

Securities Report

[Half Year]

FY2025

From Oct. 01, 2024
To Mar. 31, 2025

FOOD & LIFE COMPANIES LTD.

FY25 Securities Report [Half Year]

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[Filing] Securities Report (Half Year)

[Articles of basis] Item 1 of the table in Article 24-5(1) of the Financial Instruments and Exchange Act

[Submit to] Director-General, Kinki Financial Bureau

[Submission date] May 14, 2025

[Fiscal year] 11th fiscal year (from Oct. 1, 2024 to Mar. 31, 2025)

[Company name] FOOD & LIFE COMPANIES LTD.

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[Locations for Public Inspection] Tokyo Stock Exchange, Inc.
(2-1, Nihonbashi Kabuto-cho, Chuo-ku, Tokyo)

Section I [Corporate Information]

Part 1 [Overview of the Company]

1. [Trends in Management KPIs]

		The 10 th Consolidated Interim Accounting Period	The 11 th Consolidated Interim Accounting Period	The 10 th Consolidated Accounting Period
		From Oct. 1, 2023 To Mar. 31, 2024	From Oct. 1, 2024 To Mar. 31, 2025	From Oct. 1, 2023 To Sep. 30, 2024
Revenue	(millions, JPY)	175,989	203,814	361,129
Operating profit	(millions, JPY)	12,295	19,535	23,384
Income before income taxes	(millions, JPY)	11,509	18,206	21,653
Profit for the period attributable to the owners of parent	(millions, JPY)	7,278	11,869	14,633
Comprehensive income attributable to owners of the parent	(millions, JPY)	7,643	12,135	13,863
Equity attributable to owners of the parent	(millions, JPY)	77,594	85,585	76,568
Total Assets	(millions, JPY)	362,227	374,371	365,154
Basic earnings per share	(JPY)	62.91	104.91	127.46
Diluted earnings per share	(JPY)	62.32	103.69	126.32
Ratio of equity attributable to owners of the parent	(%)	21.0	22.3	20.5
Cash flows from operating activities	(millions, JPY)	28,766	26,219	56,326
Cash flows from investing activities	(millions, JPY)	△9,364	△11,632	△24,066
Cash flows from financing activities	(millions, JPY)	△14,618	△16,135	△34,322
Ending balance of cash and cash equivalents	(millions, JPY)	56,135	47,336	48,695

(NOTE)

1. The above indicators are prepared in accordance with International Financial Reporting Standards ("IFRS").
2. We have prepared the condensed consolidated interim financial statements. Therefore, we have not presented any changes in the main management indicators, etc. of the reporting company
3. Figures are rounded to the nearest JPY1 mn.

2. [Description of Business]

There were no material changes in the content of the business conducted by our (F&LC) group (F&LC and our affiliated companies) during the current consolidated interim accounting period. There are also no changes in major affiliated companies.

Part 2 [Business Conditions]

1. [Business Risks]

There were no new business or other risks arising during the current consolidated interim accounting period. In addition, there are no material changes to the business and other risks described in the full-year securities report for the previous fiscal year.

2. [Management's Discussion and Analysis of Financial Condition, Results of Operations and Cash Flows]

Forward-looking statements in this report are based on judgments as of the end of the current consolidated interim accounting period.

(1) Review on Financial Conditions and Operating Results

During the first half of FY25, the Japanese economy saw a gradual recovery in economic activity due to a pick-up in personal consumption accompanying wage increases and other factors, as well as an increase in inbound tourist demand. On the other hand, the outlook remains uncertain due to the worldwide political instability and price increases associated with the prolonged depreciation of the yen more than expected. In the dining industry, conditions continue to be severe due to factors such as chronic labor shortages, in addition to soaring raw material and energy prices. Against this backdrop, under our group's vision of "Discovering new tastiness, Sharing moments of joy," F&LC has worked on developing products, serving products freshly prepared in-store, ensuring food safety, and further improving our store services. Our aim is to make our daily food products more delicious, thereby enriching our customers' lives.

Store counts by business segment are as follows.

Category	At the End of FY2024 (Sep 30, 2024)		Openings	Closures	At the End of Consolidated Interim Accounting Period (Mar 31, 2025)	
Japan: Sushiro brand (Take-out specialty stores)	655	(9)	6	2	659	(9)
Japa: Sugidama brand (FC)	87	(17)	4	-	91	(17)
Japan: Kyotaru brand	117	(-)	-	9	108	(-)
Japan: Kaiten Sushi Misaki, Misakimaru Brand	95	(-)	1	4	92	(-)
Japan: Other brands	18	(-)	-	2	16	(-)
Japan : Total	972	(26)	11	17	966	(26)
Int'l: Sushiro brand (Take-out specialty stores)	174	(-)	27	2	199	(-)
Int'l: Other brands	9	(-)	-	-	9	(-)
Int'l : Total	183	(-)	27	2	208	(-)
Domestic and overseas total	1,155	(26)	38	19	1,174	(26)

Figures in parentheses indicate the number of store of takeout specialty stores and FC.

As a result of the above, the financial position and operating results are as follows.

① Financial position

(Assets)

The balance of total assets increased JPY 9,217 mn from the end of the previous fiscal year to JPY 374,371 mn.

The balance of current assets increased by JPY 2,181 mn from the end of the previous fiscal year to JPY 76,836 mn. This was mainly due to increases of JPY 2,094 mn in trade and other receivables and JPY 1,726 mn in inventories, while there was a decrease of JPY 1,359 mn in cash and cash equivalents.

The balance of non-current assets increased by JPY 7,036 mn from the end of the previous fiscal year to JPY 297,535 mn. This was mainly due to an increase of JPY 6,944 mn in property, plant and equipment due to the opening of new stores, etc.

(Liabilities)

Liabilities decreased JPY 488 mn from the end of the previous fiscal year to JPY 286,829 mn.

The balance of current liabilities decreased by JPY 4,285 mn from the end of the previous fiscal year to JPY 76,558 mn. This was mainly due to a decrease of JPY 5 bn in bonds and borrowings and a decrease of JPY 1,926 mn in provisions as a result of refinancing of a portion of bonds, despite an increase of JPY 1,433 mn in trade and other payables.

The balance of non-current liabilities increased by JPY 3,797 mn from the end of the previous fiscal year to JPY 210,271 mn.

(Equity)

Equity totaled JPY 87,542 mn, up JPY 9,705 mn from the end of the previous fiscal year. This was mainly due to an increase of JPY 11,869 mn due to the recording of an interim profit attributable to owners of the parent, despite a decrease of JPY 3,394 mn due to the payment of dividends.

② Operating results

Operating results for the current consolidated interim accounting period were as follows: revenue JPY 203,814 mn (up 15.8% YoY), operating profit JPY 19,535 mn (up 58.9% YoY), pre-tax interim income JPY18,206 mn (up 58.2% YoY), and interim income attributable to owners of the parent JPY11,869 mn (up 63.1% YoY).

Operating results by segment are as follows.

(Japan Sushiro Business)

Under the theme of "Mastering the Art of Sushi!" Japan Sushiro actively implemented attractive campaigns and IP collaborations. Collaborated with a popular Youtuber 'Kimagure Cook,' sold 5 unique products, including Kanjan Kejan and Kanjan Seu. Customers also loved the "Fresh Yellowtail Sushi" sold during the "Delicious Fresh Fish Campaign." In addition, Japan Sushiro collaborated with 'Cinnamoroll,' the popular character of the champion of the Character Grand Prize for 5-consecutive years, and the videogame 'Monster Hunter,' and the popular manga 'Haikyuu' which celebrated its 10th anniversary. Through these collaboration campaigns, customers greatly enjoyed limited-time-offer goods and related special SNS events.

As results, revenue of the Japan Sushiro Business was JPY 129,097 mn, up 8.5% YoY, and segment income was JPY 11,178 mn, up 39.8% YoY.

(International Sushiro Business)

Mainland China is on a recovery trend, and other regions are also continuing to perform well. We continued to actively open new stores, and opened our first store in Malaysia in February. In order to maintain/further expand the customer count, Int'l Sushiro is continuously implementing attractive promotions and marketing measures in each region. In Hong Kong, we carried out the 'Crab Fair' with limited-time special crab menus. In Singapore, we celebrated the Chinese New Year by carrying out the 'CNY Fair' with the limited-edition menu featuring king crab and bluefin tuna. As results, revenue of the International Sushiro Business was JPY 58,807 mn, up 41.5% YoY, and segment income was JPY 6,371 mn, up 98.7% YoY.

