

Financial Results Summary

FY2023/1H

May 9, 2023



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FY23/1H Financial Results



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[Consolidated] Financial Highlights, FY23/1H (cumulative) vs. FY22/1H (cumulative)

- [Revenue] Revenue was down YoY in Q1, but the 1H/FY23 revenue increased YoY. Sushiro Overseas strongly drove the performance, and the Sushiro Japan has also recovered gradually in 1H/FY23 after the price revision in October last year.
- [Profits] Though profits decreased, operating margin improved (FY23/Q1: 2.3%). To note, the government subsidy was JPY 3.47 bil. for FY22/1H, and JPY 0.25 bil. for FY23/1H. F&LC, with its rigorous cost control, ensured a good level of profits given the severe operating environment.

(in millions, JPY)	FY22/1H (cumulative)		FY23/1H (cumulative)		YoY%	vs.Forecast ⁽²⁾
	Actual	% in Revenue	Actual	% in Revenue		
Revenue	140,257	—	143,298	—	2.2%	44.8%
EBITDA ⁽¹⁾	15,487	11.0%	11,326	7.9%	▲ 26.9%	—
Operating Profit	9,572	6.8%	5,232	3.7%	▲ 45.3%	47.6%
Profit before Income Taxes	9,046	6.4%	4,602	3.2%	▲ 49.1%	48.4%
Profit for the Period	5,589	4.0%	3,727	2.6%	▲ 33.3%	62.1%
COGS	65,515	46.7%	64,154	44.8%	1.9pt	—
Store Count	1,048	—	1,109	—	+ 61	—

[Note] (1) EBITDA = Operating Profit adjusted for Depreciation & Amortization (excluding Right-of-Use Asset) and Impairment.

(2) Progress % against the FY23 forecast announced on November 4, 2022.

[Consolidated] Financial Highlights, By Segment, FY23/1H (cumulative) vs. FY22/1H (cumulative)

- **[Sushiro Japan]** Revenue and profits were lower YoY but the Revenue LFL was 78.0% (Q1) and 91.8% (Q2), showing a sign of recovery. The performance has also improved from Q1/FY23.
- **[Sushiro Overseas]** All overseas areas we're operating in, have achieved increases in both revenue and profit, contributing significantly to the group's overall performance.
- **[Kyotaru Segment]** The recovery trend, especially of "Kaitenzushi Misaki," continues. Will continue to implement improvement measures in its core brands.

	Sushiro Japan			Sushiro ⁽¹⁾ Overseas			Kyotaru Segment			Other Segment		
	FY22 1 H	FY23 1 H	Increase/Decrease	FY22 1 H	FY23 1 H	Increase/Decrease	FY22 1 H	FY23 1 H	Increase/Decrease	FY22 1 H	FY23 1 H	Increase/Decrease
(in millions, JPY)												
Revenue	112,273	98,749	▲12.0%	15,249	29,663	94.5%	10,768	12,333	14.5%	1,967	2,553	29.8%
EBITDA⁽³⁾	14,152	8,885	▲37.2%	2,147	5,137	139.2%	30	70	128.4%	▲149	117	—
Operating Profit (w/o royalty exchange)	10,772	4,888	▲54.6%	655	3,576	445.8%	▲766	▲87	▲88.7%	▲346	▲106	▲69.5%
Depreciation & Amortization	7,853	7,957	1.3%	1,908	3,331	74.6%	821	820	▲0.1%	185	310	67.8%
Impairment	483	1,175	143.1%	439	98	▲77.7%	704	116	▲83.5%	164	152	▲7.9%
Store Count	640	641	(1)	71	112	(41)	283	281	(▲2)	54	75	(21)

[Note] (1) Sushi Overseas segment includes 2 Sugidama stores operating in Hong Kong (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. (3) EBITDA = Operating Profit (before royalty payment) adjusted for Depreciation & Amortization (excluding Right-of-Use Asset) and Impairment. (This EBITDA calculation method applies to EBITDA from this page onwards)

