



FOOD & LIFE COMPANIES

# SUSTAINABILITY REPORT

2024



FOOD & LIFE  
COMPANIES



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### Editorial policy

This Report covers the approaches and initiatives for sustainability undertaken by FOOD & LIFE COMPANIES LTD. for the realization of a sustainable society. The purpose of this report is to share information and foster communication with as many stakeholders as possible.

### Reporting boundary

This report covers FOOD & LIFE COMPANIES LTD. and its consolidated subsidiaries. Some information covers a specific scope; in such cases, that scope is defined.

### Reporting period

October 1, 2023 to September 30, 2024 (FY2024) \*Our Group's fiscal year runs from October 1 to September 30.

### About forward-looking statements

Forward-looking statements in this report are based on information at the time of writing, and these statements may be updated depending on changes in the business environment and other factors.

# Corporate Philosophy



## Our goal for the Future

Discovering new tastiness,  
Sharing moments of joy.

## Value for our customers

We aim to exceed our customers' expectations for UMAI (what's delicious).  
Our goal is to bring excitement beyond imagination, to everyday lives.  
We will relentlessly pursue providing more value.

## Our behavioral guidelines

1. Challenging spirit that may even deviate from the norm.  
We are willing to change. We want to grow. We can also be playful/roguish, and will continue to seek challenges.
2. Dedicated/Single-minded sincerity.  
Our priority is the safety and well-being of people and the environment.
3. Appreciation to all, from the bottom of our hearts.  
We never forget the gratitude toward our customers, employees, business partners, farmers/producers, local communities, stockholders, etc.
4. Pride of being professional.  
Each and every one of us, is a pro in our fields. With a strong sense of mission and responsibility, we will relentlessly pursue our areas of expertise.
5. Diversity and respect for individuality.  
To continuously raise the standards of our Group, we will respect diversity and encourage different viewpoints and talents.

## Message from the President & CEO

# Spreading Sushiro's brand value to the world and aiming for further development as One Company



Masahiro Yamamoto  
President & CEO

### Sushiro, the world-class brand with attractive business from Japan

It was in 2023 that I became the Senior Executive Corporative Officer of FOOD & LIFE COMPANIES LTD. One of the reasons I decided to join the company was that, when I visited Sushiro as a customer some other time, I was impressed by the delicious and enjoyable food, and furthermore, I totally agreed with the company's philosophy of creating this customer experience. At that time, all the families and groups in the restaurant enjoyed their meals with smiles on their faces. And their eyes were shining when they watched the menus and plates of sushi carried on the conveyor belt in the great atmosphere. I genuinely thought it was very impressive and there is no other place like this restaurant where people can enjoy meals with affordable prices.

The time I spent here and the place where such delicious food is made and people become happy are the essence of Sushiro's mission statement: "Tasty sushi for all. Tasty sushi for the heart." I felt strongly the meaning of being able to create a new customer experience and directly contribute to the smiles of customers, while preserving the Japanese culture of sushi.

There is also the possibility of expanding business globally. In my previous work, I was assigned in Europe and Asia for about eight years, where I was engaged in marketing activities for a variety of Japanese industries, including automobiles, consumer electronics, and consumer goods. The lineup of Japanese companies active overseas has changed over the past 20 years. Some companies withdrew their businesses from overseas markets and only a limited number of companies

newly expanded to overseas. In the U.S., where I studied in graduate school for a year and a half, I was keenly aware of the changes in Japan's presence in the world.

What is the next industry for Japan that can make its mark on the world? I strongly felt that Sushiro's business model, which delivers the delicious taste of Japanese sushi at an affordable price and, with the addition of technology, in a format that can be enjoyed by many people, would have a great chance in the world. This is exactly what the Sushiro Group's VISION "Discovering new tastiness, Sharing moments of joy." and Sushiro's mission, as well as my career-long pursuit of "spreading the Japanese brand around the world" essentially matched.

### What to achieve Creating and refining the source of brand value with company members from Japan and overseas

What is important to us in our work is to hone our individual abilities as professionals, to make honest decisions, and to remember to respect those around us. Our work is a team play.



There is always communication with others, and it is on this basis that we provide services to our customers. I became keenly aware of this when I was in charge of rebuilding the business in Hong Kong and managing the business in Taiwan at my previous job. Even though I could utilize my own marketing expertise there, I could not achieve anything without local knowledge and cooperation from the staff. I have seen many times over the years that as I have treated the staff with respect and experienced small successes together with them, they have got a different look in their eyes and their work has become more enjoyable. The important thing is the basic principle of working from the same perspective as the field staff. With this belief, after joining our group, I first volunteered to work at major-brands such as "Sushiro," "Kyotaru," "Kaiten-sushi Misaki" and "Sugidama" without revealing my position. Though it was only for two weeks, I had a great time learning about everything from the work of the kitchen staff such as dishwashing, making sushi and removing fish skin to the work of customer service staff at the restaurant. Through these tasks, I became aware of the hardships faced by the staff working on the front line and the issues that need to be improved. At the same time, I could feel the joy and significance

of directly seeing the smiling faces of customers, making it a very fruitful experience.

Now, as the President & CEO, I intend to steadily implement our Medium-term Management Plan and at the same time work on strengthening our brand power. To this end, it is important for us to make a commitment to our customers by thoroughly improving our product procurement, which is the source of our brand value, store operations that enhance the value of customer experience, quality and hygiene controls, and compliance promotion activities. This is because we believe that only when customers realize these activities and support them will they become brand value and lead to business growth.

As our overseas business expands, we will continue to work on various initiatives in collaboration with our overseas and domestic businesses. We have adopted the organizational principle of “One Company” and have established an organizational structure that can be expected to produce synergy effects, for example, by having overseas executives also serve concurrently as domestic executives and vice versa, rather than keeping our overseas and domestic businesses separated. We will also promote seamless cooperation between the head office functions and the operating companies. Currently, the F&LC Product Division is providing global services for product procurement, and we will continue to strengthen this in the future. In terms of marketing functions, we will work to improve brand value by promoting overall brand management led by the F&LC headquarters. On the other hand, we believe that campaigns and sales promotions in each country and region need to be carried out by local members who understand the culture and customs, and we plan to promote marketing activities on both sides.

**For sustainable fisheries resource procurement  
Co-creating with suppliers to strengthen  
competitiveness**

In FY2024, we achieved steady and significant growth both domestically and overseas: the first Sushiro store in Beijing, which opened in Mainland China in August, has been a great success, and in the U.S., we are currently conducting market research through izakaya-style restaurants “Sugidama” (local brand name: Sakabayashi), which opened in Boston in April.

In Japan, we were able to achieve significant results. We

developed a detailed understanding of the customer journey, determined which experience value to improve, and kept building up sales and marketing plans. Media performance also improved in the short term. Another major topic is “Digital Sushiro Vision,” also known as “Digiro,” a fusion of digital vision and rotating lanes, which was implemented on a trial basis at three stores in September 2023 and was so well received by customers that it was expanded to 19 stores in FY2024. Sushiro’s 40th anniversary campaign also made a significant contribution to our business performance. We took actively effective measures; introduced a “giving-back” product with 100 yen per plate including tax, hoping to please our customers even amid high cost of living, and also changed our communication strategy. As for our management, we have been able to maintain “this great taste at this affordable price” since our establishment, despite various changes in the business environment, including weak yen and soaring utility costs.

Global climate change is affecting business. The demand for farmed fish will increase in the future. In order to continue to provide our customers with products of stable quality, we are investing in each company, including producers upstream in the supply chain, and establishing joint ventures for the development of seedlings and feeds. We are also investing in other companies and promoting joint research to develop next-generation technologies. In this environment, we held a sustainability meeting in May 2024 with our business partners. The purpose of the meeting was to share and gain understanding of the Group’s desire to co-create a sustainable, recycling-oriented marine resource procurement model with our suppliers and to enhance our competitiveness. We believe that these efforts will lead to our Group’s growth and establish a competitive advantage.

**Determination to take on the challenge of maximizing  
corporate value  
Enhancing human capital management and  
selecting and concentrating on growth areas**

In the future, human capital management will become even more important and an essential element for companies to achieve growth. In FY2024, we began investing in people by improving maximizing and designing and implementing training programs by rank, such as assistant manager, store manager, section manager, and general manager. In order to



further expand our overseas business, starting from this fiscal year, we will redesign the cycle of recruitment, education, development, and opportunity provision, including overseas operations. By advancing talent development, we aim to make it a key source of our competitive advantage. To this end, we will break down the silos (vertical divisions) between divisions to develop human resources, for example, by having them work back and forth between domestic and overseas sites, and sometimes even between the headquarters.

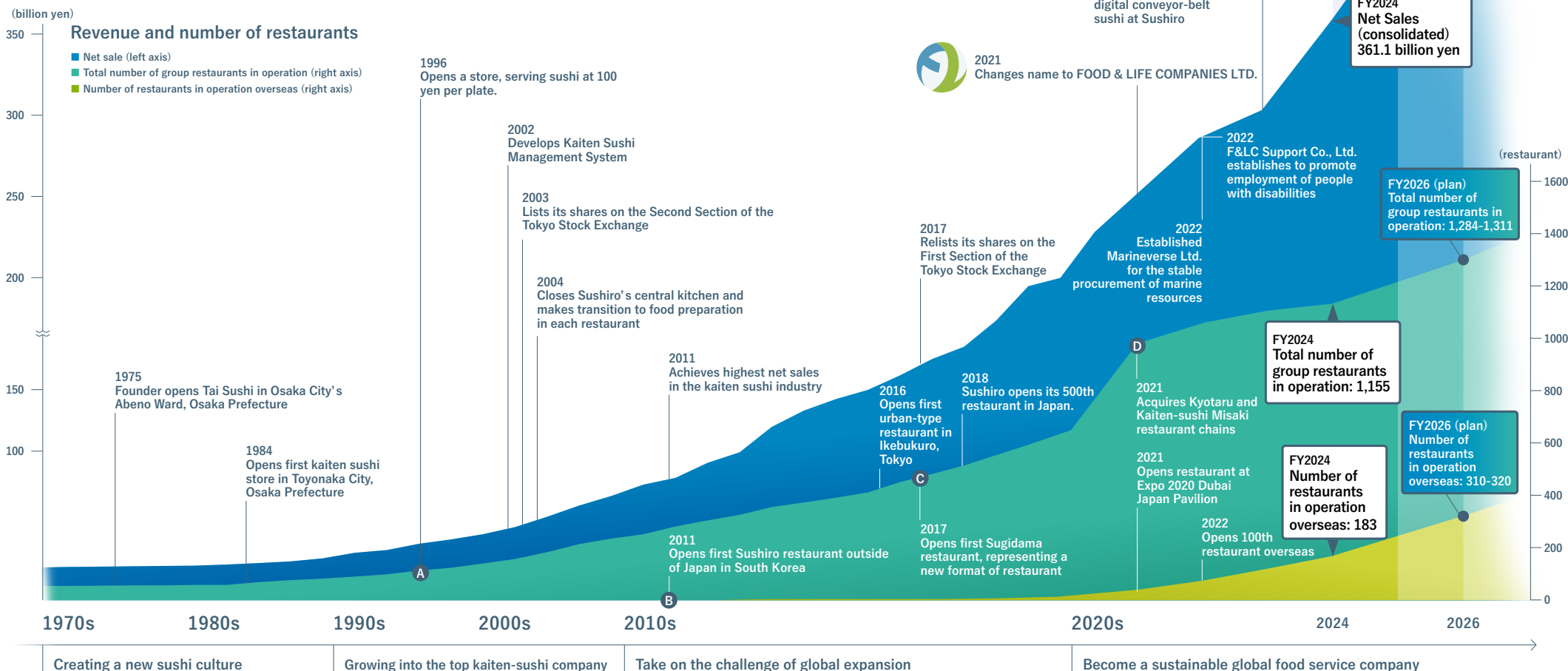
For further increase incorporate value over the medium to long term, in each business segment, we will closely monitor not only net sales, EBITDA, and operating profit, but also the management status of each store, while confirming ROIC for each country and region. For example, we will identify the winning areas in Mainland China and concentrate capital investment in those areas, promoting selection and concentration. From this perspective, we would like to concentrate our resources globally on Sushiro among our four major brands.

In terms of governance, we have positioned the role of the Board of Directors as managing and supervising business execution, and therefore have two internal directors and six outside directors. Outside directors are appointed from diverse backgrounds, taking into account their expertise and achievements, to facilitate decision-making and discussions that will drive the company’s growth.

I have assumed the position of the President & CEO, a heavy responsibility, but I will always consider our customers and stakeholders, make decisions with integrity, and achieve sustainable growth.

# F&LC History and Foundation for Value Creation

F&LC, which traces its roots as a sushi restaurant in Osaka, currently operates “Sushiro,” accelerating the opening of new restaurants mainly in Japan and other Asian countries, the artisanal restaurants “Kyotaru” and “Kaiten-sushi Misaki,” and the izakaya-style restaurants “Sugidama.” While promoting sustainability initiatives, we continue to take on the challenge of enriching the lives of customers around the world through food.



TOPICS

**A 1996**  
Establishes a business model of kaiten-sushi, serving sushi at 100 yen per plate and accelerated store openings with the great taste and affordable prices.  
Sushiro opened its first model of 100 yen per plate and accelerated store openings with the great taste and affordable prices.



**B 2011**  
Opened first overseas store in South Korea as a foothold for global business expansion  
Sushiro opened its first overseas restaurant and realized in-store cooking and a unique system locally as well.



**C 2017**  
Opens first Sugidama restaurant, an affordable sushi izakaya offering new values  
Sushiro developed a business model where sushi and sake can be enjoyed together. It is the only brand managing franchise chains.