(Kyotaru Business)

[Kyotaru Brand] 'Frozen Grilled Mackerel Sushi,' a staple of Kansai-style pressed sushi, was honored with the 'Excellence Award' at the inaugural 'Japan National! Local Frozen Food Award 2024-2025' in February, 2025. Kyotaru brand continued to offer attractive campaigns and limited-edition menus. Newly launched 'Frozen Kyotaru Osechi' for New Year's holiday season, in addition to the three 'Osechi' lineup. Also launched 'Kyotaru Special Ehomaki Roll' for the Setsubun' season, and 'Kyotaru Hina Chirashi Sushi Box' for the Hina Festival season.

[Misaki Brand] Opened a Misaki brand 'Misato Store' on a roadside location for the first time, aiming for further expansion of potential new store locations. In addition to the popular monthly and weekly promotions, Misaki brand also started 'New Addition of the Month,' which offers special items where the craftsman takes the extra step to bring out the natural flavor of the ingredients. Misaki brand also ran 'Bluefin Tuna Fest.' For New Year's holiday, 'Special Misaki Day' in February' offering King Crab and Medium-Fatty Tuna as 5-day limited-time sale.

Kyotaru Business results for the 1H of FY 25 were, revenue JPY 12,061 mn, down 2.2% YoY, and segment income JPY 45 mn, down 8.9% YoY.

(2) Cash Flow

Cash and cash equivalents (hereinafter referred to as "cash") at the end of the current consolidated interim fiscal year decreased JPY 1,359 mn from the end of the previous consolidated fiscal year to JPY 47,336 mn.

The status of each cash flow during the current consolidated interim accounting period and its factors are as follows.

Cash flows from operating activities:

Net cash provided by operating activities was JPY 26,219 mn, down 8.9% YoY. This was mainly due to an increase of JPY 4,893 mn in income taxes paid, an increase of JPY 2,088 mn in trade and other receivables, a decrease of JPY 1,865 mn in bonus provisions, and an increase of JPY 1,739 mn in inventories, while there was an increase of JPY 1,648 mn in trade and other payables and an interim profit before tax of JPY 18,206 mn and depreciation and amortization of JPY 17,227 mn.

Cash flows from investing activities:

Net cash used in investing activities increased 24.2% YoY to JPY 11,632 mn. This was mainly due to the purchase of property, plant and equipment of JPY 11,289 mn associated with new store openings, etc.

Cash flows from financing activities:

Net cash used in financing activities increased 10.4% YoY to JPY16,135 mn. This was mainly due to payments for redemption of bonds of JPY 5 bn, proceeds from issuance of bonds of JPY 4,974 mn, repayments of lease liabilities of JPY 10,717 mn, dividends paid of JPY 3,386 mn, and repayments of long-term loans payable of JPY 2,005 mn.

(3) Prioritized Business and Financial Challenges

There have been no material changes to the business and financial issues that our group should prioritize during the current consolidated interim accounting period.

(4) Research and Development

Not applicable.

3. [Significant Management Contracts]

There were no decisions or conclusions of significant management agreements during the current consolidated interim accounting period.

Part 3 [Status of the Reporting Company]

1. [Status of Shares]

(1) Total Number of Shares, etc.

① Total number of shares

Type	Total number of authorized shares
Common stock	436,000,000
Total	436,000,000

② [Issued Shares]

Type	At the end of consolidated interim accounting period, Number of shares issued (shares) (Mar. 31, 2025)	At the filing date, Number of shares issued (shares) (May 14, 2025)	Name of a Listed financial instruments exchange or registered authorized financial instruments firms association	Content
Common stock	116,069,184	116,069,184	Tokyo Stock Exchange Prime market	These are standard shares that are not restricted by the content of the rights, and the number of shares constituting 1 unit is 100 shares.
Total	116,069,184	116,069,184	—	—

(NOTE) The "Number of shares issued as of the filing date" column does not include the number of shares issued upon the exercise of subscription rights from May 1, 2025 through the filing date of this interim securities report.

(2) Status of Share Subscription Rights

① Details of stock option plan

Date of resolution	Dec 26, 2024 (26th Share Subscription Rights)
Classification and number of grantees	Our Board of Director 2 Our Corporate Officer 14
Number of stock options (unit) ※	652
The class(es) of shares subject to the share options ※	Common stock
Number of shares for Share Subscription Rights (shares) ※	260,800 (NOTE) 2
Payment on exercise price of Share Subscription Rights (JPY) ※	1
Period for exercising subscription rights ※	From Jan 15, 2025 to Jan 14, 2065
Issue price of shares issued upon exercise of subscription rights to shares and amount included in equity (JPY) *	(NOTE) 3, 4
Conditions for exercising share acquisition rights ※	(NOTE) 5
Items related to transfer of subscription rights ※	Acquisition of stock acquisition rights by transfer shall require approval by a resolution of the Board of Directors of the Company.
Matters concerning the delivery of the right to subscribe for new shares in connection with the organizational restructuring ※	(NOTE) 7

※ Details of the stock acquisition rights at the time of issuance (Jan. 14, 2025) are stated.

(NOTE)

- Does not include directors serving on the Audit and Supervisory Committee and outside directors.
- The maximum number of shares for each fiscal year is 1282 units, and the number of shares for each stock acquisition right (hereinafter referred to as "number of shares granted") is 400 shares of our common stock. The number of granted shares shall be adjusted according to the following formula in the event that we conduct a share split (including gratis allotment of our common shares; the same shall apply hereinafter) or reverse share split with respect to common shares after the Allotment Date of the stock acquisition rights. In the case of a stock split, the number of granted shares after the adjustment shall apply on or after the day following the base date of the said stock split (or the effective date if the base date is not determined), and in the case of a consolidation of shares, on or after the effective date. Provided, however, that such adjustment shall be made only for the number of shares of the stock acquisition rights that were not exercised at the time of the share split or reverse share split, and any fraction less than 1 share resulting from the adjustment shall be discarded.

$$[\text{Number of granted shares after adjustment}] = [\text{Number of shares granted before adjustment}] \times [\text{Rate of stock split or stock consolidation}]$$

In addition, in the event that, after the Allotment Date of the stock acquisition rights, we effect a merger, a company split, or a reduction in the amount of capital stock, or in any other unavoidable event requiring an adjustment in the number of granted shares in accordance with such circumstances, the number of granted shares shall be appropriately adjusted to the extent reasonable.

3. The issue price of shares to be issued upon the exercise of the stock acquisition rights is the total of the paid amount at the time of exercise of the stock acquisition rights (JPY1 per share) and the fair value of the stock acquisition rights calculated by Monte Carlo simulation, which is a general option pricing model at the date of allocation. These Stock Acquisition Rights are subject to a lower limit of the vesting rate (hereinafter referred to as the "minimum vesting rate") depending on the position of the underwriter. The issue price of stock acquisition rights corresponding to the minimum vesting rate is as follows:

- ① Lower vesting rate 16.60% (235 units)
JPY 578,000 per share subscription right (JPY1,445 per share)
- ② Lower vesting rate 17.60% (204 units)
JPY 582,000 per share subscription right (JPY1,455 per share)
- ③ Minimum vesting rate 18.60% (40 units)
JPY 586,000 per share subscription right (JPY1,465 per share)
- ④ Lower vesting rate 19.60% (173 units)
JPY 590,000 per share subscription right (JPY1,475 per share)

In addition, we will pay monetary remuneration equivalent to the total amount to be paid to the persons to whom the stock acquisition rights will be allotted as our directors and Corporate Officer, and will set off such monetary remuneration claim against the payment obligation of the Amount To Be Paid In of the stock acquisition rights, and to the persons to whom the stock acquisition rights will be allotted as the directors and Corporate Officer of our subsidiaries, we will pay monetary remuneration equivalent to the total amount to be paid for the stock acquisition rights from our subsidiaries, and then we will assume such monetary remuneration claim against the payment obligation of the Amount To Be Paid In of the stock acquisition rights.

4. The amount allocated to equity shall be 1-half of the amount of the limit of increase in capital stock, etc., calculated in accordance with Clause 1 of Article 17 of the Company Accounting Rules, and any fractions less than JPY1 resulting from such calculation shall be rounded up.