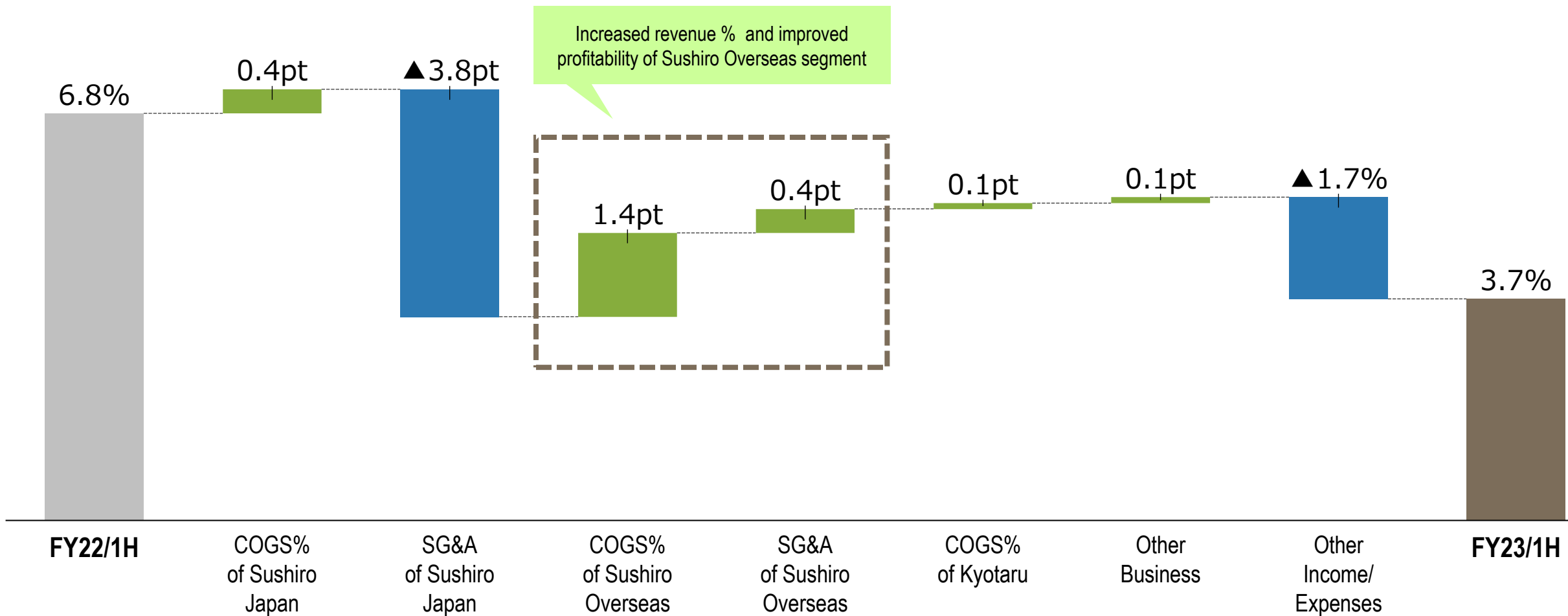
[Consolidated] Financial Highlights By Segment, FY23/ Q1, Q2

		Sushiro Japan		Sushiro Overseas		Kyotaru Segment		Other Segment	
(in millions, JPY)		Actual	% in Revenue ⁽²⁾	Actual	% in Revenue ⁽²⁾	Actual	% in Revenue ⁽²⁾	Actual	% in Revenue ⁽²⁾
Q1 FY23	Revenue	46,680	68.6%	13,845	20.4%	6,213	8.4%	1,265	1.9%
	EBITDA	3,791	8.1%	2,489	18.0%	49	0.8%	52	4.1%
	Operating Profit ⁽¹⁾	1,437	3.1%	1,521	11.0%	13	0.2%	19	1.5%
	Depreciation	4,051	—	1,614	—	400	—	151	—
	Impairment	861	—	98	—	26	—	—	—
Q2 FY23	Revenue	52,069	69.2%	15,818	21.0%	6,120	8.1%	1,288	1.4%
	EBITDA	5,093	9.8%	2,648	16.7%	20	0.3%	64	5.0%
	Operating Profit ⁽¹⁾	3,451	6.6%	2,055	13.0%	▲ 100	▲ 1.6%	▲ 125	▲ 9.7%
	Depreciation	3,905	—	1,717	—	420	—	159	—
	Impairment	314	—	—	—	91	—	152	—