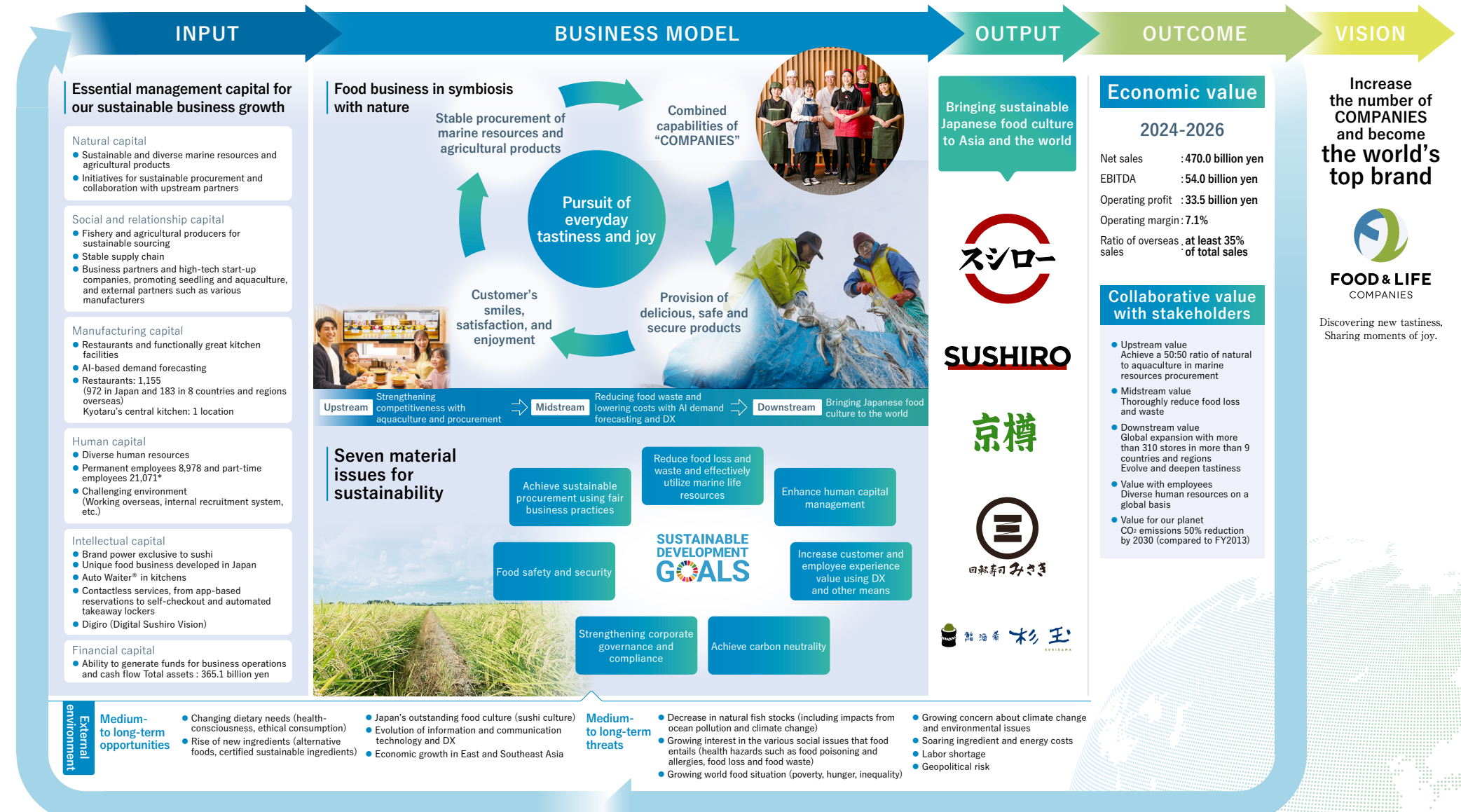


**D 2021**  
“Kyotaru,” with 90 years of history and craftsmanship, joins F&LC  
“Kyotaru,” a take-out sushi store, and “Kaiten-sushi Misaki,” where chefs add extra efforts, joined F&LC, expanding its business.



# Value Creation Process

In order to achieve our Vision of “Discovering new tastiness, sharing moments of joy,” we are working to enhance our corporate value together with our stakeholders by utilizing various forms of capital. Going forward, we will create new value through our business activities, while adapting to the constantly changing external operating environment.



\*The number of part-time employees represents the annual average number converted to eight hours per day

# FY2024-2026 Medium-term Management Plan

We have formulated a medium-term management plan and are working on three priority issues. We will accelerate our transformation by both strengthening our domestic business and expanding our overseas business, and enhance our business foundation through sustainability management.

## Overview and progress of the FY2024-2026 Medium-term management plan

The Group's Vision is "Discovering new tastiness, sharing moments of joy." With a long-term goal of achieving sales exceeding one trillion yen, we have set key management indicators such as EBITDA, operating profit, and ROE. Under the medium-term management plan for FY2024-2026 announced in November 2023, we aim to achieve sustainable growth by accelerating overseas expansion and restructuring our business platform to adapt to changes in the external environment.

Amid such circumstances, in FY2024, under the theme of "WOW! the World with Yummy!", we have been working on three key issues: "continued expansion of overseas business," "remodeling of domestic business/optimization of store portfolio," and "foundation for sustainable business operations."

Overseas, we opened "Sushiro" in Indonesia and "Sugidama" (local brand name: Sakabayashi) in North America, and continued to open new restaurants steadily in other existing countries and regions, resulting in revenue of 92.1 billion yen (up 39.3% from the previous year).

In Japan, the Sushiro business recovered, posting revenue of 238.1 billion yen (up 15.7% from the previous year), and other businesses also turned from recovery to growth.

With regard to sustainability initiatives as the "foundation for sustainable business operations," we have implemented a trial procurement planning and demand forecasting system in Japan and overseas, and have begun to reduce food loss. In addition, we implemented green energy and solar panels for environmental friendliness, as well as invested in human capital, including human resource development.

As a result, in FY2024, the Group achieved an increase in both revenue and operating profit, with revenue of 361.1 billion yen (up 19.7% from the previous year) and operating profit of 23.4 billion yen (up 112.6% from the previous year).

In FY2025-2026, when the new structure is in place, we are revising our medium-term management plan considering changes in the external environment. While maintaining the three priority issues, we will concentrate resources on the Sushiro business in the global market, and in the domestic market, we will evolve the "Sushiro" business model and develop measures that match the characteristics of each brand, including "Kyotaru," "Kaiten-sushi Misaki," and "Sugidama." In FY2026, the Group will aim to achieve 470 billion yen in revenue (average annual growth rate of 14.1%), 33.5 billion yen in operating profit (average annual growth rate of 19.7%), and an operating margin of 7.1%, among other targets. (See table below)

## Management indicators

(Unit: billion yen)	FY2022	FY2023	FY2024	FY2025	FY2026	
	Actual	Actual	Actual	Plan	Plan	Revenue CAGR FY2024-2026
Revenue	281.3	301.7	361.1	408.0	470.0	14.1%
EBITDA	25.2 (8.9%)	25.7 (8.5%)	37.5 (10.4%)	41.8 (10.2%)	54.0 (11.5%)	20.0%
Operating Profit	10.1 (3.6%)	11.0 (3.6%)	23.4 (6.5%)	26.0 (6.4%)	33.5 (7.1%)	19.7%
Profit for the Year	3.6 (1.3%)	8.0 (2.6%)	14.6 (4.1%)	15.0 (3.7%)	20.0 (4.3%)	16.9%
ROE	5.7%	11.8%	20.1%	18.6%	21.1%	—
EPS	31.16 Yen	68.28 Yen	127.46 Yen	132.60 Yen	172.86 Yen	—

## FY2025-2026 Priority issues

Continuing from FY2024, we will work on the following three priority issues.

### Priority issue 1 Continue to expand overseas business, to 35% of revenue – Risk diversification and rebalancing of store opening strategy

Considering changes in the environment in FY2024, we have revised our overseas revenue ratio target from 40% to 35%. We will concentrate on the "Sushiro" brand. In mainly Greater China, we continue to carefully select places to open new stores where we can achieve higher sales and profitability. In addition, following the opening of new stores in Indonesia in FY2024, we will open stores in Malaysia and North America in FY2025.

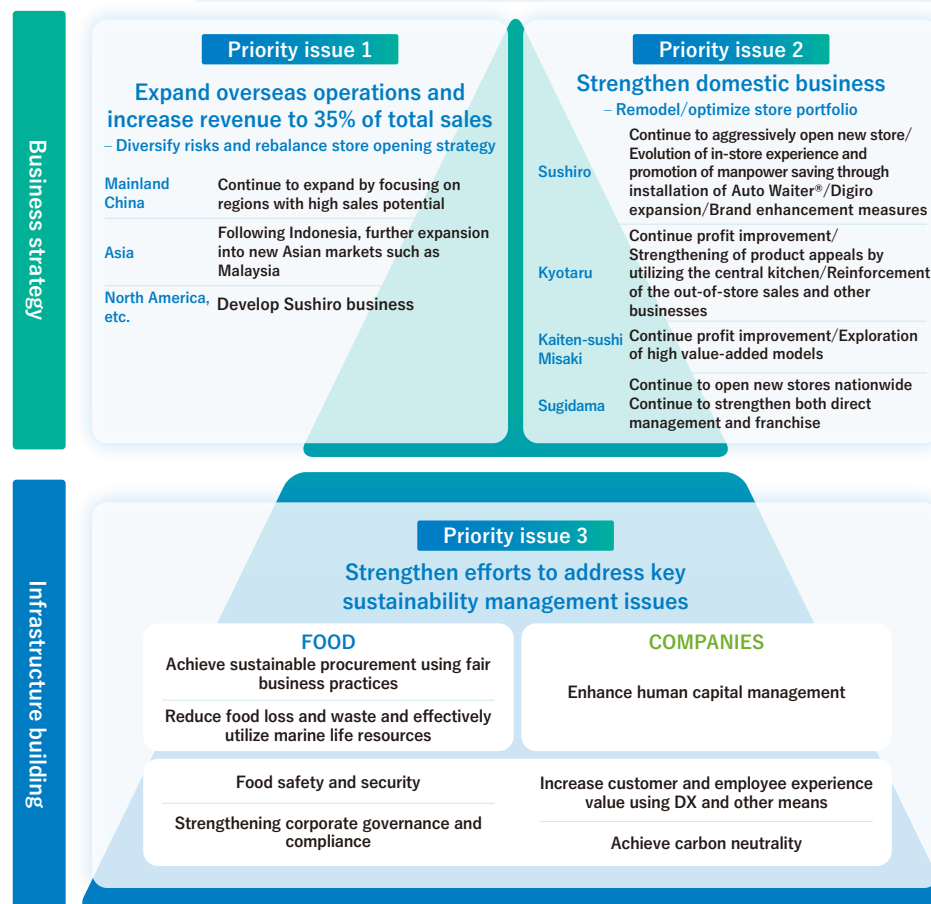
### Priority issue 2 Strengthen domestic business – Remodel/optimize store portfolio

Based on the significant recovery of Sushiro in FY2024, we will continue to open new restaurants in urban areas and to implement Digiro. Together with "Kyotaru," "Kaiten-sushi Misaki," and "Sugidama," we will also seek to capture and grow the sushi market in Japan.

### Priority issue 3 Strengthen efforts to address key sustainability management issues

In order to build a foundation for sustainable business operations, we will promote initiatives to address the seven material issues identified in FY2024.

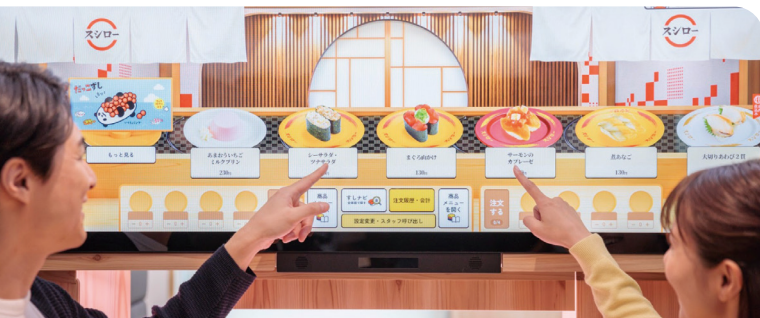
→ Details on Sustainability Management Initiatives can be found on pages 10-25.





## Domestic business

As part of “remodel/optimization of store portfolio,” we will evolve the business model of “Sushiro.” Furthermore, we will work to strengthen product appeal and establish brand features for each brand, and continue multi-brand development.



“Digiro,” a new type of digital vision combined with a revolving lane

### Sushiro

To further enhance the value of the customer experience, we will improve the quality of our products and make capital investments in existing stores. The theme of FY2025 is “Straight to Sushi,” which represents our pride, enthusiasm and determination as a sushi restaurant. We plan to open stores in mainly urban areas, and the number of stores with Digiro, which was implemented in FY2024, will achieve more than 100 in FY2025, as Digiro has proven effective in increasing customer counts and average amount from one customer. In addition, we plan to implement a Auto Waiter® in kitchens that increases kitchen work efficiency and reduces the workload of staff, in more than 170 stores in FY2025, as we strive to improve customer service. Through these efforts, we aim to achieve 273 billion yen in revenue and 23.2 billion yen in operating profit in FY2026.

### Kyotaru and Kaiten-sushi Misaki

To continue to improve profitability, we will close unprofitable stores and strengthen our product appeals and organization to enhance our brand power. In the “Kyotaru” take-out restaurant, while continuing efforts to strengthen product offerings suited to different occasions of customers, in August 2024, our signature product “Kyotaru Traditional Chakin Sushi” won the Grand Prix, the highest award, at the Japan Food Selection organized by the Food Analysts Association of Japan. We are also working to expand sales channels for our frozen sushi, which we have been selling since FY2022.



“Kyotaru Traditional Chakin Sushi” sold as frozen sushi

The Misaki brand continued to perform well, with FY2024 full-year revenue being over 110% compared to last year. Strengthening of PR via SNS also proved effective. Flagship Misaki (Ningyocho, Tokyo), which opened in late September, is a model store that demonstrates the high standard of service that the brand aims for on a daily basis. The store is also used as a training ground for employees and staff of other stores to further evolve the brand.



Opened flagship store in Ningyocho, Tokyo

Through these efforts, the company aims to achieve revenue of 25 billion yen and operating profit of 1.2 billion yen in FY2026.

### Sugidama

We will continue to aggressively open new stores, both directly managed and franchise, aiming for a total of 111-120 stores by FY2026. In terms of products, we will leverage the procurement synergies of F&LC to add new arrangements to the same ingredients as those used at “Sushiro” to create an attractive lineup of products unique to sushi taverns, thereby enhancing the value of the customer experience and continuing to promote store visits. Through these efforts, we aim to achieve revenue of 10 billion yen and operating profit of 500 million yen in FY2026.



Attractive product measures to promote store visits

## Overseas business

Through the activities in the priority issues, we aim to achieve 162 billion yen in revenue, 19.5 billion yen in operating profit, and 310-320 stores in FY2026, with 35% of whole.