5. Condition to exercise the stock acquisition rights

- (1) The stock acquisition rights holders may exercise the stock acquisition rights only in a lump sum within the exercise period, from the day following the loss of any status of directors and Corporate Officer of the Company and its subsidiaries until the 10th day (or the previous business day if the 10th day falls on a holiday).
- (2) The number of Stock Acquisition Rights that can be exercised by the holder is the absolute TSR from the date of allotment to the date of exercise of the stock acquisition rights (the average closing price of our common stock on the Tokyo Stock Exchange on each day of the month prior to the date on which 3 years have elapsed from the date of allotment, plus the total amount of dividends per share of our common stock during the period from the date of allotment to the date on which 3 years have elapsed from the date of allotment) and TOPIX growth rate (the average closing price of the Tokyo Stock Price Index on each day of the month prior to the date on which 3 years have elapsed from the date of allotment). Value calculated by dividing the closing price of TOPIX on each day of the month in which the share subscription rights belong. It is assumed that the value of) is compared and that it fluctuates in stages according to the percentage.
- (3) In the event of the death of the holder of Stock Acquisition Rights, the heir may exercise such right.
- (4) In the event the total number of issued and outstanding shares of the Company exceeds the total number of shares issuable at the time of the exercise of the stock acquisition rights, the Company shall not be entitled to exercise the stock acquisition rights.
- (5) The stock acquisition rights may not be exercised for less than 1 unit.

6. Matters relating to the acquisition of Stock Acquisition Rights

- (1) To the approval of the general meeting of shareholders with respect to the amendment of the articles of incorporation to establish a split agreement or a split plan for a company split in which we become an extinguished company, a share exchange agreement or a share transfer plan for a company split in which we become a wholly-owned subsidiary, the amendment of the articles of incorporation to provide for the acquisition of shares by transfer of all the shares issued by us, or the amendment of the articles of incorporation to provide for the acquisition of shares of the said class by transfer of shares subject to the said share subscription rights by the resolution of the general meeting of shareholders, the consolidation of shares of the class subject to the share subscription rights (limited to a fraction of less than 1 of the number obtained by multiplying the number of shares per unit for the said shares), and the approval of the general meeting of shareholders If a resolution is made at a meeting of the Board of Directors, All of the stock acquisition rights may be acquired free of charge as of the date separately determined by the Board of Directors of the Company.
- (2) In the event that the stock acquisition rights cannot be exercised prior to the exercise of the Rights by the holders of the stock acquisition rights pursuant to the provisions of 5 above, we shall be entitled to acquire the stock acquisition rights free of charge.

7. In the event of a merger, an absorption-type demerger, an incorporation-type demerger, or a share exchange or a share transfer where we become a wholly-owned subsidiary (hereinafter collectively referred to as the "organizational restructuring act"), in each case, the stock acquisition rights of the stock company listed in Article 236, Paragraph 1, Item 8 (a) to (e) inclusive of the Companies Act (hereinafter referred to as the "reorganized company") shall be delivered to the holders of the stock acquisition rights on the effective date of the organizational restructuring act in accordance with the following conditions. Provided, however, that this provision shall be limited to the case where an absorption-type merger agreement, consolidation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or share transfer plan provides that the share options of the restructured company shall be delivered in accordance with the following conditions:

- (1) Number of the stock acquisition rights of a reorganized company to be granted :
The number of stock acquisition rights held by the holders of the stock acquisition rights shall be the same as the number of the stock acquisition rights.
- (2) Type of shares of the restructured company subject to the stock acquisition rights :
Common stock of the reorganized company
- (3) Number of shares of the restructured company subject to the stock acquisition rights :
The decision will be made in accordance with the above 2, taking into account the conditions of the reorganization activities.
- (4) Value of property contributed upon exercise of stock acquisition rights :
The value of the assets to be contributed upon the exercise of the stock acquisition rights to be delivered shall be the amount obtained by multiplying the exercise price after the realignment as set forth below by the number of shares of the restructured company subject to the stock acquisition rights determined in accordance with (3) above. The exercise price after the reorganization shall be JPY1 per share of the reorganized company's shares that can be delivered by exercising the stock acquisition rights to be delivered.
- (5) Period during which stock acquisition rights can be exercised :
The first day of the exercise period of stock acquisition rights and the effective date of the Organizational Restructuring, whichever is later, shall be the last day of such exercise period.

- (6) Matters relating to capital stock and equity reserves need to be increased in the event of the issuance of shares upon the exercise of stock acquisition rights :
The amount shall be determined in accordance with the amount allocated to equity for the issuance of shares upon the exercise of the stock acquisition rights as set forth above.
- (7) Restriction on acquisition of stock acquisition rights by transfer :
Restrictions on acquisition by transfer shall require approval by a resolution of the Board of Directors of the restructured company.
- (8) Other conditions for the exercise of stock acquisition rights :
Determined in accordance with 5 above.
- (9) Reasons and conditions for acquisition of stock acquisition rights :
Determined in accordance with 6 above.
- (10) Other conditions will be determined in accordance with the conditions of the reorganized company.
8. Matters relating to certificates of the rights to subscribe for new shares pertaining to the rights to subscribe for new shares :
We shall not issue any stock acquisition right certificates relating to the stock acquisition rights.

Date of resolution	Dec 26, 2024 (27th Share subscription rights)
Classification and number of grantees	Employees of F&LC 186 Employees of F&LC subsidiaries 783
Number of stock options (unit) ※	1,189
The class(es) of shares subject to the share options ※	Common stock
Number of shares for Share Subscription Rights (shares) ※	118,900 (NOTE) 1
Payment on exercise price of Share Subscription Rights (JPY) ※	3,403 (NOTE) 2
Period for exercising subscription rights ※	From Dec 27, 2026 To Dec 26, 2034
Issue price of shares issued upon exercise of subscription rights to shares and amount included in equity (JPY) *	Issue price JPY 3,403 Amount to be included in equity JPY 1,702
Conditions for exercising share acquisition rights ※	(NOTE) 4
Items related to transfer of subscription rights ※	Acquisition of stock acquisition rights by transfer shall require approval by a resolution of the Board of Directors of the Company
Matters concerning the delivery of the right to subscribe for new shares in connection with the organizational restructuring ※	(NOTE) 6

※ Details of the stock acquisition rights at the time of issuance (Jan. 14, 2025) are stated.

(NOTE)

- The number of shares subject to each Stock Acquisition Right (hereinafter referred to as the "Number of Granted Shares") shall be 100 shares of common stock of the Company. Any fraction less than 1 share in the number of shares to be delivered to the holder of the Stock Acquisition Rights who exercised the Stock Acquisition Rights shall be discarded. Provided, however, that the number of Subject Shares shall be adjusted according to the following formula in the event that we conduct a share split (including gratis allotment of shares; the same shall apply hereinafter) or reverse share split for common shares after the Allotment Date. The applicable day of the number of shares after adjustment shall be the same as the day on which the adjusted exercise price determined in connection with the adjustment of the exercise price according to Note 3 below in connection with the applicable adjustment event applies. Such adjustment shall be made only for the number of shares of the stock acquisition rights that have not been exercised at the time of the share split or reverse share split, and fractions less than 1 share resulting from the adjustment shall be discarded.

$$[\text{Number of shares subject to adjustment}] = [\text{Number of shares before adjustment}] \times [\text{Rate of stock split or stock consolidation}]$$

In addition, if it is appropriate for us to make a merger, company split, or capital stock reduction after the date of allotment of the Stock Acquisition Rights, or otherwise change the number of shares subject to such change, we will make adjustments as we deem necessary by resolution of the Board of Directors.
- The issue price of shares to be issued upon the exercise of the stock acquisition rights is the same as the amount to be paid upon the exercise of the stock acquisition rights. In addition, the amount to be included in equity shall be 1-half of the amount of the limit of increase in capital stock, etc. calculated in accordance with Clause 1 of Article 17 of the Company Calculation Rules, and any fractions less than JPY1 resulting from such calculation shall be rounded up.
- In the event of a share split or consolidation of shares with respect to our common shares after the issuance of the stock acquisition rights, the exercise price shall be adjusted according to the following formula. The adjusted exercise price shall be applied on the record date for the share split (in the case of allotment of shares without contribution, on the day on which allotment of shares without contribution becomes effective or on the record date in the case where the record date for allotment of shares without contribution is determined) or on or after the day following the day on which the consolidation of shares takes effect.

$$[\text{Exercise price after the adjustment}] = [\text{Exercise price before the adjustment}] \times \frac{1}{[\text{Split or consolidation ratio}]}$$

In addition to the above, if it is appropriate to change the Exercise Price, the Company shall make such adjustments as it deems necessary by resolution of the Board of Directors. Fractions less than JPY1 as a result of adjustment of the exercise price shall be rounded up.