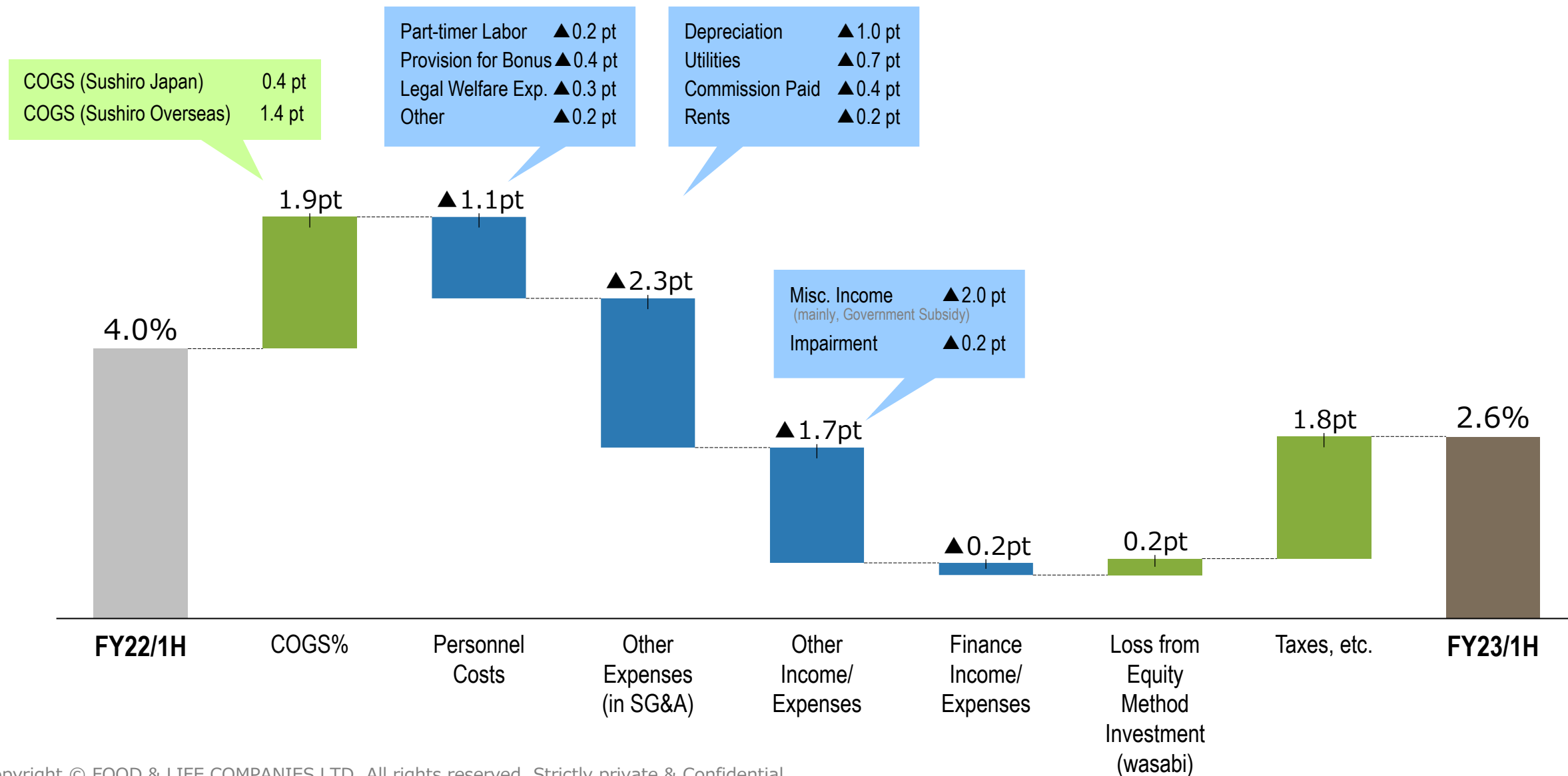
[Note] (1) Operating profits shown in above table are the figures without Loyalty Payment.

(2) Ratio in the above table : The "Ratio" of "Revenue" of each segment is the percentage in the consolidated revenue. The "Ratio" of "Operating Profit" and "EBITDA" of each segment is the percentage in the segment revenue.

