

Securities Report

[Full Year]

FY2024

From Oct. 1, 2023
To Sep. 30, 2024

FOOD & LIFE COMPANIES LTD.

10th Securities Report

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[Cover]

[Filing] Securities Report (Full Year)

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[Submit to] Director-General, Kinki Financial Bureau

[Submission date] Dec. 27, 2024

[Fiscal year] 10th fiscal year (from Oct. 1, 2023 to Sep. 30, 2024)

[Company name] FOOD & LIFE COMPANIES LTD.

[English translation name] FOOD & LIFE COMPANIES LTD.

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Section I [Corporate Information]

Part 1 [Overview of the Company]

(Introduction)

Sushitaro Co., Ltd. ("Akindo Sushiro Co., Ltd. (est.1984)"), which was established on Oct. 23, 1984, is our predecessor. Akindo Sushiro Co., Ltd. (est.1984)'s management philosophy is to enrich people's lives through sushi. Our goal has been to contribute to the development of Japanese traditionally eating habits by actively expanding our store business so that as many customers as possible can taste high-quality, low-priced products. On Sep. 18, 2003, the Company listed its shares on the Second Section of the Tokyo Stock Exchange. AS Holdings Co., Ltd., which was established by investment funds belonging to Unison Capital Group, announced the management buyout of Akindo Sushiro Co., Ltd. (est.1984) ("MBO") in Sep. 2008 and conducted a tender offer for shares (the "Tender Offer"). The Tender Offer was signed into law on Nov. 10, 2008. As a result, Akindo Sushiro Co., Ltd. (est.1984) became a subsidiary of AS Holdings Corporation and delisted its listing on the Second Section of the Tokyo Stock Exchange on Apr. 1, 2009. AS Holdings Co., Ltd. merged with Akindo Sushiro Co., Ltd. (est.1984) as a dissolved company on May. 31, 2009, and the name of AS Holdings Co., Ltd. was changed to Akindo Sushiro Co., Ltd. ("Akindo Sushiro Co., Ltd. (est.2009)") on the same date. Subsequently, CEIL Japan Co., Ltd., which was established on Jul. 31, 2012 by Permira Fund, acquired all shares of Akindo Sushiro Co., Ltd. (est.2009) on Sep. 28, 2012, and made it a subsidiary. This was the result of the transfer of major shareholders from Unison Capital Group, etc. to Permira Fund ※1, which is advised by Permira Advisors Group. On Jan. 1, 2013, CEIL Japan Co., Ltd. merged with Akindo Sushiro Co., Ltd. (est.2009) as a dissolved company, and on the same date, the name of CEIL Japan Co., Ltd. was changed to Akindo Sushiro Co., Ltd. On Mar. 31, 2015, Akindo Sushiro Co., Ltd. established Akindo Sushiro Holdings Co., Ltd. through a standalone share transfer and shifted to a holding company structure. On Oct. 1, 2015, the company changed its name to Sushiro Global Holdings Co., Ltd., and on Apr. 1, 2021, the company changed its name to FOOD & LIFE COMPANIES Co., Ltd. On Oct. 1, 2015, the Company established Sushiro Creative Dining Co., Ltd. through an incorporation-type company split from Akindo Sushiro Co., Ltd. to develop new business formats. On the same day, all shares issued by Sushiro Creative Dining Co., Ltd. were transferred from Akindo Sushiro Co., Ltd. to us. On Apr. 1, 2021, the corporate name of Sushiro Creative Dining Co., Ltd. was changed to FOOD & LIFE INNOVATIONS LTD., and this change continues to this day. Due to the secondary offering of our shares following our listing on the First Section of the Tokyo Stock Exchange on Mar. 30, 2017, CEIL did not become a controlling shareholder other than our parent company, and our shareholding ratio as of the end of Sep. 2017 was 28.91%. In addition, through the transfer of our shares to Shinmei Co., Ltd. by CEIL under Business Alliance Agreement concluded on Sep. 29, 2017, CEIL sold all of its shares.

※1 Permira Fund is a fund advised by Permira Advisors, Inc., or its affiliates (Permira Advisors Group) and indirectly holds a majority interest in Consumer Equity Investments Limited ("CEIL") through Sardilux S.à r.l. in which Permira Fund holds all of its shares.

※2 Shinmei Co., Ltd. changed its name to Shinmei Holdings Co., Ltd. on Oct. 1, 2018.

(1) Established SUSHITARO CO., LTD. and changed its name to Akindo Sushiro Co., Ltd. (Akindo Sushiro Co., Ltd. (est.1984))

Akindo Sushiro Co., Ltd. (est.1984) began in Jul. 1975 when Yoshio Shimizu, the founder, opened a private shop in Abeno-ku, Osaka (not revolving sushi, but a store in which craftsmen directly take orders from customers and make sushi in front of them). Subsequently, following a transition in Osaka, including the opening of a takeout specialty store, on Oct. 23, 1984, Sushitaro Co., Ltd. was established in Toyonaka City, Osaka Prefecture, with the aim of developing store for kaiten (revolving) sushi stores. On Aug. 1, 1999, Sushitaro Co., Ltd. (Representative Director: Yoshio Shimizu) merged with Sushitaro Co., Ltd. (Head Office: Suita City, Osaka), which was the surviving company and Yoshio Shimizu's younger brother, as the dissolved company. In Dec. 2000, the company changed its name from Sushitaro Co., Ltd. to Akindo Sushiro Co., Ltd. Based on its management philosophy of "Enriching People's Lives through Sushi," the company continued to provide customers with high-quality, high-value-added services, and pursued efficiency by introducing kaiten (revolving) sushi Comprehensive Control System. In this way, the company worked daily to improve customer satisfaction, and on Sep. 18, 2003, the company was listed on the Second Section of the Tokyo Stock Exchange.

(2) Implementation of MBO by AS Holdings Corporation

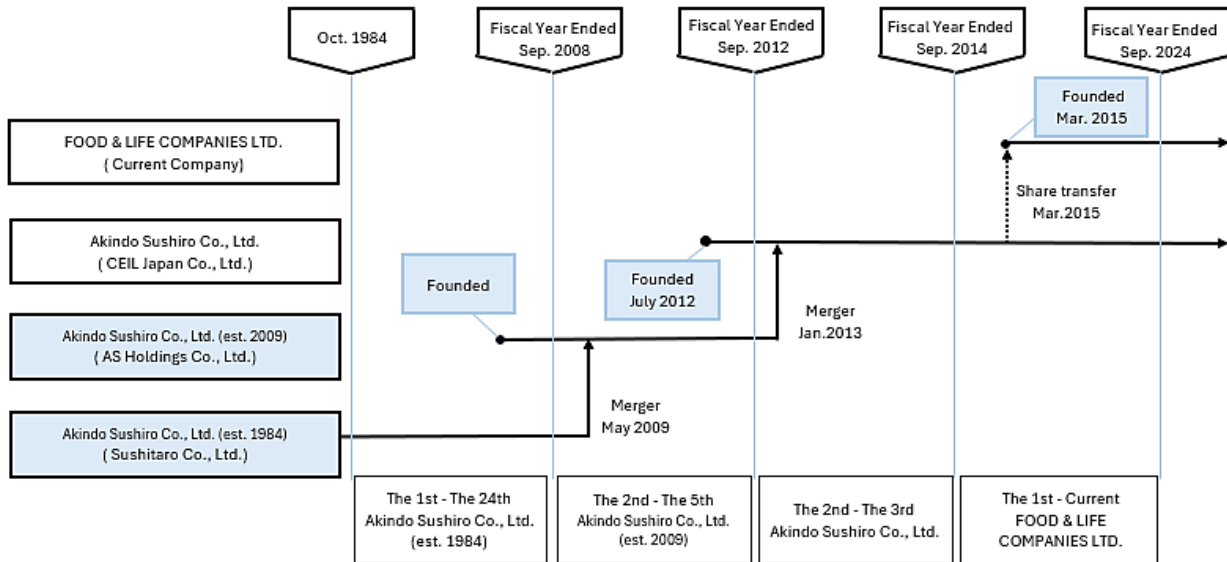
AS Holdings Co., Ltd. was established on Aug. 8, 2008 by an investment fund belonging to Unison Capital Group. The purpose of the fund is to acquire shares of Akindo Sushiro Co., Ltd. (est.1984) (effectively the surviving company). The Board of Directors of Akindo Sushiro Co., Ltd. (est.1984) has carefully considered and discussed the proposal for strategic privatization from Unison Capital Group. The Board of Directors determined that the tender offer was extremely meaningful for Akindo Sushiro Co., Ltd. (est.1984)'s growth. The tender offer was resolved at a meeting of the Board of Directors held on Sep. 24, 2008, and the proposal was agreed to enhance Akindo Sushiro Co., Ltd. (est.1984)'s corporate value by establishing strong equity ties that transcend existing alliances. The proposal was consistent with Akindo Sushiro Co., Ltd. (est.1984)'s medium-term management plan. The tender offer prices and terms were reasonable for Akindo Sushiro Co., Ltd. (est.1984)'s stockholders. On Sep. 25, 2008, AS Holdings, Inc. made a tender offer for Akindo Sushiro Co., Ltd. (est.1984) shares and other shares, which was established on Nov. 10, 2008. As a result, Akindo Sushiro Co., Ltd. (est.1984) became a subsidiary of AS Holdings Corporation and delisted its listing on the Second Section of the Tokyo Stock Exchange on Apr. 1, 2009. Subsequently, AS Holdings Co., Ltd. merged with Akindo Sushiro Co., Ltd. (est.1984) as a dissolved company on May. 31, 2009, and the name of AS Holdings Co., Ltd. was changed to Akindo Sushiro Co., Ltd. ("Akindo Sushiro Co., Ltd. (est.2009)") on the same date.

(3) Changes in Major Shareholders from Unison Capital Group, etc. to Permira Funds

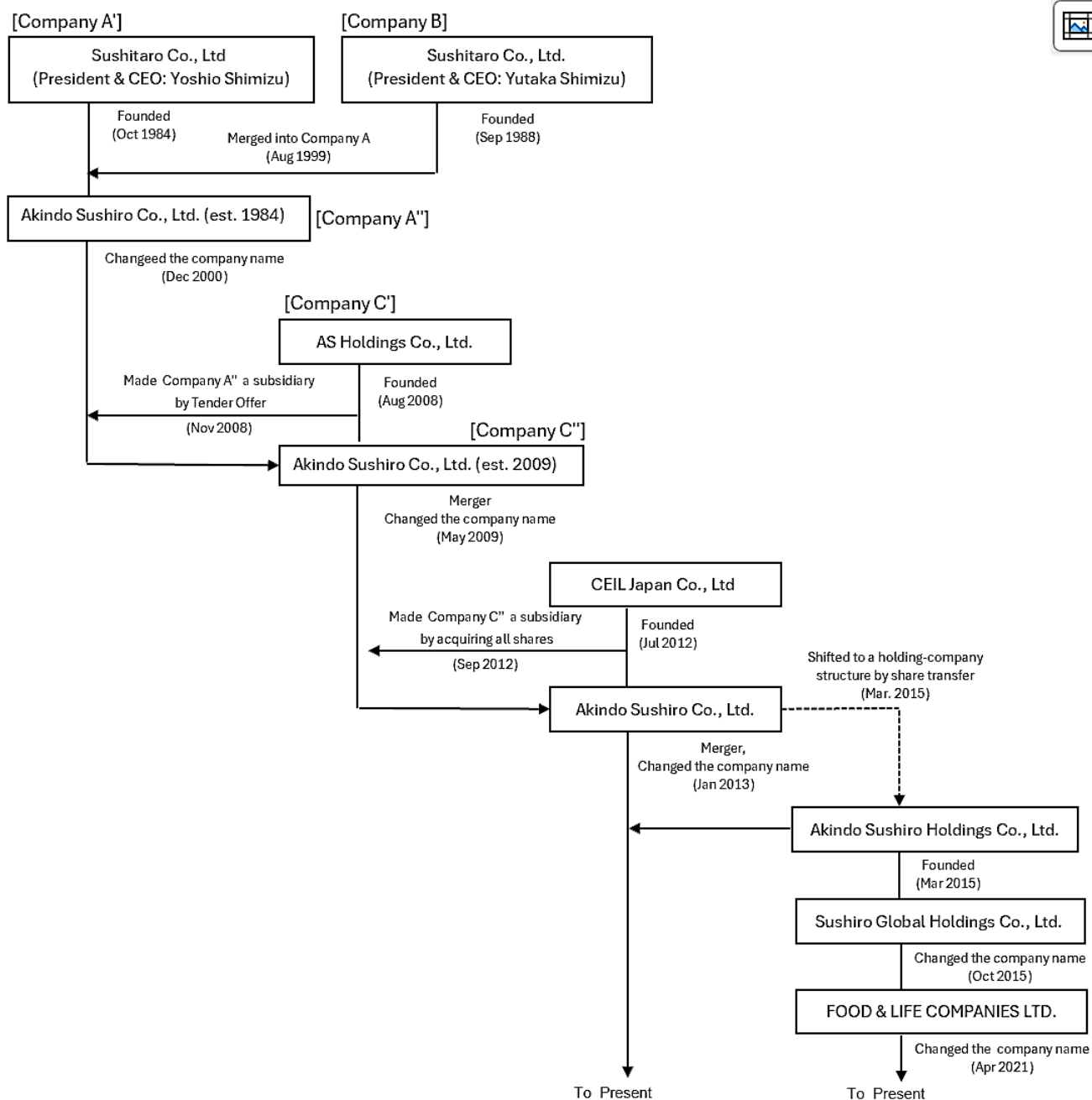
CEIL Japan Co., Ltd. was established on Jul. 31, 2012 by Permira Fund to acquire all shares of Akindo Sushiro Co., Ltd. (est.2009) held by investment funds and other entities belonging to Unison Capital Group. On Sep. 28, 2012, CEIL Japan Co., Ltd. purchased all of its shares in Akindo Sushiro Co., Ltd. (est.2009) from investment funds belonging to Unison Capital Group. This was achieved by conducting LBO (Leveraged Buyout) and obtaining external financing of approximately JPY 40 bn from financial institutions in addition to the Company's own funds. A portion of borrowings, brand JPY53,596 mn and goodwill JPY30,371 mn recorded in the consolidated statement of financial position were recognized as a result of this consolidation. Subsequently, CEIL Japan Co., Ltd. merged with Akindo Sushiro Co., Ltd. (est.2009) as a dissolved company with an effective date of Jan. 1, 2013, and changed the name of CEIL Japan Co., Ltd. to Akindo Sushiro Co., Ltd. on the same date. In Dec. 2015, the Company acquired 25 bn shares of treasury stock for a total purchase price of JPY 25 bn from the perspective of equity policy. The Company has newly borrowed the funds required to acquire these shares. Treasury stock retired all of them in Dec. 2016. For the impairment of goodwill, please refer to "2. Status of business 3. Risk of business, etc. (19) Risk associated with application of impairment accounting" and "5. Status of accounting 1. Consolidated financial statements, etc. (1) Notes to consolidated financial statements 12. Impairment of non-financial assets". For details on borrowings, please refer to "2. Status of Business 3. Risk of Business, etc. (20) Risk due to violation of large interest-bearing liabilities and financial limitations" and "5. Status of Accounting 1. Consolidated Financial Statements, etc. (1) Notes to Consolidated Financial Statements 16. bonds and borrowings."

(4) Establishment of FOOD & LIFE COMPANIES LTD.

On Mar. 31, 2015, Akindo Sushiro Co., Ltd. established Akindo Sushiro Holdings Co., Ltd. through a non-consolidated share transfer and transitioned to a holding company structure. In addition, Akindo Sushiro Holdings Co., Ltd. changed its name to Sushiro Global Holdings Co., Ltd. on Oct. 1, 2015, and further changed its name to FOOD & LIFE COMPANIES LTD. on Apr. 1, 2021 to the present. The above changes in the main body of our business operations are illustrated below.



< History of our Company >



This document is presented as a going concern because Akindo Sushiro Co., Ltd. continues to be the primary business of Akindo Sushiro Co., Ltd. (est.1984) and Akindo Sushiro Co., Ltd. (est.2009). In addition, Akindo Sushiro Co., Ltd. (est.1984) and Akindo Sushiro Co., Ltd. (est.2009) descriptions are presented separately as required.

1 [Trends in Management KPIs]

(1) Financial Summary

Fiscal year	International accounting standards				
	6th fiscal year	7th fiscal year	8th fiscal year	9th fiscal year	10th fiscal year
Year-end	Sep. 2020	Sep. 2021	Sep. 2022	Sep. 2023	Sep. 2024
Revenue (millions, JPY)	204,957	240,804	281,301	301,747	361,129
Operating profit (millions, JPY)	12,061	22,901	10,123	11,001	23,384
Income before income taxes (millions, JPY)	10,536	21,584	7,564	9,864	21,653
Profit for the period attributable to the owners of parent (millions, JPY)	6,457	13,185	3,607	8,045	14,633
Comprehensive income attributable to owners of the parent (millions, JPY)	6,524	14,091	5,700	8,484	13,863
Equity attributable to owners of the parent (millions, JPY)	50,908	63,569	65,117	72,268	76,568
Total Assets (millions, JPY)	237,265	296,001	331,982	351,619	365,154
Equity per share attributable to owners of the parent per share (JPY)	436.63	542.88	554.51	612.24	661.48
Basic earnings per share (JPY)	55.64	113.61	31.16	69.54	127.46
Diluted earnings per share (JPY)	55.48	113.05	30.98	69.01	126.32
Ratio of equity attributable to owners of the parent (%)	21.4	21.3	19.3	20.1	20.5
Return on equity attributable to owners of the parent (%)	13.2	23.2	5.7	11.9	20.1
Price to earnings ratio (times)	47.59	45.42	71.36	36.15	22.58
Cash flows from operating activities (millions, JPY)	23,923	31,679	29,514	42,360	56,326
Cash flows from investing activities (millions, JPY)	△14,879	△17,286	△19,647	△17,888	△24,066
Cash flows from financing activities (millions, JPY)	△6,724	2,107	10,539	△23,876	△34,322
Ending balance of cash and cash equivalents (millions, JPY)	12,665	29,367	50,637	51,228	48,695
Number of employees (persons)	2,863	4,577	6,088	7,134	8,978
(average number of temporary employees)	(18,857)	(21,035)	(21,961)	(20,779)	(21,071)

(NOTE)

1. The above indicators are prepared in accordance with International Financial Reporting Standards ("IFRS").
2. Figures are rounded to the nearest JPY1 mn.
3. The number of temporary employees is the number of part-time employees. The average number of employees per year converted at 8 hours per day is shown in parentheses
4. We conducted a 4-for-1 stock split on Apr. 1, 2020. Equity attributable to owners of the parent, basic earnings per share and diluted earnings per share are calculated based on the number of shares outstanding after the stock split, assuming that the stock split was implemented at the beginning of the sixth fiscal year.
5. From the 10th fiscal year, IFRS No. 12, "Income Taxes" (revised May. 2021), "IAS No. 12 (revised)," "Income Taxes." has been applied. As a result, the index for the 9th fiscal year has been applied retrospectively. The details of the changes in accounting policies are as described in "5. Accounting status, 1. Notes to Consolidated Financial Statements, 2. Basis of Preparation."

(2) KPIs of the Reporting Company

Fiscal year	Japan accounting standards				
	6th fiscal year	7th fiscal year	8th fiscal year	9th fiscal year	10th fiscal year
Year-end	Sep. 2020	Sep. 2021	Sep. 2022	Sep. 2023	Sep. 2024
Operating revenue (millions, JPY)	5,909	11,130	17,819	17,137	19,061
Ordinary income (millions, JPY)	1,907	6,128	5,335	2,448	2,301
Net income/loss (△) (millions, JPY)	△415	6,026	8,948	3,398	2,399
Capital stock (millions, JPY)	100	100	100	100	100
Number of issued shares (shares)	116,049,984	116,069,184	116,069,184	116,069,184	116,069,184
Net assets (millions, JPY)	14,936	19,548	24,365	25,666	18,316
Total assets (millions, JPY)	78,510	104,019	143,603	141,196	137,794
Net assets per share (JPY)	126.65	163.62	202.21	209.41	146.53
Dividends per share (including interim dividends per share) (JPY)	15.00 (-)	22.50 (-)	22.50 (-)	22.50 (-)	30.00 (-)
Net income per share or net loss per share (△) (JPY)	△3.57	51.92	77.31	29.37	20.90
Diluted earnings per share (JPY)	-	51.67	76.85	29.15	20.71
Equity ratio (%)	18.7	18.3	16.3	17.2	12.0
Return on equity (%)	-	35.8	42.2	14.3	11.8
Price to earnings ratio (times)	-	99.38	28.77	85.60	137.73
Dividend payout ratio (%)	-	43.3	29.1	76.6	143.6
Number of employees (average number of temporary employees) (persons)	190 (13)	214 (14)	236 (15)	247 (12)	258 (11)
Total shareholder return (%)	146.5	286.0	125.7	144.6	164.5
(Comparative index: TOPIX with dividends) (%)	(104.9)	(133.7)	(124.2)	(161.2)	(187.9)
Highest stock price (JPY)	2,800 (10,310)	5,480	5,320	3,710	3,197
Lowest stock price (JPY)	1,250 (5,190)	2,656	2,060	2,132	2,019

(NOTE)

1. Diluted earnings per share for the sixth fiscal year are not presented because it is the amount of net loss per share, although there are dilutive shares.
2. Return on equity for the 6th fiscal year is not stated because a net loss has been recorded for this fiscal year.
3. Price earnings ratio for the 6th fiscal year is not stated because of the net loss.
4. The dividend payout ratio for the 6th fiscal year is not stated because of the net loss.
5. Figures are rounded to the nearest JPY1 mn.
6. The number of temporary employees is the number of part-time employees. The average number of employees per year converted at 8 hours per day is shown in parentheses.
7. The highest and lowest share prices are those on the First Section of the Tokyo Stock Exchange for the period before Apr. 3, 2022, and those on the Tokyo Stock Exchange Prime market from Apr. 4, 2022. On Apr. 1, 2020, we conducted a 4-for-1 stock split of common stock. As for the share price for the 6th fiscal year, the highest and lowest share prices after the stock split are shown, and the highest and lowest share prices before the stock split are shown in parentheses.
8. We conducted a 4-for-1 stock split on Apr. 1, 2020. Net assets per share, net income per share, net loss per share and diluted earnings per share are calculated based on the number of shares outstanding after the stock split, assuming stock split was implemented at the beginning of the 6th fiscal year.