### Greater China

In FY2024, performance in Hong Kong and Taiwan continued to be strong, thanks in part to aggressive store openings. In Mainland China, performance is improving despite the economic slowdown, etc. In August, we opened the first Sushiro store in Beijing, the capital of China, which continues to do well. Toward FY2026, in Hong Kong, we will maintain high revenue levels and high profitability by continuing to open new stores and strengthening marketing. In Taiwan, we will accelerate store openings and enhance our product lineup to build a competitive advantage, and in Mainland China, we will open more stores in urban areas, including the Beijing area.



Opened the first Sushiro store in Beijing, China

### East and Southeast Asia

In FY2024, we entered Indonesia as a new country/region, expanding to four stores. In South Korea, we opened a new store in Myeongdong at the end of September, our first new store in four years, and it is off to a good start. We are aiming to attract more customers with Digiro. The number of stores in other countries and regions is also increasing steadily.



Sushiro Pondok Indah Mall store, the first store to open in Indonesia

For FY2026, in South Korea, we will strengthen our business foundation and increase brand recognition. In Thailand, we will leverage multiple profit models and launch an offensive to open new stores in both urban and suburban areas. In Singapore and Indonesia, we will accelerate store openings and further expand brand recognition. In Malaysia as a new country/region in FY2025, we plan to open the first Sushiro store in a prime location in the capital city of Kuala Lumpur.

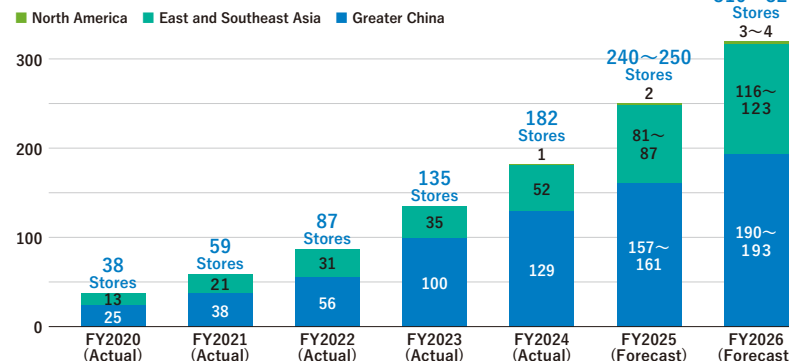
### North America

In FY2024, we opened Sakabayashi, a sushi tavern in Boston in April, modeled after Sugidama. In FY2025, we plan to open our first “Sushiro” store, taking advantage of this market learning opportunity. For FY2026, we also continue to open new stores in North America.



Sakabayashi (Sushi Tavern Back Bay) opened in Boston, U.S.

### Store Count

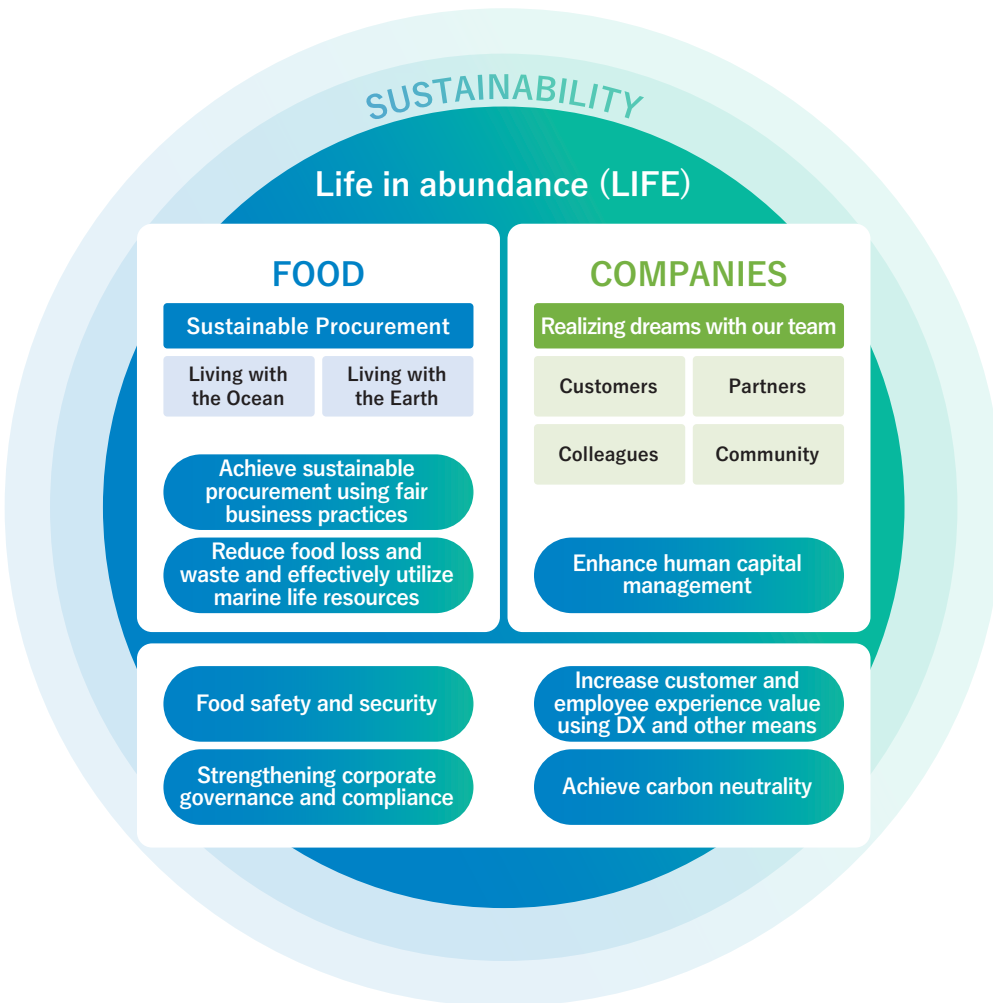


# Sustainability Management Structure

Our basic approach to sustainability management is to realize a sustainable society. We have established a system to promote continuous improvement by implementing initiatives based on this concept and monitoring them regularly by management.

## Basic approach

We want to enrich our customers' lives and lifestyles (LIFE) by providing delicious "FOOD" with many "PEOPLE (COMPANIES)." To achieve this, we will solve social issues and realize corporate growth.

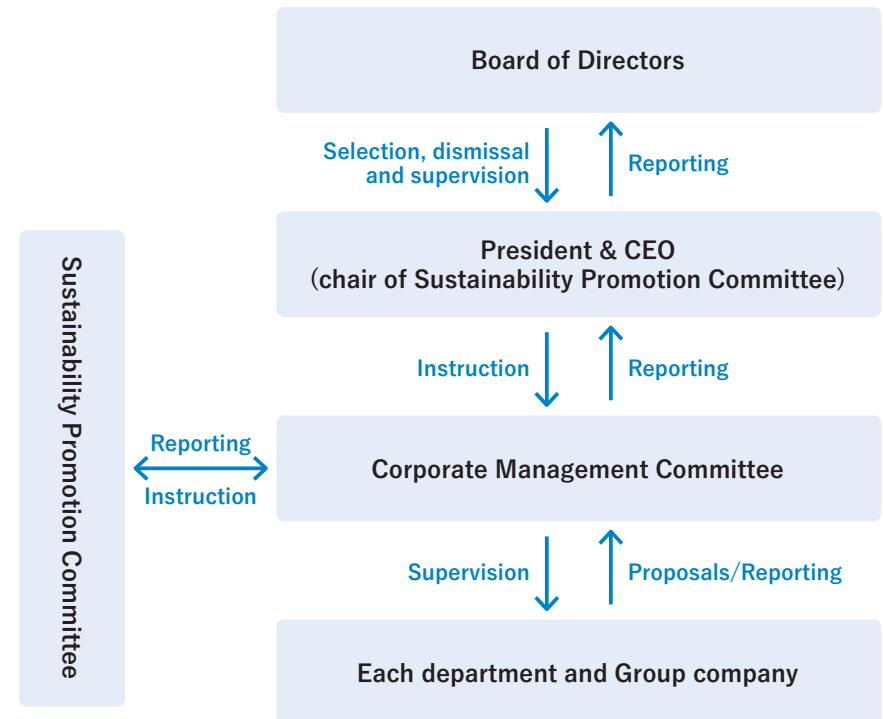


## Promotion system

The Board of Directors recognizes that sustainability initiatives, including climate change issues, are one of the most important management issues and supervises them. Specifically, when formulating management strategies and plans, the Board of Directors deliberates on sustainability related to risks and opportunities, including climate change issues, and receives reports from each group company and implements supervision.

In addition, to clearly position sustainability

as a group-wide management issue and promote sustainability initiatives, we have established a Sustainability Promotion Committee chaired by CEO. The Sustainability Promotion Committee reports states related to sustainability, including climate change, to the Executive Committee and receives instructions and advice. In addition, CEO reports to the Board of Directors as necessary and appropriately.



# Materiality Identification Process

The Sustainability Promotion Committee, a cross-departmental committee, held repeated discussions with management lawyers and identified seven materialities. The importance of materiality was evaluated on a medium- to long term time frame, with emphasis placed not only on the company itself but also on the perspectives of its stakeholders, and with input from outside experts.

## 1 Analysis of current situation and identification of materiality candidates

We analyzed the impact of the Group's business activities on global social issues throughout the supply chain, including perspectives of ESG and ISO 26000, added new social issues to be addressed, tied them to the 169 targets of the SDGs, and identified candidate materialities.

## 2 Materiality importance assessment and exchange of opinions with external experts

The Sustainability Promotion Committee evaluated the impact and importance of the materiality candidates from both management and stakeholder perspectives, and mapped them on a materiality map. To strengthen objectivity and validity, we exchanged opinions on materiality with an external expert, Mr. Hidemitsu Sasaya, a professor of Chiba University of Commerce and an ESG/SDGs consultant.

## 3 Narrowing down the list to seven materialities and appointing a director in charge

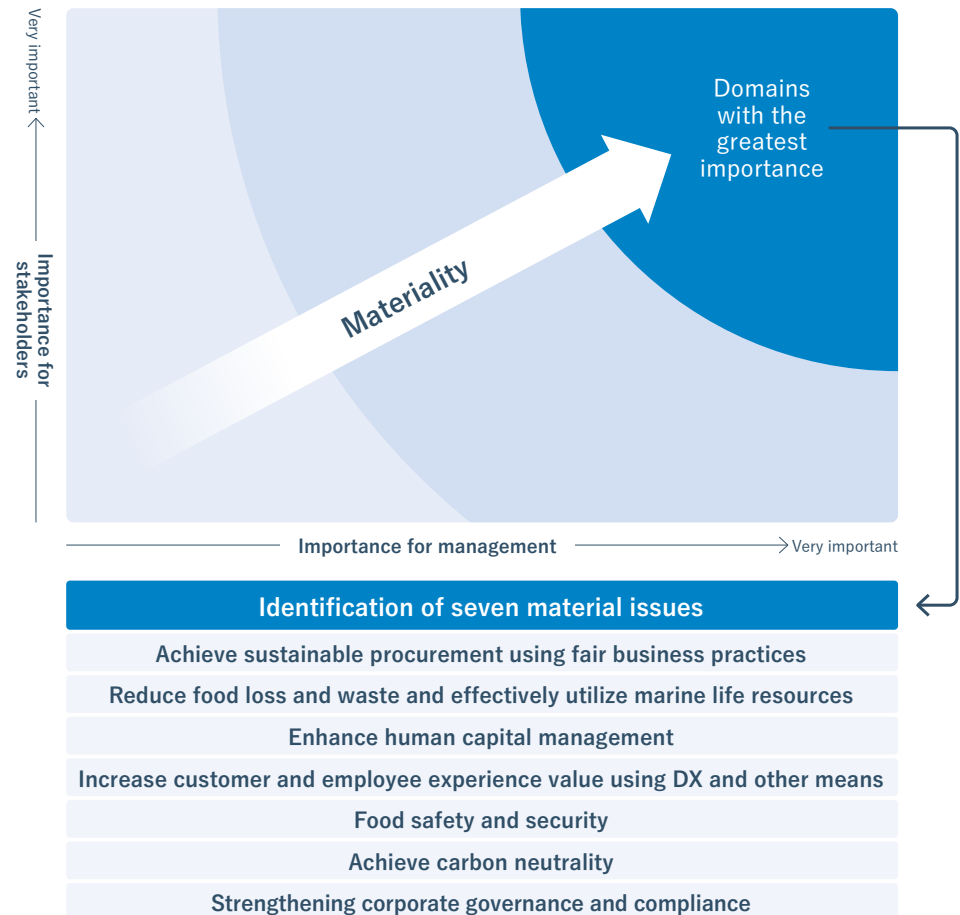
After repeated discussions with management on the appropriateness of the materiality map, we narrowed it down to seven materialities. We clarified the social issues to be addressed for each materiality, appointed a director in charge, and formulated a roadmap of specific measures using the SDG 169 targets tied to the materiality as a guide.

## 4 Approval by the executive committee and board of directors

The seven materialities organized in the ESG/SDGs Matrix were identified through the Sustainability Promotion Committee, and finally through discussions at the Executive Committee and approved by the Board of Directors. The materiality initiatives are being promoted under the leadership of the appointed executive directors in charge.

## Important materiality map

The seven most important materialities were identified by mapping the level of importance from the medium- to long term perspective of management on the horizontal axis and from the stakeholders' perspective on the vertical axis. The importance of the seven materialities is considered as equal.





# Together with the Global Environment

Supported by natural resources such as marine products, our group considers it important to give attention to the global environment. In October 2024, we formulated an environmental policy to further focus our efforts on issues such as securing sustainable marine and agricultural resources, reducing food loss, and responding to climate change.

**MATERIALITY** Achieve sustainable procurement using fair business practices Reduce food loss and waste and effectively utilize marine life resources

## Pursuing Sustainability of Marine and Agricultural Products Throughout the Supply Chain



Our Group defines the procurement of food ingredients as “upstream,” the processing and transportation of food ingredients as “midstream,” and sales, the point of contact with customers, as “downstream.” As a business that requires a large amount of food ingredients, one of our important tasks is to ensure the stable procurement of limited marine resources.

Accordingly, we are strengthening our efforts from upstream to midstream by establishing a competitive advantage in procurement, including aquaculture, as well as in downstream operations, and by thoroughly reducing food loss from procured resources. Leveraging our downstream strengths with an overwhelming customer base, we will work with external partners to ensure the stable utilization of marine resources throughout the supply chain.

