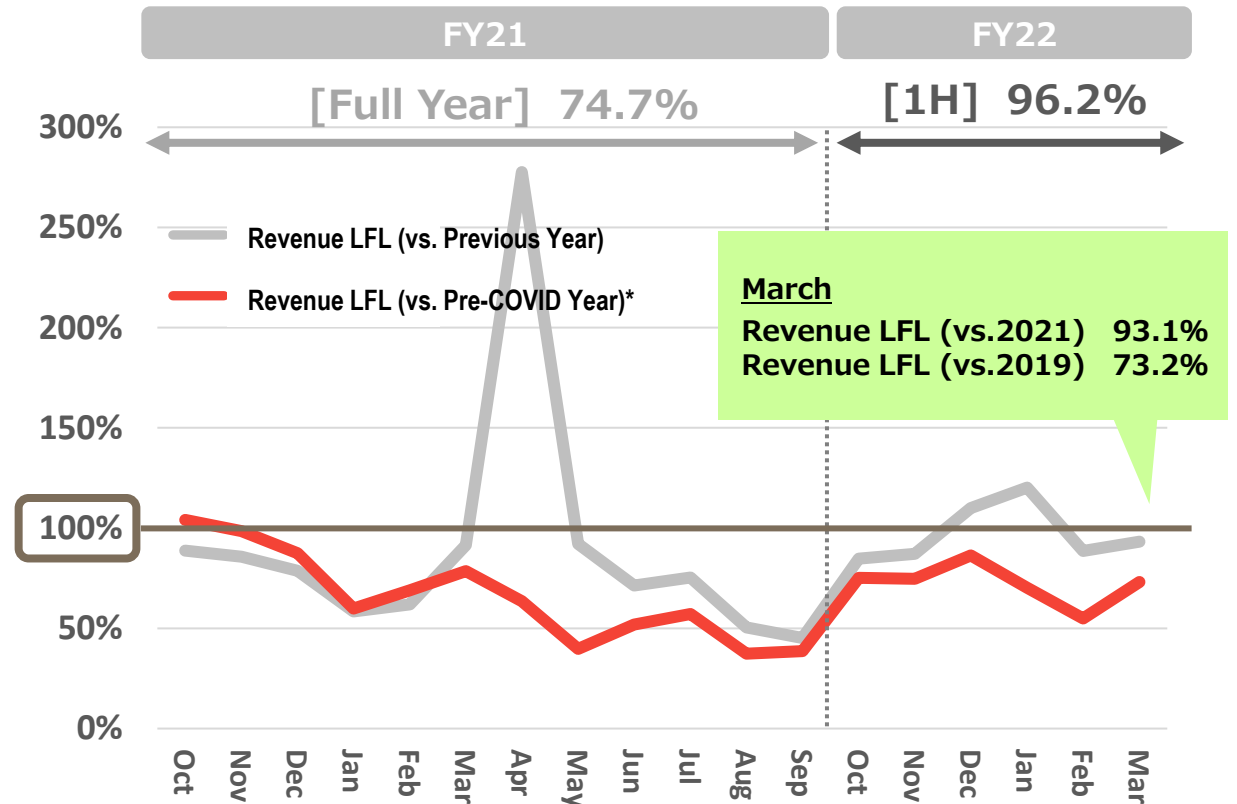
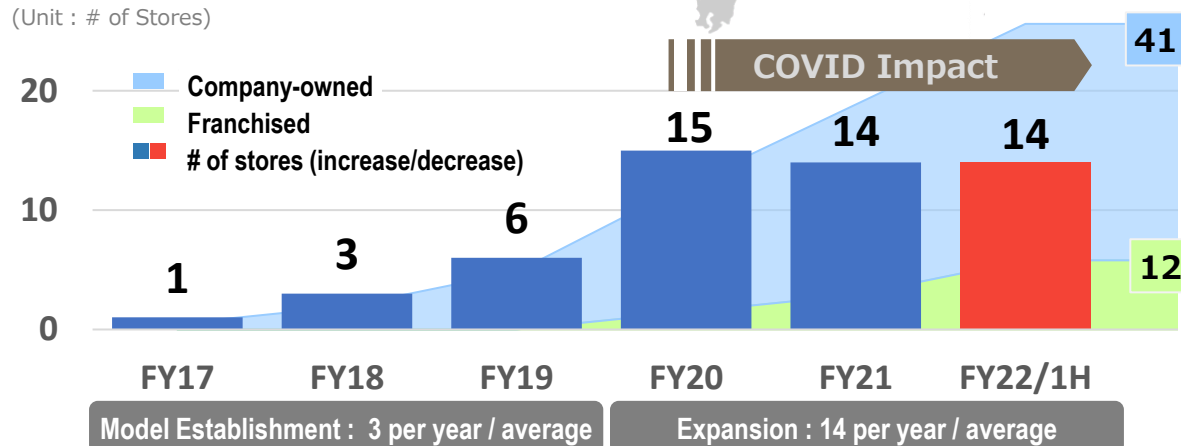
[Note] 1. Kanto = Kanto region (inc. Tokyo, Kanagawa, Saitama, Gunma, Tochigi, Ibaraki and Chiba prefectures)
2. The numbers of stores are as of March 31, 2022