2 [History]

As described above under "Introduction," our predecessor is Sushitaro Co., Ltd. (Akindo Sushiro Co., Ltd. (est.1984)).

CEIL Japan Co., Ltd. (now Akindo Sushiro Co., Ltd.) was established on Jul. 31, 2012, and made Akindo Sushiro Co., Ltd. (est.2009) which is the surviving company in the form of the business of Sushitaro Co., Ltd. (Akindo Sushiro Co., Ltd. (est.1984)), its subsidiary on Sep. 28, 2012. Subsequently, on Jan. 1, 2013, the Company merged with CEIL Japan Co., Ltd. as the surviving company and the Company as the dissolved company, and on the same date, the Company changed its name to Akindo Sushiro Co., Ltd. Subsequently, on Mar. 31, 2015, Akindo Sushiro Co., Ltd. established Akindo Sushiro Holdings Co., Ltd. through a non-consolidated share transfer, shifted to a holding company structure, changed its corporate name to Sushiro Global Holdings Co., Ltd. on Oct. 1, 2015, and further changed its corporate name to FOOD & LIFE COMPANIES LTD. on Apr. 1, 2021. We describe below the history from the establishment of SUSHITARO CO., LTD. through the absorption-type merger of Akindo Sushiro Co., Ltd. (est.2009) by CEIL Japan Co., Ltd. (now Akindo Sushiro Co., Ltd.) and the transition to a holding company structure. In addition, the table is divided into 2 parts, from the establishment of Sushitaro Co., Ltd. to the delisting of the Second Section of the Tokyo Stock Exchange, and from the delisting to the present.

(From the establishment of SUSHITARO CO., LTD. (Akindo Sushiro Co., Ltd. (est.1984)) to delisting through a tender offer)

Year / month	Events
1984 Oct	Established Sushitaro Co., Ltd. (Head office: Toyonaka City, Osaka Prefecture, Representative Director: Yoshio Shimizu). Opened the first store in Toyonaka City under the name "Sushitaro."
1991 Oct	Changed the opening policy of Sushitaro Co., Ltd. to a directly managed store, and opened the Ochiai store in Suma-ku, Kobe city, the first revolving lane format store.
1995 Dec	The processing plant of Sushitaro Co., Ltd. is set up in the vicinity of Takarazuka Yasukura store.
1996 Sep	Sushitaro Co., Ltd. opens Takashi Store in Takarazuka City, Hyogo Prefecture, the first store with a uniform price of JPY100 per dish.
1999 Aug	Sushitaro Co., Ltd. was the surviving company and merged with Sushitaro Co., Ltd. (a company whose representative director was Yutaka Shimizu, the real brother of Yoshio Shimizu).
2000 Dec	Company name changed to Akindo Sushiro Co., Ltd. (Akindo Sushiro Co., Ltd. (est.1984)). The head office was relocated to Tsuruno, Settsu City, Osaka Prefecture, and the new processing plant and warehouse were integrated within the head office.
2001 Sep	Opened stores in Katsushika Ward and Fussa City, Tokyo, and entered the Kanto area.
2002 Jul	Opened a store in Atsuta-ku, Nagoya City, and entered the Chubu area.
2003 Sep	Listed shares on the Second Section of the Tokyo Stock Exchange.
2003 Nov	Outsourced delivery operations in the Kanto area.
2004 Feb	Abolished the processing plant in the head office.
2005 Feb	Head office moved to Suita City, Osaka.
2006 Apr	Head office registration relocated to Suita City, Osaka Prefecture.
2006 Sep	Opened a store in Okayama City, Okayama Prefecture, and entered the Chugoku area.
2007 Aug	Formed a strategic business alliance with Kyokuyo Co., Ltd., and Unison Capital Group.
2008 Jan	Opened a store in Tokushima City, Tokushima Prefecture and entered the Shikoku area.
2008 Apr	Opened a store in Ishinomaki City, Miyagi Prefecture and entered the Tohoku area.
2008 Apr	Opened a store in Kikuyo-cho, Kikuchi-gun, Kumamoto Prefecture and entered the Kyushu area.
2008 Jul	Opened a store in Teine Ward, Sapporo City, and entered the Hokkaido area.
2008 Sep	Started tender offer for Akindo Sushiro Co., Ltd. (est.1984) shares, etc. by AS Holdings, Inc.
2008 Nov	Completed tender offer for Akindo Sushiro Co., Ltd. (est.1984) shares, etc. by AS Holdings, Inc. (65.19% of the outstanding common shares and all stock acquisition rights are held, thereby making Akindo Sushiro Co., Ltd. (est.1984) a subsidiary.)
2009 Feb	Absorption-type merger agreement with AS Holdings, Inc. as the surviving company and Akindo Sushiro Co., Ltd. (est.1984) as the dissolved company resolved at the extraordinary general meeting of shareholders.
2009 Apr	Delisted from the Second Section of the Tokyo Stock Exchange.

(From the delisting of the former Akindo Sushiro Co., Ltd. Co., Ltd. through a tender offer, to the present)

Year / month	Matters
2009 May	AS Holdings Co., Ltd. merged with Akindo Sushiro Co., Ltd. (est.1984) and changed its name to Akindo Sushiro Co., Ltd. (Akindo Sushiro Co., Ltd. (est.2009)).
2011 Apr	Subsidiary Sushiro Korea Inc. established in Seoul, South Korea.
2012 Sep	CEIL Japan Co., Ltd. acquired all shares of Akindo Sushiro Co., Ltd. (est.2009) held by Unison Capital Group, etc., and made it a subsidiary.
2013 Jan	CEIL Japan Co., Ltd. merged with Akindo Sushiro Co., Ltd. (est.2009) and changed its name to Akindo Sushiro Co., Ltd.
2015 Mar	Established Akindo Sushiro Holdings Co., Ltd. through a share transfer and shifted to a holding-company structure.
2015 Sep	Opened a store in Urazoe City, Okinawa Prefecture and entered the Okinawa area.
2015 Oct	Changed the name of Akindo Sushiro Holdings Co., Ltd. to Sushiro Global Holdings Co., Ltd.
2015 Oct	Established Sushiro Creative Dining Co., Ltd. in Suita City, Osaka. as a result of an incorporation-type company split from Akindo Sushiro Co., Ltd. Transferred all shares issued by Sushiro Creative Dining Co., Ltd. from Akindo Sushiro Co., Ltd. to Sushiro Global Holdings Co., Ltd.
2016 Apr	Acquired all shares in CEI US Holdings Corporation (now Sushiro U.S. Holdings Inc.), which operates sushi-related Japanese restaurants in the United States and made it a subsidiary.
2016 Sep	Opened SUSHIRO Minami Ikebukuro store, the first urban model store.
2016 Oct	Closed 2 store operated by Sushiro U.S. Holdings Inc., which operates in the United States.
2017 Mar	Lists on First Section of the Tokyo Stock Exchange .
2017 Aug	Established Sushiro Taiwan Co., Ltd. in Taipei, Taiwan.
2017 Sep	Capital and business alliance with Shinmei Co., Ltd. and Genki Sushi Co., Ltd. (dissolved in Jun. 2019).
2018 Oct	Subsidiary in Singapore - Sushiro GH Singapore Pte. Established Ltd.
2019 Jan	Established Sushiro Hong Kong Limited (now FOOD & LIFE COMPANIES HONG KONG LIMITED) in Hong Kong.
2020 Feb	Established Ltd. (Sushiro GH(Thailand) in Thailand.
2020 May	Established Sharetea Japan Co., Ltd., a joint venture with LIAN FA INTERNATIONAL DINING BUSINESS CORPORATION
2021 Jan	Established Guangzhou Sushiro Restaurants Co., Ltd., a sub-subsidiary in China.
2021 Apr	Company name changed from Sushiro Global Holdings Co., Ltd. to FOOD & LIFE COMPANIES LTD. Changed the company name from Sushiro Creative Dining Co., Ltd. to FOOD & LIFE INNOVATIONS LTD.
2021 Apr	Acquired all shares in KYOTARU CO., LTD. and made it a subsidiary.
2022 Apr	Shift to the new "prime market" following the Tokyo Stock Exchange's market reorganization.
2022 Apr	Established a subsidiary in China, Chengdu Sushiro Restaurants Co., Ltd. and Shenzhen Sushiro Restaurant Co., Ltd.
2022 Sep	Established F & LC Support Co., Ltd. in Suita City, Osaka.
2023 Jun	Established a subsidiary, FOOD & LIFE COMPANIES USA, Corp, and its subsidiary, FOOD & LIFE COMPANIES USA, LLC, in the U.S.
2023 Jul	Established a subsidiary, PT. Indonesia Sushiro Restaurants, in Indonesia.
2023 Oct	Established subsidiary Beijing S Sushiro Restaurant Co., Ltd. in China.
2024 Apr	Established a Malaysian subsidiary, Sushiro Malaysia Sdn. Bhd.

3 [Description of Business]

As a holding company, we are in charge of formulating management policies and managing our group business. Our group consists of 20 consolidated subsidiaries including this reporting company. Our main business is the chain development of kaiten (revolving) sushi stores under the direct management method. The positioning of the Group's businesses and their relationship to segments are as follows. The categories shown below are the same as those of segments. In addition, we fall under the category of specified listed companies prescribed in Article 49(2) of the Cabinet Office Ordinance on Regulation of Transactions, etc. of Securities, and as a result, we will determine the minor standards for material facts of the Regulation of Insider Trading based on consolidated figures.

(Domestic Sushiro Business)

We operate revolving sushi stores, 'Sushiro,' through our subsidiary, Akindo Sushiro Co., Ltd.

(International Sushiro Business)

We operate revolving sushi stores, 'Sushiro,' through our subsidiaries; Sushiro Korea, Inc., Sushiro Taiwan Co., Ltd., Sushiro GH Singapore Pte., FOOD & LIFE COMPANIES HONG KONG LIMITED, Sushiro GH (Thailand) 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

(Kyotaru Business)

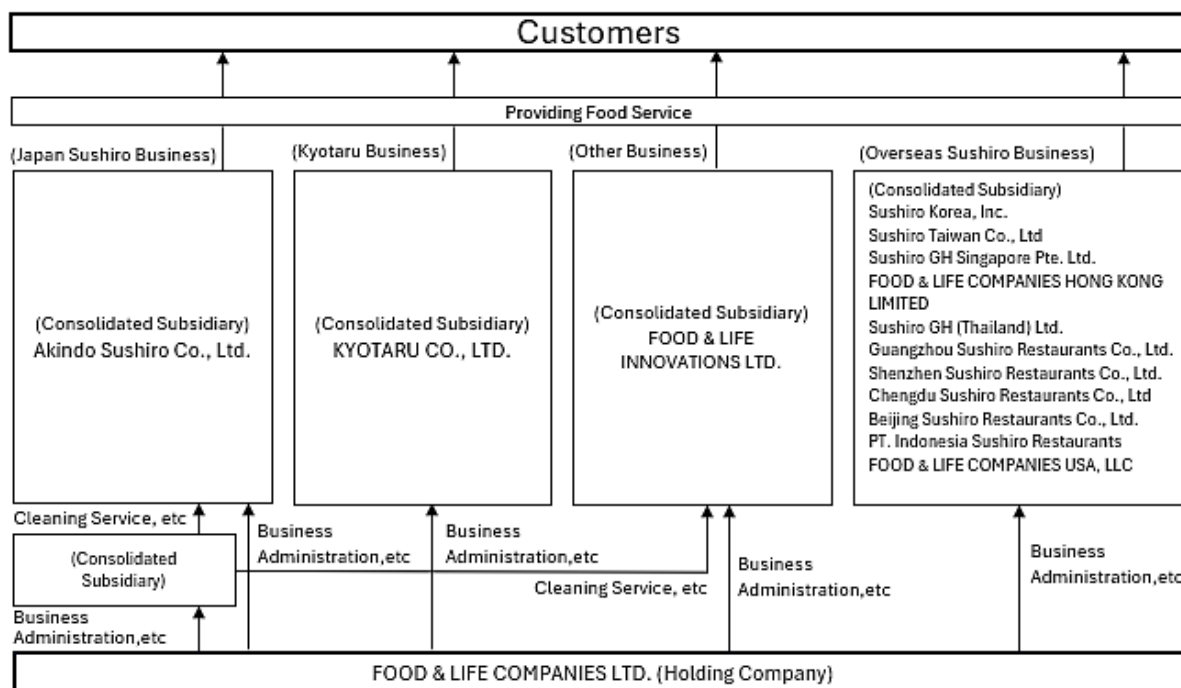
We operate sushi businesses through a subsidiary, KYOTARU CO., LTD. which operates sushi-takeout specialty stores branded as 'Kyotaru' and craftsmen sushi stores (w/revolving lane) branded as 'Kaiten Sushi Misaki' and 'Kaisen Misakiko.'

(Other)

The key subsidiary in this category is FOOD & LIFE INNOVATIONS LTD. which operates the "Sugidama" of the Sushi Izakaya tavern.

The organization of our group's business is shown below.

(Business Structure)



4 [Status of Affiliated Companies]

Name	Address	Capital	Main business	Ownership percentage of voting rights (%)	Related content
(Consolidated Subsidiaries)					
Akindo Sushiro Co., Ltd. (NOTE)1、 7	Suita City, Osaka	JPY 100 mn	Domestic Sushiro Business	(Ownership) 100.0	To provide services from F&LC Loaning of funds 2 concurrent board members
KYOTARU CO., LTD. (Note 1)	Chuo-ku, Tokyo	JPY 10 mn	Kyotaru Business	(Ownership) 100.0	To provide services from F&LC Loaning of funds 1 concurrent board members
FOOD & LIFE INNOVATIONS LTD. (Notes 1 and 3)	Chiyoda-ku, Tokyo	JPY 10 mn	Other businesses	(Ownership) 100.0 (100.0)	To provide services from F&LC Loaning of funds 1 concurrent board members
Sushiro Korea, Inc. (NOTE)1	Seoul, Korea	KRW 28,460 mn	International Sushiro Business	(Ownership) 100.0	To provide services from F&LC 1 concurrent board members
Sushiro Taiwan Co., Ltd. (NOTE)1	Taipei-city, Taiwan	NTD 1,244 mn	International Sushiro Business	(Ownership) 100.0	To provide services from F&LC 1 concurrent board members
Sushiro GH Singapore Pte. Ltd (Note 1)	Singapore	SGD 31 mn	International Sushiro Business	(Ownership) 100.0	To provide services from F&LC 1 concurrent board members
Food & LIFE COMPANIES HONG KONG LIMITED (Note 1)	Hong Kong, China	HKD 152 mn	International Sushiro Business	(Ownership) 100.0	To provide services from F&LC 2 concurrent board members
Sushiro GH(Thailand) Ltd (Notes 1 and 2)	Kingdom of Thailand	THB 16 mn	International Sushiro Business	(Ownership) 49.0	To provide services from F&LC 2 concurrent board members
Guangzhou Sushiro Restaurants Co., Ltd. (Notes 1 and 4)	Guangdong Province, China Guangzhou City	CNY 65 mn	International Sushiro Business	(Ownership) 100.0 (100.0)	To provide services from F&LC 1 concurrent board members
Shenzhen Sushiro Restaurants Co., Ltd. (Notes 1 and 4)	Guangdong Province, China Shenzhen City	CNY 26 mn	International Sushiro Business	(Ownership) 100.0 (100.0)	To provide services from F&LC 1 concurrent board members
Chengdu Sushiro Restaurants Co., Ltd. (Notes 1 and 4)	Sichuan, China Chengdu	CNY 39 mn	International Sushiro Business	(Ownership) 100.0 (100.0)	To provide services from F&LC 1 concurrent board members
Beijing Sushiro Restaurants Co., Ltd. (Notes 1 and 4)	Beijing, China	CNY 33 mn	International Sushiro Business	(Ownership) 100.0 (100.0)	To provide services from F&LC 1 concurrent board members
PT. Indonesia Sushiro Restaurants (Note 1)	Indonesia	IDR 161.5 bn	International Sushiro Business	(Ownership) 100.0	To provide services from F&LC 1 concurrent board members
FOOD & LIFE COMPANIES USA, LLC (Notes 1 and 5)	United States	USD 6 mn	International Sushiro Business	(Ownership) 100.0 (100.0)	To provide services from F&LC
Sushiro Malaysia Sdn. Bhd (Notes 1, 2, 6)	Malaysia	MYR 1 mn	International Sushiro Business	(Ownership) 49.0 (49.0)	To provide services from F&LC 2 concurrent board members
5 other companies (Note 1)					
(Equity-method affiliates)					
2 other companies					

(NOTE)

1. This is a specified subsidiary. All 5 other companies fall under the category of specified subsidiaries.
2. Ownership is 50/100 or less, but because it is effectively controlled, it has been made a subsidiary.
3. FOOD & LIFE INNOVATIONS LTD. is a 100% owned subsidiary of KYOTARU CO., LTD., and the percentage of voting rights in parentheses is indirectly owned.
4. Guangzhou Sushiro Restaurants Co., Ltd., Shenzhen Sushiro Restaurants Co., Ltd., Chengdu Sushiro Restaurants Co., Ltd. and Beijing Sushiro Restaurants Co., Ltd. are 100% owned subsidiaries of Sushiro (China) Investment Co., Ltd. among the other 5 companies, and the percentage of voting rights in parentheses is indirectly owned.
5. FOOD & LIFE COMPANIES USA, LLC is a 100% owned subsidiary of FOOD & LIFE COMPANIES USA, Corp among the other 5 companies, and the percentage of voting rights in parentheses is the percentage of indirect ownership.
6. Sushiro Malaysia Sdn. Bhd. is a 49% owned subsidiary of Sushiro GH Singapore Pte. Ltd., and the percentage of voting rights in parentheses is indirectly owned.
7. Akindo Sushiro Co., Ltd. accounts for more than 10% of consolidated revenue (excluding intercompany sales between consolidated companies).

Major Profit and Loss Information

① Sales JPY 238,173 mn ② Ordinary income JPY 11,973 mn ③ Net Income JPY 7,110 mn ④ Net assets JPY 32,256 mn ⑤ Total assets JPY 81,396 mn

5 [Employee Status]

(1) Consolidated Basis

As of Sep. 30, 2024

Segment name	Number of employees (persons)	
Domestic Sushiro Business	1,913	(18,504)
International Sushiro Business	6,114	(1,255)
Kyotaru Business	497	(865)
Other businesses	454	(447)
Total	8,978	(21,071)

(NOTE)

1. The number of employees is the number of employed persons. The number of temporary employees (part-time employees) is the average number of persons per year, converted into 8 hours per day, and the number is shown in parentheses.
2. The number of employees increased by 1844 from the end of the previous fiscal year, but this was mainly due to active business development in the foreign Sushiro business.

(2) Status of Reporting Company

As of Sep. 30, 2024

Number of employees (persons)	Average age (years)	Average length of service (year)	Average annual salary (JPY)
258 (11)	41.7	2.9	8,129,434

(NOTE)

1. Since we are included in the other single segment, the number of employees by segment is not presented.
2. The number of employees is the number of employed persons (excluding employees transferred from us (the reporting company) to other companies and including those transferred from other companies to us (the reporting company)). The number of temporary employees (part-time employees) is the average number of employees per year, calculated on an 8-hour basis per day, and is shown in parentheses.
3. Average annual pay includes bonuses and any non-standard wages.

(3) Union Information

The labor union is not organized, but labor-management relations are stable and there are no noteworthy matters.