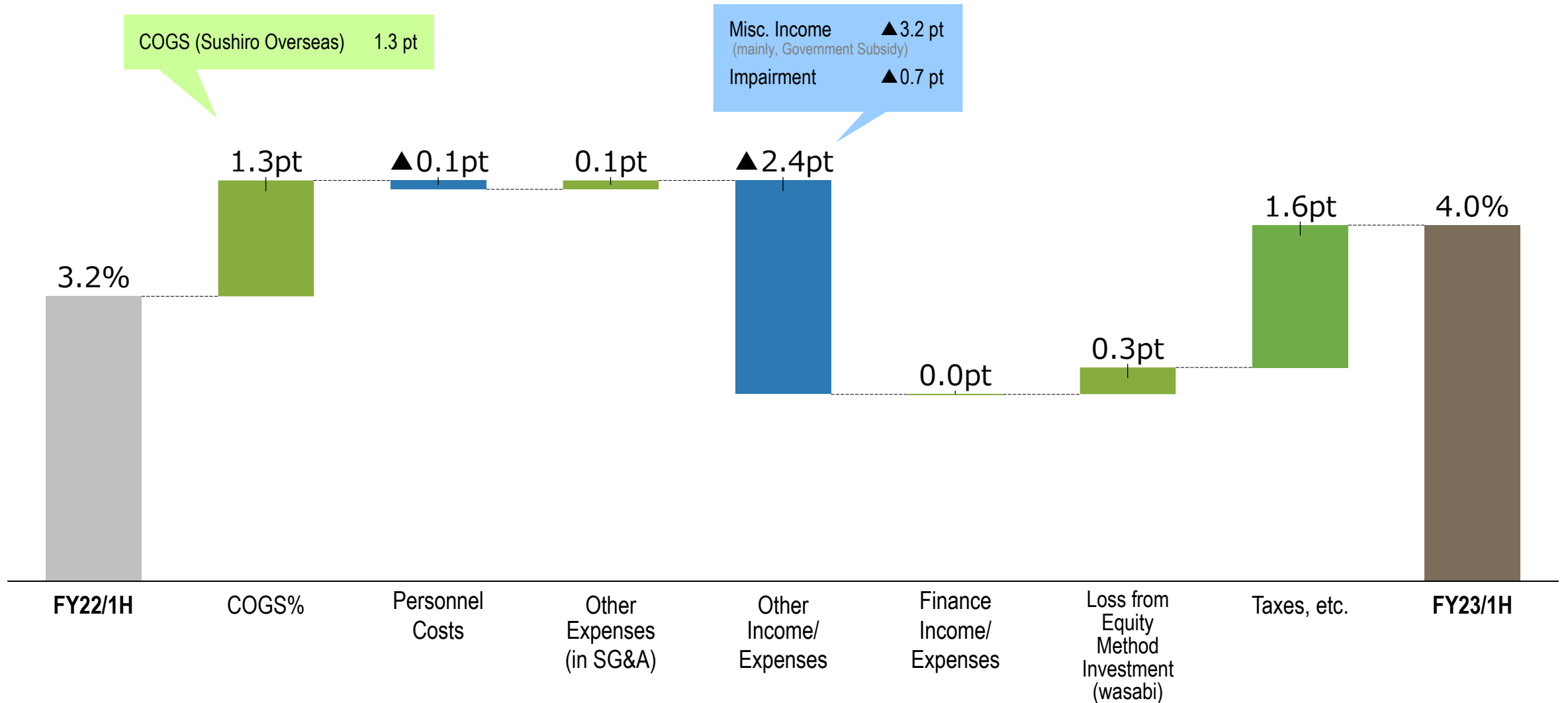
[Consolidated] Operating Profit, FY23/1H, YoY



[Consolidated] Profit for the Period, FY23/1H, YoY



[Consolidated] Profit for the Period, FY23/2Q, QoQ



Domestic Business Overseas Business



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[Domestic Business] Sushiro - Revenue Trend

Results

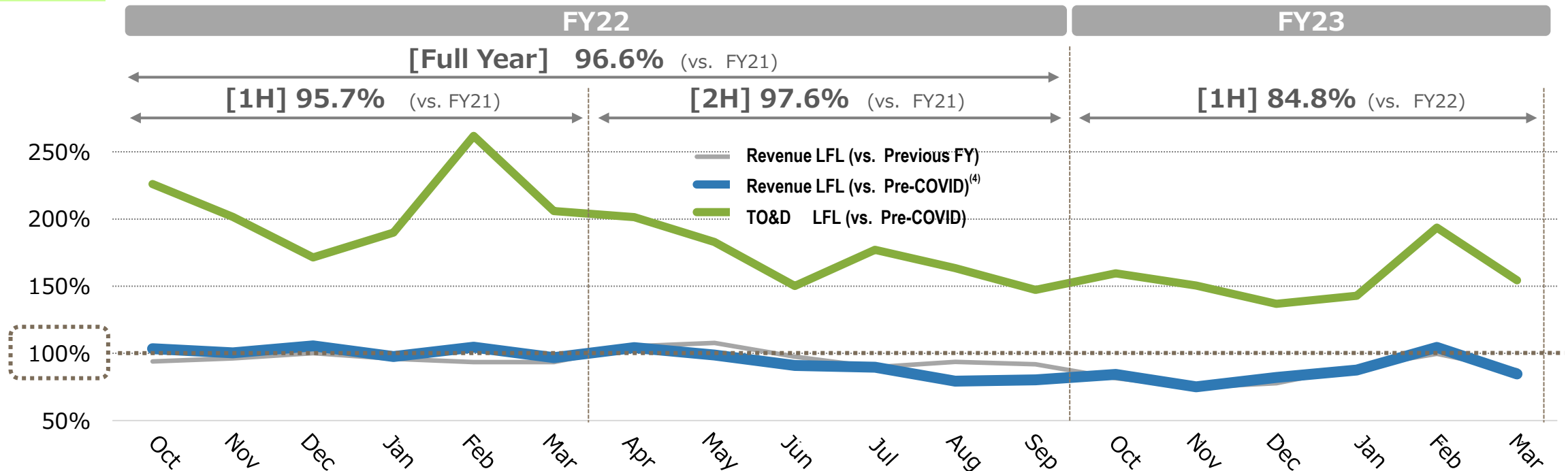
Revenue LFL remained low due to the price revision in October. It bottomed out in December, and slightly recovering since, but it has yet to go above the pre-COVID level, excluding February (when there was a temporary increase in revenue LFL due to a prank video incident).