[Domestic] Sugidama Business

- To expand its market share in post-COVID world, we continued to vigorously open new stores in FY22/1H. [Total] +14 [Company-owned] +8 [Franchised] +6 (DD Holdings Co., Ltd., etc.) Performance has been on a good recovery trend since late March after the lifting of restrictions and has recovered to 93.1% (Revenue vs. 2021 March) and 73.2% (Revenue vs. 2019 March).

Sugidama Brand

53 stores
(as of March 31, 2022)



[Note]
1. Kanto = Kanto region (inc. Tokyo, Kanagawa, Saitama, Gunma, Tochigi, Ibaraki and Chiba prefectures), Kansai = Kansai region (inc. Osaka, Kyoto, Hyogo, Shiga, Nara and Wakayama prefectures), Kyushu = Kyushu region (inc. Fukuoka, Saga, Nagasaki, Kumamoto, Oita, Miyazaki, Kagoshima and Okinawa prefectures)
2. The number of stores in the graph (on the left) indicates increase/decrease of the number of stores for each fiscal year.
3. Due to the impact of COVID, the year-on-year comparison for the period from March 2021 through February 2022 are comparisons with the same month two years ago. The figures for March 2022 and after, are compared with the same month three years ago.

[Overseas] Strengthened the Foundation for Post-COVID Growth

Korea

COVID Impact : LARGE

Results

Suffered from ingredients' price hike, but improved biz performance through buying negotiation and menu price changes.

Challenge

Increase in the number of employees taking leave and retiring due to a jump in the number of COVID cases. Will focus on securing personnel in FY22/2H.

of Stores⁽¹⁾

9 / 10 stores (+0)

Hong Kong

COVID Impact : LARGE

Results

Achieved a surplus even under the strict restrictions (2 persons max per table, Dine-in service ends at 6pm)

Challenge

Number of absentees (employees with COVID + close contacts) increased. Need to focus on securing personnel to stabilize operations.

of Stores

13 / 18 stores (+2)

Thailand

COVID Impact : SMALL

Results

After the restrictions were lifted in Nov., the 1st store marked a record sales in Dec. Sales have remained steady since then.

Challenge

Will focus on further improving attractiveness of products and promotion, to drive up traffic for mid-day idle hours.

of Stores

7 / 9 stores (+4)

Taiwan

COVID Impact : SMALL

Results

Commercials and SNS campaigns helped raise brand awareness, steadily outpacing the competition on a monthly sales basis.

Challenge

Will further improve performance by promotions/PR with increased frequency and strengthened offer.

of Stores

28 / 32 stores (+2)

Singapore

COVID Impact : LARGE

Results

Lifting of restrictions postponed due to resurgence of Omicron variant. Business continued to be put under tough environment.