(4) Difference in Ratio of Female Workers in Managerial Positions, Ratio of Male Workers Taking Childcare Leave, and Wages of Male and Female Workers

① Domestic consolidated group

Current fiscal year					
Name	Percentage of female employees in managerial positions (%) (Note 1)	Percentage of male workers taking childcare leave (%) (Note 2)	Gap in wages of male and female workers (%) (Notes 1, 3 and 4)		
			Total labor	Regular workers	Part-time and fixed-term workers
Domestic consolidated group	7.1	64.9	78.4	83.3	100.2

② Reporting company and consolidated subsidiaries

Current fiscal year					
Name	Percentage of Female Employees in Managerial Positions (Notes 1 and 5)	Percentage of male workers taking childcare leave (%) (Notes 2 and 5)	Gap in wages of male and female workers (%) (Notes 1, 3, 4, 5)		
			Total labor	Regular workers	Part-time and fixed-term workers
FOOD&LIFE COMPANIES Inc.	18.2	100.0	68.3	71.9	120.0
Akindo Sushiro Co., Ltd.	5.9	65.7	81.2	76.9	100.5
KYOTARU CO., LTD.	12.2	100.0	73.4	89.9	96.2
FOOD & LIFE INNOVATIONS LTD.	3.3	20.0	73.0	86.4	97.4
F & LC Support Co., Ltd.	-	-	104.1	-	104.1

(NOTE)

1. Calculated in accordance with the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015).
2. Based on the provisions of the "Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Act No. 76 of 1991), the ratio of taking child care leave, etc. under Article 71-4, Item one of the "Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Ordinance of the Ministry of Labor No. 25 of 1991) has been calculated.
3. For part-time and fixed-term workers, the average annual wage is calculated based on the number of people converted at the regular working hours of regular employees.
4. The difference in wages between men and women is mainly attributable to the fact that the percentage of female employees in the group with high compensation levels, mainly for managers, is relatively low.
5. "-" is indicated in the column where there is no actual result and calculation is not possible.

Part 2 [Business Conditions]

1 [Management Policies, Management Environment and Issues to be Addressed]

Forward-looking statements in the text are based on judgments as of the end of the current fiscal year.

(1) Fundamental Management Policy of the Company

Under VISION "Discovering new tastiness, Sharing moments of joy.," our core business is a chain of revolving sushi restaurants. Currently, we have 1155 stores (including 972 domestic stores (9 stores of which specialize in takeout and FC 17 stores) and 183 stores abroad), with approximately 170 mn customers visiting our restaurants annually. Going forward, we will continue to aim to create stores that are both happy and even more needed in each region.

Our group will develop its business based on this basic management policy and strive to maximize profits for our shareholders.

(2) Medium-to Long-Term Management Strategies and Issues to be Addressed

Our Group has developed stores that satisfy local communities by procuring high-quality foodstuffs, thoroughly managing freshness, focusing on in-store cooking, and carefully cleaning and serving customers. We recognize the need to respond flexibly to customer needs, develop a more robust organizational structure, and improve market competitiveness in order to create stores that are needed even more by customers, including not only domestic but also internationally. We intend to implement the following priority measures.

① Continue to expand domestic Sushiro formats

(a) New store openings

Our group has opened Sushiro of revolving sushi, mainly on the roadside in suburban areas. However, as the domestic population is expected to decline and room for new store openings is expected to decline in the future, we will begin full-scale store openings in urban areas, where there is more room for new store openings.

(b) Strengthen profitability at existing stores

Our Group recognizes the importance of further differentiating its services from those of other companies and strengthening the profitability of existing stores.

i. For more customer visits

Our Group's superiority lies in our commitment to and maintenance of "umasa (tastiness)" since our founding. As we expand store numbers, we have worked to uniform our services in order to provide a high level of satisfaction in every store, while going forward we will work to increase the number of customers visiting our established store by offering services more suited to regional characteristics, launching campaigns and original products, and promoting our PR strategy.

In addition, in addition to encouraging customers to visit stores again by expanding their usage scenes, such as for cafes, the Company will work to further increase the number of customers visiting stores by improving the occupancy rate during idle time and implementing measures to improve customer loyalty, such as Maido Points, using smartphone apps.

ii. Initiatives for grand menu products

In our group, we have sought to differentiate ourselves from our competitors and improve efficiency, but we believe it is important to reexamine our commitment to "umasa (tastiness)." In particular, we will focus on in-store cooking, which is one of our strengths. We will focus on differentiating ourselves by offering the full-fledged taste of sushi that our customers expect by refining our products by taking advantage of our group's procurement capabilities and other measures. In addition, the Group will accumulate in-store cooking knowledge through a systematized training system and improved employee retention rates in order to implement these measures and will work to provide high-quality products by having employees who learn to take charge of in-store cooking.

iii. Responding to customer needs

Based on customer information such as app registrar information and ticketing on store, we will provide services tailored to customer characteristics, improve average spend per customer, and strengthen our original menus. In addition, we will further promote our response to takeout needs by improving our online ordering system and introducing takeout menus, delivery, and automated souvenir lockers. In addition to improving our touch panel ordering system, we will respond to customer needs through high-quality customer service and services by utilizing IT systems such as the introduction of Digital Sushiro Vision, which realizes entertainment and convenience. In addition, we will improve operations by identifying and improving issues for each store using customer surveys and evaluating the store services using outside vendors.

iv. Optimizing costs

Over the medium to long term, we anticipate rising costs due to changes in market conditions, such as raw material costs and personnel costs. Our group will strive to reduce procurement costs and stabilize prices by enhancing economies of scale through the bulk procurement of foodstuffs by our head office, and by establishing a cooperative system and long-term relationships with our business partners. As for personnel expenses, we will work to optimize personnel expenses by streamlining store operations, including the automation of equipment, educating employees, and improving productivity through standardization. In addition, we will work to streamline operations at our headquarters and store and reduce food loss by improving the accuracy of the volume of foodstuffs procured and ordered from store through a demand forecasting system that utilizes AI.

② Strengthen business development other than domestic Sushiro business

Our Group continues to grow in Sushiro format and other supporting businesses, but the procurement and operation capabilities that our Group has cultivated enable us to create new businesses in restaurant businesses other than Sushiro format. Domestically, we will aggressively expand Kyotaru business, which operates takeout and revolving sushi, and Sugidama business, which is a sushi izakaya tavern.

③ Full-scale development of international business

Our group operates stores in South Korea, Taiwan, Singapore, Hong Kong, Thailand, Mainland China, Indonesia, and the United States, and the expansion of int'l business is a key growth factor for our group going forward. In order to further expand Sushiro's "umai sushi (tasty sushi)" to international markets, we will make full-scale int'l business expansion and aggressively seek to expand our business in markets with growth potential, such as East Asia, Southeast Asia, and North America. During this fiscal year, we established a local subsidiary to expand into Malaysia. In addition, we are opening new restaurants in Hong Kong and the United States for Sugidama, a sushi izakaya, and we will continue to develop our business as a brand that expands the appeal of 'Japanese sake' to int'l markets.

(3) Medium-Term Business Targets

We have announced a medium-term management plan covering the period from the fiscal year ending Sep. 2024 to the fiscal year ending Sep. 2026. Our targets for the fiscal year ending Sep. 2026 are revenue of JPY 470 bn and operating profit of JPY 33.5 bn (an operating profit margin of 7.1%).

(4) Business Environment

In the operating environment of the restaurant industry surrounding our group, the business environment remains severe due to factors such as the worsening international situation, the surge in energy resources and raw material prices due to the weak yen, and the rise in labor costs.

2. [Approach to Sustainability and Initiatives]

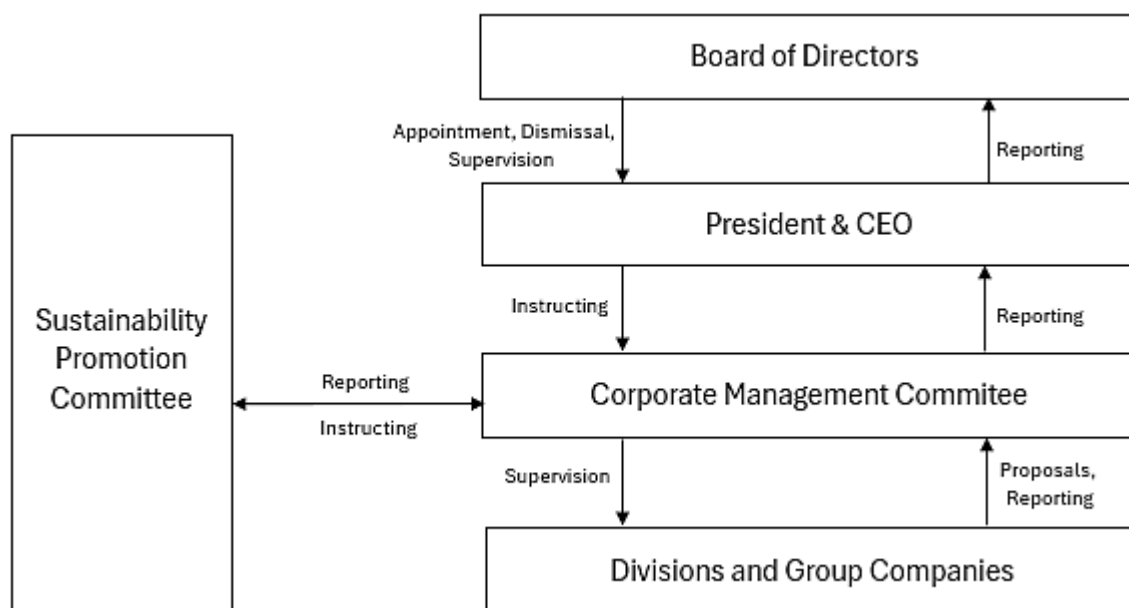
Our Group's philosophy and efforts on sustainability are as follows. Forward-looking statements in the text are based on our judgment as of the end of the fiscal year under review. Under the VISION of "Discovering new tastiness, Sharing moments of joy.," we believe that sustainable initiatives in our business activities are essential to continuously delivering safe and delicious food to our customers. In particular, in recent years, where natural marine fishery resources are on the decline, "sustainable procurement of fishery products" and "job creation and diversity" in the regions in which we conduct business activities are important initiatives. Our group will develop Japanese food culture domestically and expand internationally, implement various measures to enable economic growth and sustainable procurement of fishery products, and strive to create an environment in which human resources can play an active role, thereby creating a prosperous and sustainable society.

For information on sustainability, please refer here.

<https://www.food-and-life.co.jp/sustainability/>

(1) Governance

To promote sustainability initiatives, we have established the Sustainability Promotion Committee, chaired by the President & CEO. In principle, the Sustainability Promotion Committee meets 4 times a year to report to the Executive Committee on the status of sustainability, including measures to address climate change, as appropriate, and to receive instructions and advice. Furthermore, the President & CEO reports the status of these matters to the Board of Directors as necessary and obtains supervision and advice from the Directors.



(2) Strategy

① 7 materialities that form the foundation of sustainability

<Analysis of current conditions and extraction of candidates for materiality>

We grasped the business activities of our group throughout the supply chain and analyzed the impact on global social issues. ESG,ISO26000 analyses were also conducted to identify candidates for materiality after adding new social issues to be addressed and linking them to SDGs 169 targets.

<Evaluation of Materiality and Exchange of Opinions with External Experts>

For candidates for materiality, the Sustainability Promotion Committee evaluated the degree of impact and importance from both a management perspective and a stakeholder perspective and mapped them into a materiality map. In order to strengthen objectivity and validity, we exchanged opinions on materiality with outside experts.

<Narrow down to 7 materiality issues and appoint director in charge>

We engaged management to discuss the appropriateness of the importance map and narrowed it down to 7 material issues. We clarified social issues to be addressed for each materiality, appointed a director in charge, and formulated a roadmap for specific measures based on the guidelines for linked SDGs169 targeting.

<Approval by the Executive Committee and the Board of Directors>

The 7 materialities summarized in ESG/SDGs Matrix were finally identified after discussion at the Executive Committee and approval by the Board of Directors, following the Sustainability Promotion Committee. Going forward, our group will pursue initiatives for materiality, centered on the executives in charge who have been appointed.

<7 Materiality>

- Implementation of sustainable procurement through fair trade
- Enhancement of customer and employee experience value through DX promotion, etc.
- Reducing food loss and making effective use of marine fishery resources
- Food safety and reliability
- Becoming carbon neutral
- Enhancement of Human Capital Management
- Strengthening Corporate Governance and Compliance

② Policy on enhancement of human capital management

<Policies and Strategies for Human Capital Management>

Our strength in human capital is that we have many experienced and motivated employees who have led the kaiten (revolving) sushi business for many years, and we have employees with diverse backgrounds, nationalities, working styles, etc.

Our basic policy for Human Capital Management is to leverage these strengths to realize our VISION "Discovering new tastiness, Sharing moments of joy." and provide value that satisfies our customers and all other stakeholders.

In addition, we are placing particular emphasis on "investing in human resources" and "promoting DE&I" in order to support our current management issues of "strengthening domestic business," "full-scale int'l business expansion," and "building a sustainable business foundation" from the perspective of human capital.

Specific initiatives are described below.

(a) Succession plan

Executives regularly discuss succession plans for key posts, including management, in an effort to systematically train successors. In the future, we will accelerate the recruitment and training of human resources to drive int'l business expansion, which is a particularly urgent issue.

(b) Education and training

The development of human resources is of particular importance, and we and our group companies have formulated and implemented educational programs centered on "OJT," "Off-JT," "self-development," and "fostering an organizational culture of growth."

• OJT

We strive to support growth through work through close communications and guidance, including 1on1 interviews, which are known internally as "Deep-Dive Talk."

• Off-JT

Training programs are organized and gradually expanded using a matrix of capability development requirements according to each rank.

(In the current fiscal year, training for managers, training for selected leaders, on-boarding training, and training for OJT personnel will be expanded)

• Self-development

We introduced a menu that allows employees to attend about 1400 e-learning courses for no charge.

• To foster a culture of growth within the organization

In order to grasp individual characteristics, strengths, and weaknesses, we have introduced and are expanding cross-employee assessments. As a further initiative, we plan to implement measures such as launching an in-house university in the next fiscal year.

(c) Promotion of DE&I

Our Group believes that accepting diversity not only meets social demands but also drives the enhancement of corporate value. We plan and implement measures to enable us to manage human assets so that we can make the most of the individuality of each diverse human resource.

In the fiscal year under review, we focused on the following initiatives in cooperation with our group companies.

- Regular distribution of DE&I newsletters

Introducing the activities of various employees, including those with foreign nationalities, persons with disabilities, women, and the elderly, and distributing articles introducing diverse ways of working, such as childcare leave, to all domestic employees

- Promotion of employment of people with disabilities and support for their retention

In addition to employment at stores, plants, and headquarters, expand cleaning and shared service operations for store, which are entrusted by special affiliates, to create further employment opportunities.

- Initiatives for Active Participation of Foreign Employees

Held training for foreign employees to help solve problems and build a community of foreign employees.

- Initiatives for the Active Participation of Female Employees

Operates KIZUNA for female employees to improve the working environment for women.

- Initiatives for the Active Participation of Young Employees

Providing training programs for new high school graduates to respond to the unique concerns and learning needs of young people and to support the formation of peer communities

- Holding workshops and making recommendations to management

Members, consisting of diverse human resources, hold workshops to discuss various initiatives to promote DE&I on a Group-wide basis, make recommendations to management, and assist in implementing remedial measures based on the recommendations.

As an issue for the future, in order to further utilize the diversity of our human resources, which is one of the Group's strengths, we will promote the development of an environment that enables diverse working styles, such as improving the rate of men taking childcare leave and correcting long working hours.

<Indicators of Human Resource Diversity (Domestic Consolidated Group)>

1) Active Participation of Female Workers

	Y2022	Y2023	Y2024	Y2027 (Target)
Percentage of female workers	14.4%	15.3%	16.4%	-
Percentage of female employees in managerial positions	5.1%	6.7%	7.1%	11%

(NOTE) Temporary employees (part-time employees) are not included.

2) Childcare Leave for Male Workers

	Y2022	Y2023	Y2024	Y2027 (Target)
Percentage of male workers taking childcare leave	14.4%	65.3%	64.9%	100%

(NOTE) Temporary employees (part-time employees) are not included.

3) Employment of Persons with Disabilities

	Y2022	Y2023	Y2024	Y2027 (Target)
Employment % of persons with disabilities	1.41%	2.34%	2.96%	3%

(NOTE) Includes temporary employees (part-time employees). (Average number of employees per year converted to 8 hours per day)

4) Employment of Foreign Employees

	Y2022	Y2023	Y2024
Number of non-Japanese employees (persons)	83	86	128
Number of nationalities (countries)	9	8	13

(NOTE) Temporary employees (part-time employees) are not included.

(3) Risk Management

Our Group's Sustainability Promotion Committee plays a central role in identifying, analyzing, and evaluating climate-related risks. The Sustainability Promotion Committee is chaired by the President & CEO and requires Group companies and divisions to formulate and report on countermeasures against climate change-related risks that have been identified, analyzed, and assessed, as appropriate.

In addition, the Group has established the Risk Management Regulations and established the Internal Control Committee in order to identify all risks that threaten the continued development of a company and to develop a risk management system. The Internal Control Committee is responsible for identifying, analyzing, and evaluating risks that are important to the Group's management, and has established systems for appropriate crisis management, such as formulating improvement measures. With regard to climate-related risks, the Sustainability Promotion Committee and the Internal Control Committee will work together to respond to such risks.

(4) Indicators and Targets

① Indicators and targets related to fishery resources and climate change

As an initiative to ensure the stable procurement of fishery resources, we are expanding the percentage of aquaculture procured and aiming for a 50% aquaculture ratio in the future. Ratio of 'wild' vs. 'aquaculture' is set at 50%: 50%. With regard to climate-related issues, we have set CO2 emissions targets for Akindo Sushiro Co., Ltd., our core business, in order to prioritize reducing CO2 emissions generated by our business activities.

FY2030: Reducing of CO2 per-store emissions (Scope1+2) by 50% or more compared to FY2013

FY2050: Becoming carbon neutral

② Indicators and targets for human resource development and internal environmental improvement

We set out policies for assigning key posts, succession, and promoting DE&I for the Group as a whole. To realize these policies, we have set indicators and targets for human capital at Group companies, and we have set the following targets for the Group as a whole for our commitment to diversity.

- By the fiscal year ended Sep. 30, 2027, we aim to increase the ratio of female managers to 11% or more in our entire group.
- By the fiscal year ended Sep. 30, 2027, we target 100% of (both male and female) employees taking childcare leave.

3. [Business Risks]

Among the risks that may affect the financial position and business performance of the Group, the following risks may have a significant impact on investors' investment decisions. In addition, even if the items do not necessarily fall under such risk factors, items that are important in investors' investment decisions are disclosed below from the perspective of proactively disclosing information to investors.

Please note that the statements about the future are based on judgments made by our Group as of the end of this consolidated fiscal year and do not cover all risks that may occur in the future.

(1) Risks Associated with Changes in Economic Conditions

Since the majority of the Group's stores are in Japan, the Group's business, performance, and financial position may be affected by economic fluctuations in Japan and the government's economic policies, including the consumption tax rate hike. In particular, a decrease in consumers' disposable income due to changes in employment levels, etc., a decrease in spending on eating out or takeout, including kaiten-sushi, and an increase in the cost of purchasing fresh fish due to fluctuations in exchange rates (mainly a weak JPY) could affect the Group's business, financial condition and operating results.

(2) Risks Related to Competition in the Kaiten-sushi Industry and the Restaurant Industry as a Whole

In addition to competitors in the same industry, such as family restaurants, fast food restaurants, and other restaurants, as well as independent and family-owned restaurants, the Group also competes with convenience stores, take-out and delivery services, and supermarkets. While we believe that quality, taste, and price are the most important competitive factors in our Group's business, we also believe that other factors such as location, convenience and accessibility, breadth of menu, and brand recognition of our Group are also important. The Group strives to differentiate itself from its competitors in terms of sushi quality and taste and strives to maintain a slightly higher COGS ratio than its competitors to procure carefully selected ingredients and provide fresh, high-quality sushi. Competition based on price is particularly fierce in the low-cost kaiten-sushi industry, and the Group may be required to compete with competitors' prices while also focusing on ensuring the quality and variety of its sushi and side menu items. In addition, Japan's declining population may slow the overall growth in the size of the Japanese restaurant and food and beverage industry, which could lead to intensifying competition. In addition to this, an increase in the number of sushi restaurants in the low-cost kaiten-sushi industry may lead to a decrease in the number of customers per store, and the Group may face competition not only from its main competitors in the low-cost kaiten-sushi industry, but also among the Group's stores. The Group believes that increasing the value it provides to customers and average customer ticket prices by improving its menu is important to remain competitive, but failure to remain competitive could have a material adverse effect on the Group's business, financial condition, and results of operations. To gain an edge over the competition, a company must, among other things, spend money on advertising and devote resources to marketing to attract customers. However, such marketing strategies may not be successful. For example, the introduction of new menu items to increase customer counts, or seasonal, regional, or promotional campaigns may not be successful, which may result in a decrease in revenues. In addition, some of our competitors may be able to devote more resources to marketing and advertising activities than we can. In addition, consolidation in the restaurant industry as a whole or the acquisition of one of our major competitors by a larger restaurant chain could result in such a competitor gaining greater purchasing and marketing power than our Group. If our competitors were to increase their marketing and advertising expenditure relative to our group, this could result in a decrease in customer counts and revenue per store, which could adversely affect our group's financial condition and results of operations.

(3) Risks Associated with Changes in Consumer Preferences

The restaurant and food service industry in which our Group operates is affected by rapidly changing consumer preferences. The Group's mission is to provide fresh, high-quality sushi at attractive prices, along with quality customer service, through a clean and comfortable kaiten-sushi format. The Group believes that low-priced kaiten-sushi is a stable market supported by a wide range of customers. However, if consumer preferences diverge from the Group's core Sushiro store concept or from the Group's main menu items, this could have a negative impact on the Group's business and the performance of its stores. In recent years, the Group has expanded its sushi and non-sushi menus to provide customers with more choices and has also taken measures to increase customer counts during off-peak hours. However, there is no guarantee that these efforts will have the expected impact on the Group's performance. Furthermore, a major change in consumer preferences for a store-visit business model due to infectious diseases or other factors, as seen in the restrictions on behavior during the spread of the new COVID virus, could have a negative impact on our business and the performance of our group stores. If the Group is unable to accurately predict or understand consumer preferences or respond to them, the Group may lose market share, which may adversely affect the Group's business, financial condition, and results of operations.