- Condition to exercise the stock acquisition rights:
 - In the event of any of the following events, the holder of the stock acquisition rights (in the case of ②, the heir thereof) may not exercise the stock acquisition rights:
 - ① If the right holders lose any of the positions of directors, statutory auditors, Corporate Officer or employees of F&LC, Akinado Sushiro Co., Ltd., FOOD & LIFE INNOVATIONS LTD. or any other affiliated company of ours (collectively, "our Group") (unless we deem that there are justifiable reasons such as mandatory retirement).

- ② In the event of the death of the holder of stock acquisition rights
 - ③ Other cases stipulated in the agreement on the allotment of stock acquisition rights to be concluded with the person who received the allotment of stock acquisition rights based on a resolution of the Board of Directors.
 - ④ The holder of share options has received a petition for commencement of bankruptcy proceedings or civil rehabilitation proceedings, or has filed such petition by him/herself.
 - ⑤ In the event a holder of the stock acquisition rights commits an improper act, commits an act of breach of duty in the course of his/her duties, or otherwise commits an act in violation of our Group's internal regulations applicable to the relevant person, and the board of directors of the relevant company (in the case of an overseas company, an organization corresponding to the board of directors under the laws of the relevant country) determines that such person may be subject to a salary cut, suspension from work, demotion, dismissal under instruction, or disciplinary dismissal, etc.
- (2) One part of the stock acquisition rights may not be exercised.
5. Acquisition provisions of the Rights:
- (1) In the event that a holder of stock acquisition rights has lost all of the positions of directors, auditors, corporate officer or employees of the Group, the Company may acquire all or part of the stock acquisition rights held by such holder of stock acquisition rights free of charge from the holder of stock acquisition rights in which such event has occurred. In the event of the acquisition of part of the stock acquisition rights, the number of stock acquisition rights to be acquired shall be determined by a resolution of the Board of Directors of the Company.
 - (2) To the approval of the general meeting of shareholders with respect to the amendment of the articles of incorporation to establish a split agreement or a split plan for a company split in which we become an extinguished company, a share exchange agreement or a share transfer plan for a company split in which we become a wholly-owned subsidiary, the amendment of the articles of incorporation to provide for the acquisition of shares by transfer of all the shares issued by us, or the amendment of the articles of incorporation to provide for the acquisition of shares of the said class by transfer of shares subject to the said share subscription rights by the resolution of the general meeting of shareholders, the consolidation of shares of the class subject to the share subscription rights (limited to a fraction of less than 1 of the number obtained by multiplying the number of shares per unit for the said shares), and the approval of the general meeting of shareholders If a resolution is made at a meeting of the Board of Directors, All of the stock acquisition rights may be acquired free of charge as of the date separately determined by the Board of Directors of the Company.
6. In the event of a merger, an absorption-type demerger, an incorporation-type demerger in which we become a split company, or a share exchange or a share transfer in which we become a wholly-owned subsidiary (hereinafter collectively referred to as the "organizational restructuring act"), the stock acquisition rights of a stock company listed in Article 236, Paragraph 1, Item 8 (a) to (e) of the Companies Act (hereinafter collectively referred to as the "Reorganized Company") shall be delivered to the holders of the Share Options (hereinafter referred to as the "Remaining Share Options") that have not been exercised as of the effective date of the said organizational restructuring act and have not been acquired by us in lieu of the said Share Options in each case pursuant to the following conditions. Provided, however, that this provision shall be limited to the case where an Absorption-type Merger Agreement, Consolidation-type Merger Agreement, Absorption-type Company Split Agreement, Incorporation-type Company Split Plan, Share Exchange Agreement or Share Transfer Plan provides that the Share Options of the Restructured Company shall be delivered in accordance with the following conditions.
- (1) Number of the stock acquisition rights of a reorganized company to be granted: The number of Remaining stock acquisition rights held by the holders of the stock acquisition rights shall be the same as the number of Remaining stock acquisition rights.
 - (2) Type of shares of the Restructured Company subject to the stock acquisition rights. : Common stock of the reorganized company.
 - (3) Number of shares of the Restructured Company subject to the stock acquisition rights. : The number of shares subject to rational adjustment (hereinafter referred to as the "number of shares after succession") shall be the number of shares reasonably adjusted after taking into consideration the conditions of the reorganization activities, etc. However, fractions of less than 1 share arising from the adjustment shall be rounded down.
 - (4) Period during which stock acquisition rights can be exercise. : The period from the effective date of the organizational restructuring to the expiration date of the period during which the stock acquisition rights can be exercised as set forth above.
 - (5) Matters relating to capital stock and equity Reserves to be increased in the event of the issuance of shares upon the exercise of stock acquisition rights. : The amount shall be determined in accordance with the amount allocated to equity for the issuance of shares upon the exercise of the stock acquisition rights as set forth above.
 - (6) Value of Property Contributed upon Exercise of stock acquisition rights. : The exercise price shall be the amount obtained by reasonably adjusting the exercise price of the stock acquisition rights above, taking into account the conditions of the organizational restructuring.
 - (7) Other conditions for the exercise of stock acquisition rights and the terms for acquisition of stock acquisition rights. : Determined in accordance with the above 4 and 5.
 - (8) Restriction on acquisition of stock acquisition rights by transfer. : The acquisition of the stock acquisition rights by transfer requires the approval of the Company to be reorganized.
 - (9) Any fraction less than 1 share in the number of shares to be delivered to the holder of the stock acquisition rights who exercised the stock acquisition rights shall be discarded.
7. Matters relating to certificates of the rights to subscribe for new shares pertaining to the rights to subscribe for new shares. : We shall not issue any stock acquisition right certificates relating to the stock acquisition rights.

② Status of other stock acquisition rights

Not applicable

(3) [Status of Exercise of Bonds with Stock Acquisition Rights with Exercise Price Adjustment, etc.]

Not applicable

(4) [Trends in Total Number of Issued Shares and Capital Stock]

Date	Number of issued shares Change (shares)	Number of issued shares Balance (shares)	Capital stock Change (Millions, JPY)	Capital stock balance (Millions, JPY)	Capital reserve Change (Millions, JPY)	Capital reserve Balance (Millions, JPY)
From Oct. 1, 2024 To Mar. 31, 2025	—	116,069,184	—	100	—	1,747

(5) [Major Shareholders]