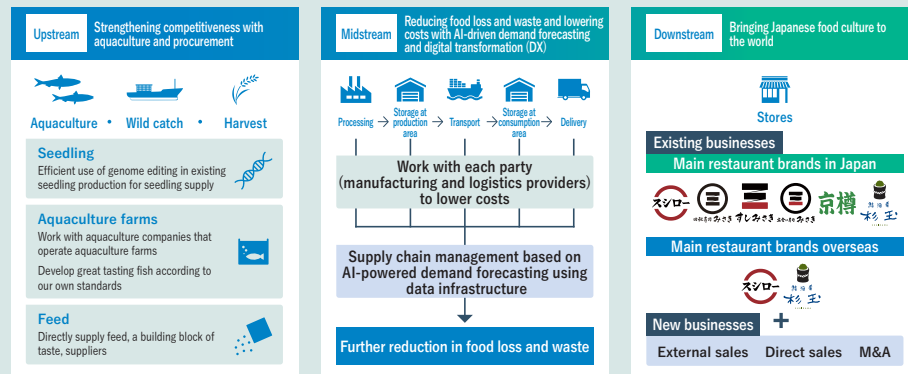
### ● Environmental policy

We recognize that climate change, environmental pollution, depletion of resources and water, and loss of biodiversity are important issues in the world and in the management of our group. Therefore, we established our environmental policy in October 2024 to prevent them. We will commit to protect the blue sea and the green earth and cherish the blessings of food that will continue into the future.

The items of this policy include compliance with laws and regulations, dealing with climate change, reducing environmental negative impact and pollution, reducing waste and using resources efficiently, conserving water resources, and adapting biodiversity. We will seek the understanding and support of this policy not only from all employees of our group, but also from all of our business partners.

➤ The “F&LC Environmental Policy” is available on our official website

### Aiming for sustainable procurement, from upstream to downstream



## To realize sustainable procurement

The cooperation of our suppliers is essential to achieve both a sustainable society and corporate growth. Therefore, we share our Basic Procurement Policy not only internally but also our suppliers and ask for their cooperation with the Sustainability and CSR Questionnaire. In addition to this, we will open our doors equally to new suppliers with their understanding of this policy, and work together to achieve coexistence and co-prosperity between our corporate activities, the environment, and society.



### ● Basic procurement policy

In procuring raw materials and other materials, we have established a basic procurement policy to provide safe and secure products continuously, as well as to ensure compliance with laws, regulations, and social norms.

The items of this policy include procurement ethics, compliance, quality and safety, respect for human rights and labor, sustainability, anti-corruption, and collaboration with suppliers, and we are working together with our suppliers to realize sustainable procurement.

➤ The “Basic Procurement Policy” is available on our official website.

### Beginning to formulate F&LC’s commodity procurement standards for long-term stable procurement

We will not only formulate a basic procurement policy, but also begin to formulate our own product procurement standards to ensure stable procurement over the long term. We will strive to procure products with consideration for human rights, the environment, the biodiversity, and the maintenance of ecosystems, on the premise that they have always tasted good and are safe and secure.

### Sustainability and CSR questionnaire

We have conducted a survey on sustainability and CSR among primary suppliers since the end of FY2023 and received responses from 359 suppliers. The survey is not limited to marine resources, but also covers suppliers of packaging materials, store development, advertising and promotion, etc. By understanding the negative risks in our supply chain, we are working to identify risks and consider necessary countermeasures for our Group.

## TOPICS

### Sustainability meeting held for the first time

In May 2024, we held our first sustainability meeting with 75 of our major suppliers. This meeting was a kick-off for the realization of sustainable procurement through co-creation.



MATERIALITY Achieve sustainable procurement using fair business practices Reduce food loss and waste and effectively utilize marine life resources

## Sustainable Sourcing of Marine Resources and Development



### Building a base of procurement in the upstream business

Amid concerns about climate change and other major environmental changes in the future, the decline of natural catches is also concerned and the importance of procuring marine resources that is independent of natural resources is increasing. In the future, we aim to achieve a 50% aquaculture ratio. As of 2021, the ratio of procuring marine resources is 65% natural and 35% aquaculture. As a countermeasure, we are investing in outside businesses and cutting-edge technologies, developing new technologies such as development of seeds and improvement and substitution of feed through business alliances. By strengthening our procurement base in upstream operations, we aim to ensure stable quality and production volume.

### Supporting aquaculture businesses for a stable supply

OWASEBUSAN Co., Ltd., our capital partner for 20 years, focuses on aquaculture of yellowtail is one of the companies we have invested in. Working together with our group, we aim to expand and stabilize procurement of aquaculture fish.



(Top) A scene of the landing of yellowtail that were raised from fry for two years  
(Left) Aquaculture farm in Owase City, Mie Prefecture



### The challenge for next-generation aquaculture through technological innovation and research and development



In the midst of the drastically changing of environment in the aquaculture business, we are investing in and conducting joint research with companies, that is startup from university, that possess genome editing and cutting-edge genome analysis technologies, which are attracting attention as next-generation technologies. Through this business, we aim to realize a sustainable aquaculture business by improving productivity through selective-breeding and development of seeds that respond to the environmental changes.

### Establishment of joint ventures with specialized businesses

For sustainable procuring of marine resources, in 2022, we established Marine Berth Corporation, a joint venture with Takuyo Corporation, a major Japanese sea bream aquaculture company. To enable aquaculture businesses to achieve efficient fishing, the company promotes support for aquaculture businesses through the supply of seeds and feeds and the development of artificial seeds.



### Protecting sea from rocky-shore denudation and building a sustainable procurement base of sea urchin

In 2024, we entered a capital and business alliance with Uninomics Corporation, a venture that makes it possible to provide high-quality sea urchins from the skinny, low-mass sea urchins found in the rocky-shore denudation region through proprietary land-based livestock farming technology.

This will enable us to develop high-quality cultured sea urchins that meet our group's standards and build a system for selling them in stores. By providing this product to our customers, we will be able to address the recent social issues such as decrease of natural sea urchin catches and the problem that urchins destroy seaweed beds. Thereby we will contribute to the preservation of the blue carbon ecosystem.

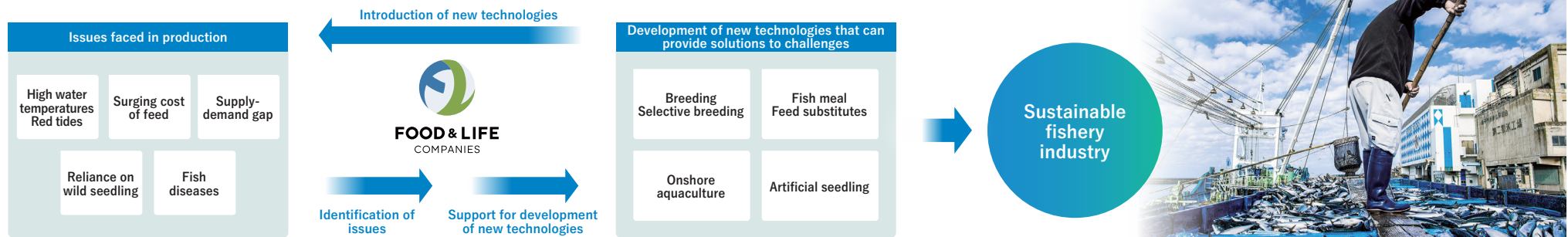


Uninomics Corporation

### Development of next-generation feed and aquaculture equipment

We plan to strengthen research and development of next-generation feed ingredients and recycling of feed ingredients to break away from dependence on natural fishmeal ingredients, as well as to promote standardization of feeds. In addition to maintenance and management costs and quality, we will fulfill our social responsibility for raw materials, including traceability, and work to ensure the sustainability of feed ingredients.

In addition, due to the declining population and rising production costs, aquaculture sites are required to improve productivity and control production costs through saving labor and manpower. In collaboration with aquaculture equipment manufacturers, we aim to realize sustainable procurement of marine resources by supporting the development of next-generation aquaculture equipment.



MATERIALITY Reduce food loss and waste and effectively utilize marine life resources

## Promotion of Food Loss Reduction



Recognizing that reducing food loss is an important social issue for the restaurant industry, we are further strengthening our existing efforts. In addition, in order to continue to deliver high quality and delicious products at affordable prices, it is important to minimize food waste as much as possible. To this end, we are promoting various measures such as DX and Group-wide utilization of fish. We are also considering the effective use of resources and reduction of disposal costs by recycling leftover food waste into feed, biomass fuel, etc.

### Food loss reduction with DX and AI



Sushiro in Japan is working to reduce food loss through the use of AI. For example, the amount of food ingredients used is calculated based on sales results to derive appropriate order quantities and usage volumes that reflect demand forecasts. The accuracy of the forecasts is increasing everyday thanks to the AI's learning function.

AI also contributes to efficiency and labor savings in store operations. Based on staff schedules, revenue forecasts, and past performance, AI suggests optimal staff shifts, thereby reducing the time required for store managers to create shifts.

### Making full use of valuable fishery resources

Generally speaking, only about 40% of the fish, including the belly, can be used for sushi, but our Group, which purchases whole fish, uses the rest of the fish in our products. We find value in the bones and the other parts, and have established a scheme to use up all the ingredients, transcending the boundaries of the brands within the Group. For example, the parts of the tuna suitable for nigiri are used by Sushiro, the head is braised by artisans at Kaiten-sushi Misaki, and the meat that can only be removed by hand is served as a snack at Sugidama. Sushiro also makes use of parts of the fish that cannot be made into nigiri, such as using the ara as broth for the ramen noodles on the Sushiro menu. At the core approach is the idea that the ara and bones are equal in value to the deliciousness of "back and belly" parts used for sushi. Since our establishment, we have inherited the concept of Japanese cuisine that "no part of a fish is discarded," and our menu innovations have led to reduction in food loss.

In addition, when developing new products, Sushiro develops products using the same ingredients (derivative products) in order to reduce food loss, and in FY2024, approximately 150 derivative products were developed.

In 2023, in Sushiro, we stopped pouring sushi and other products in the kaiten-sushi lane since 2023, thereby the amount of food that is discarded after placed on the lane has been reduced to zero.



MATERIALITY Reduce food loss and waste and effectively utilize marine life resources Achieve carbon neutrality

## Plastics and Waste Reduction, Reuse and Recycling



We are committed to reducing and preventing environmental pollution as a sustainable approach for the future in our business activities. The Group, which operates globally, promotes the 3Rs of plastics and waste by complying with the environmental laws and regulations of each country, as well as environmental and chemical substance-related laws and regulations and internal company rules.

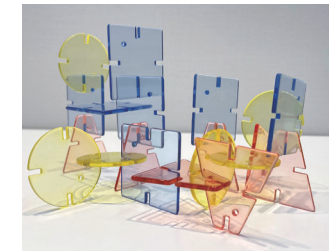
### Plastic reduction and recycling initiatives

Since FY2022, our Group has been gradually switching to eco-friendly containers for take-out, which are made of factory scraps and use less plastic. Compared to the pre-introduction period, this has led to an annual reduction of approximately 976 tons of CO<sub>2</sub> emissions (FY2024 results). We are also considering switching to paper containers and other materials and implementing recycling and recycled resources with the aim of eliminating plastic.

In addition, the splash-prevention acrylic partitions that had been installed at Sushiro stores in Japan during the coronavirus pandemic were recycled. Some of them were upcycled into three-dimensional puzzles for educational toys. These puzzles are donated to children living in facilities in Osaka Prefecture.



Eco-friendly containers for take-out



Three-dimensional puzzle made by upcycling acrylic partitions

### Effective use of waste cooking oil

In order to use the waste cooking oil from about 700 Sushiro and Sugidama stores as raw material for domestically produced sustainable aviation fuel (SAF), we collaborated with a company which is responsible for the collection of waste cooking oil, production, transportation, and supply of SAF in FY2023, and aim to establish a system to supply SAF domestically in early 2025.



MATERIALITY Reduce food loss and waste and effectively utilize marine life resources

## Effective Use of Water Resources and Drainage



Worldwide, water demand is expected to increase due to the expansion of areas with water shortages caused by climate change and the impact of population growth. Recognizing that water is an important resource in the Group's business, we are working to prevent water and soil contamination through efficient use of water resources and appropriate wastewater treatment in accordance with our environmental policy. In addition, Sushiro began water conservation efforts at each of its stores in 2014, installing "Bubble90" water-saving devices on faucets with particularly high-water consumption to reduce water consumption and increase efficiency. The water conservation efforts at Sushiro will be extended to other brands within the Group.

MATERIALITY Achieve carbon neutrality

## Response to TCFD Recommendations



Since our Group uses a wide variety of marine fisheries, agriculture, and forestry resources as raw materials, we consider climate change as one of the important management risks and disclose information related to climate change based on the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD).



### Governance and risk management

The Board of Directors deliberates on the risks and opportunities related to climate change issues when formulating management strategies and plans, and receives reports from each Group company and division as necessary to provide oversight. In addition, the Sustainability Promotion Committee, chaired by the President & CEO, has been established to promote sustainability initiatives. The Sustainability Committee reports to the Executive Committee on the status of sustainability, including climate change, and receives instructions and advice as necessary. In addition, the President & CEO reports to the Board of Directors as necessary and appropriate.

→Details on our Sustainability Promotion system can be found on page 10.

### Strategy

Based on the framework recommended by the TCFD recommendations, we are identifying the risks and opportunities that climate change poses to our Group and conducting analysis using different climate-related scenarios. Going forward, through further deepening our analysis of risks and opportunities, we will work to minimize risks and maximize opportunities toward the realization of a decarbonized society.

Scenario analysis was conducted for risks related to climate change that are expected to have a particularly high impact. In particular, the impact of climate change on raw material procurement, which is assumed to be the most important for business continuity, was analyzed in detail in terms of fish species, production areas, and other factors.

### Financial Impacts and Response

Risk	Details	Financial impacts		Response and opportunities
		4C	2C	
Transition risks	Policies and Laws	Small	Small	In addition to promoting the introduction of renewable energy and the transition to clean energy such as low-carbon raw materials and fuels, we plan to increase the efficiency of production through the introduction of energy efficient equipment.
	Technology	Small	Medium	For low-carbon and decarbonized ingredients, we will strengthen collaboration with external research institutes such as universities. By conducting research toward commercialization, we aim to contribute to earnings.
	Reputation	Medium	Large	We will develop products and provide services in line with changes in customer preferences, which will lead to an increase in earnings.
Physical risks	Acute	Small	Small	We aim to procure from multiple companies and production areas, mitigating procurement risks. In addition, we will consider formulating a business continuity plan in advance to address shortfalls in procurement volume.

### Climate change impacts on raw materials procurement

We investigated and analyzed the impact of climate change on raw materials that are considered to have a significant impact on our Group, based on reports from various research institutes and academic papers. We evaluated the procurement environment and resource quantity forecasts for items that are used in large quantities as sushi ingredients.