(4) Risks Related to Food Hygiene Management

The Group's basic menu consists of a variety of ingredients, including marine products, and if these ingredients are not properly procured, stored, transported, prepared, or served, food safety issues may arise. Food safety is a top priority for the Group, and the Group invests significant resources to reduce the risk of food safety-related accidents by complying with the Food Sanitation Law and other applicable food safety laws throughout the procurement, storage, transportation, preparation, and serving processes. In addition, the Group has been taking new initiatives through its growth strategy, specific examples of which are the possession of central kitchens, the increase in the number of franchised stores, the diversification of sales formats such as take-out, and the renewal of management systems to adapt to changes in risk due to overseas expansion. We are also taking countermeasures against infectious diseases such as the new COVID virus, which spreads not through food but through people, recognizing this as a new risk. However, despite the Group's efforts, it is difficult to completely eliminate the possibility of food poisoning incidents due to norovirus, *Staphylococcus aureus*, *Vibrio parahaemolyticus*, or other factors, or product recalls due to violations of food labeling laws. With the Group's dependence on third-party suppliers for raw materials such as marine products, there is a risk that food poisoning incidents may occur due to factors beyond the Group's control. In addition, new or different strains of diseases or diseases with long incubation periods that are resistant to preventive measures may occur, which may make it difficult to quickly identify the cause and take remedial measures. In addition, an outbreak of a new COVID virus or other serious infectious disease could spread among customers and employees within the facilities operated by the Group, threatening the safety of customers and employees. In addition, media reports, rumors, or complaints (regardless of whether they are grounded or not) related to food safety (including incidents of food poisoning, foreign material contamination, or contamination) or the spread of infectious diseases in our group or the restaurant industry as a whole may adversely affect the reputation of our group. In such cases, the reputation, business, financial condition, and results of operations of our group may be severely affected.

Although the Group has insurance coverage for food poisoning incidents, a large number of customers, distributors, and Group stores could be affected in the event of a food poisoning incident or product recall caused by products or raw materials manufactured in the central kitchen. In addition, if a portion of the Group's inventory of food products is contaminated, the Group may be required to dispose of inventory even for portions that are not confirmed to be contaminated. These could result in huge one-time costs. In addition, the Group is subject to numerous food safety laws and regulations, including the Food Sanitation Law. Failure of the Group to comply with food safety laws and regulations could result in administrative penalties, including revocation or suspension of central kitchen or store operating licenses, as well as fines and other sanctions. In addition, the Group's overall operating costs may increase due to the implementation or revision of laws, rules, or regulations related to food safety.

(5) Risks Associated with Difficulties in Procurement and Price Hikes of Food Materials, etc.

In order to maintain the profitability of the Group's business, it is important to correctly forecast and appropriately respond to changes in the prices of fresh fish and other food ingredients and store supplies. For example, the prices of food ingredients such as fish and shellfish, and store supplies may be affected by: the progression of inflation in Japan and abroad; environmental changes such as rising sea water temperatures; the occurrence of unseasonable weather, abnormal weather, or natural disasters; a sudden increase in demand and price hikes due to the continuous growth of emerging countries; logistical obstacles; the imposition of import restrictions by the government; international fishing restrictions; suspension of supply due to bankruptcy of suppliers, accidents, or disasters; problems related to food sanitation; and other factors. If the Group is unable to control these factors and is faced with uncertainty over the procurement of raw materials and other materials or price hikes due to factors that are difficult to predict, the Group's operating results may be affected by an increase in the COGS ratio and other factors. In addition, if the prices of fresh fish, rice, or other food ingredients used by the Group rise in the future and the Group is unable to pass on such price increases to its customers, the Group's operating income will decrease. Furthermore, inflation or exchange rate fluctuations in Japan could further increase the cost of procuring food ingredients. If we are unable to effectively adjust for these cost increases, our business may be severely impacted, even if we are able to improve the efficiency of our procurement operations or pass on higher costs to our customers in a manner that does not affect our Revenue or customer base. Increases in store utility costs (primarily electricity, water, and gas costs) could also adversely affect the Group's operating income if the Group is unable or chooses not to pass on the increased costs to its customers. The Group may revise product sales prices in response to sudden changes in the business environment, such as a sharp rise in food procurement costs, logistics costs, land rent, labor costs, and equipment and construction materials due to the depreciation of the JPY or a decrease in marine resources. If these revisions cause customers to migrate to competitors or change their consumption behavior, the Group's customer count may decrease and revenue per store may decline, which may affect the Group's financial position and operating results. The Group may be forced to change its procurement methods for food ingredients and other items in some of the areas in which it operates due to import restrictions and harmful rumors associated with the release of ALPS treated water from TEPCO Fukushima Daiichi Nuclear Power Station, the state of response by governments in other countries, and other factors. Any change from the appropriate procurement method may have a significant impact on the financial position and business performance of our group due to an increase in the COGS ratio, etc.

(6) Risks Related to the Mid-term Management Plan

In November 2024, the Group announced its "Medium-term Management Plan for the period from September 2024 to September 2026" (hereinafter referred to as the "Medium-term Management Plan"), which sets forth a growth strategy centered on (1) expanding overseas operations, (2) strengthening domestic operations, and (3) strengthening initiatives to address the key issues of sustainable management. However, the Group's ability to achieve such goals is subject to a number of risks and challenges, including those described in this section. In developing its medium-term management plan, the Group has made various assumptions. There is no guarantee that these assumptions are correct, and even if they are incorrect, the Group may not be able to change its growth strategy or business operations in a timely manner in response.

(7) Risks Related to New Store Openings

Under its medium-term management plan, the Group aims to achieve growth through a steady stream of new store openings. The Group is striving to improve its store development capabilities by strengthening its store development team and improving simulations related to Revenue forecasting and store leasing and location selection. At present, the Group's core business, the domestic sushi business, is focused on opening new stores in urban areas. Since the initial costs required for the Group's store openings vary depending on the location, the Group's operating results may be affected in the event that the Group is unable to recover its investment on an operating income basis for a given store, or in the event that it is unable to open new stores as planned due to a decrease in store opening space. The Group's future store performance will be affected by numerous factors, including the type of new markets and store locations the Group chooses and the degree to which the Group's store concepts are accepted in those markets. The Group's store concept for suburban or urban areas may not be attractive enough to customers in areas where the Group's brand recognition is low, and the popularity of the Group's store concept may wane in existing markets. Furthermore, new stores may not be successful, and the Group may not be able to maintain revenue per store as it has in the past. In addition, we may not be able to achieve the number of new store openings in a cost-effective manner as planned. Delays or failures in opening new stores could adversely affect the Group's growth strategy and earnings forecasts.

(8) Risks Related to Leasing of Real Estate

The Group's store locations and store characteristics are mainly suburban stores located along main roads, and store sizes are mainly large stores with approximately 200 customer seats, based on the efficiency of the Group's store operations. Therefore, the construction of stores requires the securing of sufficient space, including parking lots. In addition, urban stores are opened in favorable locations in front of train stations, and some stores are large in size as well as suburban stores. In addition, the Group's stores occupy leased land or buildings for lease. Therefore, the Group's ability to continue to operate is affected by its ability to continue to lease these locations on favorable terms. If there is a significant increase in rent at new or existing stores, the Group's operating costs will increase. In addition, the Group's ability to enter into, maintain, or renew lease contracts in more favorable locations is subject to risks related to the lessor, such as whether the lessor agrees to renew the lease at the end of the lease term, if such risks materialize, we may not be able to maintain the lease contract in the relevant location and may be forced to relocate. Furthermore, considering a new location for a new store, if competition arises with other stores or other potential lessees, the cost of rent and other expenses may increase. And if we are unable to incur such costs, we may lose an attractive opportunity. In addition, such increased costs may generally be more expensive in urban areas. In addition, the Group may incur losses from the disposal of assets or other related losses if it is forced to close a store due to lease termination, profitability, or other reasons. Furthermore, in the event of bankruptcy or other bankruptcy of the landlord, the Group's business, financial condition, and operating results could be adversely affected due to the possibility of being unable to collect security deposits, guarantee money, and construction cooperation money.

(9) Risks Related to Unforeseeable Events Such as Natural Disasters

In the event of a natural disaster such as a large-scale earthquake, flood, typhoon, infectious disease pandemic, or other catastrophe, social or political incident, or upheaval in the regions or countries in which the Group operates, the Group's business, financial condition, and operating results could be adversely affected, including disruption of raw material procurement, suspension of head office functions, damage to stores, and customers leaving the Group's stores. This could have a negative impact on the Group's business, financial condition, and results of operations. In the areas affected by the above natural disasters, daily life may be affected, resulting in lost opportunities at the Group's stores, damage to the Group's head office, stores, assets including equipment and facilities, or distribution facilities where materials are transported, and restrictions on the use of lifelines such as water, electricity, and gas, which may result in the suspension of the Group's store operations. In addition, the Group's suppliers could be in a similar situation, and as a result, the supply chain could be disrupted. Outbreaks of infectious diseases could also adversely affect both the dining out trends of customers and the work capacity of the Group's employees. Since the majority of the Group's store operating costs are fixed and quasi-fixed costs, a decrease in Revenue due to the above factors could reduce operating income and lead to an operating loss. The disaster insurance our group carries may not be sufficient to cover the costs of recovery.

(10) Risks Related to Securing Labor and Wage Increases for Employees (Including Part-time Workers)

Our group is in the business of operating a large number of stores, and securing a large number of employees, including part-timers, is an important management issue. In recent years, however, Japan's working population has continued to decline, and there are concerns that it will be difficult to secure the same quality and quantity of human resources as in the past. In particular, there has been a marked decline in the younger population, and the number of part-time student workers, who have traditionally served as the main labor force, has been decreasing. In addition, the number of foreign students is also decreasing, and there is a risk of a shortage of part-time workers. The hiring environment is also becoming more difficult for permanent employees. In Japan, in addition to the decline in the working population, the increasing fluidity of the labor market is making it easier for workers to change jobs. This is an opportunity for our group to recruit human resources from outside the company, but at the same time, it is a risk for us to lose valuable internal human resources. For this reason, the Group is diligently implementing measures to attract and retain quality human resources. DE&I is one of the pillars of this policy, which includes creating a workplace environment where diverse human resources can feel fulfilled in their work, reviewing personnel systems, and enhancing education, training, and career support. On the other hand, wages have been on a continuous upward trend in Japan in recent years, and this also poses a risk to corporate management. The Japanese government has outlined a policy for continuous wage increases, and Japan Business Federation has shown a positive stance toward raising wages. As a result, it is expected that wage increases will continue in the future. The possibility of wage hikes, especially in anticipation of the Osaka Expo in 2025, is also a concern. If the number of part-time workers who reach the "annual income barrier" increases and they tend to work fewer shifts, it will be difficult to secure enough operating hours for part-time workers in store operations, which may adversely affect the quality and efficiency of services provided in stores. Wage increases also lead to higher business operating costs. Although we have incorporated a certain amount of wage increases into our business plan, if hourly wages for part-time employees or employee wages rise more than expected, the increase in labor costs could have an adverse effect on our group's operating results.

(11) Risk That a Shortage of New Store Personnel or Overseas Business Personnel Will Slow Business Growth

Store managers, who form the core of store operations, and employees to promote overseas business development, require a certain period of time for training, as they must be highly capable and experienced. As explained in (10) Risks, the working population is declining and the labor market is becoming more fluid, so the risk of loss of our group employees and a shortage of human resources necessary for business operations is higher than ever. Inability to fill the number of store managers and personnel who could be dispatched overseas could hinder the planned opening of new stores and overseas store development, and as a result, slow the growth of the Group's business.

(12) Risks Related to Information and Communication Systems

The Group relies heavily on information and communication systems in its overall business operations, including supply chain management, reception systems, touch panel ordering, order and on-lane management, and disposal management. In February 2015, the Group also implemented the Sushiro application for smartphones, which includes functions such as making reservations at stores, checking wait times, and ordering takeout. Therefore, the reliability and ability of these systems to effectively manage the Group's overall business and to effectively coordinate the preparation, delivery, and sale of menu items with each other is critical. If these systems do not operate effectively, if there are problems upgrading or migrating to alternative systems, if there is a significant network breach in the security of these systems as a result of a cyber attack, or if the Group is unable to maintain a continuous and secure online platform due to any other cause, the Group may be forced to discontinue the operation of these systems. Failure to maintain a continuous and secure online platform could cause delays in customer service, reduce the efficiency of the Group's operations, require significant capital expenditures to remedy the problem, or create rumors that could damage the Group's reputation. In maintaining such systems, we outsource the operation of these systems to application service providers and outsource the management of our Group's data to cloud service providers. Mistakes by the application service providers or cloud service providers could result in the leakage of personal and confidential information or other security breaches and disruptions to the Group's systems. There is also a risk that the Group's operations could be disrupted if the application service provider or cloud service provider ceases operating for any reason. In addition, our competitors may develop more effective information and communication systems, which may make them more attractive to customers or enhance their stores or business operations.

(13) Risks Associated with Reputational Damage via the Internet, etc.

If rumors spread through various postings and videos on the Internet, such as the unauthorized use of our Group's trademarks, foreign substances in products, complaints, etc., regardless of the accuracy of the content, our Group's business, financial position, performance, brand image, and social credibility could be affected. In addition, the Group's business, financial position, performance, brand image, and public trust may also be damaged by inappropriate behavior or other incidents involving employees or third parties.

Reputational damage may result from allegations of illegal, unfair, or inconsistent employee conduct; employee dissatisfaction, illness, or injury; inappropriate posts or videos in the media or on the Internet or social networking sites; criminal activity; data privacy violations; inadequate internal controls; or scandal involving employees of the Group or other companies in the same or similar industries. or scandals involving employees of the Group or employees of other companies in the same or similar industries. Whether or not the allegations or complaints are upheld, unfavorable publicity regarding the Group's stores, competitors' stores, the kaiten-sushi market, or the broader Japanese foodservice industry could adversely affect the credibility of all of the Group's stores. In addition, rumors about the Group or its industry (including those related to food safety, the results of government or trade association investigations into food products, environmental issues related to overfishing, or operational problems at the Group's stores)) could damage the Group's reputation, adversely affect the Group's ability to attract customers and revenues, and have a material adverse effect on the group's business, financial condition, and results of operations.

(14) Risks Associated with Overseas Business Development

Our group has been operating 183 stores in Korea, Taiwan, Singapore, Hong Kong, Thailand, mainland China, Indonesia, and the United States as of the end of the consolidated fiscal year under the slogan, “Deliver delicious sushi to customers around the world. Revenue from these overseas stores accounted for approximately 26% of the Group’s total revenue for the consolidated fiscal year under review. The Group is also considering the possibility of expanding its overseas operations to other overseas markets, especially in Asia. In addition to the limited track record of overseas store operations, the Group’s may face a number of challenges, including differences in consumer preferences, price consciousness, dining out preferences and consumption trends, low brand recognition, competition from other options such as dining out at local stores, changes in consumption trends or raw material costs, distribution costs and labor costs, changes in local economies, fluctuations in material and foreign exchange rates, acts of war, terrorist attacks, epidemics, political upheavals and other events beyond the Group’s control, changes in local laws and regulatory requirements that affect the Group’s ability or cost of doing business in a given market. These challenges may adversely affect our financial condition, results of operations, and growth strategy. In addition, the import restrictions and harmful rumors associated with the release of ALPS treated water from TEPCO Fukushima Daiichi Nuclear Power Station, as well as the situation regarding the response of governments in each country, differ from area to area, and the impact of such restrictions and rumors on our business performance also differs greatly from area to area. If such an event were to occur as we expand our overseas operations, it could have a significant impact on our group’s financial position, business performance, and growth strategy.

(15) Risks Associated with Litigation and Other Legal Proceedings

The Group is subject to the risk of litigation from third parties, including customers, lessors, suppliers, and employees, concerning product liability, breach of contract, personal injury, and labor and employment claims arising in the ordinary course of business. Regardless of the validity of the claims against the Group and whether or not the Group is ultimately held liable, such claims may be costly to defend, time-consuming and expensive, and consequently may have an adverse effect on the Group’s business results. If such claims are not covered by the insurance policies that the Group has in place, or if a judgment is rendered that significantly exceeds the coverage of the insurance, the Group’s financial position and operating results may be severely adversely affected. Rumors arising from these claims could also adversely affect our Group’s reputation or prospects and further adversely affect our operating results.

(16) Risks Related to Leakage of Personal Information and Other Confidential Information

The Group obtains and holds a variety of information from numerous individual customers. Regarding customer information, the Group, as a business operator handling personal information, is required to comply with obligations and other requirements related to the protection of personal information in accordance with the Act on the Protection of Personal Information. The Group regularly collects personal information through its credit card processing system and ordering system using the Sushiro application and website for smartphones, including the Group’s loyalty point system for customers. In the event of a leak of personal information, the Group’s reputation could be damaged by claims for damages and administrative penalties, and the Group could be required to incur substantial remediation costs, which could adversely affect the Group’s business performance.

(17) Risks Related to Intellectual Property Rights

In the operation of our group’s business, it is important to build and maintain brand value by utilizing our group’s trademarks, patents, and other proprietary intellectual property rights, including store names and logos used by our group in Japan and overseas, and store designs. If the Group fails to protect its intellectual property rights, or if a third party misuses or infringes on the Group’s intellectual property rights, or if the Group’s intellectual property rights become known to competitors or are independently developed by competitors, the value of the Group’s brands may be damaged. This could have a material adverse effect on our business, and our brands may not be accepted in the market, or we may not be able to maintain the value of our brands. In addition, the Group may be subject to claims from prior users of similar intellectual property rights in the areas in which it operates or intends to operate. This could damage the Group’s image, brand, or competitiveness, and the Group could incur substantial penalties and costs.

(18) Risks Associated with Fluctuations in Foreign Exchange Rates

The Group’s operations are affected by fluctuations in foreign exchange rates and changes in regulations pertaining to foreign exchange. While most of the procurement costs and other costs of fresh food ingredients purchased from the Group’s direct suppliers, such as trading companies and wholesalers, are denominated in yen, the procurement costs associated with some suppliers are denominated in foreign currencies. If these foreign currencies strengthen against the Japanese yen, or if suppliers try to pass on increased costs to our group due to such market fluctuations, our group’s procurement costs may increase. To cope with the risk of exchange rate fluctuations, the Group may in the future engage in hedging transactions or other measures to minimize exchange rate fluctuation risk, but even if such measures are taken, there is no guarantee that the Group will be able to fully avoid the risk of foreign exchange rate fluctuations.

(19) Risks Associated with the Application of Impairment Accounting

Intangible assets (especially brands) and goodwill represent a substantial portion of the Group’s assets. As of the end of the current consolidated fiscal year, the brand and goodwill arising from the acquisition of the former Akindo Sushiro Co., Ltd. by CEIL Japan, Inc. in September 2012 are valued at 53,596 million yen and 30,371 million yen, respectively, accounting for 23.0% of our group’s total assets. Under IFRS, brands and goodwill are not subject to amortization but are tested for impairment annually and whenever an indication of impairment is recognized. The Group’s operating assets are also tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Determining whether an impairment should be recorded requires a high degree of judgment. In particular, factors such as a significant decrease in future cash flows of the stores that benefit from the assets, legal factors, or significant adverse changes in the business environment could lead to impairment. An unfavorable change in these factors could materially affect the recoverability of these assets and adversely affect the financial position and results of operations of the Group. The Group cannot accurately predict the amount and timing of any impairment of its assets. If the value of the Group’s assets were to be impaired, the Group’s financial condition and results of operations could be materially adversely affected.

(20) Risks Associated with Large Amounts of Interest-bearing Debt and Violation of Financial Covenants

The Group raises funds by entering into loan agreements with financial institutions as lenders and by issuing bonds. The ability to raise funds in a flexible manner may have a significant impact on the Group's business. The Group's ability to refinance in the future will be affected by the financial and capital markets and the Group's financial condition at that time. There is no guarantee that the Group will be able to refinance on favorable terms, which may adversely affect the Group's financial position and business operations. The principal amount of some of the Group's borrowings is denominated in yen with floating interest rates and is therefore subject to fluctuations in market interest rates. If there is a change in interest rate policy and JPY interest rates rise, the interest rate applicable to the Group's variable-rate borrowings will rise, and interest payments on such borrowings will increase unless hedging is in place. In addition, because a portion of the Group's long-term borrowings are at fixed interest rates, an increase in market interest rates would increase the Group's interest payments when refinancing such borrowings or when increasing borrowings to fund operations or capital expenditures. In addition, the loan agreements contain financial covenants. In the event of a breach of these covenants, the Group would lose the benefit of time under the contract if the lender so demands, and it would be necessary to immediately secure funds to repay the debt, which could affect the financial position and cash flow of the Group. The Group believes that the source of funds for interest and other repayments will come primarily from cash flows, and the Group's ability to make these payments will depend on its future performance. If the Group does not have sufficient funds, it may need to refinance all or part of its existing borrowings, sell assets, or borrow further money. The Group may not be able to make these alternatives on terms acceptable to the Group, or at all.