Challenge

We, once again, go to our original philosophy, "Tasty sushi for all. Tasty sushi for the heart." and have the voice of customer shapes our service. We ensure to offer products, service and values, taking into account recent trends in customer consumption/spending, in order to provide the best Sushiro can do for customer.

Store Count ⁽¹⁾

638 stores (+12)



[Note] (1) Store Count at FY23/end, Parenthesis = net increase/decrease of FY23, (2) TO&D = Takeout and Delivery (3) The figures above are of the stores operated under Sushiro brand and located in Japan, and LFL are of the stores in Japan that are in the 15th month of operation or longer. (4) In order to remove the impact of COVID from LFL, LFL comparisons are made against FY19 (pre-COVID year)

[Overseas Business] Sushiro Revenue and EBITDA by Area

	FY23/1H			vs. FY22/1H		
	(in millions, JPY)	(in Total Overseas Revenue)	(in Revenue of Each Area)			(excl. impact of exchange rate)
	Actual	% in Revenue	EBITDA% ⁽¹⁾	Change (value)	YoY %	Growth %
Overseas Revenue	29,663	—	—	+ 14,415	+ 94.5%	+ 72.2%
KOREA	1,275	4.3%	—	+ 395	+ 44.9%	+ 34.1%
TAIWAN	8,721	29.4%	—	+ 2,717	+ 45.2%	+ 34.8%
HONG KONG	10,743	36.2%	—	+ 5,576	+ 107.9%	+ 75.3%
SINGAPORE	2,331	7.9%	—	+ 1,061	+ 83.5%	+ 54.7%
THAILAND	3,335	11.2%	—	+ 2,024	+ 154.3%	+ 125.6%
MAINLAND CHINA	3,258	11.0%	—	+ 2,643	+ 429.6%	+ 387.5%
Overseas EBITDA	5,137	—	17.3%⁽¹⁾	+ 2,990	+ 139.2%	+ 109.2%
KOREA	126	—	9.9%	+ 115	+ 1,092.4%	+ 1,044.2%
TAIWAN	1,437	—	16.5%	+ 598	+ 71.3%	+ 58.9%
HONG KONG	2,446	—	22.8%	+ 1,368	+ 126.9%	+ 91.3%
SINGAPORE	470	—	20.2%	+ 357	+ 316.2%	+ 250.8%
THAILAND	710	—	21.3%	+ 544	+ 327.1%	279.0%
MAINLAND CHINA	▲ 52	—	▲ 1.6%	+ 8	Negative figure for FY21	Negative figure for FY21

[Overseas Business] Overseas Sushiro revenue has recovered due to reduced COVID impact, and store expansion continued strongly.



Korea

COVID Impact : SMALL

Results

Promotions via SNS successfully drove up traffic. Average Customer Ticket, after price revision, also increased. Average daily sales in February hit a record high.

Challenge

Rising fish prices put pressure on profits. But, will secure profits by controlling Other SG&A Expenses.

Store Count ⁽¹⁾

9 /10 stores (+0)



Hong Kong

COVID Impact : SMALL

Results

By running the campaigns that customers want, monthly per-store sales exceed JPY 80 mil, even with its population continuing to migrate overseas.

Challenge

As the market shrinks due to population decline and competition in the dining industry intensifies, we continue to make sure offering attractive campaigns to retain customers.

Store Count

20 /25 stores (+3)



Thailand

COVID Impact : SMALL

Results

Introducing additional new products during a promotion was a success, which helped Customer Count LFL to achieve 102%. Thailand generated a surplus also by controlling SG&A expenses.

Challenge

Work on establishing a profit structure that works for suburban location.

Store Count

14 /17 stores (+3)



Taiwan

COVID Impact : SMALL

Results

Active campaigns drove up revenue. New stores opened ahead of schedule also performed well. Cost control was also a success, resulting in steady profits.

Challenge

There are staff vacancies in the northern area, also in the central / south regions. Need to resolve the shortage situations urgently.

Store Count

35 /42 stores (+5)



Singapore

COVID Impact : SMALL

Results

Campaigns successfully drew in traffic, resulting in February LFL achieving 138%. Staff recruiting measures were also effective, which helped to drive up biz performance.

Challenge

Chronic staff shortage is gradually getting resolved as a result of measures to curb retirements and strengthen hiring activity. But the staff shortage hasn't resolved entirely – need to be worked on an ongoing basis.

Store Count

9 /13 stores (+0)



Mainland China

Guangzhou
Shenzhen
Chengdu

COVID Impact : MEDIUM

Results

Guangzhou is on a recovery track due to reduced COVID impact, and secured profits through steady cost control. Revenue in Shenzhen were strong due to the opening of new stores ahead of schedule.

Challenge

Promote further store expansion with the focus on running attractive campaigns and PR.