Main ingredients	Main production area	Wild/Farmed	Outlook for procurement environment and resource volume (up to 2050)	Direction of response measures
Tuna	Japan/Overseas	Wild	<ul style="list-style-type: none"> <li>Stability of resource volume</li> <li>Affinity with warming climate</li> </ul>	<ul style="list-style-type: none"> <li>Review of collaboration with producers</li> <li>Review of aquaculture (fish farming) overseas</li> <li>Assistance for development of new aquaculture technologies</li> </ul>
	Japan	Farmed	<ul style="list-style-type: none"> <li>Steady growth in scale of aquaculture</li> <li>Progress and spread of advanced technologies such as complete aquaculture</li> </ul>	
Japanese amberjack and red seabream	Japan	Farmed	<ul style="list-style-type: none"> <li>Stable supply even under recent temperatures</li> <li>Affinity with warming climate</li> </ul>	<ul style="list-style-type: none"> <li>Assistance for development of new aquaculture technologies</li> <li>Review of aquaculture production overseas</li> </ul>
Salmon	Overseas	Farmed	<ul style="list-style-type: none"> <li>Massive scale of aquaculture</li> <li>Resistance to warming seas around aquaculture farms</li> <li>Diversity and advancements in aquaculture technologies</li> </ul>	<ul style="list-style-type: none"> <li>Assistance for development of new aquaculture technologies</li> </ul>

### Indicators and targets

In order to give top priority to reducing CO<sub>2</sub> emissions in our core Japan business, we have set CO<sub>2</sub> emissions targets for Akindo Sushiro Co., Ltd. as follows.

FY2030	Reduce CO <sub>2</sub> emissions in FY2030 (Scope 1 and 2) by 50% or more per unit of production compared to FY2013
FY2050	Carbon neutral in FY2050
FY2024	Scope1 and 2 (t-CO <sub>2</sub> ) 69,659

### Specific efforts to address climate change risks

Sushiro stores are promoting the switch to green energy (renewable energy) and implementing solar power generation facilities in stores using solar PPA.

The switch to green energy is underway at 159 Sushiro stores, or about 24% of all Sushiro stores in Japan, with two stores switched in FY2024. Solar power generation equipment have been installed in 103 stores, or about 16% of all Sushiro stores in Japan, and 13 stores installed solar power generation equipment in FY2024.



→ The "Responses to TCFD recommendations" are available on our official website.



# With People and Society

We strive to provide value to our customers, employees, business partners, local communities, shareholders, investors, and other stakeholders by working diligently to “continue to deliver safe and delicious food to our customers.” We are also expanding measures related to DE&I and human resource development to improve job satisfaction and comfort of our employees.

MATERIALITY

Increase customer and employee experience value using DX and other means

## Enhance the Value of the Customer and Employee Experience



### Improving the value of the customer experience

The Group operates four major brands, Sushiro, Kyotaru, Kaiten-sushi Misaki, and Sugidama, bringing the total number of Group stores to 1,155 (as of September 2024). The common thread that runs through all of our stores is not only the delicious taste of our products, but also our desire to provide customers with a rich lifestyle and time through food. We are working to enhance the value of the experience of customers who visit our stores by taking advantage of the unique characteristics of each brand.

In FY2025, under the theme of “Straight to Sushi,” Sushiro is striving to improve its services to satisfy its customers by communicating its commitment to taste and quality to its customers and at the same time, reminding its employees and staff of this commitment. In addition, we will implement “Digital Sushi Vision” in some of our stores, allowing customers to experience the new fun of kaiten-sushi on the digital vision.

Kyotaru is strengthening its product lineup to suit different usage scenarios. We have developed high quality frozen sushi and other products that are sold through major supermarket e-commerce sites so that customers can enjoy freshly prepared sushi at any time of the day.

Kaiten-sushi Misaki opened its flagship store in Ningyocho, Tokyo. As a model store where a high standard of service is practiced on a daily basis, it is also used as a training and education center for staff, with the aim of improving service at each store.

Sugidama uses the same ingredients as Sushiro, but with a different twist, to create products that are unique and appealing to the sushi izakaya market. We place importance not only on the quality of our products, but also on making the dining experience enjoyable and interesting for our customers.



Sushiro



Kyotaru



Kaiten-sushi Misaki



Sugidama

### Improving the value of the employee experience

Sushiro has been promoting the introduction of Auto Waiter® in kitchens that increases kitchen work efficiency and improves store service, to make it easier for employees to work in the store. In addition, in November 2023, we revised the dress code for store staff, allowing them to freely choose their hair color and hairstyle. By allowing employees to work with more individuality and vitality, we will enhance the value of the experience for our employees and customers.

### Enhancing seamless reservations and payments through DX

Sushiro Stores have adopted various digital technologies to enhance the customer experience. Examples include app-based reservations, automated entry guidance and ticketing systems, self-service touchscreens for ordering, self-checkout registers, and automated touchers for takeout orders. By leveraging digital transformation (DX), we not only improve operational efficiency but also enhance customer satisfaction by reducing wait times, streamlining the ordering process, and ensuring smooth service delivery.



### Digital vision reproduction of a kaiten-sushi lane

In September 2023, “Digital Sushi Vision,” known as Digiro, which combines a large digital vision with a rotating lane, was implemented on a trial basis at three Sushiro stores in Japan. Digiro is a system in which sushi flows in a kaiten-sushi lane on a digital vision screen, recreating the fun of encountering new sushi and being able to choose from a variety of choices. In addition to serving as a touch panel, Digiro is equipped with functions that make dining more enjoyable, such as a system in which information on sushi specialties and quizzes are played back. After receiving positive feedback from customers during the trial, Digiro was implemented in 16 new stores from early June to late September 2024, with the goal of installing Digiro in 100 stores by the end of September 2025.



### Opened a store at Expo 2025 Osaka, Kansai, Japan

At the Expo 2025 Osaka, Kansai, Japan, Sushiro will open the “Sushiro Future Expo Store” near the “Forest of Tranquility” in the center of the site. Sushiro will offer a variety of sushi dishes that will give visitors a sense of “a future in which the production of fish and other ingredients for delicious sushi will be commonplace anywhere in the world” and allow them to experience the charm of Japanese food culture and the sushi restaurants of the future.



Exterior view of “Sushiro Future Expo Store”

## TOPICS

### Supporting the signature pavilion “EARTH MART”

As we resonate deeply with the theme of “Reflecting on life through food,” we are co-sponsoring the signature pavilion “EARTH MART” at the Expo 2025 Osaka, Kansai, Japan. The pavilion, created by broadcaster and scriptwriter Kundo Koyama under the theme of “Food,” will feature the latest advancements in food-related technologies.



MATERIALITY

Food safety and security

## Commitment to Safety, Quality and Reliability



### Concept of food safety and security

Our Group is guided by the vision, “Discovering new tastiness, Sharing moments of joy.” As part of this, we adhere to the guiding principle of “Dedicated/Single-minded sincerity. Our priority is the safety and well-being of people and the environment.” To ensure that our customers can enjoy a rich experience through food, it is essential that the processes related to food management and cooking are safe and secure. We implement measures to prevent food poisoning not only through hygiene management of people, places, tools, and ingredients, but also by properly identifying potential risks at every stage of the process, from raw materials to serving the customers.

### Quality assurance and control based on HACCP

Hazard Analysis and Critical Control Point (HACCP) is based on the basic approach of analyzing where and what risks exist from raw materials to delivery of products to customers, planning how to control and avoid risks at what stage, and continuously checking and visualizing the implementation status. The basic approach is to continuously check and visualize the implementation status, conduct improvement activities when problems are detected, and revise the plan as necessary. We will manage our entire supply chain based on this concept.

➤ The “HACCP hygiene management plan” is available on our official website.

#### ©Overview of the supply chain



Quality assurance

### Quality and hygiene management of suppliers

As of September 30, 2024, our Group has approximately 170 business partners from whom we purchase commercial materials. When starting a new transaction, we place particular emphasis on food safety. If a supplier’s processing plant has not yet obtained GFSI certification, a dedicated department of our Group conducts on-site visits to check the management status in detail in accordance with the requirements and confirms that it meets the criteria for acceptance before commencing business with the supplier. After the transaction has started, we continue to conduct inspections and inspections of the processing plants. Even after transactions have begun, inspections and site visits are conducted on an irregular basis to ensure safety and security.



### Quality and hygiene management in stores

In addition to complying with the food safety laws and regulations of the countries and regions in which we operate, our restaurants conduct hygiene management based on the HACCP concept, an internationally recognized hygiene management method. The Group’s core menu is sushi, and because we handle a lot of raw food, hygiene management for employees engaged in food preparation is particularly important. At our core business, Sushiro, we check the health and grooming of each employee before they starts their shifts. We have also implemented a “third-party hand-washing verification” system to ensure that all employees follow the correct procedure for washing their hands when entering the store, after using the restroom, and at other important times. To ensure that this system is functioning properly and that all employees are washing their hands according to the correct procedure, cameras are installed at the hand-washing sinks and monitoring is conducted at the head office.

The company has formulated a HACCP hygiene management plan to visualize the items to be addressed in hygiene management and we ensure that all employees are informed through educational activities. Twice a year, an external hygiene inspection agency conducts a hygiene inspection of all stores to evaluate whether they are managed in accordance with the hygiene management plan. If a store receives a low evaluation, a specialized department of the Group visits the store to confirm improvements and provide guidance, thereby ensuring that all stores maintain a certain level of safety.

MATERIALITY

Increase customer and employee experience value using DX and other means

## Responsible Advertising and Marketing



### Basic approach

We conduct our advertising and marketing activities in accordance with the items stipulated in our Group’s Code of Conduct, including compliance with laws, regulations, and social norms; ensuring the safety, security, and quality of our products and services; and establishing and maintaining a compliance system.

➤ The “Code of Conduct” is available on our official website

### Management framework

The sales promotion approach is reported at the management meeting of each operating company and resolved by the Board of Directors of each operating company. When creating and drafting advertising and sales promotion materials and campaigns, discussions are held at the “Trinity” meeting, where members of each section and legal staff participate under the supervision of the Heads of the Advertising and Promotion Department, Product Development, and operating companies. All advertising materials are reviewed by several related departments, including the Legal Department, Customer Support Department (customer relations department), and Public Relations Department.

### Education and awareness

In FY2024, members of the Advertising and Promotion Department, as well as sales planning departments and planning staff of operating companies, attended two study contents on the Law for Preventing Unjustifiable Premiums and Misleading Representations using learning materials prepared by the Legal Department. In addition, the Advertising and Promotion Department has deepened their knowledge by attending study sessions on advertising and promotion held by the Consumer Affairs Agency. At the same time, the Department has set up an internal portal site to create an environment where members can learn as needed and check advertising and promotional materials as needed. These initiatives aim to prevent violations in advertising, promotion, and marketing activities.

MATERIALITY Enhance human capital management

## Human Rights and Labor Initiatives Throughout the Supply Chain



### Human Rights Policy and Basic Procurement Policy

One of the most important issues for our Group is not only the sustainability of marine resources and agricultural products, but also issues related to “people.” Based on our responsibility to respect human rights in our business activities, we have established and revised our Human Rights Policy in 2024. This policy is based on the UN Guiding Principles on Business and Human Rights, with reference to the 10 principles of the UN Global Compact. Going forward, we will further promote initiatives to support the development of human resources and enhance diversity, equity, and inclusion DE&I initiatives, while at the same time working to respect the human rights of a wide range of stakeholders (employees, customers, local communities, suppliers, and business partners). We have also established a section on “Respect for Human Rights and Labor” in our Basic Procurement Policy, which we require not only ourselves but also our suppliers to comply with.

In addition, English translations of our Human Rights Policy and Basic Procurement Policy are available on our website to inform as many employees and suppliers as possible.

➤ The “F&LC Human Rights Policy” is available on our official website.

➤ The “Basic Procurement Policy” is available on our official website.

### Human rights due diligence

To fulfill our responsibility to respect human rights, we have established a human rights due diligence mechanism based on the UN Guiding Principles on Business and Human Rights and strive to prevent human rights violations. We are committed to addressing human rights issues related to our business activities by focusing on six key areas: child labor, forced labor, prohibition of discrimination and respect for diversity, freedom of association and respect for the right to collective bargaining, working hours and wages, and occupational health and safety. In FY2024, divisions that procure products conducted training on the Basic Procurement Policy. We also conducted a sustainability and CSR questionnaire among our suppliers to identify risks of human rights and labor issues. In addition, we held its first sustainability meeting in FY2024, where we explained our sustainability initiatives and Basic Procurement Policy to 75 of our major suppliers.

### Initiatives related to human rights and labor

Our Group has established a code of conduct with the aim of becoming a company that is widely trusted by all stakeholders. To ensure the thoroughness of this code, we conduct compliance training including human rights and labor issues for all employees. In FY2024 from February to September, we also conducted monthly online training on themes such as the significance of compliance efforts, respect for human rights and fair dealings. To ensure that employees comply with proper working hours, we monitor overtime hours every month with the aim of preventing employees from working excessively long hours. In some locations, such as the head office, a facial recognition system has been implemented to improve the accuracy of monitoring. In addition, we verify the age of employees with ID cards and other identification at the time of hiring to prevent child labor.

➤ The “Code of Conduct” is available on our official website.

MATERIALITY Enhance human capital management

## DE&I Promotion



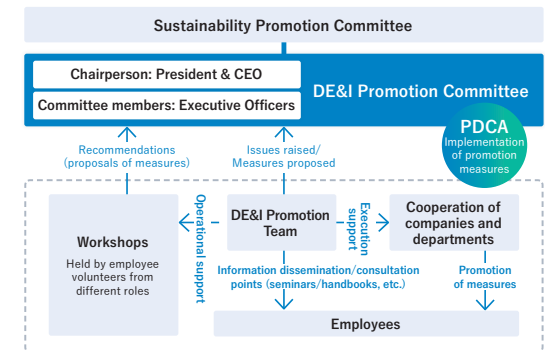
### Our view of DE&I

One of our corporate philosophies is “Diversity and respect for individuality.” This is based on the belief that in order for the company to continue to provide value to all stakeholders, it is essential to embrace diversity and encourage each individual to make the most of their individuality. We believe that the success of our diverse employees, regardless of gender, age, nationality, race, ethnicity, or disability, is the driving force behind the growth of our Group, and we are promoting the development of the environment and systems to facilitate it.