As of Mar. 31, 2025

Name	Address	Number of shares held (shares)	Percentage of shares held in total number of Issued shares (excl. treasury stock)
The Master Trust Bank of Japan, Ltd.(Trust Account)	Akasaka Intercity AIR, 1-8-1 Akasaka, Minato-ku, Tokyo	16,236,300	14.35
The Custody Bank of Japan, Ltd. (Trust Account)	8-12, Harumi 1-chome, Chuo-ku, Tokyo	5,181,700	4.58
STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy: Mizuho Bank, Ltd.)	ONE CONGRESS STREET, SUITE 1, BOSTON, MASSACHUSETTS (Shinagawa Intercity A building, 15-1, Konan 2-chome, Minato-ku, Tokyo)	4,777,102	4.22
National Federation of Agricultural Cooperative Associations	3-1 Otemachi 1-chome, Chiyoda-ku, Tokyo	3,744,400	3.31
MSIP CLIENT SECURITIES (Standing proxy: Morgan Stanley MUFG Securities Co., Ltd.)	25 CABOT SQUARE, CANARY WHARF, LONDON E14 4QA, U.K. (Otemachi Financial City South Tower, 1-9-7, Otemachi, Chiyoda-ku, Tokyo)	2,919,064	2.58
HSBC HONG KONG-TREASURY SERVICES A/C ASIAN EQUITIES DERIVATIVES(Standing proxy: The Hong Kong and Shanghai Banking Corporation Limited, Tokyo Branch)	1 QUEEN'S ROAD CENTRAL. HONG KONG(11-1, Nihonbashi 3-chome, Chuo-ku, Tokyo)	2,903,500	2.57
BOFAS INC SEGREGATION ACCOUNT(Standing proxy: BOFA Securities Co., Ltd.)	THE CORPORATION TRUST COMPANY, 1209 ORANGE ST, COUNTY OF NEW CASTLE WILMINGTON, DE US(Nihonbashi 1-chome Mitsui Building, 4-1 Nihonbashi 1-chome, Chuo-ku, Tokyo)	2,029,434	1.79
JP JPMSE LUX RE BARCLAYS CAPITAL SEC LTD EQ CO(Standing proxy: The Bank of Mitsubishi UFJ, Ltd.)	1 CHURCHILL PLACE LONDON - NORTH OF THE THAMES UNITED KINGDOM E14 5HP(4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo)	2,013,845	1.78
J.P. MORGAN SECURITIES PLC (Standing proxy: JP Morgan Securities Co., Ltd.)	LONDON, 25 BANK STREET, CANARY WHARF, E14 5JP, UNITED KINGDOM (7-3, Marunouchi 2-chome, Chiyoda-ku, Tokyo)	1,850,447	1.64
GOVERNMENT OF NORWAY (Standing proxy: Citibank, N.A. Tokyo Branch)	BANKPLASSEN 2, 0107 OSLO 1 OSLO 0107 NO (27-30, Shinjuku 6-chome, Shinjuku-ku, Tokyo)	1,830,626	1.62
Total	—	43,486,418	38.44

(NOTE)

- Percentages of shares held to the total number of issued shares (excluding treasury stock) are rounded to the nearest third decimal place.
- The number of shares held by The Master Trust Bank of Japan, Ltd. (trust account) is all related to trust business.
- The number of shares held by The Custody Bank of Japan, Ltd. (trust account) is all shares related to trust business.
- As of Oct. 31, 2024 by Goldman Sachs Securities Inc., Goldman Sachs International, Inc., Goldman Sachs Company, LLC, Goldman Sachs Asset Management Inc., Goldman Sachs Asset Management LLC and Goldman Sachs Asset Management International Inc. in their report of large holdings as of Nov. 8, 2024. Although it is stated that it is held, we are unable to confirm the actual number of shares held as of Mar. 31, 2025, and therefore it is excluded from the above list of major shareholders. The content of the Report on Possession of Large Volume is as follows.

Name or designation	Address	Number of shares held	Percentage of shares held (%)
Goldman Sachs Japan Co., Ltd.	Toranomon Hills Station Tower, 6-1, Toranomon 2-chome, Minato-ku, Tokyo	-2,000	0.00
Goldman Sachs International	Plumtree Court, 25 Shoe Lane, London EC4A 4AU, United Kingdom	1,922,968	1.66
Goldman Sachs & Co., LLC	200 West Street, New York, New York 10282, U.S.A.	47	0.00
Goldman Sachs Asset Management Inc.	Toranomon Hills Station Tower, 6-1, Toranomon 2-chome, Minato-ku, Tokyo	231,300	0.20
Goldman Sachs Asset Management EI P	200 West Street, New York, New York 10282, U.S.A.	3,274,306	2.82
Goldman Sachs Asset Management International	Plumtree Court, 25 Shoe Lane, London EC4A 4AU, United Kingdom	198,500	0.17
Total		5,625,121	4.85

5. Although Nomura Securities Co., Ltd., Nomura Lien International PLC Co., Ltd. and Nomura Asset Management Co., Ltd. stated in their report of changes made available for public inspection as of Jan. 20, 5.2025 that they own shares as follows as of Jan. 15, 2025, we are unable to confirm the actual number of shares held as of Mar. 31, 2025, and therefore they are excluded from the above list of major shareholders. The content of the change report is as follows.

Name or designation	Address	Number of shares held	Percentage of shares held (%)
Nomura Securities Co., Ltd.	13-1, Nihonbashi 1-chome, Chuo-ku, Tokyo	538,121	0.46
NOMURA INTERNATIONAL PLC	1 Angel Lane, London EC4R 3AB, United Kingdom	681,111	0.59
Nomura Asset Management Co., Ltd.	2-1 Toyosu 2-chome, Koto-ku, Tokyo	5,168,332	4.45
Total		6,387,564	5.50

(6) [Status of voting rights]

① [Issued Shares]

As of Mar. 31, 2025

Classification	Number of shares	Number of voting rights	Content
Non-voting stock	—	—	—
Shares with restricted voting rights (treasury stock, etc.)	—	—	—
Shares with restricted voting rights (other)	—	—	—
Wholly owned voting shares (treasury stock, etc.)	Common stock 2,930,300	—	—
Shares with full voting rights (other)	Common stock 113,074,800	1,130,748	These are standard shares that are not restricted by the content of the rights, and the number of shares constituting 1 unit is 100 shares.
Shares less than 1 unit	Common stock 64,084	—	—
Number of issued shares	116,069,184	—	—
Voting rights of all shareholders	—	1,130,748	—

(NOTE) Common shares in the "Shares less than 1 unit" column include 20 shares of treasury stock owned by us.

② [Treasury stock, etc.]

As of Mar. 31, 2025

Name of owner	Address of the holder	Number of shares held in treasury (shares)	Number of shares held in other person's name (shares)	Total number of shares held (shares)	Percentage of shares held in total issued shares (%)
FOOD & LIFE COMPANIES LTD.	1-22-2, Esaka-cho, Suita-shi, Osaka	2,930,300	—	2,930,300	2.52
Total	—	2,930,300	—	2,930,300	2.52

(NOTE) Percentage of total shares outstanding is rounded to the nearest third decimal place.

2. [[Directors and Officers]

(1) Retired directors

Not applicable.

(2) Number of officers by gender and ratio of women

5 men and 3 women (37.5% of directors)

Part 4 [Status of Accounting]

1. Preparation of Condensed Consolidated interim Financial Statements :

Our condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards No. 34, "Interim Financial Reporting" ("IAS No. 34"), pursuant to the provisions of Article 312 of the "Regulations Concerning Terminology, Forms and Preparation Methods of Consolidated Financial Statements" (Ministry of Finance No. 28 of 1976, hereinafter referred to as the "Regulations Concerning Consolidated Financial Statements"). In addition, we fall under the category of companies listed in the upper column of Item 1 of the table in Article 24-5, Item 1 of the Financial Instruments and Exchange Act, and prepared Class 1 consolidated interim financial statements in accordance with the provisions of Parts 1 and 5 of the Regulations for Consolidated Financial Statements.

2. Audit Certification :

Pursuant to Article 193-2-1 of the Financial Instruments and Exchange Act, we have received an interim review by AZSA LLC of the condensed consolidated interim financial statements for the consolidated interim accounting period (Oct. 1, 2024 to Mar. 31, 2025).

1 [Consolidated Interim Financial Statements]

(1) [Consolidated Interim Statement of Financial Position]

(Millions, JPY)

	Notes	At of the End of FY2024 (Sep. 30, 2024)	At of the End of FY2025 Interim Accounting Period (Mar. 31, 2025)
Assets			
Current assets			
Cash and cash equivalents		48,695	47,336
Trade and other receivables		13,882	15,975
Inventories		6,512	8,238
Other financial assets		2,940	1,929
Other current assets		2,627	3,359
Total current assets		74,656	76,836
Non-current assets			
Property, plant and equipment	6	184,936	191,880
Goodwill	6	30,371	30,371
Intangible assets	6	57,016	57,014
Equity method investment		52	52
Lease and guarantee deposits	13, 14	14,766	15,254
Other financial assets	13, 14	1,232	1,260
Deferred tax liabilities		1,552	1,103
Other non-current assets		574	600
Total non-current assets		290,499	297,535
Total Assets		365,154	374,371
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables		35,569	37,002
Bonds and borrowings	7, 13, 14	9,009	4,009
Income taxes payable		4,710	5,356
Lease liabilities		19,523	20,516
Other financial liabilities		1,006	1,166
Provisions		5,275	3,349
Other current liabilities		5,750	5,159
Total current liabilities		80,843	76,558
Non current liabilities			
Trade and other payables		22	22
Bonds and borrowings	7, 13, 14	75,514	78,506
Lease liabilities		112,838	113,713
Other financial liabilities		105	100
Provisions		4,730	4,992
Deferred income taxes liabilities		13,264	12,938
Total non-current liabilities		206,474	210,271
Total liabilities		287,317	286,829
Equity			
Capital stock		100	100
Capital surplus		15,734	15,726
Retained earnings		65,818	74,287
Treasury stock		△9,156	△9,108
Other components of equity		4,073	4,580
Equity attributable to parent owners (total)		76,568	85,585
Non-controlling interests		1,269	1,958
Total equity		77,837	87,542
Total liabilities and equity		365,154	374,371