Store Count

21 /39 stores (+12)

[Domestic Business] Kyotaru Brand · Misaki Brands

Kyotaru Brand (Takeout Specialty Store)

- Kyotaru brand celebrated its 90th anniversary in November 2022 and held the “90th Anniversary Grand Thanksgiving Fair”. Its service improvements have progressed through the expansion of product lineups and its further-brushed-up display methods. The revenue LFL (against pre-COVID year of FY19) has recovered to 100.7% in Q2. While continuing efforts to improve its operations, Kyotaru will also vigorously pursue initiatives to expand sales channels for its products, including a trial of vending frozen sushi using the Kyotaru Central Kitchen, with the aim of further boosting revenue.

Store
Count

117 stores (▲7)

90th Anniversary

Frozen Sushi



Misaki Brands (Restaurant Brand)

- ‘Kaiten-sushi Misaki’ has been showing a steady recovery with its revenue LFL 101.0% in Q2, as a result of the successful conversion measures such as switching to sushi rice made with red vinegar, which has a mild flavor derived from aged sake lees, and weekly campaigns to create novelty. In addition, a ‘Misakimaru’ restaurant’ has been converted to a “Sushi Misaki.” And, a trial operation of ‘standing sushi restaurant’ is in progress. The Misaki Brands will continue to work on assigning a brand that suits to each location/property conditions.

Store
Count

99 stores (▲4)

Red Vinegar Sushi



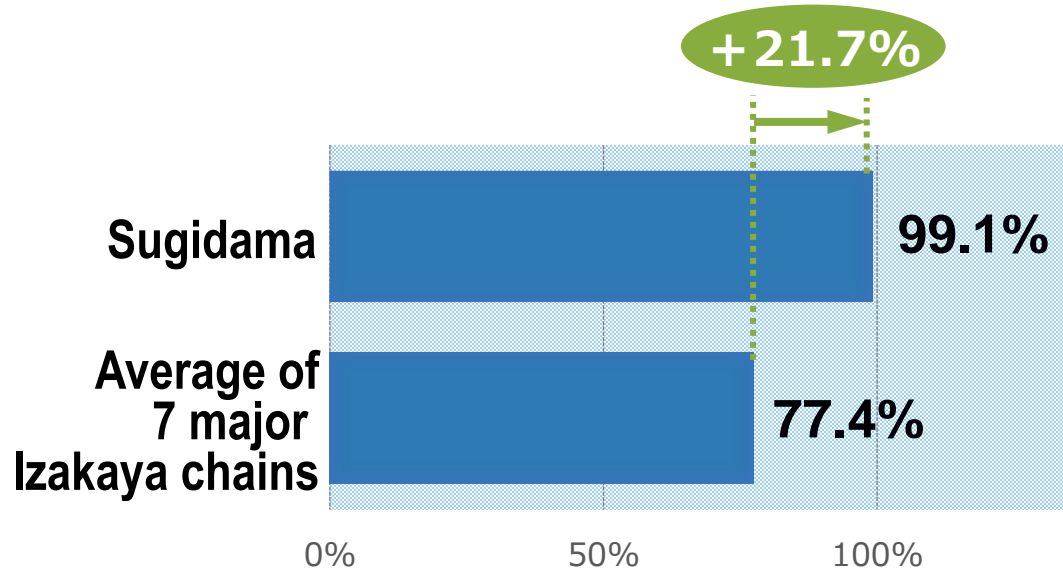
[Domestic Business] Sugidama Brand (Sushi *Izakaya*)

- The whole izakaya industry has been on a recovery trend. Sugidama has also seen steady growth, especially in TO&D with strengthened delivery service. Will continue to further expand its presence in the industry by continuing to open new company-owned and franchise stores.

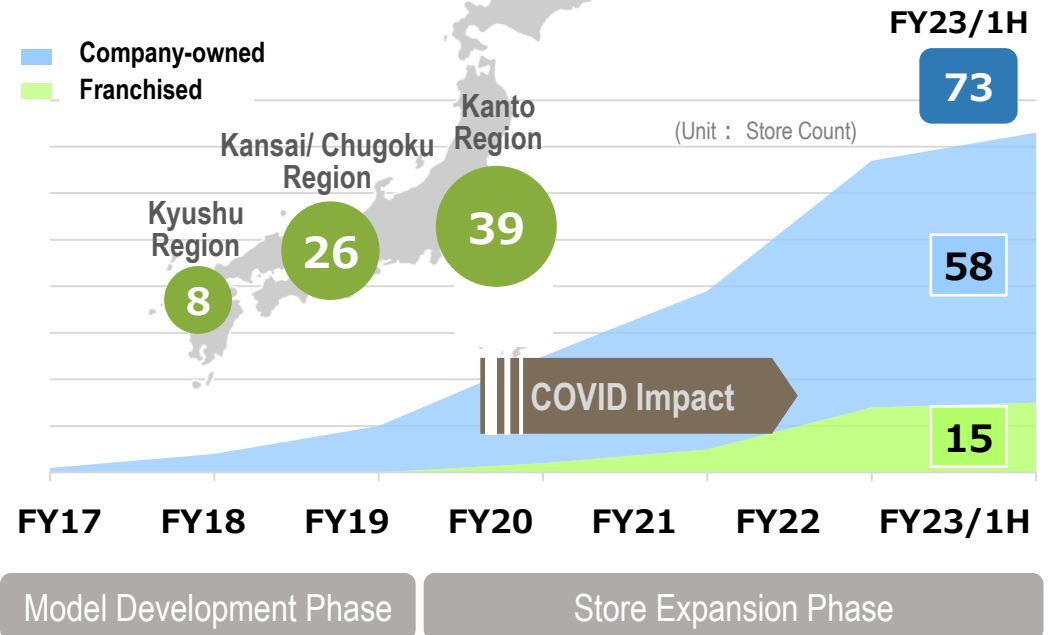
Store Count 73 stores (+8)