### Promotion framework

DE&I is being promoted as part of the activities of the Sustainability Promotion Committee, which was established to promote further sustainable development of the Group and society. The president and executive officers of each company play the role of supporters to smoothly promote the DE&I initiatives of the entire Group.

The presidents and executive officers confirm, advise and assist in the promotion of proposals and issues raised by workshop members consisting of volunteer employees and DE&I Promotion team. Under the theme of “listening to the voice of employees,” each company and department work together to implement measures.



### Initiatives to promote DE&I

Through the dissemination of information via internal newsletters and other means issued by the DE&I Promotion team, and by raising awareness at store managers’ meetings, we provide opportunities to deepen understanding of the purpose of DE&I promotion and our initiatives. In addition, the company actively promotes measures such as encouraging the use of childcare leave, a paid leave stockpiling system, and support for the employment and retention of people with disabilities. In particular, we encourage male employees to take childcare leave which we call “Family Time.” For employees who take long-term maternity or childcare leave, interviews are held in advance to hear their family situation and working style preferences, to support a smooth return to work. In addition, the Group’s compensation system is uniform regardless of gender.

### Revitalization of local industry and creating employment

Our Group operates in nine countries and regions around the world, employing approximately 60,000 people. At our overseas stores, we hire and promote employees of local nationalities for various positions, and they are expanding their range of activities, such as supporting store operations by making use of their native languages. We will continue to actively hire local staff in each country and region, aiming for coexistence and co-prosperity with local communities.



DE&I Promotion

### Workshops to promote work style and job satisfaction reform

With the aim of maintaining the working environment in which all employees can brilliantly work, we are conducting a workshop where volunteer employees discuss and implement measures to convey the voice of employees to top management layer. In FY2024, a total of nine workshops were held with 17 employees, under themes such as “Creating a Culture of Gratitude” and “Improving Job Satisfaction.”

### Interaction between management and employees

The “Talk with the President” meeting has been held since 2023 for the purpose of two-way communication between the president and employees. From 2024, to listen more openly to the voices of employees, the name has been changed to “Tell us about the Companies,” and the president, vice president and other executives, have discussed the topic with employees. The meeting has been held nine times so far, and each time there has been a lively exchange of opinions on a variety of topics, ranging from management policies and the thoughts behind them to private issues.

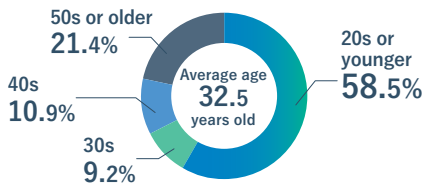


### FOOD & LIFE COMPANIES Open Day

In July 2024, we held the “FOOD & LIFE COMPANIES Open Day,” inviting family members and precious ones of employees working at the head office to participate in activities such as games and sushi making. The event was attended by 145 people, including employees, and provided an opportunity for participants to understand the workplace and for fostering internal communication among head-office employees.

#### Data on Diversity and Inclusion

##### Age Groups



##### Data on Foreign National Employees



##### Ratio of Female Employees



\* As of September 30, 2024

MATERIALITY Enhance human capital management

## Human Resource Development



### Approach to human resource development and internal environmental improvement

In order to realize our Group’s vision, “Discovering new tastiness, Sharing moments of joy,” we strive to provide our employees, who are the driving force behind this vision, with a work environment that allows them to grow and flourish by making the most of their individuality. In order to continuously improve the quality of customer experience through delicious food, both in Japan and overseas, we place particular emphasis on “human resource development” and “DE&I promotion” among the various areas we need to address.

### Specific initiatives for human resource development

In order to provide placement and development opportunities that match the abilities and aptitudes of each individual, the Group implements a variety of training programs and qualification acquisition support. From FY2024, we have introduced position-specific training programs, providing training appropriate to the work of each role, such as for managers and leaders who are responsible for job assignments for their subordinates. We also support career development according to one’s own wishes by establishing an internal job application system and a career declaration system.

<h4>Examination for promotion</h4> <p>There is a manager qualification test and management qualification test. Promotions are determined after confirming that the applicant has acquired the necessary knowledge to perform the job.</p>	<h4>Off-JT training</h4> <p>We provide training as well as follow-up training for new employees and rank-specific training. Employees assigned to various locations gather and communicate with each other on a regular basis.</p>	<h4>OJT training</h4> <p>We provide on-the-job training at stores on themes (customer service, cooking, etc.) that we want to strengthen in each area.</p>	<h4>Qualification support</h4> <p>We provide support (study and cost-sharing) for employees to obtain the necessary qualifications to become a restaurant manager or to obtain a cooking license.</p>
<h4>Internal recruitment system</h4> <p>Those who meet the eligibility requirements can apply for internal positions. Employees can develop their career based on their experience and take on the challenges of a new department.</p>	<h4>Career declaration system</h4> <p>We have a system for employees to regularly express their wishes regarding their current work and future career. We consider assignments and job allocations in accordance with the requests submitted.</p>	<h4>Surveys for employees</h4> <p>Through periodic engagement surveys, pulse surveys and other surveys, we investigate the conditions of employees, such as their willingness to work and their level of trust in the organization, and link this to system planning and improvement proposals aimed at creating a better working environment.</p>	

MATERIALITY

Increase customer and employee experience value using DX and other means

## Contribution to Society and Community



Under the vision of “Discovering new tastiness. Sharing moments of joy,” we are promoting educational support activities such as food education and scholarship programs with the aim of creating a prosperous society and community for the next generation. We also focus on contributing to the realization of a harmonious society through support activities for disability sports.

Support for disaster-stricken areas

### Sushi served in Wajima, Ishikawa, Japan



In February 2024, a total of approximately 5,000 meals of Kyotaru’s inari sushi and sushi rolls were sent directly from the Kyotaru factory to Wajima City, Ishikawa Prefecture, which was devastated by the Noto Peninsula Earthquake of 2024, with two locations served by six employees and one by a city official. In March of the same year, for the second time in support of the affected areas, 2,000 “Yuri” packets of Kyotaru’s “Chakin Sushi” were sent. Six employees provided 500 packs of frozen “Chakin Sushi” and other items to the Wajima City Hall grounds, and city employees provided the items to other evacuation centers in the area.

Contribution to the community

### Support through a corporate version of Furusato tax system for local government with which we have business ties

Sushiro makes donations to local governments through a corporate version of the “Furusato” (hometown) tax system. In recent years, marine fishery resources have been declining, and amid promoting sustainable management, Sushiro has been promoting aquaculture and selective-breeding projects and demonstration experiments in various regions. FY2024 donated to Amakusa City in Kumamoto Prefecture, Asahi Town in Toyama Prefecture and Owase City in Mie Prefecture, where we have established bases. Amakusa City in Kumamoto Prefecture gave us a letter of appreciation for our FY2023 donation.



Food education

### Support for high school students’ exploratory activities on the theme of “Kaiten-sushi of the Future”

From June to October 2024, we conducted “Future Kaiten-sushi Co-creation Project: Thinking with High School Students about the Future of Kaiten-sushi.” The Group worked in partnership with Nippon Travel Agency to provide a venue for online classes, fieldwork and interactive classes to allow students to visit sites in Japan’s fishing industry and learn about the efforts being made by the restaurant industry to make sustainable use of the industry. Seven high schools from the Kansai region, 25 students and nine teachers from seven schools participated in this project, and took part in four online classes and fieldwork for two days. The results were presented to the board of directors at the head office, and a representative from one of the schools presented and received an award at the Group’s kick-off meeting at the beginning of the fiscal year.



Food education

### Rice Planting and Rice Harvesting Experience Tour “connecting” producers and customers

Sushiro conducts the “Sushiro Rice Planting and Rice Harvesting Experience Tour” every year as one of its food education activities for its loyal customers. The tour provides an opportunity for children to experience farm work in the rice fields where “Sushiro’s exclusive rice” is grown, thereby fostering a sense of gratitude to the producers and the importance of “food.” A total of 43 employees participated in the tour, which also provided an opportunity to deepen exchanges with customers and residents.



Developing the next generation of human resources

### Benefit scholarship program to support part-time employees

With the aim of providing a better working environment for our employees, we launched the “FOOD & LIFE COMPANIES Scholarship Program” in October 2021. In FY2024, we helped 43 students.

Support for the people with disabilities

### Sponsored a baseball tournament for people with disabilities

In FY2024 marks the 10th year of our biannual sponsorship of the Japan Dream Baseball League (JDL), a non-profit organization dedicated to supporting the disabled with the aim of realizing a symbiotic society. We will continue to support athletes who are dynamic through sports while facing their own disabilities.

Childcare support

### Children’s Sushiro manpuku project

To realize our corporate philosophy of spreading the joy of delicious food, we distribute digital tickets that can be used at Sushiro through a non-profit organization in order to make delicious sushi more accessible to children. Targeting single parents and other families raising children, FY2024 distributed tickets to approximately 600 households.

# Building Governance

We are working to strengthen governance by promoting the separation of oversight and execution and establishing a form of supervision by the Board of Directors that includes the Executive Committee, the Internal Control Committee, and the Sustainability Promotion Committee.

**MATERIALITY**

Strengthening corporate governance and compliance

## Corporate Governance



### Basic approach

The company's basic approach to corporate governance is to have a management structure that enables management to confirm the status of compliance with laws, regulations, and the Articles of Incorporation, and to sustain this status. Furthermore, in order to realize our "corporate philosophy" and "management goals," we believe that establishing a management system that can direct the awareness and business activities of all officers, employees, etc. will lead to fairer and more transparent management, which will benefit all stakeholders related to our company.

### Corporate governance overview

Our company has adopted the structure of a company with an audit and supervisory committee. We believe that by establishing an audit and supervisory system for the audit and supervisory committee and increasing the composition and diversity of outside directors on the Board of Directors, we can increase the transparency and objectivity of the Board of Directors and further strengthen corporate governance, while also promoting the separation of business execution and supervision. By delegating authority to executive officers overseen by the President & CEO, we can realize a system (monitoring model) that can speed up decision-making regarding business execution.

#### Board of Directors

The Board of Directors (8 directors, including 6 outside directors, chaired by President & CEO Masahiro Yamamoto) is composed of individuals with a wealth of experience, a high level of insight, advanced expertise, high ethical standards, and outstanding personalities from within and outside the company, in order to ensure diversity and an optimal balance of knowledge, experience, and abilities. The Board of Directors is considered to be a forum where basic management policies and medium- to long-term strategic issues are discussed at sufficient time. Based on the idea that the Board of Directors is a forum for deciding basic management policies and other important matters for the Group, and monitoring the execution of duties based on business execution reports.

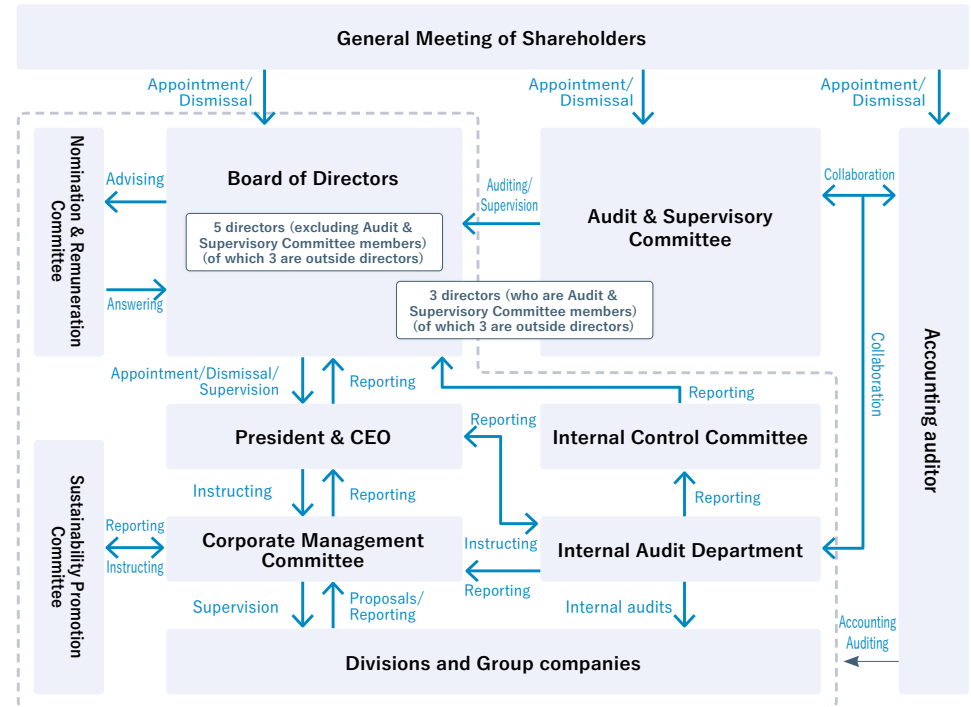
#### Nomination and Remuneration Committee

The Nomination and Remuneration Committee has been established as a voluntary advisory body to the Board of Directors in order to strengthen fairness and transparency in procedures related to the nomination and compensation of directors. The committee deliberates in consultation with the Board of Directors and reports to them on matters such as the appointment and dismissal of directors, including the President & CEO, compensation (including the design of the compensation system and determination of compensation amounts), and the formulation and operation of succession plans. To ensure independence, a majority of the committee members are independent outside directors.

#### Audit and Supervisory Committee

The Audit and Supervisory Committee consists of three directors (including 3 outside directors) who are members of the committee. The Audit Committee confirms the execution of duties by directors by attending important meetings such as Board of Directors meetings and Internal Control Committee meetings, and by conducting audits from time to time, including inspection of important materials, investigations, and listening to reports. In the event that a violation of law, the Articles of Incorporation, or internal regulations is discovered or is feared to have occurred, a system is in place to immediately report such violations to the committee members, and by ensuring collaboration with the Internal Audit Department, an effective audit system is in place to deter and detect any improper or unfair acts at an early stage.

### Corporate Governance Diagram



#### Corporate Management Committee

The Corporate Management Committee is comprised of executive directors and executive officers, and supports the decision-making of the President & CEO. It discusses matters to be resolved by the Board of Directors and considers other important management issues delegated to it by the Board of Directors.

#### Sustainability Promotion Committee

For more information on the Sustainability Promotion Committee, please refer to p. 10.

→Details on our Sustainability Promotion system can be found on page 10.

### Dialogue with shareholders and management response to cost of capital and stock price awareness

The company has selected a director in charge of IR and shareholders/investors and is developing a system and initiatives to engage in constructive dialogue with shareholders/investors through the General Meeting of Shareholders, individual meetings, financial results briefings, and other means.