(2) [Consolidated Statement of Profit & Loss]

(Millions, JPY)

	Notes	FY2024 / Interim Period (From Oct. 1, 2023 To Mar. 31, 2024)	FY2025 / Interim Period (From Oct. 1, 2024 To Mar. 31, 2025)
Revenue	5,9	175,989	203,814
COGS		△76,382	△86,068
Gross profit		99,607	117,745
Selling, general and administrative expenses	10	△85,867	△97,861
Other income		294	377
Other expenses	6,11	△1,739	△726
Operating profit	5	12,295	19,535
Financial income		228	96
Financial expenses		△1,014	△1,425
Income before income taxes		11,509	18,206
Income taxes		△3,920	△5,610
Profit for the period		7,589	12,596
Profit attributable to;			
Owners of the parent		7,278	11,869
Non-controlling interests		311	727
Profit for the period		7,589	12,596
Basic profit for the period;			
Basic earnings per share (JPY)	12	62.91	104.91
Diluted earnings per share (JPY)	12	62.32	103.69

(3) [Consolidated Statements of Comprehensive Income]

(Millions, JPY)

	Notes	FY2024 / Interim Period (From Oct. 1, 2023 To Mar. 31, 2024)	FY2025 / Interim Period (From Oct. 1, 2024 To Mar. 31, 2025)
Profit for the period		7,589	12,596
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Measure through other comprehensive income		—	△2
Net change in fair value of financial assets			
Total of the items that will not be reclassified to profit or loss		—	△2
Items that may be reclassified to profit of loss			
Exchange differences on translation of foreign operations		371	249
Items that may be reclassified to profit of loss Sum		371	249
After-tax other comprehensive income		371	248
Total comprehensive income for the period		7,960	12,843
Comprehensive income attributable to;			
Owners of the parent		7,643	12,135
Non-controlling interests		317	709
Total comprehensive income for the period		7,960	12,843

(4) [Consolidated Statement of Change in Equity]

FY2024 / Consolidated Interim Accounting Period (From Oct. 1, 2023 To Mar. 31, 2024)

(Millions, JPY)

	Notes	Capital stock	Capital surplus	Retained earnings	Treasury stock	For the rest of equity Components	Equity attributable to parent owners (total)	Non-controlling interests	Equity Sum
Balance at Oct. 1, 2023		100	15,676	53,787	△1,840	4,544	72,268	391	72,659
Profit for the period				7,278			7,278	311	7,589
Other comprehensive income						365	365	6	371
Total comprehensive income		—	—	7,278	—	365	7,643	317	7,960
Disposal of treasury stock			△39		67	△14	13		13
Acquisition of treasury stock					△0		△0		△0
Invalidation of stock options			31			△31	—		—
Share-based payment transactions						274	274		274
Cash dividends	8			△2,603			△2,603		△2,603
Total transactions with owners		—	△8	△2,603	67	228	△2,316	—	△2,316
Balance at Mar. 31, 2024		100	15,668	58,462	△1,773	5,137	77,594	708	78,303

FY2025 / Consolidated Interim Accounting Period (From Oct. 1, 2024 To Mar. 31, 2025)

(Millions, JPY)

	Notes	Capital stock	Capital surplus	Retained earnings	Treasury stock	For the rest of equity Components	Equity attributable to parent owners (total)	Non-controlling interests	Equity Sum
Balance at Oct. 1, 2024		100	15,734	65,818	△9,156	4,073	76,568	1,269	77,837
Profit for the period				11,869			11,869	727	12,596
Other comprehensive income						266	266	△18	248
Total comprehensive income		—	—	11,869	—	266	12,135	709	12,843
Disposal of treasury stock			1		48	△13	36		36
Acquisition of treasury stock					△0		△0		△0
Invalidation of stock options			8			△8	—		—
Share-based payment transactions						257	257		257
Cash dividends	8			△3,394			△3,394		△3,394
Transfer to retained earnings				△6		6	—		—
Increase (decrease) in equity due to acquisition of shares of consolidated subsidiaries			△17				△17	△20	△37
Total transactions with owners		—	△8	△3,399	48	242	△3,118	△20	△3,138
Balance at Mar. 31, 2025		100	15,726	74,287	△9,108	4,580	85,585	1,958	87,542

(5) [Consolidated Statement of Cash Flows]

(Millions, JPY)

	Notes	FY2024 / Consolidated Interim Accounting Period (From Oct. 1, 2023 To Mar. 31, 2024)	FY2025 / Consolidated Interim Accounting Period (From Oct. 1, 2024 To Mar. 31, 2025)
Net cash provided by operating activities			
Income before income taxes		11,509	18,206
Depreciation and amortization		14,721	17,227
Impairment loss	6	503	567
Financial income		△228	△96
Financial expenses		1,014	1,425
Increase (decrease) in bonus provisions (decrease in △)		724	△1,865
Lease and guarantee deposits rent offset		136	133
Change in trade and other receivables (△ = increase)		△3,257	△2,088
Change in inventories (△ increased)		△1,354	△1,739
Change in trade and other payables (△ = decrease)		3,833	1,648
Others		2,092	△1,163
Subtotal		29,692	32,255
Interest and dividends income received		68	71
Interest expenses paid		△872	△1,213
Income taxes paid		△1,153	△4,893
Income taxes refund		1,030	—
Cash flow from operating activities		28,766	26,219
Cash flow from investing activities			
Purchase of property, plant and equipment		△8,013	△11,289
Proceeds from sale of property, plant and equipment		8	12
Purchase of intangible assets		△600	△822
Payments into time deposits		△1,102	△985
Proceeds from withdrawal of time deposits		661	2,163
Payments for lease and guarantee deposits pledged		△471	△1,173
Purchase of investment securities		△235	—
Others		388	462
Cash flow from investing activities		△9,364	△11,632
Cash flow from financing activities			
Redemption of bonds		△20,000	△5,000
Proceeds from issuance of bonds		19,494	4,974
Repayment of long-term loans payable		△2,005	△2,005
Repayment of lease liabilities		△9,523	△10,717
Payments of commissions paid		△8	△9
Purchase of treasury stock		△0	△0
Proceeds from exercise of stock acquisition rights		13	38
Cash dividends paid	8	△2,597	△3,386
Payments for purchase of interests in subsidiaries from non-controlling interests		—	△37
Others		6	8
Cash flow from financing activities		△14,618	△16,135
Increase (decrease) in cash and cash equivalents (decrease in △)		4,784	△1,548
Beginning balance of cash and cash equivalents		51,228	48,695
Exchange differences on cash and cash equivalents		123	189
Ending balance of cash and cash equivalents		56,135	47,336

[Notes to Condensed Consolidated interim Financial Statements]

1. Reporting company

FOOD & LIFE COMPANIES LTD. (the "Company") is a Japanese corporation whose registered headquarters are located in Osaka. Our condensed consolidated interim financial statements for the interim period ended Mar. 31, 2025 consist of ours and its subsidiaries (together, the "Group"). Our Group operates a restaurant business that specializes in the sushi business. Domestically, we mainly operate kaiten (revolving) sushi restaurants under the "Sushiro," "Sugidama," "Kyotaru," and "Rotating Sushi Misaki Misaki-maru" brands. Overseas, we operate kaiten (revolving) sushi restaurants under the direct management method in South Korea, Taiwan, Singapore, Hong Kong, Thailand, Continental China, Indonesia, the United States, and Malaysia.