Revenue LFL (vs. FY19)

LFL Comparison : 1H / FY23



Store Expansion (Company-owned + FC)



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FY23/9 Forecasts (announced on Nov 4, 2022)

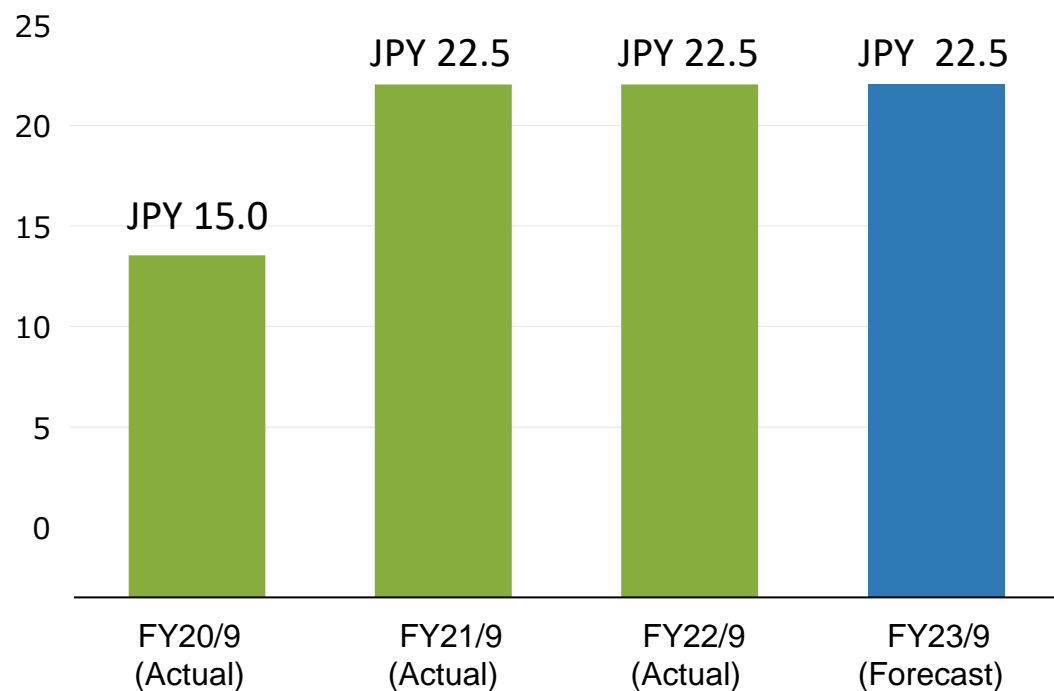
(in millions, JPY)	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Actual ③	FY23 Forecast④	Growth% ④/③
Revenue	199,088	204,957	240,804	281,301	320,000	13.8%
Operating Profit	14,546	12,061	22,901	10,123	11,000	8.7%
% in Revenue	7.3%	5.9%	9.5%	3.6%	3.4%	▲0.2pt
Profit Before Income Taxes	14,363	10,536	21,584	7,564	9,500	25.6%
% in Revenue	7.2%	5.1%	9.0%	2.7%	3.0%	0.3pt
Profit for the Period	9,959	6,420	13,119	3,621	6,000	65.7%
% in Revenue	5.0%	3.1%	5.4%	1.3%	1.9%	0.6pt
Earnings Per Share	85.81	55.64	113.61	31.16	51.87	20.71
Revenue LFL ⁽¹⁾ (of Sushiro Japan)	107.4%	94.9%	104.3%	96.6%	104.0%	7.4pt
New Store Openings	45	70	388 <small>*101 excl. Kyotaru</small>	116	100~110	—
COGS %	48.1%	47.4%	45.9%	46.3%	45.0%	▲1.3pt
Personnel Costs %	27.5%	28.3%	28.2%	28.2%	28.4%	0.2pt
Other in SG&A	16.7%	17.9%	19.9%	20.9%	22.6%	1.7pt
% of Other Income/Expenses ⁽²⁾	▲0.3%	▲0.6%	3.5%	▲1.0%	▲0.6%	0.4pt

[Note] (1) Data in above table are of the group total. Revenue LFL is of Sushiro Japan (not the group total) (2) [% of Other Income/Expenses] = [Other Income / Expenses] ÷ [Revenue]

[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 for the FY23/9, the same per-share dividend as FY22/9. (Total dividend amount is to be JPY 2.6 bil.)