In formulating management strategies and plans, we present our basic policies for earnings planning and capital policy, taking into consideration the cost of capital. At financial results briefings, we provide specific explanations of these policies and goals, as well as the business portfolio, investment plans, and other management strategies to achieve them, and the materials used in these briefings are available on our website.

In addition to revenue, operating profit and other indicators, we have established a target for ROE, a return on capital indicator, as a consolidated KPI for the Group. In addition, Weighted Average Cost of Capital (WACC) is set as the cost of capital, and the Board of Directors verifies the degree of achievement of return on capital by comparing it with ROIC for each business and location. Through the dissemination of medium- and long-term growth strategies and further enhancement of disclosed information, we aim to enhance shareholder value and ensure that our growth potential is properly and adequately evaluated by the market.

(As of December 26, 2024)

## Executives

### Masahiro Yamamoto New Election

President & CEO

◎Significant concurrent positions outside the Company

Chairman and Representative Director, Akindo Sushiro  
 Representative Director and Chairman, Kyotaru Co., Ltd.  
 Chairman and Representative Director, FOOD & LIFE INNOVATIONS LTD.  
 FOOD & LIFE COMPANIES USA, Corp. Director  
 Director, Sushiro Korea, Inc.  
 Director, Sushiro Taiwan Co., Ltd.  
 Sushiro GH Singapore Pte. Ltd. Director  
 Director, FOOD & LIFE COMPANIES HONG KONG LIMITED  
 Sushiro GH (Thailand) Ltd. Director  
 PT INDONESIA SUSHIRO RESTAURANTS Director  
 Sushiro Malaysia Sdn. Bhd, Director  
 Director, Sushiro (China) Investment Co., Ltd.  
 Director, Guangzhou Sushiro Restaurants Co., Ltd.  
 Director, Shenzhen Sushiro Restaurants Co., Ltd.  
 Director, Chengdu Sushiro Restaurants Co., Ltd.  
 Director, Beijing Sushiro Restaurants Co., Ltd.

### Koichi Mizutome

Director & Special Advisor

◎Significant concurrent positions outside the Company

FOOD & LIFE COMPANIES USA, Corp. Director  
 Director, Sushiro Korea, Inc.  
 Director, Sushiro Taiwan Co., Ltd.  
 Sushiro GH Singapore Pte. Ltd. Director  
 Director, FOOD & LIFE COMPANIES HONG KONG LIMITED  
 Sushiro GH (Thailand) Ltd. Director  
 PT INDONESIA SUSHIRO RESTAURANTS Director  
 Sushiro Malaysia Sdn. Bhd, Director  
 Director, Sushiro (China) Investment Co., Ltd.  
 Director, Guangzhou Sushiro Restaurants Co., Ltd.  
 Director, Shenzhen Sushiro Restaurants Co., Ltd.  
 Director, Chengdu Sushiro Restaurants Co., Ltd.  
 Director, Beijing Sushiro Restaurants Co., Ltd.  
 Outside Director, Adastria Co., Ltd.

### Akira Kondo Outside

Outside Director

◎Significant concurrent positions outside the Company

Director, Japan Investment Corporation  
 Executive Advisor, IA Partners Inc.  
 Executive Advisor, Global IR, Inc.

### Minesaburo Miyake Outside Independent

Outside Director

◎Significant concurrent positions outside the Company

Outside Director, Fuji Pharma Co., Ltd.  
 Outside Director, Kameda Seika Co., Ltd.

### Reiko Kanise Outside Independent

Outside Director

◎Significant concurrent positions outside the Company

Representative Director, Kei Associates Inc.  
 Representative Director, LenaJapan Institute Co., Ltd.  
 Outside Director, Tokyu Corporation  
 Outside Director, Kitamura Holdings K.K.  
 Outside Director, &Do Holdings Co., Ltd.

### Teiichi Takatsuki New Election Outside Independent

Outside Director  
 (Audit and Supervisory Committee Members)

◎Significant concurrent positions outside the Company

Outside Auditor, SHIMAMURA Co., Ltd.

### Mami Taira Outside Independent

Outside Director  
 (Audit and Supervisory Committee Members)

◎Significant concurrent positions outside the Company

Partner, Taira Tax & Accounting Consulting Group  
 Outside Corporate Auditor, Iseki & Co., Ltd.  
 Outside Director & Audit and Supervisory Committee Member, Suzuden Corporation  
 Outside Director, Showa Sangyo Co., Ltd.

### Emi Omura Outside Independent

Outside Director  
 (Audit and Supervisory Committee Members)

◎Significant concurrent positions outside the Company

Valence Holdings Inc.  
 Outside Director, J.FRONT RETAILING Co., Ltd.  
 Partner, CLS Hibiya Tokyo Law Office

## Skill matrix

It is the company's policy that the Board of Directors be composed of personnel with extensive knowledge, deep insight and high level of expertise required by the company. The experience, insight, and expertise possessed by each director are as follows.

Status	Full Name	Outside Director	Business Management	Finance, Accounting	Marketing, Operation	Global	Risk Management, Legal Affairs	Sustainability, ESG
	Masahiro Yamamoto		○		○	○	○	
	Koichi Mizutome		○		○	○	○	
Director	Akira Kondo	○	○	○		○		
	Minesaburo Miyake*	○	○		○		○	○
	Reiko Kanise*	○	○		○	○		○
	Teiichi Takatsuki*	○		○		○	○	
Director (Audit and Supervisory Committee Members)	Mami Taira*	○		○			○	○
	Emi Omura*	○				○	○	○

In addition to business management experience, each person has marked up to three of their major areas of expertise and experience with a circle.

Independent directors are marked with an asterisk (\*) next to their names.

## Assessing the effectiveness of the Board of Directors

Under our vision, we aim to establish a management structure that enables management to personally confirm the status of compliance with laws, regulations, and the Articles of Incorporation, and to sustain this status. We also believe that establishing a management structure that enables all executives and employees to direct their awareness and business activities will lead to fairer and more transparent management, and will serve the interests of all stakeholders of the company.

Based on this approach, the company conducts an annual evaluation of the effectiveness of the Board of Directors.

### Evaluation method

#### (1) Subject of evaluation

All directors of the company, including those who are members of the Audit Committee

#### (2) Method

A third-party organization administers the questionnaire without names, and the Board of Directors discusses and analyzes and evaluates the effectiveness of the Board of Directors using the aggregate results as a reference.

## Director's compensation or remuneration

### Details of policy and method of determining the amount of remuneration, etc. for Directors or the method of calculating the amount of remuneration, etc.

Remuneration, etc. for directors (excluding members of the Audit Committee) is determined by the Board of Directors within the total amount of remuneration approved at the General Meeting of Shareholders, after deliberation and report by the Nomination and Compensation Committee, a voluntary advisory body. The company's Board of Directors has adopted a policy for determining the content of compensation, etc. for each individual director. The details of the policy are as follows.

#### (1) Basic policy

The company's basic policy is to link the remuneration of directors to shareholders' profits in order to fully function as an incentive to continuously increase corporate value, and to set the remuneration of individual directors at an appropriate level based on their respective responsibilities. Specifically, compensation for executive directors shall consist of base compensation as fixed compensation and performance-linked compensation, etc., while outside directors, who are responsible for supervisory functions, shall be paid only base compensation in consideration of their duties.

#### (2) Policy for determining the amount of compensation, etc. by individual for basic compensation (monetary compensation) (including policy for determining the timing or conditions of granting compensation, etc.)

The basic remuneration of the company's directors shall be a monthly fixed remuneration, and shall be determined in accordance with their position and responsibilities, taking into consideration the standards of other companies in the same industry, business performance, and employee salaries, as well as other comprehensive considerations.

#### (3) Policy for determining performance-linked compensation, etc. (including policy for determining the timing or conditions of granting compensation, etc.)

50% of base salary to be paid to directors (excluding outside directors), with the amount to be paid at the time of achieving the targets set for the purpose of increasing incentives to improve performance (consisting of the consolidated revenue growth rate in the performance forecast and the achievement level of profit for the period attributable to owners of the parent company). The base salary will be paid in a lump sum at a certain time after the performance is determined, in a range from 0% to 200%, calculated by setting the maximum amount to be paid at 200% at the time of the highest performance and the amount to be paid if the performance falls below the minimum performance at 0%.

#### (4) Policy for determining non-monetary compensation, etc. (including policy for determining the timing or conditions of granting compensation, etc.)

- For the purpose of further sharing a sense of value with shareholders and increasing incentives to enhance corporate value, the company shall allot stock acquisition rights as stock compensation-type stock options to the company's directors (excluding outside directors) within the amount of 200 million yen per year as approved at the company's 3rd Annual General Meeting of Shareholders held on December 21, 2017. The timing, allocation, etc. of the payment shall be determined by the Board of Directors as appropriate.
- The company shall provide company housing to directors (excluding outside directors) free of charge only in cases where they are forced to live far from their homes to commute to the office or other locations.

#### (5) Policy for determining the percentage of each type of compensation, etc.

For directors (excluding outside directors), the approximate ratio of each type of remuneration, etc., shall be as follows: base remuneration: performance-linked remuneration, etc.: non-monetary remuneration, etc. = 2:1:3 when 100% of the performance index is achieved.

#### (6) Method of determining the details of remuneration, etc. by individual

In order to ensure objectivity and transparency with respect to the compensation of directors (excluding members of the Audit and Supervisory Committee), including the design of the compensation system and determination of compensation amounts, the company has established the Nomination and Compensation Committee, a voluntary committee, to conduct deliberations. The Nomination and Compensation Committee is composed of members selected by resolution of the Board of Directors. Compensation for the fiscal year ending September 30, 2025 was approved by the Board of Directors on December 26, 2024, after consultation with the Committee, the majority of whose members are independent outside directors, as of October 24, 2024.

In order to ensure the effectiveness of audits of the company's execution of duties and to fulfill the responsibilities of Audit and Supervisory Committee members independently of those who execute the company's business, compensation for Directors who are Audit and Supervisory Committee members consists only of fixed compensation and is determined through consultation among Audit and Supervisory Committee members within the scope approved by the General Meeting of Shareholders.

- The variable remuneration of the President & CEO of the Board of Directors, who is not a member of the Audit and Supervisory Committee (excluding outside directors), consists solely of the company's overall performance. Company-wide performance evaluation base compensation (50% of annual compensation) × [payout rate based on the achievement of the consolidated revenue growth rate in the performance forecast × 50%\*1 + payout rate based on the achievement of operating profit for the period attributable to owners of the parent company in the performance forecast × 50%\*2]
- Variable remuneration for executive directors other than the President & CEO, who are not members of the Audit and Supervisory Committee (excluding outside directors), consists of a company-wide performance evaluation and an individual performance evaluation for each executive director. Company-wide performance evaluation base compensation (35% of annual compensation) × [payout rate based on the achievement of the consolidated revenue growth rate in the performance forecast × 50%\*1 + payout rate based on the achievement of profit for the period attributable to owners of the parent company in the performance forecast × 50%\*2] Individual Performance Evaluation base compensation (15% of annual compensation) × [payout rate based on the achievement of the consolidated revenue growth rate in the performance forecast × 50%\*1 + payout rate based on the achievement of profit for the period attributable to owners of the parent company in the performance forecast × 50%\*2] × achievement of each executive's individual performance indicators × variation rate

\*1 Achievement of consolidated revenue growth rate (%) (rounded to two decimal places) = (Actual consolidated revenue for the current period (rounded to the nearest JPY million) ÷ actual consolidated revenue for the previous period (rounded to the nearest JPY million) × 100) ÷ (forecast consolidated revenue for the current period ÷ actual consolidated revenue for the previous period × 100)

\*2 Achievement of profit for the period attributable to owners of the parent in the forecast (%) (rounded to two decimal places) = actual profit for the period attributable to owners of the parent (rounded to the nearest JPY million) ÷ forecast of profit for the period attributable to owners of the parent in the forecast (rounded to the nearest JPY million) × 100

➤ Details on executive compensation can be found in the "Executive Compensation" section of the Securities Report (Japanese only).



MATERIALITY Strengthening corporate governance and compliance

## Compliance



### Management framework

Based on our corporate philosophy, we promote thorough compliance with laws, regulations, social norms, Codes of Conduct, various policies and internal regulations. For this purpose, we have established the Internal Control Committee, which is chaired by the President & CEO and consists of outside experts and other members. The committee meets on a regular basis to take necessary remedial measures and company-wide awareness-raising measures across all Group companies.

The company has a system in place to immediately report to the Audit Committee members and the Internal Controls Committee any discovery or possibility of material facts, including various types of violations. The Internal Control Committee reports annually to the Board of Directors on a regular basis on the status of compliance and receives oversight.

#### ● Code of Conduct

In order to realize a sustainable society and corporate growth, we have established and put into practice a code of conduct to comply with laws and regulations and to be a company that is widely trusted by our stakeholders, including customers, business partners, employees and their families, local communities, shareholders, and investors.

1	Compliance with laws, regulations and social norms	We will comply with laws, regulations, and social norms, and conduct our business based on our philosophy.
2	Ensure safety, security and quality of products and services	We provide safe, secure and high quality products and services to our customers.
3	Respect for employees	We respect the diversity, personality, and individuality of employees who work with us, and we will develop a safe and healthy work environment.
4	Building a fair relationship	We will ensure fair and free competition in all countries and regions, and will not engage in unfair competition. We will not engage in bribery or corruption.
5	Preservation and protection of the global environment	We are committed to the preservation and protection of the global environment and aim to create a sustainable society.
6	Timely and fair disclosure of information	We will strive to disclose information in a timely and fair manner.
7	Establishment and maintenance of compliance system	We will establish and maintain a compliance system.

➤ The “Code of Conduct” is available on our official website.

### Compliance training

To raise awareness of compliance and instill the importance of complying with laws and regulations, the company provides employees with compliance training that includes the prevention of unfair competition, bribery, and corruption, which are included in the Code of Conduct. In FY2024, eight seminars were held on themes such as “the significance of working on compliance, the impact of misconduct” and “fair trading.” The average participation rate was 97%.

### Internal reporting system (Hotline)

We have established a reporting and consultation service for various compliance violations, of human rights such as various harassments and discriminations, labor standards, environment, and corrupt practices including unfair competition and bribery, to ensure early identification and resolution of problems. We ensure the rights and anonymity of whistleblowers so that they will not be disadvantaged. The main contact points are the “Hotline” for violations of laws, regulations, and internal rules, the “Mental Health Consultation Service” for severe stressful mental health issues, the “Helpline” for workplace environment and human relations, and the “Compliance Consultation Desk” for misconduct, harassment, workplace environment, and other issues. Upon receiving a report or consultation, the Compliance Office, together with legal and other experts, requests an investigation to the department in charge as necessary, and responds according to the results (disciplinary action, education, observation of improvement, etc.). The Compliance Office also informs employees of these contact points through helpline cards, educational posters, etc.