(21) Risk of Dilution of Share Value Due to Exercise of Stock Acquisition Rights

The Company has adopted a stock acquisition rights issuance and stock option plan to provide incentives to directors and employees of the Company and its subsidiaries.

In addition, the Company may continue to utilize stock option plans to secure talented personnel, and if stock acquisition rights to be granted in the future are exercised in addition to the stock acquisition rights currently granted, the per-share value of the Company's stock may be diluted.

(22) Risks Related to Legal Regulations

In addition to general laws and regulations such as the Companies Act, tax laws, and labor-related laws, our group is subject to various domestic and international legal regulations related to the business we operate, including the Food Sanitation Law, the Law Concerning the Promotion of Recycling of Recyclable Food Resources (Food Recycling Law), and the Act against Unjustifiable Premiums and Misleading Representations. If these legal regulations are strengthened, the Group's business, financial position, and operating results may be affected due to new costs incurred to comply with them. Violations of such legal regulations may cause the Group's social credibility to decline, which may affect the Group's business, financial position, and operating results.

(23) Risks Related to Corporate Acquisitions, etc.

The Group seeks to expand its business and enhance its competitiveness through corporate acquisitions, business alliances, and the establishment of joint ventures. At the stage of considering corporate acquisitions, etc., the Group conducts due diligence on the target company and verifies the operations of the target company after the acquisition or investment. However, if the initially expected effects are not achieved, the Group's operating results may be affected.

(24) Risks Related to Environmental Issues

The Group is subject to various environmental laws and regulations related to food waste, plastic and other container and packaging recycling, waste disposal, and climate change countermeasures. Physical risks associated with climate change include the possibility of reduced yields and quality impacts of raw material seafood due to rising temperatures, possible shutdowns due to droughts and floods, and increased costs and restrictions on business activities due to carbon taxes and emissions trading schemes.

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

(1) Summary of Business Results

① Operating and financial review

During this fiscal year, the Japanese economy saw a moderate recovery in economic activity due to factors such as an increase in inbound demand accompanying the depreciation of the yen. 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 restaurant industry, conditions continue to be severe due to factors such as chronic labor shortages, in addition to soaring raw material and energy prices. Under such circumstances, our group worked to enhance product development, in-store food preparation, health/safety initiatives and services, under our Vision "Discovering new tastiness, Sharing moments of joy," with a hope of enriching our customer's lives through making everyday meals more delicious.

Store numbers by business category are as follows.

[Number of stores by business category of our company]

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

Category	End of the fiscal year ended Sep 30, 2023		Opening		Closures		End of the fiscal year ended Sep 30, 2024	
Domestic: Sushiro brand (Take-out specialty stores)	653	(12)	13		11	(3)	655	(9)
Domestic: Sugidama brand (FC)	79	(17)	14	(5)	6	(5)	87	(17)
Domestic: Kyotaru brand	137	(-)	3		23		117	(-)
Domestic: Kaiten Sushi Misaki, Misakimaru Brand	95	(-)	3		3		95	(-)
Domestic: Other brands	22	(-)	1		5		18	(-)
Domestic total	986	(29)	34	(5)	48	(8)	972	(26)
Overseas: Sushiro brand (Take-out specialty stores)	132	(-)	45		3		174	(-)
Overseas: Other brands	5	(-)	5		1		9	(-)
Total overseas	137	(-)	50		4		183	(-)
Domestic and overseas total	1,123	(29)	84	(5)	52	(8)	1,155	(26)

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

(a) Financial Position

(Assets)

The balance of total assets increased JPY13,536 mn from the end of the previous fiscal year to JPY365,154 mn.

The balance of current assets increased by JPY 3,254 mn from the end of the previous fiscal year to JPY74,656 mn. This was mainly due to an increase of JPY2,547 mn in inventories.

The balance of non-current assets increased by JPY 10,282 mn from the end of the previous fiscal year to JPY290,499 mn. This was mainly due to an increase of JPY8,320 mn in property, plant and equipment.

(Liabilities)

Liabilities totaled JPY287,317 mn, up JPY8,357 mn from the end of the previous fiscal year.

The balance of current liabilities decreased by JPY 648 mn from the end of the previous fiscal year to JPY80,843 mn. This was mainly due to a decrease of JPY14,998 mn in bonds and borrowings and an increase of JPY5,489 mn in trade and other payables.

The balance of current liabilities increased by JPY 9,005 mn from the end of the previous fiscal year to JPY206,474 mn. This was mainly due to an increase of JPY10,562 mn in bonds and borrowings.

(Equity)

Equity totaled JPY77,837 mn, up JPY5,179 mn from the end of the previous fiscal year. This was mainly due to the decreases of JPY2,603 mn from the payment for dividends and JPY7,503 mn from the acquisition of treasury stock, while there was an increase of JPY14,633 mn from the recording of profit for the period attributable to the owner of parent.

(b) Operating Results

Operating results for this fiscal year were revenue JPY361,129 mn (up 19.7% year on year), operating profit JPY23,384 mn (up 112.6% year on year), profit before taxes JPY21,653 mn (up 119.5% year on year) and profit for the period attributable to the owner of parent JPY14,633 mn (up 81.9% year on year), and both revenue and profits reached record highs for this fiscal year.

Operating results by segment are as follows.

(Domestic Sushiro Business)

Domestic Sushiro Business: Under the theme "GO! Sushiro 40th Anniversary 'Let's go together! One step ahead of Kaiten-sushi!'" we actively implemented IP collaborations aiming at winning new customers, and ran campaigns that enabled us to give back our appreciation to customers.

In addition, as a new initiative in September last year, we introduced 'Digital Sushiro Vision (known as Digi-ro)', which combines digital visions with revolving lanes, at 3 stores to see the effects of Digi-ro. As a result, we confirmed that, with Digi-ro, the customer count, the average customer ticket and customer satisfaction were all improved. Therefore, we installed Digi-ro in 16 more stores, so the total number of Digi-ro stores at the end of this fiscal year became 19. We're planning to introduce Digi-ro to even more stores to provide more enjoyable and convenient dining experience to our customers.

As results, revenue of the Domestic Sushiro Business was JPY238,173 mn (up 15.7% year on year) and its profit was JPY14,217 mn (up 191.3% year on year).

(International Sushiro Business)

In July, we opened a store in Tianjin, China with Digi-ro. This was the first time we introduced Digi-ro outside Japan. In August, we opened the first store in Beijing city, again with Digi-ro, and this store is also equipped with private rooms to better suit local customers' needs. This store immediately gained great popularity that it gathered so many customers and even created 12-hour waiting line to get into the store. In Mainland China, we opened 13 new stores and closed 3 unprofitable stores in FY24. In other int'l markets, new store opening progressed well. In FY24, we opened 8 stores in Taiwan, 7 in Hong Kong, 3 in Singapore, 9 in Thailand, 4 in Indonesia, and 1 in Korea (this store in Korea is located in Myeong-dong and is equipped with Digi-ro)

To maintain and further increase the customer traffic, we launch attractive campaigns and marketing measures in each region. In Thailand, we held the "Red Plate Melty Grilled Eel" campaign centered on the "Chutoro (medium-fatty tuna)" and "Unagi (grilled eel)", and in Hong Kong, we held "Sushiro Fifth Anniversary Festival" and sold "Big Slice Bigeye Tuna" and "Super Big Scallop."

As results, revenue of the International Sushiro Business was JPY 92,138 mn (up 39.3% year on year) and the profit was JPY7,194 mn (up 35.9% year on year).

(Kyotaru Business)

The head office function of the Kyotaru business was integrated into that of FOOD & LIFE INNOVATIONS LTD. on Oct 1, 2023, to streamline the Group's operations and promote the efficient use of the various functions, strengths, and assets owned by both companies.

In Kyotaru brand, we worked to improve profitability by strategically closing unprofitable stores and switching to carefully selected store openings. At the same time, we continued to conduct campaigns that make shopping at Kyotaru more enjoyable each time. We also worked on driving up the sales of frozen sushi and ambient-temperature sushi at online sites.

In Misaki brand, we worked to improve the value of dining experience by streamlining store operations and strengthening customer service. Also, we worked on strengthening the profitability of the brand. In addition, we continued to hold various campaigns such as "Special Misaki Day," "Monthly Fair" and "Weekly Fair." By offering fun value campaign products that change frequently (as Monthly Fair and as Weekly Fair), which provided excitement in with customers, Misaki has become a brand that generated stable profits.

As results, overall revenue of Kyotaru Business segment was JPY 23,986 mn (down 1.9% year on year) and the loss was JPY 350 mn (The loss of this segment in the previous fiscal year was JPY 653 mn).

② Cash Flow

Cash and cash equivalents (hereinafter referred to as "cash") at the end of this fiscal year decreased by JPY 2,533 mn from the end of the previous fiscal year to JPY48,695 mn.

The status of each cash flow in the current consolidated fiscal year and the factors behind them are as follows.

Cash flows from operating activities

Net cash provided by operating activities was JPY56,326 mn, an increase of 33.0% compared with the previous fiscal year.

This was mainly because there was reporting of profit before income taxes JPY21,653 mn, depreciation and amortization of JPY30,760 mn, impairment JPY2,192 mn, and an increase in trade and other payables by JPY4,459 mn. While there was an increase in inventories of JPY2,558 mn and income taxes paid of JPY2,580 mn.

Cash flows from investing activities

Net cash used in investing activities was JPY24,066 mn (up 34.5% year on year).

This was mainly attributable to JPY19,530 mn in payments for purchases of property, plant and equipment.

Cash flows from financing activities

Net cash used in financing activities was JPY34,322 mn (up 43.8% year on year).

This was mainly attributable to JPY20 bn for redemption of bonds, JPY19,494 mn for proceeds from issuance of bonds, JPY19,716 mn for repayment of lease liabilities, and JPY7,504 mn for purchase of treasury stock.

③ Production, Orders and Sales Results

(1) Purchase results

Our group is engaged in the food and beverage business that sells directly to end-consumers. Due to the nature of the services we provide, we are not familiar with the description of production results, so we have listed "purchase results" instead of "production results."

Purchase results for the current fiscal year by segment are as follows.

Segment name	Amount (JPY, 1mn)	YoY (%)
Domestic Sushiro Business	109,057	113.5
International Sushiro Business	36,041	133.7
Kyotaru Business	10,072	95.7
Other businesses	3,172	287.0
Total	158,343	117.6

(NOTE) Inter-segment transactions are eliminated.

(2) Orders received

Our group is engaged in the food and beverage business that sells directly to end-consumers, so the results of orders received are not shown.

(3) Sales Results

Sales results by segment for this fiscal year are as follows.

Segment name	Amount (JPY1 mn)	YoY (%)
Domestic Sushiro Business	238,173	115.7
International Sushiro Business	92,138	139.3
Kyotaru Business	23,939	98.4
Other businesses	6,880	127.9
Total	361,129	119.7

(NOTE) Inter-segment transactions are eliminated.

(2) Analysis and Examination of the Status of Operating Results from Management's Perspective

The following is an understanding, analysis and consideration of the status of the Group's operating results, etc. from the viewpoint of management.
The forward-looking statements contained in this report are based on judgments made as of the end of this fiscal year.

① Critical accounting estimates and the assumptions used in those estimates

Our consolidated financial statements have been prepared in accordance with IFRS. The preparation of these consolidated financial statements requires management to make estimates and projections that affect the amounts of assets, liabilities, revenues and expenses at the date of reporting the consolidated financial statements. We make estimates and projections based on assumptions that are judged to be reasonable based on historical results and circumstances. However, if there are changes in the assumptions or the subsequent environment, actual results may differ from these estimates.

② Recognition, analysis, and consideration of the status of operating results for this fiscal year

(a) Analysis of financial condition

For an analysis of the financial position, please refer to the following section ;

[Part 2 : Business Conditions] -> [4 : Management's Discussion and Analysis of Financial Condition, Results of Operations and Cash Flows] -> [(1) Overview of Results of Operations] -> [① Financial Condition and Results of Operations] -> [(a) Financial Condition]

(b) Financial results and analysis

(Revenue and Gross Profit)

Revenue increased by JPY 59,382 mn (up 19.7% YoY) to JPY 361,129 mn. This was mainly due to the opening of 34 stores in the domestic market and 50 stores overseas.

COGS was JPY 155,796 mn, and COGS rate decreased 1.3 percentage points from the previous fiscal year to 43.1%. This was mainly due to the impact of price revisions made in the domestic Sushiro business. Consequently, gross profit increased by JPY 37,816 mn (up 22.6% YoY) to JPY 205,334 mn.

(SG&A, Other Income, Other Expenses, Operating Profit)

SG&A increased by JPY 27,411 mn (up 18.0% YoY) to JPY 179,848 mn. This was mainly due to an increase in personnel expenses and depreciation and amortization expenses associated with an increase in the number of stores.

Other income decreased JPY 229 mn (down 17.5% YoY) to JPY 1,084 mn. Other expenses decreased by JPY 2,208 mn (down 40.9% YoY) to JPY 3,186 mn. This was mainly due to a JPY 2,783 mn decrease in impairment loss compared to the previous fiscal year. Consequently, operating profit increased by JPY 12,383

mn (up 112.6% YoY) to JPY 23,384 mn.

(Financial Income/Financial Expenses / Loss from Equity-method Investment / Profit for the Period Attributable to the Owner of Parent)

Financial income increased by JPY 136 mn (up 41.9% YoY) to JPY 461 mn. This was mainly due to a JPY99 mn increase in foreign exchange gains compared with the previous fiscal year. Financial expenses increased by JPY 677 mn, (up 44.8% YoY) to JPY 2,191 mn. This was mainly due to an increase of JPY 676 mn in interest expenses compared to the previous fiscal year. Consequently, profit for the period attributable to the owner of parent increased by JPY 6,589 mn (up 81.9% YoY) to JPY 14,633 mn.

(Analysis of factors that have a material impact on operating results)

Our Group's sales and expenses are impacted by economic conditions, competition from other companies, changes in consumer preferences, food prices, utilities, new store openings, real estate rents, natural disasters and personnel costs. In the event that these fluctuating factors occur and our group is unable to respond appropriately, our group's operating results may be affected.

For other factors that have a significant impact on the operating results of our group, please refer to the following section;

[Part 2 : Business Conditions] -> [3 : Business Risks]

③ Analyzing equity Resources and Liquidity

(a) Equity Resources

Our Group's financial policy is to secure optimal funds, maintain liquidity, and maintain a sound financial position for capital expenditures and working capital. With respect to funding liquidity, in addition to cash and cash equivalents, the Company has entered into commitment line arrangements with banks, which, the Company believes, provides adequate liquidity needed to sustain its growth.

(b) Analysis of funding liquidity

For an analysis of funding liquidity, see the following section;

[Part 2 : Business Conditions] -> [4 : Management's Discussion and Analysis of Financial Condition, Results of Operations and Cash Flows] -> [(1) Overview of Results of Operations] -> [② Cash Flow]

5. [Significant Management Contracts]

(1) Loan Agreement

We execute loan agreements with each of the 4 domestic financial institutions for the purpose of refinancing existing loans.

Details of major contracts are as follows.

1. Borrower

Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, The Mitsubishi UFJ Bank, Ltd., Development Bank of Japan, Ltd.

2. Amount borrowed

Total of JPY35 bn

3. Date of borrowing

Mar. 31, 2021

4. Repayment date

Jun. 30, 2029, and Mar. 2031, 2031

5. Borrowing rate

Floating rate (base rate plus a certain margin), fixed rate

(2) Loan Agreement

In preparation for the risk of a further prolonged impact from the spread of the new coronavirus infectious disease, we have entered into loan agreements with each of the 3 domestic financial institutions and executed loans for the purpose of enhancing the stability of our financial base and continuing to invest in growth that will contribute to enhancing our corporate value.

Details of major contracts are as follows.

1. Borrower

① Sumitomo Mitsui Banking Corporation ② Mitsubishi UFJ Bank, Ltd. ③ Mizuho Bank, Ltd.

2. Amount borrowed

Total of JPY34 bn

3. Date of borrowing

① Feb. 28, 2022 ② Mar. 3, 2022, Mar. 9, 2022 ③ Mar. 31, 2022

4. Repayment date

① Feb. 28, 2027 ② Mar. 9, 2029, Mar. 3, 2032 ③ Mar. 31, 2029

5. Borrowing rate

Fixed interest rate

6. Obligations of Major Borrowers

① Compliance with financial covenants

- To maintain the sum of equity in the consolidated statements of financial position at the end of the respective fiscal years at an amount equal to or greater than 50% of the amount at the end of the fiscal year ended Sep. 2021.
- The Company shall not record a loss before income taxes as recorded in the consolidated statement of profit and loss as of the end of each consolidated fiscal year for 2 consecutive times.

(3) Commitment line Agreements

On Mar. 19, 2021, we entered into a commitment line agreement with Sumitomo Mitsui Banking Corporation as the agent with the aim of establishing a stable and flexible financing system in response to the funding requirements of our group's business development in the future.

Details of major contracts are as follows.

1. Counterparty

Sumitomo Mitsui Banking Corporation and Mizuho Bank, Ltd.

2. Commitment amount (maximum amount)

JPY20 bn

3. Commitment period

From Mar. 31, 2021 to Mar. 30, 2026

4. Borrowing rate

Floating rate (a fixed margin is added to the base rate)

5. Obligations of Major Borrowers

- (a) Except as permitted in this Agreement, no security shall be provided on behalf of any third party without prior written approval.
- (b) Compliance with financial covenants
 - To maintain the sum of equity in the consolidated statements of financial position at the end of the respective fiscal years at an amount equal to or greater than 50% of the amount at the end of the fiscal year ended Sep. 2020.
 - The Company shall not record a loss for the current term in the consolidated statement of profit and loss for each consolidated fiscal year for 2 consecutive fiscal years.

6. [R&D Activities]

Not applicable.

Part 3 [Status of Facilities]

1. [Overview of Capital Expenditures]

Capital expenditures for this fiscal year consistently include capital expenditures for the purpose of opening new stores, re modeling existing stores, and labor-saving investments. Capital expenditures for this fiscal year totaled JPY22,368 mn. Capital expenditures by segment are as follows. In the domestic Sushiro business, we invested JPY10,387 mn to open new stores, renovate existing stores, and develop/install labor-saving machineries. Capital expenditures in the overseas Sushiro business amounted to JPY9,560 mn, which included new store openings, renovation of existing stores, and labor-saving investments. In Kyotaru business, we invested JPY986 mn to open new stores, renovate existing stores, and develop/install labor-saving machineries. In other businesses, capital expenditures totaled JPY1,435 mn, mainly for the opening of new stores, renovation of existing stores, and labor-saving investments. There was no significant disposal or sale during the current fiscal year.

2. [Status of Major Facilities]

The major facilities of our group are as follows.

(1) Reporting Company

As of Sep. 30, 2024

Site name (location)	Segment name	Details of facilities	Book value (Millions, JPY)						Number of employees (person)
			Buildings and buildings structures	Tools and equipment fixtures	Machinery and equipment	Lease and guarantee deposits	Right-of-use assets	Total	
Head Office (Osaka Prefecture Suita City)	Others	Office Facilities, etc.	22	35	9	55	1,211	1,333	258

(NOTE) The number of employees includes the regular employees (excluding employees seconded from us to other companies, including employees seconded from other companies to us) and does not include temporary employees (part-time employees).

(2) Domestic Subsidiaries

As of Sep. 30, 2024

Company name	Segment name	Site name (Location)	Number of stores (Stores)	Land lease Area (㎡)	Book value (Millions, JPY)						Employees Number of employees (person)
					Buildings and buildings structures	Tools furniture and equipment fixtures	Machinery and equipment	Lease and guarantee deposits	Right-of- use assets	Total	
Akindo Sushiro Co., Ltd.	East Japan area	Store (Hokkaido region)	16	30,460	592	213	171	304	3,469	4,749	42
		Store (Tohoku region)	26	50,646	820	320	311	284	3,491	5,226	71
		Store (Kanto region)	216	290,579	5,079	2,853	2,893	3,514	35,660	49,998	625
		Store (Chubu region)	110	237,653	2,144	1,198	941	1,218	13,499	19,000	292
	Western Japan Area	Store (Kinki region)	139	255,412	3,391	1,999	1,590	1,545	17,425	25,951	412
		Store (Chugoku region)	34	71,550	1,252	439	597	398	5,127	7,813	95
		Store (Shikoku region)	30	74,964	903	467	548	320	2,747	4,984	80
		Store (Kyushu region)	67	163,802	1,707	923	785	542	7,129	11,087	198
		Store (Okinawa region)	8	8,763	232	74	36	105	1,762	2,209	22
		Head Office, etc. (Suita City, Osaka, etc.)	-	18,890	17	35	21	358	866	1,296	76
		Total	646	1,202,719	16,136	8,520	7,892	8,588	91,176	132,313	1,913

(NOTE)

1. The number of employees includes the employees (excluding employees seconded from the subsidiary to another company and including employees seconded from another company to the subsidiary) and does not include temporary employees (part-time employees).
2. Of the total number of employees, headquarters and others include employees related to store that were not open as of Sep. 30, 2024.
3. Major facilities leased from persons other than consolidated companies include store and parking lots.