2. Basis of preparation

(1) Compliance with IFRS : Our condensed consolidated interim financial statements have been prepared in accordance with IAS 34. Our Group has applied the provisions of Article 312 of the Regulations Governing Consolidated Financial Statements as it meets the requirements of "Designated International Accounting Standards Designated Companies" as stipulated in Article 1-2, Item 2 of the Regulations Governing Consolidated Financial Statements. The condensed consolidated interim financial statements were approved by Masaaki Yamamoto and Tsuyoshi Corporate Officer, President and Chief Executive Officer on May. 13, 2025. The condensed consolidated interim financial statements do not include all of the information required by the annual consolidated financial statements and therefore should be used in conjunction with the consolidated financial statements for the prior fiscal year.

(2) Basis for measurement : The condensed consolidated interim financial statements of our group have been prepared on a historical cost basis, except for financial instruments measured at fair value.

(3) Functional and Presentation Currencies : The condensed consolidated interim financial statements of our group are presented in Japanese yen, our functional currency, and are rounded to the nearest JPY1 mn.

3. Critical Accounting Policies

The accounting policies applied in these condensed consolidated interim financial statements are the same as the accounting policies applied in the consolidated financial statements for the previous fiscal year. Income taxes for the current consolidated interim accounting period is calculated based on the estimated annual effective tax rate.

4. Critical Accounting Estimates and Judgments

In preparing the condensed consolidated interim financial statements, management makes estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. The results of accounting estimates may differ from actual results due to their nature. Estimates and the underlying assumptions are reviewed on an ongoing basis, and the effects of revisions to accounting estimates are recognized in the period in which they are reviewed and in future periods. Estimates, judgments and assumptions that have a significant impact on the amounts reported in these condensed consolidated interim financial statements are, in principle, the same as the consolidated financial statements for the previous fiscal year.

5. Segment Information

(1) The outline of any reporting segment : The reportable segments of our group consist primarily of business-specific segments.

Major brands included in each reportable segment are as follows.

Japan Sushiro Business : Sushiro brand stores including takeout specialty stores operating in Japan

International Sushiro Business : Sushiro brand stores including takeout specialty stores operating outside Japan

Kyotaru Business : Stores operating under all brands that Kyotaru Ltd. owns (Core Brands = 'Kyotaru,' 'Kaiten Sushi Misaki,' 'Kaisen Misakiko')

Other Business : Stores operating under all brands that FOOD & LIFE INNOVATIONS LTD. (Core Brand = 'Sugidama')

(2) Reportable segment revenue and results

Revenue and results by reportable segment are as follows:

FY2024 / Consolidated Interim Accounting Period (From Oct. 1, 2023 To Mar. 31, 2024)

(Millions, JPY)

	Reportable Segments				Total	Total Adjustments (Note 2)	Consolidated Total
	Japan Sushiro Business	International Sushiro Business	Kyotaru Business	Other businesses			
Revenue							
External revenue	118,993	41,561	12,325	3,110	175,989	—	175,989
Inter-segment revenue	—	—	9	33	42	△42	—
Total	118,993	41,561	12,335	3,143	176,032	△42	175,989
Segment income (loss) (△: loss) (NOTE)1	7,994	3,206	50	37	11,286	1,009	12,295
Other items							
Depreciation and amortization	8,061	5,056	851	343	14,312	409	14,721
Impairment loss	259	162	57	24	503	—	503

(NOTE)

1. Segment income has been adjusted with operating profit in the condensed consolidated interim
2. Adjustments to segment income of JPY 1,009 mn mainly include eliminations of inter-segment transactions and corporate profits and losses that are not allocated to each reportable segment.

FY2025 / Consolidated Interim Accounting Period (From Oct. 1, 2024 To Mar. 31, 2025)

(Millions, JPY)

	Reportable Segments				Total	Total Adjustments (Note 2)	Consolidated Total
	Japan Sushiro Business	International Sushiro Business	Kyotaru Business	Other businesses			
Revenue							
External revenue	129,097	58,805	12,029	3,883	203,814	—	203,814
Inter-segment revenue	—	2	32	68	103	△103	—
Total	129,097	58,807	12,061	3,951	203,916	△103	203,814
Segment income (loss) (△: loss) (NOTE)1	11,178	6,371	45	30	17,625	1,910	19,535
Other items							
Depreciation and amortization	8,673	6,737	859	426	16,695	533	17,227
Impairment loss	17	488	48	15	567	—	567

(NOTE)

1. Segment income has been adjusted with operating profit in the condensed consolidated interim
2. Adjustments to segment income of JPY 1,910 mn mainly include eliminations of inter-segment transactions and corporate profits and losses that are not allocated to each reportable segment.

6. Impairment of Non-Financial Assets

(1) Business Assets Impairments

Impairment losses recognized in the condensed consolidated interim statement of profit and loss for store and other assets for which the Group's business performance has deteriorated are as follows.

(Millions, JPY)

	FY2024 / Consolidated Interim Accounting Period (From Oct. 1, 2023 To Mar. 31, 2024)	FY2025 / Consolidated Interim Accounting Period (From Oct. 1, 2024 To Mar. 31, 2025)
Buildings	174	190
Structures	32	—
Machinery and equipment	77	1
Tools, furniture, and fixtures	128	78
Right-of-use assets	91	273
Intangible assets	1	26
Total	503	567

(NOTE)

1. All impairments resulted from the business assets and are included in other expenses in the condensed consolidated interim statement of profit and loss.
2. Business assets are tested for impairment using individual store as cash-generating units.
3. The recoverable amount of these assets was JPY186 mn for the previous consolidated interim fiscal year.
4. The number of stores for which impairment loss was recognized was 51 store in the FY2024 interim period, and 23 for FY2025 interim period.

(2) Impairment of assets acquired in business combinations

We test our good will and indefinite-lived brands for impairment annually or whenever indicators of impairment are identified. There were no indications of good will or indefinite-lived brand acquisitions, dispositions or impairments during the previous interim and current fiscal years.

7. Bonds and Borrowings

(1) The breakdown of our bonds and borrowings is as follows:

(Millions, JPY)

	At the End of FY2024 (Sep. 30, 2024)	At the End of FY2025 Interim Period (Mar. 31, 2025)	Average interest rate (%)	Maturity Date
Current liabilities				
Current portion of bonds payable	5,000	—	—	—
Current portion of long-term loans payable	4,009	4,009	0.55	September 2025
Subtotal	9,009	4,009	—	—
Non current liabilities				
Bonds (excluding bonds due within 1 year)	24,555	29,552	—	—
Long-term debt, net of current portion	50,959	48,955	0.41	March 2032
Subtotal	75,514	78,506	—	—
Total	84,523	82,515	—	—

(NOTE)

1. Bonds and borrowings are classified as financial liabilities measured at amortized cost.
2. The average interest rate is the weighted average interest rate on the outstanding balance of borrowings at the end of the FY2025 interim accounting period.
3. Certain of our borrowings are subject to financial covenants requiring, among other things, the maintenance of certain equity levels. There were no events that violated this provision during the current consolidated interim accounting period or the previous fiscal year.
4. The following is a summary of the terms and conditions for issuing corporate bonds.

(Millions, JPY)

Company name	Brand	Date of issue	End of FY2024 (Sep. 30, 2024)	End of FY2025 Interim Period (Mar. 31, 2025)	Interest rate (%)	Collateral	Maturity date
F&LC	First unsecured bond issue	Jan 23, 2020	5,000	—	0.170	Unsecured	Jan. 23, 2025
F&LC	Second series of unsecured bonds	Jan 23, 2020	4,994	4,996	0.350	Unsecured	Jan. 23, 2030
F&LC	Fourth series of unsecured bonds	Dec 20, 2023	11,971	11,978	1.062	Unsecured	Dec. 20, 2028
F&LC	Fifth Unsecured Bonds	Dec 14, 2023	7,590	7,594	1.062	Unsecured	Dec. 14, 2028
F&LC	Sixth Unsecured Bonds	Jan 23, 2025	—	4,984	1.351	Unsecured	Jan. 23, 2030
Total	—	—	29,555	29,552	—	—	—

8. Cash Dividends

(1) Dividends Paid

FY2024 Consolidated Interim Accounting Period (From Oct. 1, 2023 To Mar. 31, 2024)

Date of resolution	Class of shares	Source of dividends	Total dividends (Millions, JPY)	Dividends per share (Yen)	Record Date	Effective date
Dec. 21, 2023 Annual Shareholders' Meeting	Common stock	Retained earnings	2,603	22.50	Sep. 30, 2023	Dec. 22, 2023

FY2025 Consolidated Interim Accounting Period (From Oct. 1, 2024 To Mar. 31, 2025)

Date of resolution	Class of shares	Source of dividends	Total dividends (Millions, JPY)	Dividends per share (Yen)	Record Date	Effective date
Dec. 26, 2024 Annual Shareholders' Meeting	Common stock	Retained earnings	2,603	30.00	Sep. 30, 2024	Dec. 27, 2024

(2) Dividends for which the record date falls in the current consolidated interim accounting period, and the effective date falls after the end of the current consolidated interim accounting period

FY2024 / Interim Accounting Period (From Oct. 1, 2023 To Mar. 31, 2024)
Not applicable

FY2025 / Interim Accounting Period (From Oct. 1, 2024 To Mar. 31, 2025)
Not applicable

9. Revenue

Revenues recorded from restaurant operations, etc. are presented as revenue, and revenue (external revenues) classified by type of goods or services, based on the classification of the reportable segments, are decomposed as follows.