MATERIALITY Strengthening corporate governance and compliance

## Risk Management



### Management framework

In order to identify all risks that threaten the company’s continuous development and to establish a risk management system, the company has established “Risk Management Regulations” and an Internal Control Committee. The Internal Control Committee meets regularly to identify, analyze, and evaluate risks that are important to the Group’s management, develop improvement measures, and conduct appropriate risk management, reporting regularly to the Board of Directors for supervision. Furthermore, the company has established “Crisis Management Regulations” as measures to be taken in the event of an emergency crisis situation, and has put in place a system to respond promptly and appropriately.

The Internal Audit Office, which reports directly to the President & CEO, conducts periodic operational audits, requests improvements and provides guidance to the audited departments, and reports audit results to the President & CEO in a timely manner. The Internal Audit Office, Audit and Supervisory Committee members, and accounting auditors work closely together to eliminate risks by exchanging information as needed.

#### ● Risk Management Regulations

The purpose of the “Risk Management Regulations” is to preserve corporate value by identifying and preventing various risks from an integrated perspective, minimizing damage by responding promptly and appropriately when they occur, and preventing recurrence. The Regulations stipulate policies for compliance with relevant laws and regulations, risk definitions, risk management systems, the roles of the Internal Control Committee and department managers, and contingency plans.

### Business risks

Among the risks that may affect financial conditions and business performance, risks that may have a material effect on investors’ investment decisions are described below. In addition, matters that do not necessarily fall under such risk factors but are considered important for investors’ investment decisions will be disclosed from the viewpoint of proactive information disclosure to investors.

#### Significant risk factors

- |   |   |
|---|---|
| (1) Changes in economic conditions  | (13) Reputational damage on the Internet, etc.                              |
| (2) Competition in the kaiten-sushi industry and the restaurant industry as a whole                   | (14) Overseas business development  |
| (3) Changes consumer preferences  | (15) Litigation and other legal proceedings                                 |
| (4) Food hygiene control  | (16) Leakage of personal information or other confidential information      |
| (5) Difficulty in procuring foodstuffs, etc. and price hikes  | (17) Intellectual property rights   |
| (6) Medium-term management plan   | (18) Fluctuations in foreign exchange rate                                  |
| (7) New store opening plans   | (19) Application of impairment accounting                                   |
| (8) Lease of real estate  | (20) Significant interest-bearing debt and violation of financial covenants |
| (9) Unexpected events such as natural disasters   | (21) Dilution of share value due to exercise of stock acquisition rights    |
| (10) Risks related to securing labor and wage increases for employees (including part-time employees) | (22) Legal restrictions   |
| (11) Risk of slowing business growth due to lack of personnel for new stores and overseas operations  | (23) Acquisitions, etc.   |
| (12) Information and communication systems  | (24) Environmental Issues   |

➤ Details of risks can be found in the “Business and Other Risks” section of the Consolidated Financial Results (Japanese only).

# Sustainability Data

## Environmental

Scope: Akindo Shuhiro Co., Ltd. on a non-consolidated basis / Period: April of each year to March of the following year

	Scope	Unit	2022	2023
CO <sub>2</sub> emissions	Total Scope 1 and 2 emissions (Market standard)	(t-CO <sub>2</sub> )	78,574	69,659
	Scope 1 & 2 Emission Intensity (Market standard)	(t-CO <sub>2</sub> per million yen)	—	0.31
Energy Usage	Amount used	(Crude Oil Equivalent (kl))	42,865	31,745
	Amount used	(Thousand kwh)	115,341	132,244
Electricity usage	Non-renewable energy used	(Thousand kwh)	—	88,235
	Renewable energy used	(Thousand kwh)	—	40,317
	Renewable energy used (solar)	(Thousand kwh)	238	3,692
	Renewable energy ratio	(%)	0.2	33.3
Water intake	Total water intake	(t)	—	4,645,878
	Basic unit	(t per million yen)	—	20.54
Waste (total)	Amount generated	(t)	31,523.84	25,126.27
	Total amount of waste	(t)	30,802.84	24,145.57
Food waste	Amount generated	(t)	19,447.10	15,093.60
	Recycled amount	(t)	721	981
	Recycling ratio	(%)	3.7	6.5
Non-food waste	Amount of waste	(t)	18,726.10	14,112.90
	Amount generated	(t)	12,076.74	10,032.68
Plastic usage	Amount of waste	(t)	12,076.74	10,032.68
	Amount used	(t)	—	1,411.27*1
Packaging material usage	Total packaging materials used	(t)	—	1,225.50*1
	Plastic usage	(t)	—	1,186.12*1
	Paper fiber usage	(t)	—	39.38*1
	Plastic packaging materials	(kg per million yen)	—	4.98*1

\*1 Fiscal Year Ended September 2024

## Social

Scope: F&LC Group excluding overseas subsidiaries

	Scope	Unit	Fiscal Year Ended September 2023	Fiscal Year Ended September 2024
Total number of employees	Ratio of women	(%)	60.5	60.0
	Ratio of men	(%)	39.5	40.0
	Total	(Persons)	—	61,420
Breakdown of workforce by age	Up to 20s	(%)	58.0	58.5
	30s	(%)	8.8	9.2
	40s	(%)	11.3	10.9
	50s or older	(%)	21.9	21.4
	Average age	(Age in years)	32.8	32.5
Permanent employee	Women	(Persons)	—	467
	Ratio of women	(%)	15.3	16.2
	Ratio of men	(%)	84.7	83.8
	Total number of persons	(Persons)	2,659	2,881

	Scope	Unit	Fiscal Year Ended September 2023	Fiscal Year Ended September 2024
Part-time employees	Women	(Persons)	—	36,397
	Ratio of women	(%)	61.9	62.2
	Ratio of men	(%)	38.1	37.8
	Total	(Persons)	—	58,539
Employees by nationality	Ratio of non-permanent employees	(%)	—	95.3
	Japan	(Persons)	—	54,823
	Vietnam	(Persons)	—	1,371
	Nepal	(Persons)	—	2,072
	China	(Persons)	—	606
	Number of nationalities	(Country/Region)	66	62
	Ratio of foreign employees	(%)	—	10.7
Employment of people with disabilities	Number of foreign employees	(Persons)	4,812	6,597
	Employment rate	(%)	2.34	2.96
Average years of service*2	Women	(Years)	—	5.3
	Men	(Years)	—	9.7
	Total	(Years)	9.0	9.0
Women in management positions	Ratio of women	(%)	6.7	7.1
	Women	(Persons)	—	118
New employee	Ratio of women	(%)	—	23.2
	Men	(Persons)	—	390
	Total	(Persons)	—	508
	Internal hiring rate	(%)	38.0	28.0
	Average salary (Average Annual Salary)	Women (JPY 1,000)	—	4,949
Gender wage gap (Ratio of women's wages to men's wages)	Men (JPY 1,000)	—	5,790	
	Total (JPY 1,000)	—	5,669	
	Full-time employee	(%)	82.3	83.3
	Part-time employees	(%)	100.0	100.2
Annual training	Total workforce	(%)	78.7	81.4
	Total training time	(Hours)	—	3,041
	Average training hours	(Training hours per employee)	—	10.2
	Average number of training days	(Days per employee)	—	1.3
	Percentage of training participants	(%)	—	49.7
	Total training and education costs	(JPY 1,000)	—	20,585
	Average training/training costs	(Thousand JPY per employee)	—	69
Employee health	Employees health checkups attendance rate	(%)	100	100
Paid leave utilization rate	Total	(%)	68.9**2	65.8*2
	Women	(%)	100	93.3
Parental leave utilization rate	Men	(%)	65.3	64.9
	Total	(%)	68.3	69.5
	Supplier questionnaire survey	Number of surveys conducted (companies)	—	359

\*2 Permanent employees only

## Governance

Scope: F&LC

	Scope	Unit	Fiscal Year Ended September 2023	Fiscal Year Ended September 2024
Types of company institutional forms	(-)	Company with Audit and Supervisory Committee	—	Company with Audit and Supervisory Committee
Composition of Board of Directors	Female outside directors	(Persons)	3	3
	Male outside directors	(Persons)	4	3
	Female inside directors	(Persons)	0	0
	Male inside directors	(Persons)	1	2
	Ratio of outside directors	(%)	87.5	75.0
Number of meetings held	Ratio of female directors	(%)	37.5	37.5
	Total	(Persons)	8	8
	Board of Directors	(Times)	16	15
	Audit & Supervisory Committee	(Times)	19	24
	Nomination and Compensation Committee	(Times)	6	7
Internal Control Committee	Sustainability Promotion Committee	(Times)	3	4
	Internal Control Committee	(Times)	4	4

Title	Name	Attendance status for the fiscal year ending September 2024		
		Board of Directors	Audit & Supervisory Committee	Nomination and Compensation Committee
President & CEO	Koichi Mizutome	15/15 (100%)	—	7/7 (100%)
Senior Executive Corporate Officer	Hiroshi Ogawa	15/15 (100%)	—	—
External Director	Akira Kondo	15/15 (100%)	—	—
External Director	Minesaburo Miyake	15/15 (100%)	—	7/7 (100%)
External Director	Koki Sato*3	7/7 (100%)	—	2/2 (100%)
External Director	Reiko Kanise	14/15 (93.3%)	—	7/7 (100%)
External Director (Audit & Supervisory Committee Member)	Yoshihiro Noutsuka	15/15 (100%)	24/24 (100%)	—
External Director (Audit & Supervisory Committee Member)	Mami Taira	15/15 (100%)	24/24 (100%)	—
External Director (Audit & Supervisory Committee Member)	Emi Omura	15/15 (100%)	24/24 (100%)	—

\*3 Resigned on March 28, 2024.

# Company Information

## Company Profile (as of September 30, 2024)

<b>Company name</b>	FOOD & LIFE COMPANIES LTD. (F&LC)
<b>Address</b>	1-22-2 Esaka-cho, Suita-shi, Osaka, Japan
<b>Established</b>	March 2015
<b>Capital</b>	100 million yen
<b>Representative</b>	President & CEO Masahiro Yamamoto*
<b>Business description</b>	All aspects of the food service business and other peripheral businesses
<b>End of fiscal year</b>	September 30
<b>Net sales (consolidated)</b>	JPY 361.1 Billion
<b>Employees (consolidated)</b>	[Full-time employees] 8,978 [Part-time employees] 21,071 *Number of part-time employees is the annual average number of employees calculated based on an 8-hour work day.

<b>Number of restaurants in operation</b>	Akindo Sushiro Co., Ltd. FOOD & LIFE INNOVATIONS LTD. KYOTARU CO., LTD. F&LC Support Co., Ltd. Sushiro Korea, Inc. Sushiro Taiwan Co., Ltd. Sushiro GH Singapore Pte. Ltd. FOOD & LIFE COMPANIES HONG KONG LIMITED Sushiro GH (Thailand) Ltd. SUSHIRO(CHINA) INVESTMENT CO.,LTD. Guangzhou Sushiro Restaurants Co., Ltd. Shenzhen Sushiro Restaurants Co., Ltd. Chengdu Sushiro Restaurants Co., Ltd. Beijing Sushiro Restaurants Co., Ltd. PT. Indonesia Sushiro Restaurants FOOD & LIFE COMPANIES USA, Corp. FOOD & LIFE COMPANIES USA, LLC Sushiro Malaysia Sdn. Bhd.
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\*Masaaki Yamamoto was appointed as President & CEO at the Shareholders' Meeting on December 26, 2024.

## Stock Information (as of September 30, 2024)

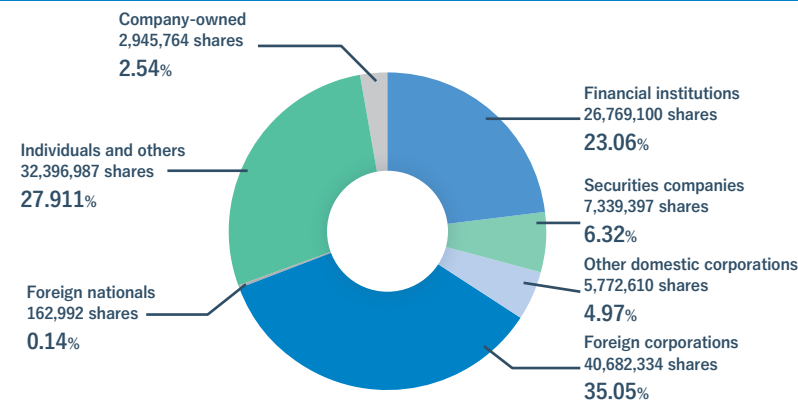
<b>Listed stock exchange</b>	Prime Market of the Tokyo Stock Exchange
<b>Securities code</b>	3563
<b>Number of shares and shareholders</b>	Total number of authorized shares 436,000,000 Total number of issued shares 116,069,184 (including 2,945,764 shares of treasury stock) Number of shareholders 109,851
<b>Rating</b>	A- ( Japan Credit Rating Agency, Ltd.)

## Major Shareholders (Top 10)

Name of corporate entity	Number of shares held (shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	15,275,600	13.50
Custody Bank of Japan, Ltd. (Trust account)	4,672,400	4.13
National Federation of Agricultural Cooperative Associations	3,744,400	3.31
BNYM AS AGT/CLTS 10 PERCENT	2,810,256	2.48
JP JPMSE LUX RE BARCLAYS CAPITAL SEC LTD EQ CO	2,750,608	2.43
MSIP CLIENT SECURITIES	2,719,589	2.40
JPMorgan Securities Japan Co., Ltd.	1,751,520	1.55
Goldman Sachs Securities Co., Ltd. BNYM	1,693,700	1.50
Suntory Spirits Ltd.	1,666,400	1.47
BOFAS INC SEGREGATION ACCOUNT	1,538,771	1.36

\* Shareholding ratio is calculated excluding treasury stock (2,945,764 shares).

## Breakdown of Shareholders



\* The total shareholding ratio is 99.99% due to rounding to the second decimal place



**FOOD & LIFE**  
COMPANIES

FOOD & LIFE COMPANIES

1-22-2 Esaka-cho, Suita-shi, Osaka, 564-0063, Japan  
<https://food-and-life.co.jp/en/>