As of Sep. 30, 2024

As of Sep. 30, 2022											
Company name	Segment name	Site name (Location)	Details of facilities	Book value (Millions, JPY)							Number of employees (person)
				Buildings and structures	Tools, furniture and fixtures	Machinery and equipment	Land (Area ㎡)	Lease and guarantee deposits	Right-of-use assets	Total	
KYOTARU CO., LTD.	Kyotaru Business	Store, etc. (Chuo-ku, Tokyo, etc.)	Store facilities, etc. (238 store)	631	323	259	1,553 (55,827)	1,917	2,694	7,377	497
FOOD & LIFE INNOVATIONS LTD.	Other businesses	Store, etc. (Chiyoda-ku, Tokyo, etc.)	Store facilities, etc. (89 store)	869	264	-	-	482	3,441	5,057	196

(NOTE)

1. The number of employees includes the employees (excluding employees seconded from the subsidiary to another company and including employees seconded from another company to the subsidiary) and does not include temporary employees (part-time employees).
2. Major facilities leased from persons other than consolidated companies include store and parking lots.

(3) Foreign Subsidiaries

As of Sep. 30, 2024

As of Sep. 30, 2021										
Company name	Segment name	Site name (location)	Details of facilities	Book value (Millions, JPY)						
				Buildings and structures	Tools, furniture and fixtures	Machinery and equipment	Lease and guarantee deposits	Right-of-use assets	Total	Number of employees (person)
Sushiro Korea, Inc.	International Sushiro Business	Store, etc. (Seoul, Korea, etc.)	Store facilities, etc. (10 stores)	273	59	-	336	918	1,585	46
Sushiro Taiwan Co., Ltd.		Store, etc. (Taipei, Taiwan, etc.)	Store facilities, etc. (46 stores)	3,012	1,260	977	511	5,939	11,699	822
Sushiro GH Singapore Pte. Ltd.		Store, etc. (Singapore)	Store facilities, etc. (12 stores)	596	350	309	344	2,426	4,026	193
FOOD & LIFE COMPANIES HONG KONG LIMITED		Store, etc. (Hong Kong, China)	Store facilities, etc. (39 stores)	2,957	1,431	1,610	1,257	11,690	18,946	1,538
Sushiro GH(Thailand) Ltd.		Store, etc. (Kingdom of Thailand)	Store facilities, etc. (26 stores)	1,585	1,226	762	571	760	4,905	1,631
Guangzhou Sushiro Restaurants Co., Ltd.		Store, etc. (Guangdong Province, China)	Store facilities, etc. (24 stores)	855	180	-	238	3,368	4,640	1,061
Shenzhen Sushiro Restaurants Co., Ltd.		Store, etc. (Guangdong Province, China)	Store facilities, etc. (9 stores)	345	85	-	102	1,485	2,016	273
Chengdu Sushiro Restaurants Co., Ltd.		Store, etc. (Sichuan Province, China)	Store facilities, etc. (6 stores)	205	57	-	70	670	1,003	269
Beijing Sushiro Restaurants Co., Ltd.		Store, etc. (Beijing City)	Store facilities, etc. (5 stores)	299	55	-	179	1,330	1,864	210
PT. Indonesia Sushiro Restaurants		Store, etc. (Indonesia)	Store facilities, etc. (4 stores)	361	42	360	61	528	1,352	51
FOOD & LIFE COMPANIES USA, LLC		Store, etc. (U.S.)	Store facilities, etc. (1 stores)	154	39	-	44	362	600	13
Sushiro Malaysia Sdn. Bhd.		Store, etc. (Malaysia)	Store facilities, etc. (0 stores)	-	-	0	32	156	188	7
Total			Store facilities, etc. (182 stores)	10,642	4,783	4,019	3,747	29,632	52,824	6,114

(NOTE) 1. The number of employees includes the employees (excluding employees seconded from the subsidiary to another company and including employees seconded from another company to the subsidiary) and does not include temporary employees (part-time employees).

2. Major facilities leased from persons other than consolidated companies include store and parking lots.

3. Sushiro Malaysia Sdn. Bhd. had no store open as of Sep. 30, 2024.

3. [Plans for New Construction and Retirement of Facilities]

Our Group's capital expenditures are formulated by comprehensively considering economic forecasts, industry trends, investment efficiency, and other factors. Significant new construction and renovation plans as of the end of the current fiscal year are as follows.

(1) Establishment of Important Facilities

① Domestic Sushiro Business

Company name	Site name (location)	Segment name	Details of facilities	Planned investment		Funding option	Date of commencement and completion		Capacity to increase (number of seats)
				Total amount (Millions, JPY)	Payments made (Millions, JPY)		Start	Completed	
Akindo Sushiro Co., Ltd.	East Japan area 7 stores	Domestic Sushiro Business	Store facilities, etc.	1,600	32	Own funds and borrowings	2024 Aug	2025 Jun	1,191
	Western Japan Area 8 stores		Store facilities, etc.	1,690	1	Own funds and borrowings	2024 Sep	2025 Sep	1,191
	Total		—	3,290	33	—	—	—	2,382

(NOTE)

1. The total planned investment amount includes lease and guarantee deposits and construction assistance fund receivables of JPY460 mn.
2. Monthly store opening plans are as follows.

Company name	2024 Oct	Nov	Dec	2025 Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Akindo Sushiro Co., Ltd.	0	0	3	0	1	2	2	3	1	1	0	2

② International Sushiro Business

Company name	Site name (Location)	Segment name	Details of facilities	Planned investment		Funding option	Date of commencement and completion		Capacity to increase (number of seats)
				Total amount (Millions, JPY)	Payments made (Millions, JPY)		Start	Completed	
Total	Overseas 72 stores	International Sushiro Business	Store facilities, etc.	13,542	709	Own funds and borrowings	2022 Jul	2025 Sep	12,665

(NOTE)

1. The total planned investment amount includes lease and guarantee deposits and construction assistance fund receivables of JPY1,005 mn.
2. Monthly store opening plans are as follows.

Company name	2024 Oct	Nov	Dec	2025 Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Total	3	4	6	4	5	5	7	6	6	8	7	11

(2) Important renovation

There are no plans to renovate important facilities.

(3) Significant disposal

There are no plans for the retirement of important facilities.

Part 4 [Status of the Reporting Company]

1. [Status of Shares]

(1) [Total Number of Shares]

① [Total number of shares]

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

② [Issued Shares]

Type	As of the end of the fiscal year Number of shares issued (shares) (As of Sep. 30, 2024)	As of the date of filing Number of shares issued (shares) (Dec. 27, 2024)	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	Share unit: 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 to shares from Dec. 1, 2024 to the filing date of this Annual Securities Report.

(2) [Status of Share Subscription Rights]

① [Details of stock option plan]

Date of resolution	Jan 18, 2018 (14th Share Subscription Rights)	Dec 20, 2018 (15th Share Subscription Rights)	Dec 19, 2019 (16th Share Subscription Rights)	Dec 24, 2020 (18th Share Subscription Rights)	Dec 23, 2021 (20th Share Subscription Rights)
Classification and number of grantees	Our Board of Director 4 Our Corporate Officer 3 Our subsidiary Director 1 Our subsidiary Corporate Officer 1 (NOTE) 1	Our Board of Director 4 Our Corporate Officer 4 Our subsidiary Director 1 Our subsidiary Corporate Officer 1 (NOTE) 1	Our Board of Director 4 Our Corporate Officer 6 (NOTE) 1	Our Directors 1 Our Corporate Officer 10 (NOTE) 1	Our Director 1 Our Corporate Officer 13 Our subsidiary Director 2 (NOTE) 1
Number of stock options (unit) ※	317	265	348	426	581
The class(es) of shares subject to the share options ※	Common stock				
Number of shares for Share Subscription Rights (shares) ※	126,800 (NOTE) 2、3	106,000 (NOTE) 2、3	139,200 (NOTE) 2、3	170,400 (NOTE) 3	232,400 (NOTE) 3
Payment on exercise price of Share Subscription Rights (JPY) ※	1				
Period for exercising subscription rights ※	From Feb 3, 2018 to Feb 2, 2058	From Jan 5, 2019 to Jan 4, 2059	From Jan 7, 2020 to Jan 6, 2060	From Jan 9, 2021 to Jan 8, 2061	From Jan 8, 2022 to Jan 7, 2062
Issue price of shares issued upon exercise of subscription rights to shares and amount included in equity (JPY) *	(NOTE) 4、5				
Conditions for exercising share acquisition rights ※	(NOTE) 6				
Items related to transfer of subscription rights ※	Acquisition of the Share Subscription 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) 8				

Date of resolution	Dec. 2022, 2022 (22nd Share Subscription Rights)	Dec. 21, 2023 (24th Share Subscription Rights)	Dec. 26, 2024 (26th Share Subscription Rights)
Classification and number of grantees	Our Directors 1 Our Corporate Officer 14 (NOTE) 1	Our Directors 2 Our Corporate Officer 14 (NOTE) 1	Our Directors 2 Our Corporate Officer 14 (NOTE) 1
Number of stock options (unit) ※	553	758	652
The class(es) of shares subject to the share options ※	Common stock		
Number of shares for Share Subscription Rights ※	221,200 (NOTE) 3	303,200 (NOTE) 3	260,800 (NOTE) 3
Payment on exercise price of Share Subscription Rights (JPY) ※	1		
Period for exercising subscription rights ※	From Jan 11, 2023 to Jan 10, 2063	From Jan 11, 2024 to Jan 10, 2064	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) 4、 5		
Exercise of Share Subscription Rights*	(NOTE) 6		
Items related to transfer of subscription rights ※	Acquisition of the Share Subscription 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) 8		

※ The details of the 14th Share Subscription Rights, 15th Share Subscription Rights, 16th Share Subscription Rights, 18th Share Subscription Rights, 20th Share Subscription Rights, 22nd Share Subscription Rights and 24th Share Subscription Rights are as of the end of the current business year (Sep. 30, 2024). As of the end of the month prior to the date of submission (Nov. 30, 2024), there are no changes to the content that should be included from the end of the current fiscal year. Accordingly, information pertaining to the end of the month prior to the date of submission has been omitted. The 26th Share Subscription Rights have not been issued as of the filing date. Hereinafter, the 14th, 15th, 16th, 18th, 20th, 22nd, 24th and 26th Share Subscription Rights are collectively referred to as the "Share Subscription Rights".

(NOTE)

- Does not include directors serving on the Audit and Supervisory Committee and outside directors.
- We conducted a 4-for-1 stock split on Apr. 1, 2020. As a result, the "number of shares for Share Subscription Rights" of the 14th, 15th and 16th have been adjusted.
- The maximum number of subscription rights to shares is 1282 for each fiscal year. In addition, the number of shares subject to the 14th, 15th, and 16th share acquisition rights (hereinafter referred to as the "number of granted shares") shall be 100 shares of our common stock, and the number of granted shares of the 18th, 20th, 22nd, 24th and 26th share acquisition right shall be 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 Share Subscription 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 Share Subscription 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.

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

In addition, in the event that, after the Allotment Date of the Share Subscription 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.

4. The issue price of shares to be issued upon the exercise of the Share Subscription Rights is the sum of the paid amount at the time of each exercise of the Share Subscription Rights (JPY1 per share) and the fair value of each Share Subscription Rights calculated by Monte Carlo simulation, which is a general option pricing model at the date of allocation. These Share Subscription 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 issuance price per share for each share subscription right based on the minimum vesting rate is as follows:

	Lower vesting rate	Issue price
14th Share Subscription Rights	16.60%	JPY493
	20.75%	JPY510
	27.66%	JPY538.75
15th Share Subscription Rights	16.60%	JPY603.50
	20.75%	JPY623.50
	27.66%	JPY656
16th Share Subscription Rights	16.60%	JPY1,031
	20.75%	JPY1,066
	27.66%	JPY1,126
18th Share Subscription Rights	16.60%	JPY1,841
	18.60%	JPY1,861
	19.60%	JPY1,881
20th Share Subscription Rights	16.60%	JPY2,021
	17.60%	JPY2,041
	18.60%	JPY2,051
	19.60%	JPY2,071
22nd Share Subscription Rights	16.60%	JPY1,441
	17.60%	JPY1,451
	18.60%	JPY1,461
	19.60%	JPY1,471
24th Share Subscription Rights	16.60%	JPY1,425
	17.60%	JPY1,435
	18.60%	JPY1,445
	19.60%	JPY1,455

※ On Apr. 1, 2020, we conducted a 4-for-1 stock split of our common stock. As a result, the "Issue Price" of the 14th Share Subscription Rights, the 15th Share Subscription Rights, and the 16th Share Subscription Rights are adjusted. In addition, we will pay monetary remuneration equivalent to the total amount to be paid to the persons to whom the Share Subscription 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 of the Share Subscription Rights, and to the persons to whom the Share Subscription 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 Share Subscription Rights from our subsidiaries, and then we will assume such monetary remuneration claim against the payment obligation of the amount to be paid of the Share Subscription Rights.

5. 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.

6. Condition to exercise the Share Subscription Rights

(1) The Share Subscription Rights holders may exercise the Share Subscription Rights only in a lump sum within the exercise period, from the day following the loss of any of the 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 Share Subscription Rights exercisable by the holder shall be the number obtained by multiplying the number of Share Subscription Rights allocated by the vesting rate calculated based on the graph below according to relative TSR※, and if there is a fraction less than 1 in the number of Share Subscription Rights exercisable, this shall be rounded down. In addition, in the event that any of the directors and Corporate Officer of the Company and its subsidiaries were to lose their status prior to the date 3 years after the allotment date, the vesting rate shall be calculated by multiplying the vesting rate calculated based on the graph below by the ratio calculated by dividing the number of months of service from the allotment date (less than 1 month shall be rounded down to the nearest month) by 36. However, depending on the position of the person who underwrites the Share Subscription Rights, the minimum vesting rate is 16.60% to 27.66% (however, the minimum vesting rate of the 18th Share Subscription Rights, 20th Share Subscription Rights, 22nd Share Subscription Rights, 24th Share Subscription Rights and 26th Share Subscription Rights is 16.60% to 19.60% (hereinafter referred to as the "minimum vesting rate")). If the person resigns prior to the date of the initial ordinary general meeting of shareholders, the minimum vesting rate will be adjusted by the ratio obtained by dividing the number of months of service (15 days or less for periods of less than 1 month, rounded down, and 1 month for periods of 16 days or more rounded up) by 12. In addition, if the absolute TSR falls below 1 (100%) or the stock price at the end of the fiscal year (the average closing price of our common stock on the Tokyo Stock Exchange on each day of the month prior to the month in which the grantee has lost the status of the directors and Corporate Officer of us and our subsidiaries prior to the 3-year period from the allotment date) falls below the stock price at the beginning of the fiscal year (the average closing price of our common stock on the Tokyo Stock Exchange on each day of the month in which the date of allotment of the subscription rights belongs), the lower-limit vesting rate will be applied.

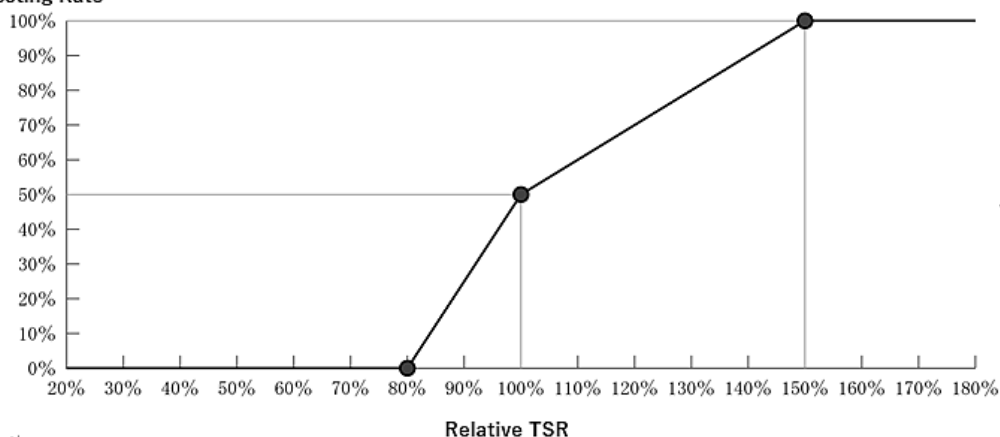
$$\text{※Relative TSR} = \text{Absolute TSR} \div \text{TOPIX growing rate}$$

$$\text{Absolute TSR} = \frac{\{\text{Stock price at the end of the period} + \text{Total Dividends}\} \div \text{Stock price at the beginning of the period}}$$

Stock price at the end of the fiscal year: The average closing price of our common shares on the Tokyo Stock Exchange of the month which precedes the month on which the date* 3 years from the allotment date falls. *(In the event that a subject director or Corporate Officer of the Company and its subsidiaries was to lose their status prior to the date 3 years after the allotment date, the date* becomes the date that subject director or Corporate Officer of the Company and its subsidiaries lost his/her status ; the same shall apply hereafter)

Stock price at the beginning of the period: The average closing price of our common stock on the Tokyo Stock Exchange on each day of the month in which the allotment date belongs

Vesting Rate



Total amount of dividends: Total amount of dividends per share of our common stock during the period from the allotment date to the 3-year period.

$$\text{TOPIX growing rate} = \frac{\text{Year-end TOPIX} \div \text{TOPIX at the beginning of the period}}$$

TOPIX at the end of the fiscal year: Average closing price of TOPIX (TSE Stock Price Index; the same shall apply hereafter) on each day of the month prior to the month in which 3 years have elapsed from the allocation date.

TOPIX at the beginning of the period: Average closing price of TOPIX for each day in the month in which the quota date belongs

In the above calculation, the average closing price is rounded to the nearest second decimal place.

(3) In the event of death of a holder of a new stock reservation right, it shall be permitted for the succeeding person to exercise this.

(4) If the total number of issued shares of the Company exceeds the total number of shares authorized at the time of the exercise of the Share Subscription Rights, the Company may not exercise the Share Subscription Rights.

(5) No less than 1 Share Subscription Rights may be exercised.

7. Matters relating to the acquisition of Share Subscription 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 Share Subscription 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 Share Subscription Rights cannot be exercised prior to the exercise of the Rights pursuant to the provisions set forth in paragraph 6 above, the Share Subscription Rights may be acquired by the Company without charge.

8. In the event of a merger where our company is the dissolving company, 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 share warrants of a Kabushiki-Kaisha (hereinafter referred to as the "restructured corporation") as set forth in Article 236, Paragraph 1, Item 8 (a) to (e) inclusive of the Companies Act (hereinafter referred to as the "restructured corporation") shall be delivered to the holders of the share warrants as of 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 Share Subscription Rights of a reorganized company to be granted

The number of the rights to subscribe for new shares held by the holders of the rights to subscribe for new shares shall be the same as the number of the rights to subscribe for new shares.

(2) Type of stock of the Company to be Reorganized to be subject to the Share Subscription Rights

Common stock of the reorganized company.

(3) Number of shares of the reorganized company to be issued upon exercise of the Share Subscription Rights

The decision will be made in accordance with the above 3, considering the conditions of the reorganization activities.

(4) Assets to be contributed at the time of exercise of the rights

The value of assets to be contributed upon the exercise of each of the Share Subscription Rights to be delivered shall be the amount obtained by multiplying the exercise price after the restructuring obtained by adjusting the exercise price stipulated in 3 above by the number of shares of the restructured company which is the object of such Share Subscription Rights to be determined in accordance with 3 above.

(5) Exercise period for the rights

The first day of the exercise period of the Share Subscription Rights and the effective date of the Organizational Restructuring, whichever is later, shall be the last day of such exercise period.

(6) Matters concerning capital stock and equity Reserves to be increased in cases where shares are issued upon the exercise of Share Options;

The amount shall be determined in accordance with the amount allocated to equity for the issuance of shares upon the exercise of the above-mentioned Share Subscription Rights.

(7) Restriction on acquisition of Share Subscription 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 exercise of Share Subscription Rights

Determined in accordance with the above 6.

(9) Reasons and conditions for acquisition of the rights to subscribe for new shares

Determined in accordance with the above 7.

(10) Other conditions will be determined in accordance with the conditions of the reorganized company.

9. Matters concerning certificates of the rights to subscribe for new shares pertaining to the rights to subscribe for new shares

We shall not issue any Share Subscription Rights certificates relating to the Share Subscription Rights.