Challenge

Focus on new store opening and driving up traffic from March/end after substantial easing of restrictions. (i.e. quarantine rules, etc.)

of Stores

10 / 15 stores (+1)

Mainland China

Guangzhou
Shenzhen
Chengdu

COVID Impact : LARGE

Results

Even under the strict restrictions, the 4th store opened in Guangzhou. We're seeing steady growth with its sales exceeding the budget.

Challenge

Shenzhen, Dongguan, and Shanghai were all locked down, and there are concerns about the impact on the store opening plan.

of Stores

4 / 8 stores (+3)

[Note] 1. # of Stores : Numerator = Total Number of Stores at March end, Denominator = FY22 Target Number, Parenthesis = increase·decrease for FY22/1H

Revision of Earnings Forecast for FY2022/9

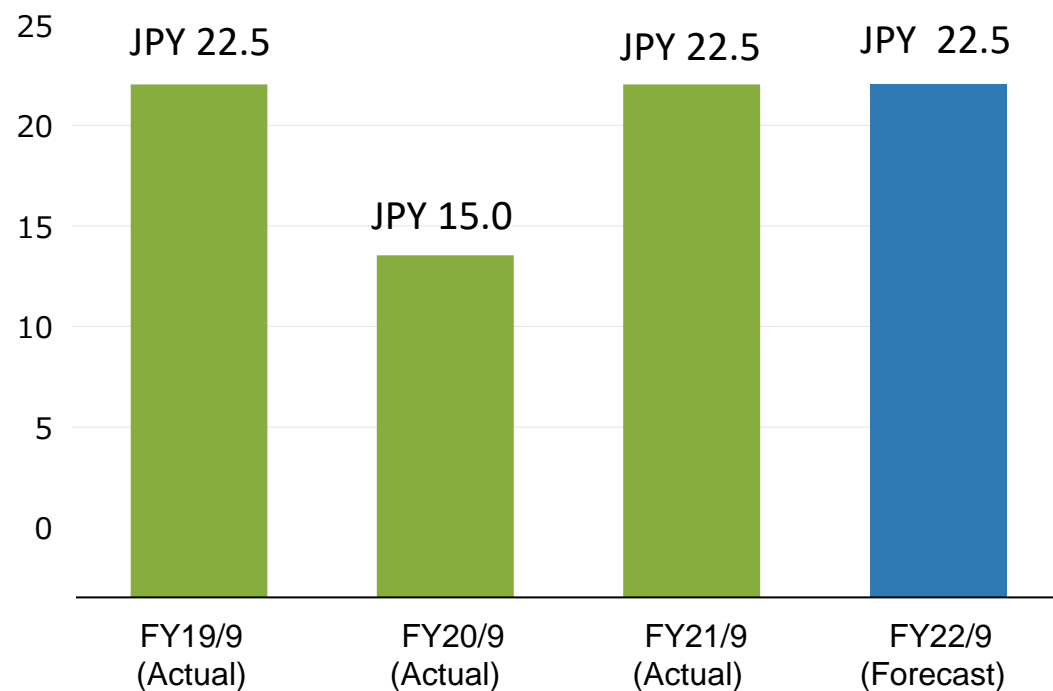
- In Japan, the priority measures to prevent the spread of the disease were lifted in March, and societies around the world have started to shift their policies to “WITH-COVID,” which is to respond to pandemic without stopping economic activities. Given this change, more reasonable performance outlook for the FY22/2H became available to us. Thus, we’ve revised our revenue and earnings forecast originally announced in November 2021 as follow.

	FY22/9		FY22/9		FY21/9	
	Original Forecast	% in Revenue	Revised Forecast	% in Revenue	Actual	% Change
(Millions, JPY)						
Revenue	310,000	—	295,000	—	240,804	22.5%
Operating Profit	21,000	6.8%	16,000	5.4%	22,901	▲ 30.1%
Profit before Income Taxes	19,000	6.1%	14,000	4.7%	21,584	▲ 35.1%
Profit for the Period	12,000	3.9%	8,700	2.9%	13,119	▲ 33.7%

[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 FY22/9. (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 (excl. some stores) 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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