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. (*excl. some of the exceptional stores)

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.

[Consolidated] Financial Position

Consolidated Statement of Financial Position

(in millions, JPY)	FY22/9	FY23/1H	Change
Current assets	67,993	67,953	▲40
[Cash and cash equivalents]	[50,637]	[48,087]	[▲2,550]
Non-current assets	263,990	269,141	5,151
[Goodwill]	[30,371]	[30,371]	[-]
Assets	331,982	337,094	5,111
Current liab.	54,067	77,749	23,682
[Borrowings]	[4,009]	[23,993]	[19,984]
Non-current liab.	212,781	193,807	▲18,974
[Bonds, Borrowings]	[88,923]	[66,952]	[▲21,971]
Liab.	266,848	271,556	4,708
Equity	65,134	65,538	403
Liab. & Equity	331,982	337,094	5,111
Equity Ratio	19.3 %	19.1%	▲ 0.2pt
Net Debt/EBITDA	2.0x	2.2x	0.2x

Consolidated Statement of Cash Flows

(in millions, JPY)	FY22/1H	FY23/1H	Change
Operating CF	16,665	19,171	2,506
Investing CF	▲8,801	▲8,202	559
Financing CF	20,262	▲12,939	▲33,201
Increase/decrease in cash and cash equivalents	28,542	▲2,550	▲31,092

Consolidated Financial Position

Assets : [Increase] Tangible Fixed Assets, [Decrease] Cash & Cash Equivalents,
 Liab. : [Increase] Trade & Other Payables, Lease Liab.,
 [Decrease] Corporate Bonds & Borrowings (Of which, JPY 19,984 was transferred from
 Non-current Liab. to Current Liab.)
 Equity : [Increase] Quarterly Earnings [Decrease] Dividends

Consolidated Cash Flows

Operating CF: The amount of change in Trade Receivables vs.FY22/1H is
 4.5 bil JPY lower in FY23/1H (4.4 bil JPY lower in Profit Before Income Taxes).
 And, the amount of Income Taxes/Refunds vs.FY22/1H is
 8.1 bil JPY more in FY23/1H.
 Investment CF: Increased due to Store Opening and Labor-Saving Equipment Devel.
 (of which, 50 % invested in overseas Sushiro)
 Finance CF: [FY22/9] There was an inflow of 34.0 bil JPY as LT Borrowing in FY22/1H

KPIs

Equity Ratio and NetDebt/EBITDA (LTM), both unchanged.
 ROE : [FY22/9] 5.7% (actual), [FY23/9] 9.3% (plan)

[All Company] Store Counts in Japan & Overseas Markets

			FY22 End-of-Term	FY23 / 1H			End-of-Term
				OPEN	CLOSE	Increase/ Decrease	
Dining Format	Sushiro	Japan	626	13	1	12	638
		Korea	9	-	-	-	9
		Taiwan	30	5	-	5	35
		Hong Kong	17	3	-	3	20
		Singapore	9	-	-	-	9
		Thailand	11	3	-	3	14
		Mainland China	9	12	-	12	21
		Guangzhou	8	5	-	5	13
		Shenzhen	1	4	-	4	5
		Chengdu	-	3	-	3	3
		Sugidama ⁽¹⁾	Japan	67	8	2	6
		Overseas	1	1	-	1	2
	Misaki ⁽²⁾	Japan	103	4	8	▲ 4	99
Takeout Format	Sushiro	Japan	18	-	1	▲ 1	17
		Overseas	2	-	-	-	2
	Kyotaru ⁽³⁾	Japan	124	2	9	▲ 7	117
	Multi Brand	Japan	35	2	6	▲ 4	31
Others ⁽³⁾			22	1	1	-	22
Company Total			1083	54	28	26	1109

[Note] (1) 'Sugidama' includes both company-owned and franchised stores. (2) 'Misaki' includes 'Kaiten-sushi Misaki,' 'Sushi Misakimaru,' 'Sushi Misaki,' and 'Tachigui-sushi Misaki.'
(3) Due to a change in the categorization method of the store count FY22/end, the store counts for "Kyotaru" and "Others" have been revised.

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