Date of resolution	Dec 19, 2019 (17th Share Subscription Rights)	Dec 24, 2020 (19th Share Subscription Rights)	Dec 23, 2021 (21st Share Subscription Rights)
Classification and number of grantees	F&LC Employees 103 573 employees of our subsidiaries	F&LC Employees 112 623 employees of our subsidiaries	F&LC Employees 129 763 employees of our subsidiaries
Number of stock options (unit) ※	754	900	1,092
The class(es) of shares subject to the share options ※	Common stock		
Number of shares for Share Subscription Rights (shares) ※	301,600 (Notes 2 and 3)	90,000 (Note 3)	109,200 (Note 3)
Payment on exercise price of Share Subscription Rights (JPY) ※	2,210 (Notes 2 and 3)	3,690 (Note 3)	4,285 (Note 3)
Period for exercising subscription rights ※	From Dec 20, 2021 to Dec 19, 2029	From Dec 25, 2022 to Dec 24, 2030	From Dec 24, 2023 to Dec 23, 2031
Issue price of shares issued upon exercise of subscription rights to shares and amount included in equity (JPY) *	Issue price 2,210 Amount to be included in equity 1,105 (NOTE)2、5	Issue price 3,690 Amount to be included in equity 1,845 (NOTE)5	Issue price 4,285 Amount to be included in equity 2,143 (NOTE)5
Condition to exercise of Share Subscription Rights *	(NOTE)7	(NOTE)7	(NOTE)7
Items related to transfer of subscription rights ※	Acquisition of the Share Subscription Rights by transfer shall require approval by a resolution of the Board of Directors of the Company.	Acquisition of the Share Subscription Rights by transfer shall require approval by a resolution of the Board of Directors of the Company.	Acquisition of the Share Subscription Rights by transfer shall require approval by a resolution of the Board of Directors of the Company.
Issues related to the issuance of Share Subscription Rights associated with reorganization actions*	(NOTE)9	(NOTE)9	(NOTE)9

Date of resolution	Dec 22, 2022 (23rd Share Subscription Rights)	Dec 21, 2023 (25th Share Subscription Rights)	Dec 26, 2024 (27th Share Subscription Rights)
Classification and number of grantees	Our Employees 141 776 employees of our subsidiaries	Our Employees 159 790 employees of our subsidiaries (NOTE)1	Our Employees 188 787 employees of our subsidiaries (NOTE)1
Number of stock options (unit) ※	1,130	1,151	1,196
The class(es) of shares subject to the share options ※	Common stock		
Number of shares for Share Subscription Rights (shares) ※	113,000 (Note 3)	115,100 (Note 3)	119,600 (Note 3)
Payment on exercise price of Share Subscription Rights (JPY) ※	2,803 (Note 3)	2,890 (Note 3)	3,403 (Note 3)
Period for exercising subscription rights ※	From Dec 23, 2024 to Dec 22, 2032	From Dec 22, 2025 to Dec 21, 2033	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 2,803 Amount to be included in equity 1,402 (NOTE)5	Issue price 2,890 Amount to be included in equity 1,445 (NOTE)5	Issue price 3,403 Amount to be included in equity 1,702 (NOTE)5
Exercise of Share Subscription Rights*	(NOTE)7		
Items related to transfer of subscription rights ※	Acquisition of the Share Subscription Rights by transfer shall require approval by a resolution of the Board of Directors of the Company.		
Issues related to the issuance of Share Subscription Rights associated with reorganization actions*	(NOTE)9		

※ The details of the 17th Share Subscription Rights, 19th Share Subscription Rights, 21st Share Subscription Rights, 23rd Share Subscription Rights and 25th Share Subscription Rights are as of the end of the current fiscal year (Sep. 30, 2024). As of the end of the month prior to the date of submission (Nov. 30, 2024), there are no changes to the content that should be included from the end of the current fiscal year. Accordingly, information pertaining to the end of the month prior to the date of submission has been omitted. The 27th Share Subscription Rights have not been issued as of the filing date. Hereinafter, the 17th share warrant, the 19th share warrant, the 21st share warrant, the 23rd share warrant, the 25th share warrant, and the 27th share warrant are collectively referred to as the "new share warrant".

(NOTE)

1. The number of persons to be allocated as of the date of resolution is stated.
2. We conducted a 4-for-1 stock split on Apr. 1, 2020. As a result, the "number of shares for subscription rights to shares," "amount paid upon exercise of subscription rights to shares," and "issue price of shares issued upon exercise of subscription rights to shares and amount incorporated into equity" of the 17th subscription rights to shares have been adjusted.
3. The number of shares subject to each Share Subscription Rights (hereinafter referred to as the "Number of Granted Shares") shall be 100 shares of common stock of the Company. Any fraction less than 1 (1) share in the number of shares to be delivered to the holders of Share Options who have exercised the Share Subscription 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 pursuant to Note 6 below in connection with the applicable adjustment event shall apply. Such adjustment shall be made only for the number of shares of the Share Subscription 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.

$$\begin{array}{l} \text{Number of shares subject} \\ \text{to adjustment} \end{array} = \begin{array}{l} \text{Number of shares before} \\ \text{adjustment} \end{array} \times \begin{array}{l} \text{Rate of stock split or stock} \\ \text{consolidation} \end{array}$$

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 Share Subscription Rights or otherwise change the number of shares subject to such change, we will adjust as we deem necessary by resolution of the Board of Directors.

4. The amount to be paid upon exercise of the Share Subscription Rights shall be equal to the closing price of our common stock on the Tokyo Stock Exchange on the day prior to the resolution date.
5. The issue price of shares to be issued upon the exercise of the Share Subscription Rights is the same as the amount to be paid upon the exercise of the Share Subscription 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.
6. In the event of a share split or consolidation of shares with respect to our common shares after the issuance of the Share Subscription 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.

$$\begin{array}{l} \text{Exercise price after the} \\ \text{adjustment} \end{array} = \begin{array}{l} \text{Exercise price before} \\ \text{the adjustment} \end{array} \times \frac{1}{\text{Split or consolidation ratio}}$$

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.

7. Condition to exercise the Share Subscription Rights

- (1) In the event of any of the following events, the holder of the Share Subscription Rights (in the case of ②, the heir thereof) may not exercise the Share Subscription Rights:

- ① If the right holders lose any of the positions of directors, statutory auditors, Corporate Officer or employees of us, Akindo Sushiro Co., Ltd., FOOD & LIFE INNOVATIONS LTD., or KYOTARU CO., 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 Share Subscription Rights
- ③ Where a holder of the right to subscribe for new shares has received a petition for commencement of bankruptcy proceedings or civil rehabilitation proceedings or has filed such petition by him/herself
- ④ In the event that a holder of the Share Subscription Rights commits an improper act, commits an act in breach of duty in the course of his/her duties, or commits an act in violation of our Group's internal regulations applicable to other parties, and the board of directors of the 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 the holder of the Share Subscription Rights may be subject to a salary reduction, suspension from work, demotion, dismissal under instruction, or disciplinary dismissal, etc.

- (2) A fraction of the Share Subscription Rights may not be exercised.

8. Acquisition provisions of the Rights

- (1) In the event that a holder of Share Subscription 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 Share Subscription Rights held by such holder of Share Subscription Rights free of charge from the holder of Share Subscription Rights in which such event has occurred. In the event of the acquisition of part of the Share Subscription Rights, the number of Share Subscription 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 Share Subscription Rights may be acquired free of charge as of the date separately determined by the Board of Directors of the Company.
9. In the event of a merger where our company is the dissolving company, 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 Share Subscription 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 Share Subscription Rights of a reorganized company to be granted : The number of the remaining rights to subscribe for new shares held by the holders of the remaining rights to subscribe for new shares shall be the same as the number of the remaining rights to subscribe for new

shares.

- (2) Type of stock of the Company to be Reorganized to be subject to the Share Subscription Rights : Common stock of the reorganized company.
- (3) Number of shares of the reorganized company to be issued upon exercise of the Share Subscription 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 Share Subscription Rights can be exercised : The period from the effective date of the organizational restructuring to the expiration date of the period during which the Share Subscription Rights can be exercised as set forth above.
- (5) Matters concerning capital stock and equity Reserves to be increased in cases where shares are issued upon the exercise of Share Options : The amount shall be determined in accordance with the amount allocated to equity for the issuance of shares upon the exercise of the Share Subscription Rights as set forth above.
- (6) Amount to be contributed upon the exercise of each Share Subscription Rights : The exercise price shall be the amount obtained by reasonably adjusting the exercise price of the Share Subscription Rights above, considering the conditions of the organizational restructuring.
- (7) Other conditions for the exercise of Share Subscription Rights and the terms for acquisition of Share Subscription Rights : Determined in accordance with the above 7 and 8.
- (8) Restriction on acquisition of Share Subscription Rights by transfer : ;The acquisition of Share Subscription Rights by transfer shall require the approval of the Restructured Company.
- (9) Any fraction less than 1 share in the number of shares to be delivered to a holder of the rights to subscribe for new shares who has exercised the rights to subscribe for new shares shall be discarded.
- 10. Matters concerning certificates of the rights to subscribe for new shares pertaining to the rights to subscribe for new shares : We shall not issue any Share Subscription Rights certificates relating to the Share Subscription Rights.

② [Details of rights plan]

Not applicable.

③ [Status of other Share Subscription Rights]

Not applicable.

(3) [Status of Exercise of Corporate Bonds with Share Subscription Rights with Exercise Price Adjustment]

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)
Apr 1, 2020 (NOTE)1	87,037,488	116,049,984	—	100	—	1,740
Apr 7, 2021 (NOTE)2	19,200	116,069,184	7	107	7	1,747
Apr 7, 2021 (NOTE)3	—	116,069,184	△7	100	—	1,747

(NOTE)

- The Company conducted a 4-for-1 stock split on Apr. 1, 2020. As a result, the total number of issued shares increased by 87,037,488 shares.
- As a result of the exercise of subscription rights to shares on Apr. 7, 2021, the number of shares issued and outstanding increased by 19,200 and capital stock and equity reserves increased by 7 mn, respectively.
- In accordance with Article 447-3 of the Companies Act, the amount of capital stock was reduced JPY 7 mn effective Apr. 7, 2021 at the same time as the issuance of shares by resolution of the Board of Directors.

(5) [Breakdown of Shareholders]

As of Sep. 30, 2024

As of Sep. 30, 2024

Classification	Status of Shares (100 shares per unit)								Less than 1 unit of shares (shares)
	Government and municipalities	Financial institutions	Financial instruments firms	Other corporations	Foreign corporations, etc.		Individuals Others	Total	
					Other than individuals	Individuals			
Number of shareholders	-	29	43	525	275	566	102,054	103,492	—
Number of shares held (Unit)	-	267,691	73,388	57,723	406,785	1,618	352,663	1,159,868	82,384
Percentage as against total shares issued	-	23.08	6.33	4.98	35.07	0.14	30.41	100	—

(NOTE) 1. treasury stock 2,945,764 shares are included in 29,457 units in "Individuals and Others" under "Shares" and 64 shares in "Less than 1 unit of shares."

2. Percentage of shares held is rounded to the nearest third Decimal place.

(6) [Major Shareholders]

As of Sep. 30, 2024

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)	8-1 Akasaka 1-chome, Minato-ku, Tokyo	15,275,600	13.50
The Custody Bank of Japan, Ltd. (Trust Account)	8-12, Harumi 1-chome, Chuo-ku, Tokyo	4,672,400	4.13
National Federation of Agricultural Cooperative Associations	3-1 Otemachi 1-chome, Chiyoda-ku, Tokyo	3,744,400	3.31
BNYM AS AGT/CLTS 10 PERCENT (Standing proxy: The Bank of Mitsubishi UFJ, Ltd.)	240 GREENWICH STREET.NEW YORK.NEW YORK 10286 U.S.A (4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo)	2,810,256	2.48
JP JPMSE LUX RE BARCLAYS CAPITAL SEC LTD EQ CO (Standing proxy: The Bank of Mitsubishi UFJ, Ltd.)	1CHURCHILL PLACE LONDON-NORTH OF THE THAMES UNITED KINGDOM E14 5HP (4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo)	2,750,608	2.43

Name	Address	Number of shares held (shares)	Percentage of shares held in total number of Issued shares (excl. treasury stock)
MSIP CLIENT SECURITIES (Standing proxy: Morgan Stanley MUFG Securities Co., Ltd.)	25 CABOT SQUARE.CANARY WHARF.LONDON E14 4QA.U.K (9-7, Otemachi 1-chome, Chiyoda-ku, Tokyo)	2,719,589	2.40
JPMorgan Securities Japan Co., Ltd.	2-7-3, Marunouchi, Chiyoda-ku, Tokyo	1,751,520	1.55
Goldman Sachs Securities Co., Ltd. BNYM (Standing proxy: The Bank of Mitsubishi UFJ, Ltd.)	10-1, Roppongi Rokko, Minato-ku, Tokyo (4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo)	1,693,700	1.50
Suntory Limited	3-3, Daiba 2-chome, Minato-ku, Tokyo	1,666,400	1.47
BOFAS INC SEGREGATION ACCOUNT (Standing proxy: BOFA Securities Co., Ltd.)	THE CORPORATION TRUST COMPANY.1209 ORANGE ST.COUNTY OF NEW CATSLE WILMINGTON.DE US (4-1, Nihonbashi 1-chome, Chuo-ku, Tokyo)	1,538,771	1.36
Total	—	38,623,244	34.13

(NOTE)

1. Percentage of total number of issued shares (excluding treasury stock) is rounded to the nearest third Decimal place.
2. The number of shares held by The Master Trust Bank of Japan Ltd. (trust account) is all related to trust business.
3. The number of shares held by The Custody Bank of Japan Ltd. (trust account) is all shares related to trust business.

4. Although the Large Shareholding Report made available for public inspection on Apr 30, 4.2024 states that Mitsubishi UFJ Trust and Banking Corporation, Mitsubishi UFJ Asset Management Co., Ltd. and First Sentier Investors (Hong Kong) Ltd., the joint holders thereof, own the following shares as of Apr 22, 2024, we are unable to confirm the actual number of shares held as of Sep 30, 2024, and are therefore not included in the above-mentioned status of major shareholder.

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 (%)
Mitsubishi UFJ Trust and Banking Corporation	4-5 Marunouchi 1-chome, Chiyoda-ku, Tokyo	1,871,600	1.61
Mitsubishi UFJ Asset Management Co., Ltd.	1-9-1, Higashi-Shinbashi, Minato-ku, Tokyo	2,314,700	1.99
First Sentier Investors (Hong Kong) Limited	25th Floor, One Exchange Square, Central, Hong Kong	490,400	0.42
Total		4,676,700	4.03

5. Although Nomura Securities Co., Ltd., Nomura Securities Co., Ltd. and its joint holders, Nomura International PLC and Nomura Asset Management Co., Ltd., stated in their reports on the holdings of the following shares as of Sep 13, 2024, which are available for public inspection on Sep 19, 2024, we are unable to confirm the number of shares beneficially owned as of Sep 30, 2024, and are therefore not included in the above-mentioned status of major shareholders.

The content of Large Shareholding 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	667,785	0.58
NOMURA INTERNATIONAL PLC	1 Angel Lane, London EC4R 3AB, United Kingdom	848,989	0.73
Nomura Asset Management Co., Ltd.	2-1 Toyosu 2-chome, Koto-ku, Tokyo	5,726,832	4.93
Total		7,243,606	6.24

(7) [Status of voting rights]

① [Issued Shares]

As of Sep. 30, 2024

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 2,945,700	—	—
Shares with full voting rights (other)	Common stock 113,041,100	1,130,411	Share unit: 100 shares
Shares less than 1 unit	Common stock 82,384	—	—
Number of issued shares	116,069,184	—	—
Voting rights of all shareholders	—	1,130,411	—

(NOTE) Common shares in the "Shares less than 1 unit" column include 64 shares of treasury stock owned by us.

② [Treasury stock, etc.]

As of Sep. 30, 2024

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	2,945,700	-	2,945,700	2.54
Total	—	2,945,700	-	2,945,700	2.54

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

2 [Acquisitions of treasury stock]

[Class of Shares]

Acquisition of common shares falling under Item 3 of Article 155 of the Companies Act and acquisition of common shares falling under Item 7 of Article 155 of the Companies Act

(1) [Status of Acquisition by Resolution at the General Meeting of Shareholders]

Not applicable.

(2) [Status of acquisition by resolution of the Board of Directors]

Acquisition in accordance with the provisions of Article 156 of the Companies Act as applied by replacing certain terms pursuant to the provisions of Article 165, Paragraph 3 of the same Act

Classification	Number of shares	Total value (yen)
Resolution of the Board of Directors (May. 10, 2024) (Acquisition period: May. 13, 2024-Sep. 30, 2024)	3,300,000	7,500,000,000
Treasury stock acquired prior to the current fiscal year	-	-
Treasury stock acquired in the current fiscal year	2,600,800	7,499,903,850
Total number and total value of the Residual Shares	699,200	96,150
Percentage outstanding as of the end of the current fiscal year (%)	21.18	0.00
Treasury stock acquired during the period	-	-

Outstanding as of the date of filing	21.18	0.00
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(3) [Details of items that are not based on a resolution of the shareholders' meeting or a resolution of the Board of Directors]

Acquisition pursuant to Item 7 of Article 155 of the Companies Act (Demand for Purchase of Shares Less than 1 Unit)

Classification	Number of shares	Total price (yen)
Treasury stock acquired in the current fiscal year	80	218,250
Treasury stock acquired during the period	36	113,040

(NOTE) The number of shares purchased during the period does not include the number of shares less than 1 unit purchased during the period from Dec. 1, 2024, to the date of filing of treasury stock report.

(4) [Processing and holding status of acquired treasury stock]

Classification	Current fiscal year		Current term	
	Number of shares	Total value disposed (Yen)	Number of shares	Total value disposed (Yen)
Acquisition for which subscribers were solicited: treasury stock	—	—	—	—
Acquired treasury stock disposed of by retirement	—	—	—	—
Acquired treasury stock with respect to mergers, share exchanges, share grants, and corporate splits	—	—	—	—
Other (Exercise of stock acquisition rights)	38,000	14,175,600	1,200	2,652,000
Treasury stock held	2,945,764	—	2,944,564	—

(NOTE) Number of treasury stock held during this period doesn't include less-than-1-unit equity securities by purchase or sale made from Dec 1, 2024 to the filing date of this report.

3. [Dividend Policy]

Returning profits to shareholders is one of our most important management policies. Our basic policy is to consistently improve business performance and continuously distribute profits in accordance with business performance. Regarding dividends, we will pay dividends once a year in line with business performance, while comprehensively considering factors such as business performance and the enhancement of internal reserves, based on the foundation of stable payment. The decision-making body for the payment of dividends from retained earnings is the General Meeting of Shareholders for the year-end dividend and the Board of Directors for the interim dividend. Retained earnings will be appropriated as a source of funds for active investment in the implementation of various measures aimed at strengthening the management foundation. Based on the aforementioned basic policy, the Company has reviewed the dividend per share, which is continuously implemented, in order to strengthen shareholder returns after securing sufficient internal reserves for the Group's growth strategy, as a result of discussions at the Board of Directors and other bodies in consideration of the medium-term management plan (FY2024 to FY2026) announced in Nov 2023 and business conditions during FY2024. The Company will increase the dividend per share by JPY 5 from JPY22.5 and increase the dividend per share to JPY27.5. In addition to an ordinary dividend of JPY27.5 per share, we will pay a commemorative dividend of JPY2.5 per share for FY2024.

The Company's Articles of Incorporation stipulate that the matters set forth in each Item of Paragraph 1 of Article 459 of the Companies Act, such as dividends of surplus, may be determined by resolution of the Board of Directors, unless otherwise stipulated by laws and regulations.

Dividends of surplus related to the current fiscal year are as follows.

Date of resolution	Total dividends (Millions, JPY)	Dividends per share (JPY)
Dec 26, 2024 Decision adopted at the annual meeting of stockholders	3,394	30.00

4. [Corporate Governance]

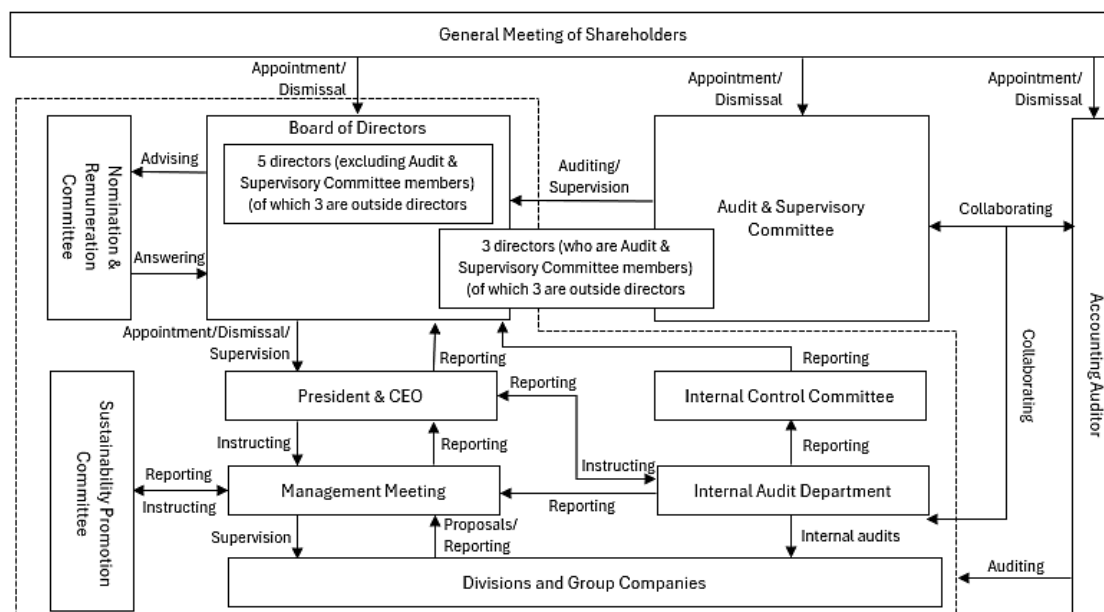
(1) [Overview of Corporate Governance]

① Basic Approach to Corporate Governance

Our basic approach to corporate governance is that we have a management system that allows managers to confirm their own compliance with laws, regulations, and the Articles of Incorporation, and that these conditions are sustained. In order to realize our Management Philosophy and Management Targets, we believe that establishing a management structure that enables us to direct the awareness and business activities of all executives, employees, etc. will lead to more fair and transparent management, which is in the interests of all stakeholders involved with us.

② Details of the organization of the company and the status of the development of the internal control system, etc.