FY2024 Consolidated Interim Accounting Period (From Oct. 1, 2023 To Mar. 30, 2024)

(Millions, JPY)

	Reportable Segments				Total
	Japan Sushiro Business	International Sushiro Business	Kyotaru Business	Other businesses	
Store Sales	118,876	41,552	12,325	3,032	175,785
Others	117	10	—	78	204
Total	118,993	41,561	12,325	3,110	175,989

FY2025 Consolidated Interim Accounting Period (From Oct. 1, 2024 To Mar. 30, 2025)

(Millions, JPY)

	Reportable Segments				Total
	Japan Sushiro Business	International Sushiro Business	Kyotaru Business	Other businesses	
Store Sales	128,968	58,791	12,029	3,811	203,599
Others	129	14	0	71	214
Total	129,097	58,805	12,029	3,883	203,814

10. Selling, General, and Administrative Expenses

Selling, general and administrative expenses comprise the following:

(Millions, JPY)

	FY2024 / Consolidated Interim Accounting Period (From Oct. 1, 2023 To Mar. 31, 2024)	FY2025 / Consolidated Interim Accounting Period (From Oct. 1, 2024 To Mar. 31, 2025)
Employee benefit expenses	47,987	54,716
Depreciation and amortization (Note)	14,687	17,185
Utility costs	4,015	4,846
Commissions Paid	3,557	3,985
Others	15,621	17,129
Total	85,867	97,861

11. Other Expenses

(Millions, JPY)

	FY2024 / Consolidated Interim Accounting Period (From Oct. 1, 2023 To Mar. 31, 2024)	FY2025 / Consolidated Interim Accounting Period (From Oct. 1, 2024 To Mar. 31, 2025)
Impairment loss	503	567
Others (Note)	1,235	159
Total	1,739	726

(NOTE)"Others" for the previous consolidated interim accounting period includes a loss of JPY1,110 mn associated with the response to the recommendations for correction from the Labor Standards Supervision Office.

12. Earnings Per Share

	FY2024 / Consolidated Interim Accounting Period (From Oct. 1, 2023 To Mar. 31, 2024)	FY2025 / Consolidated Interim Accounting Period (From Oct. 1, 2024 To Mar. 31, 2025)
Profit for the interim period attributable to common shareholders of the parent company (millions, JPY)	7,278	11,869
Profit for the interim period on common stock used in the calculation of basic interim earnings per share (millions, JPY)	7,278	11,869
Profit for the interim period on common stock used in the computation of diluted earnings per share (millions, JPY)	7,278	11,869
Basic average number of common shares during the period (shares)	115,693,659	113,127,810
Increase in common stock used in the calculation of diluted earnings per share (shares)	1,093,930	1,338,060
Diluted average number of common shares outstanding during the period (shares)	116,787,589	114,465,870
Basic interim earnings per share (JPY)	62.91	104.91
Diluted interim earnings per share (JPY)	62.32	103.69
Summary of potential shares not included in the calculation of interim diluted earnings per share as they have no dilutive effect	4 types of stock acquisition rights (284,000 shares of common stock)	3 types of stock acquisition rights (176,000 shares of common stock)

13. Fair Value of Financial Instruments

The carrying amounts and fair values of financial instruments are as follows: For financial instruments whose carrying amounts approximate fair value, the notes are omitted.

(Millions, JPY)

	FY2024 / Consolidated Accounting Period (Sep. 30, 2024)		FY2025 / Consolidated Interim Accounting Period (Mar. 31, 2025)	
	Book value	Fair value	Book value	Fair value
Financial assets measured at amortized cost :				
Lease and guarantee deposits	14,766	14,211	15,254	14,843
Loans receivable	—	—	28	28
Financial assets measured at fair value :				
Unlisted stocks	1,232	1,232	1,232	1,232
Financial liabilities measured at amortized cost :				
Corporate bonds	29,555	29,329	29,552	28,714
Borrowings	54,968	53,983	52,964	51,266

The fair values of financial assets and financial liabilities were calculated as follows:

(a) Lease and guarantee deposits

As the Company has determined that the credit risk of the owners of the properties to which lease and guarantee deposits is counterparty is extremely low at this time, these fair values are calculated based on the present value of future cash flows over the lease term discounted at an appropriate index such as government bond yields, and are classified as Level 3.

(b) Loans receivable

The fair value of loans receivable is calculated based on the present value of expected future cash flows discounted and falls within Level 2.

(c) Unlisted stocks

The fair value of unlisted shares is measured by the division in charge of such activity of our group in accordance with group accounting policies, etc. using the figures available right before the end of the measurement for each reporting period, and falls under Level 3.

(d) Corporate bonds

The fair value of corporate bonds is calculated based on quoted market prices and falls under Level 2.

(e) Borrowings

The fair value of borrowings approximates the carrying value for short-term borrowings due to their short-term maturities. Long-term borrowings with fixed interest rates are calculated based on the present value of the total amount of principal and interest discounted at the interest rate assumed for similar new borrowings. Contractual amounts approximate fair value due to variable interest rates reflecting market interest rates in a short period of time and because our

credit itself does not change significantly after borrowing has been executed. These fall under Level 2.

14. Fair value measurement

Fair value hierarchy

The level in the fair value hierarchy used to measure fair value is determined based on the lowest level input that is significant to the fair value measurement.

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included in Level 1 that are observable, either directly or indirectly, for assets or liabilities

Level 3: Inputs not observable for assets or liabilities

FY2024 Consolidated Accounting Period (Sep. 30, 2024)				(Millions, JPY)
	Level 1	Level 2	Level 3	Total
Assets:				
Lease and guarantee deposits	—	—	14,211	14,211
Loans receivable	—	—	—	—
Other financial assets (non-current):				
Unlisted stocks	—	—	1,232	1,232
Total	—	—	15,442	15,442
Liabilities:				
Corporate bonds	—	29,329	—	29,329
Borrowings	—	53,983	—	53,983
Total	—	83,312	—	83,312

FY2025 Consolidated Interim Accounting Period (Sep. 30, 2025)				(Millions, JPY)
	Level 1	Level 2	Level 3	Total
Assets:				
Lease and guarantee deposits	—	—	14,843	14,843
Loans receivable	—	28	—	28
Other financial assets (non-current):				
Unlisted stocks	—	—	1,232	1,232
Total	—	28	16,074	16,103
Liabilities:				
Corporate bonds	—	28,714	—	28,714
Borrowings	—	51,266	—	51,266
Total	—	79,981	—	79,981

(NOTE)

- For assets and liabilities recorded in the condensed consolidated interim financial statements on a recurring basis, our grouping determines whether transfers have occurred between levels of the hierarchy by reassessing the classification at the end of the respective reporting period.
- There were no transfers between Level 1 and Level 2 fair value measurements or transfers from Level 3 or from Level 3 during the previous fiscal year or the current interim fiscal year.

A reconciliation of Level 3 financial instruments measured at fair value on a recurring basis is as follows: (Millions, JPY)

	FY2024 / Consolidated Interim Accounting Period (From Oct. 1, 2023 To Mar. 31, 2024)	FY2025 / Consolidated Interim Accounting Period (From Oct. 1, 2024 To Mar. 31, 2025)
Balance at beginning of year	417	1,232
Purchase	235	—
Closing balance	653	1,232

15. Subsequent Events

Not applicable

16. Others

Not applicable