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July 8, 2022

FOOD & LIFE COMPANIES LTD.

Apology for Violation of the Act Against Unjustifiable Premiums and Misleading Representations, and Measures to Prevent Recurrence

Akindo Sushiro Co., Ltd. (hereinafter, "SUSHIRO"), a subsidiary of FOOD & LIFE COMPANIES LTD. (hereinafter, "F&LC"), was subject to an administrative order (hereinafter the "Incident") from the Consumer Affairs Agency on June 9, 2022, under the Act Against Unjustifiable Premiums and Misleading Representations (hereinafter, the "Act"). We deeply apologize for any inconvenience caused to customers who came to our locations looking forward to the campaign, as we were unable to offer the relevant items despite our announcements in commercials and other media. Again, we express our deepest apologies to all concerned for any inconvenience and concern this may have caused.

To prevent similar incidents from occurring in the future, the Audit & Supervisory Committee, consisting solely of outside directors, conducted an investigation into the Incident in cooperation with outside experts to determine the cause and propose measures to prevent a recurrence. We have received from the Committee the investigation report on the results of the investigation and measures to prevent a recurrence, as shown in the attachment (titled 'Investigation Report' posted at the F&LC website). We would like to inform you of measures that are already underway, as well as measures to address each of the issues identified in the survey report, as shown below.

1. Measures to prevent a recurrence

1-1: Already underway: Improvement of campaign products

- 1) We have submitted an improvement plan to the Consumer Affairs Agency and are taking the following actions in sequence.
 - (i) Campaign products advertised in commercials and other media are sold on a planned basis so that sales can continue for the entire period of the campaign.
 - (ii) The legal department participates in meetings to determine the content of the campaign to check it from a legal perspective.
 - (iii) We have also changed our system to ensure that the legal department is consulted prior to any changes to the wording of advertisements for existing products and the like.
- 2) We have provided training programs on the Act to management and all employees in departments involved in advertising.
- 3) In the event that a limited number of campaign products are sold out on a given day, we will post a notice at the storefront.

1-2: In response to the investigation report, we will also implement the following measures:

- 1) Raise awareness of compliance and ensure that it is reflected in daily business
 - (i) Raise awareness of compliance by providing compliance education, including to management (thorough education on the Act and other related laws and regulations)
 - (ii) Foster a company-wide awareness of compliance and ensure that it is reflected in each employee's work through continuous internal communication of compliance by management
 - 2) Reorganize the system related to advertising production and its review
 - (i) Develop and enforce guidelines for appropriate advertising production
 - (ii) Clarify who is responsible for managing the content and placement of advertisements
 - 3) Establish a management system after campaign launch
 - (i) Monitor the sales status and thoroughly share information among relevant departments to ensure that advertisements are discontinued or changed in a timely manner when any items cannot be provided to customers as advertised due to shortages or other factors.
 - (ii) Establish a system to consider changes in the content of the campaign and the corresponding changes in the content of the advertisements.
 - 4) Establish a system to address a case where any inappropriate advertisements and the like are discovered.
 - (i) Establish a system to cease the use of inappropriate advertisements and the like immediately after they are posted (clarify who is responsible and their authority).
 - (ii) Establish a system, including an internal reporting system, to ensure that information on inappropriate advertisements and the like is reported to the person responsible for (i) described above when such information is found.
 - 5) Review the nature of the campaign
 - (i) Consider the timeframes, mechanisms and methods that will enable us to provide items that meet customer expectations to the greatest extent possible.
 - (ii) Consider sales methods that can provide items to satisfy customers while preserving limited resources in a manner that does not result in food waste
 - (iii) Implement more accurate sales forecasts and procure foodstuffs accordingly
- * We will experiment with various ways to design specific campaigns and to notify customers and will continue to implement improvement activities.

2. Clarifying management responsibility

In response to the Incident, we have received offers from three executives to decline a portion of their executive compensation as follows, and we have decided to accept their offers.

- 1) Period: Three months from July, 2022
- 2) Executives who will be subject to a reduction in compensation:

Koichi Mizutome, President & CEO of F&LC:	30% reduction in monthly base compensation
You Horie, Executive Corporate Officer of F&LC: (President & CEO of SUSHIRO at the time of the Incident)	20% reduction in monthly base compensation
Tomoko Fukuyama, Corporate Officer of F&LC: (In charge of Marketing at the time of the Incident)	10% reduction in monthly base compensation

The investigation report pointed out that, to improve compliance awareness, we should base our thinking on the customer's point of view. Moreover, management should declare that compliance is a top-

priority management issue, provide training and education, and reconsider the nature of the campaign.

Taking these points seriously, management will directly communicate the importance of compliance to our employees as well as foster an open corporate culture that listens to the voices of employees, to ensure that every employee of the group is aware that compliance is the most important issue for management. At the same time, we will continue to strive for even greater customer satisfaction in our campaigns and store operations.

We would like to once again offer our deepest apologies to our customers and all other stakeholders for any inconvenience caused. Our executives and employees will work as one to steadily implement measures to prevent a recurrence, including the actions described above. We appreciate for your continued support.

Attachment: Investigation Report (posted at the F&LC website)

Contact for customer inquiries:

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