(a) Basic explanation of the organization of the company and reasons for adopting the current system : We adopt the form of a company with an audit and supervisory committee. By establishing an audit and supervisory system for the Audit and Supervisory Committee and increasing the composition and diversity of the outside directors on the Board of Directors, we will enhance the transparency and objectivity of the Board of Directors and further strengthen corporate governance. At the same time, we will promote the separation between business execution and supervision. By delegating authority to Corporate Officer, which is overseen by the President and CEO, we believe that we will be able to accelerate the decision-making process related to business execution (a monitoring model). The Board of Directors (8 directors, Of which, 6 are outside directors) oversees (monitors) the execution of duties based on decisions on basic group management policies and other important matters as well as reports on business execution, in the belief that it is a place to discuss medium-to long-term strategic issues that take into account basic management policies and equity costs. This is a place to discuss these issues in an adequate amount of time. In addition, 3 members of the Audit and Supervisory Committee, who are outside directors, constitute the Audit and Supervisory Committee and confirm the execution of duties by directors by attending meetings of the Board of Directors and performing audits as needed in the course of daily operations. In addition, the Nomination and Remuneration Committee has been established, and a majority of the members of the Nomination and Remuneration Committee are independent outside directors. In addition, to improve corporate governance, we have established the Internal Control Committee, which is composed of the president and CEO as chairman, an attorney as an outside expert, directors who are members of the Audit and Supervisory Committee, and committee members appointed by the chairman (our Corporate Officer). In addition to the meetings that the secretariat requires the chairperson from time to time, the committee meets regularly. The Executive Committee, which is composed of executive directors and Corporate Officer, supports the decision-making of the president and CEO, deliberates on resolutions of the Board of Directors, and considers other important management issues delegated by the Board of Directors. Our corporate governance structure is as follows.



(b) Internal Control System : Our internal control system is as follows.

- Systems to ensure that the execution of duties by our directors, employees, and directors, etc. of our subsidiaries complies with laws and regulations and the articles of incorporation.
- We and our subsidiaries (hereinafter referred to as "our group") shall comply with the corporate philosophy, laws and regulations, and internal regulations, and shall take the initiative in implementing thorough compliance.
- For the purpose of establishing a compliance system and preventing violations of laws and regulations, the Internal Control Committee, which is composed of the President & CEO and external experts, shall be established, and necessary improvement measures and company-wide enlightenment measures shall be implemented across the Group companies through regular meetings of the Committee. In addition, the Internal Control Committee shall report the status to the Board of Directors as appropriate.
- The Internal Audit Office, which is independent from the business execution divisions, shall be established to conduct audits of the status of compliance and internal control systems in the execution of business by each division. The Internal Audit Office shall establish a system for appropriately reporting the results of audits to the Audit & Supervisory Committee and the Internal Control Committee.
- In the event of a violation of laws and regulations, the articles of incorporation, or internal rules, or any other material fact that may be discovered or threatened, a system shall be put in place to immediately report to the Audit and Supervisory Committee and to report to the Internal Control Committee without delay.
- A whistle-blowing and consultation desk will be established as a hotline for violations of laws and regulations, the Articles of Incorporation, and the Company's internal regulations, in order to quickly ascertain and resolve information related to compliance with laws and regulations and violations

of the Company's internal regulations.

- b. Matters concerning the preservation and control of the information pertaining to the execution of duties by b. Director
 - Information and documents pertaining to the execution of duties by Directors, etc. shall be appropriately stored and managed by the department in charge in accordance with the relevant regulations and laws.
- c. Rules and systems for managing the risk of loss for us and our affiliates
 - In order to identify all risks that threaten the continued development of a company and to develop a risk management system, the Company shall establish the Risk Management Regulations and the Internal Control Committee.
 - Risks that are important to group management shall be identified, analyzed and evaluated by the Internal Control Committee, and a system shall be put in place for appropriate crisis management, such as the formulation of improvement measures.
 - The Company shall establish "Crisis Management Rules" for countermeasures in the event of an emergency and establish a system that can respond promptly and appropriately.
 - To lead information security activities, we have established the Basic Rules for Information Systems and established standards for handling information assets.
- d. Systems to ensure the efficient execution of duties by our directors and directors of our subsidiaries
 - The Board of Directors determines the medium-term management plan and the single-year management plan, and periodically confirms the progress of the plan.
 - The Board of Directors Regulations shall be established to ensure the efficiency and appropriateness of the Board of Directors.
 - The Internal Control Committee shall establish a system for reporting the status to the Board of Directors as appropriate.
 - In accordance with the Division of Duties Regulations and the Job Duty Authority Regulations, each director shall clarify the scope of responsibility and the procedures for making decisions to ensure the efficiency of duties.
- e. System for Reporting to us of Matters Related to the Execution of Duties by Directors of Our Subsidiaries
 - The status of the execution of our Group's business operations shall be reported regularly to the Board of Directors.
 - We shall request reports on the status of business execution and financial information from subsidiaries from time to time.
- f. Systems to ensure the appropriateness of operations of the corporate group consisting of us and our subsidiaries
 - In order to instill our group's unified basic corporate ethics, we will establish and thoroughly disseminate rules on compliance common to the Group. Provided, however, that overseas countries, efforts shall be made to develop the system appropriately by, for example, progressively introducing the system in consideration of differences in laws, regulations, and customs of the relevant country.
 - Meetings are held regularly by the executives or managers of our group to exchange information and to share management plans and basic policies for important measures for the entire group.
 - The Internal Audit Office conducts internal audits of each of our Group companies on a regular basis.
- g. Matters concerning directors and employees to which Audit and Supervisory Committee members should assist in their duties, matters concerning independence of such directors and employees from other directors (excluding directors who are Audit and Supervisory Committee members), and matters concerning ensuring the effectiveness of the Audit and Supervisory Committee's instructions to such directors and employees
 - In the event that an Audit & Supervisory Committee member requests it, we will appoint qualified persons in terms of expertise and knowledge as persons to assist the Audit & Supervisory Committee members in their duties. Audit and Supervisory Committee Members shall obtain the consent of Audit and Supervisory Committee Members with respect to evaluation, appointment, dismissal, personnel changes, wage revisions, etc., and ensure independence from Directors, etc.
- h. Systems for Directors (excluding Directors who are Audit & Supervisory Committee Members) and Employees of the Company, and Directors, Audit & Supervisory Board Members and Employees of the Company's Subsidiaries to Report to Audit & Supervisory Committee Members, and Other Systems for Reporting to Audit & Supervisory Committee Members, and Systems for Ensuring that Persons who have Reported to the Audit & Supervisory Committee Are Not Subject to Adverse Treatment Due to Such Reports
 - In order to ensure close information coordination between the Audit and Supervisory Committee members and directors (excluding directors serving as Audit and Supervisory Committee members) and employees of the Group, the Audit and Supervisory Committee members shall attend meetings of the Board of Directors and other meetings to express their opinions and establish a system that enables directors (excluding directors serving as Audit and Supervisory Committee members) and employees to respond appropriately to requests for explanations as necessary.
 - In the event that directors (excluding directors serving as Audit & Supervisory Committee members) and employees of the Group discover or threaten to discover violations of laws, regulations, the Articles of Incorporation, or internal regulations, or other material facts, we will establish a system for immediately reporting to Audit & Supervisory Committee members and for reporting to the Audit & Supervisory Committee by the department that receives the report. In addition, the Company Rules and Regulations stipulate that the Company shall not receive unfavorable treatment on the grounds that the Company has made such report.
 - A system shall be established in which the directors and employees of the Group report the status of internal control over financial reporting, the status of accounting standards and the activities of the Internal Audit Division, and the status of the activities of the Audit & Supervisory Board Members of subsidiaries as necessary to the Audit & Supervisory Committee Members.
 - A system shall be put in place so that the Audit and Supervisory Committee members can inspect the managerial proposals and reports, etc. prepared by each division and submitted to the division in charge, as necessary.
- i. System to ensure that audits by the Audit and Supervisory Committee are conducted effectively, including matters concerning the advance payment or reimbursement of expenses, procedures, and any other policy pertaining to the processing of expenses or liabilities that arise in the performance of duties with regard to the execution of duties by Audit and Supervisory Committee Members (limited to those related to the execution of duties by the Audit and Supervisory Committee Members).
 - A system shall be established in which Audit & Supervisory Committee members receive reports and explanations on accounting audits from the accounting auditor and hear the status of audits as necessary.
 - By ensuring a system of cooperation between the Internal Audit Division and Audit and Supervisory Committee members, the SDF will strive to develop an effective auditing system for checking and early detection of improprieties and improper conduct.
 - In the event that an Audit & Supervisory Committee member requests explanations or reports on operations, directors and employees shall establish a system to respond promptly and appropriately.
 - When an Audit and Supervisory Committee member requests to Us advance payment of expenses incurred in the performance of his/her duties (limited to those relating to the performance of the duties of an Audit and Supervisory Committee member), the Company shall promptly dispose of said expenses, except in cases where the Audit and Supervisory Committee member proves that it is not necessary for the performance of the duties of said Audit and Supervisory Committee member.
- j. System to eliminate antisocial forces

- The Anti-Social Forces Response Rules shall be established, and the Company shall take a firm stance toward unreasonable demands from anti-social forces, and shall resolutely reject them, including with regard to business relations.

③ Risk Management System

In our risk management system, we have established the Internal Audit Office, which reports directly to the President & CEO conducts regular business audits, requests for improvements, and provides guidance to the divisions subject to audits, and reports the results of audits to the President & CEO in a timely manner.

In addition, the Internal Audit Office, Audit and Supervisory Committee members, and the accounting auditor work to eliminate risks by closely cooperating with each other through such means as exchanging information as needed.

④ Fixed number of directors

The Articles of Incorporation stipulate that the number of directors shall be 13 or fewer (of which, not more than 4 are directors serving as members of the Audit and Supervisory Committee).

⑤ Selection of Directors

The Articles of Incorporation of the Company provide that the resolution for the election of Directors shall be adopted by a majority of the votes of shareholders present who hold one third or more of the voting rights of shareholders who are entitled to exercise their voting rights. In addition, the Articles of Incorporation stipulate that resolutions to elect directors shall not be made by cumulative voting.

⑥ Items that can be resolved by the Board of Directors upon resolution at the general meeting of shareholders

- Decision-Making Organization for Retained Earnings : The Company's Articles of Incorporation stipulate that the matters set forth in each Item of Paragraph 1 of Article 459 of the Companies Act, such as dividends of surplus, may be determined by resolution of the Board of Directors, unless otherwise stipulated by laws and regulations. The purpose of this change is to allow shareholders to flexibly return profits to shareholders by making dividends from surplus, etc. the authority of the Board of Directors.

⑦ Exemption of Liabilities of Directors

Pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act, the Company's Articles of Incorporation provide that the Company may, by resolution of the Board of Directors, exempt Directors (including former Directors) from liabilities regarding the acts set forth in Article 423, Paragraph 1 of the Companies Act to the extent permitted by laws and regulations. The purpose of this is to create an environment in which directors can fulfill their expected roles by fully exercising their abilities when performing their duties.

⑧ Outline of the contents of the agreement for limitation of liability

Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, we have concluded an agreement with an outside director to limit our liability under Article 423, Paragraph 1 of the same Act. The amount of the limit of our liability under this agreement is the minimum liability amount stipulated in laws and regulations.

⑨ Outline of the contents of the officer's liability insurance contract

We have concluded an officer liability insurance contract as set forth in Article 430-3, Paragraph 1 of the Corporate Law with all employees (including outside directors), managerial employees, and officers belonging to us (and our subsidiaries) who have jointly been defendants or who have been claimed for damages by other employees or dispatched employees for the reason of harassment, etc. and have concluded the liability insurance contract for officers, etc. as set forth in the Companies Act, and will compensate for any damage that the insured assumes by receiving claims pertaining to the performance of their duties or the pursuance of their responsibilities. We bear the entire premium. By setting limits on the amount to be covered, measures are taken to ensure that the appropriateness of the insured's performance of duties is not compromised. The content is scheduled to be updated at the next renewal.

⑩ Requirements for Special Resolution at Shareholders Meetings

The Articles of Incorporation of the Company provide that the special resolution requirements for general meetings of shareholders as set forth in Paragraph 2 of Article 309 of the Companies Act shall be adopted by 2-thirds or more of the voting rights of shareholders present who hold one third or more of the voting rights of shareholders who are entitled to exercise their voting rights. The aim is to facilitate the smooth operation of the General Meeting of Shareholders by relaxing the number of ordinary resolutions at the General Meeting of Shareholders.

⑪ Activities of the Board of Directors

Classification	Name	Attendance at meetings of the Board of Directors in the current fiscal year
President & CEO	Koichi Mizutome	15 out of all 15 (100%)
Director	Hiroshi Ogawa	12 out of all 12 (100%) (Note 1)
Outside Director	Akira Kondoh	15 out of all 15 (100%)

Outside Director	Minezaburo Miyake	15 out of all 15 (100%)
Outside Director	Reiko Kanise	14 out of 15 (93%)
Outside Director	Koki Sato	7 out of all 7 (100%) (Note 2)
Outside Director (Audit and Supervisory Committee Member)	Noutsuka Yoshihiro	15 out of all 15 (100%)
Outside Director (Audit and Supervisory Committee Member)	Mami Taira	15 out of all 15 (100%)
Outside Director (Audit and Supervisory Committee Member)	Emi Omura	15 out of all 15 (100%)

The details of the deliberations by the Board of Directors are as described in (a) above in "② Details of the organization of the Company and the status of the development of the internal control system."

(NOTE) 1. Mr. Hiroshi Ogawa has attended every meeting since he became a director

(NOTE) 2. Koki Sato resigned as a director on Mar. 28, 2024.

⑫ Activities of the Nomination and Remuneration Committee

Classification	Name	Attendance of the Nomination and Remuneration Committee in FY2024
President & CEO	Koichi Mizutome	7 out of 7 total (100%)
Outside Director	Minezaburo Miyake	7 out of 7 total (100%)
Outside Director	Reiko Kanise	7 out of 7 total (100%)
Outside Director	Koki Sato	2 out of all 2 (100%) (Note 1)

The details of the deliberations by the Nomination and Compensation Committee are as described in (1) above in "② Details of the Company's Organizations and Status of Development of Internal Control Systems."

(NOTE) 1 Koki Sato resigned as a member of the Nominating Compensation Committee on Mar. 28, 2024.

(2) [Directors and Officers]

① Directors and Officers

5 men and 3 women (37.5% of directors)

Title	Name	Date of birth	Brief History		Term of Office	Number of shares held (shares)
President & CEO	Masahiro Yamamoto	Sep 28, 1977	2000 Apr	Joined Asatsu-DK Inc. (currently ADK Holdings Inc.)	(NOTE)2	0
			2009 Jan	Joined DENTSU INC.		
			2014 Sep	Executive Vice President, Dentsu media (current dentsu X)		
			2014 Sep	Director, Dentsu Taiwan		
			2014 Sep	Director, Dentsu ONE		
			2014 Sep	Director, Dentsu Shinkyokugen		
			2016 Apr	Vice Chairperson & Co-President, Vice Chairperson, Dentsu media (current dentsu X)		
			2020 Sep	Chief Director, Dentsu Global Business Center Inc.		
			2021 Mar	Deputy Chief Division Officer of X Innovation Division of Dentsu International Information Service Inc. (current Dentsu Research Institute)		
			2023 Jan	Director, Dentsu Group-Integrated Office		
			2023 Jun	Senior Executive Managing Officer, Assistant to the President & CEO		
			2023 Oct	Executive Vice President and Senior Executive Corporate Officer for Domestic Business, at FOOD & LIFE COMPANIES LTD.		
			2023 Oct	Chairperson and Representative Director, at Akindo Sushiro Co., Ltd., KYOTARU CO., LTD. and FOOD & LIFE INNOVATIONS LTD. (to present)		
			2024 Oct	President, Corporate Officer and CEO at this reporting company FOOD & LIFE COMPANIES LTD.		
			2024 Oct	Director of Sushiro Korea, Inc. (to present)		
			2024 Oct	Director, Sushiro Taiwan Co., Ltd. (to present)		
			2024 Oct	Sushiro GH Singapore Pte. Ltd. Director (to present)		
			2024 Oct	Director, FOOD & LIFE COMPANIES HONG KONG LIMITED (to present)		
			2024 Oct	Sushiro GH(Thailand)Ltd. Director (to present)		
			2024 Oct	Director, Sushiro (China) Investment Co., Ltd. (to present)		
			2024 Oct	Director, Guangzhou Sushiro Restaurants Co., Ltd. (to present)		
			2024 Oct	Director, Shenzhen Sushiro Restaurants Co., Ltd. (to present)		
			2024 Oct	Director, Chengdu Sushiro Restaurants Co., Ltd. (to present)		
			2024 Oct	Director, FOOD & LIFE COMPANIES USA, Corp. (to present)		
			2024 Oct	PT INDONESIA SUSHIRO RESTAURANTS Director (to present)		
			2024 Oct	Managing Director, Beijing Sushiro Restaurants Co., Ltd. (to position)		
			2024 Oct	Director, Sushiro Malaysia Sdn. Bhd. (to present)		
			2024 Dec	President & CEO at FOOD & LIFE COMPANIES LTD. (to present)		

Title	Name	Date of birth	Brief History		Term of Office	Number of shares held (shares)
Director	Koichi Mizutome	Jan 26, 1968	1991 Apr	Joined Dentsu Inc.	(NOTE)2	121,6f44
			1996 Feb	Joined Andersen Consulting (current Accenture Corporation)		
			2000 Apr	Joined Roland Berger Co., Ltd. (a Japanese corporation)		
			2005 Jan	Representative Director of said company		
			2009 Oct	Managing Director, at Corporate Revitalization Support Corporation (current Regional Economic Revitalization Support Corporation)		
			2010 Dec	Executive Vice President, at Japan Airlines Corporation		
			2013 Jun	Senior Managing Director and Corporate Officer, at World Corporation		
			2015 Feb	President, at Akindo Sushiro Co., Ltd.		
			2015 Mar	President and CEO of said company		
			2015 Sep	Director, at Sushiro Korea, Inc. (to present)		
			2015 Oct	Director, at FOOD & LIFE INNOVATIONS LTD.		
			2017 Aug	Director, at Sushiro Taiwan Co., Ltd. (to present)		
			2019 Jan	Director, at Sushiro GH Singapore Pte. Ltd. (to present)		
			2019 Jan	Sushiro Hong Kong Limited (Director of current FOOD & LIFE COMPANIES HONG KONG LIMITED) (to present)		
			2019 Oct	Chairperson of the Board, at Akindo Sushiro Co., Ltd.		
			2020 Feb	Director, at Sushiro GH (Thailand) Ltd. (to present)		
			2020 Dec	Director, Sushiro (China) Investment Co., Ltd. (to present)		
			2021 Feb	Director, Guangzhou Sushiro Restaurants Co., Ltd. (to present)		
			2021 Apr	Chairperson of the Board, at KYOTARU CO., LTD.		
			2022 Apr	Chairperson and Representative Director, at Akindo Sushiro Co., Ltd.		
			2022 Apr	Director, Shenzhen Sushiro Restaurants Co., Ltd. (to present)		
			2022 Apr	Director, Chengdu Sushiro Restaurants Co., Ltd. (to present)		
			2022 May	Outside Director, at Adastria Co., Ltd. (to present)		
			2023 Jun	Director, at FOOD & LIFE COMPANIES USA, Corp. (to present)		
			2023 Jul	Director, at PT INDONESIA SUSHIRO RESTAURANTS (to present)		
			2023 Oct	Director, at Akindo Sushiro Co., Ltd., at KYOTARU CO., LTD. and at FOOD & LIFE INNOVATIONS LTD.		
			2023 Oct	Managing Director, at Beijing Sushiro Restaurants Co., Ltd. (to present)		
			2024 Apr	Director, at Sushiro Malaysia Sdn. Bhd (to present)		
			2024 Oct	Representative Director, at FOOD & LIFE COMPANIES LTD.		
			2024 Dec	Director, at FOOD & LIFE COMPANIES LTD. (to present)		

Title	Name	Date of birth	Brief History		Term of Office	Number of shares held (shares)
Director	Akira Kondoh	Feb 2, 1945	1967 Apr	Joined The Sumitomo Bank, Limited (current Sumitomo Mitsui Banking Corporation)	(NOTE)2	2,500
			1997 Jun	Managing Director of the said company		
			1999 Apr	Vice President, at Daiwa Securities SB Capital Markets Co. Ltd.		
			2000 May	Senior Managing Director, at Sony Corporation Corporate Officer		
			2004 Jul	Vice Chairperson, at AIG East Asia Holdings Management Co., Ltd.		
				Director, Representative Executive Officer, President and CEO,		
			2009 Jun	at Fuji Fire and Marine Insurance Co., Ltd. (current AIG Insurance Co., Ltd.)		
				Director, Representative Executive Officer, Chairperson and CEO,		
			2010 Jun	at the said company		
				Vice Chairperson, at AIG Japan Holdings, Inc.		
			2011 Oct			
			2012 Apr	Outside Director, at Bank for International Cooperation Ltd.		
			2014 Jun	Outside Auditor, at Calbee Co., Ltd.		
			2016 Jun	President & CEO, at JBIC, Inc.		
			2018 Nov	Outside Director, at Argo Holdings, Inc.		
			2018 Nov	Outside Director, at DeCaret Inc.		
			2018 Dec	Outside Director, at FOOD & LIFE COMPANIES LTD.		
			2019 Jul	Director, at Right Now Corporation		
			2020 Jun	Auditor, at Power One Corporation		
			2020 Jun	Outside Director, at Glocalist Co., Ltd.		
			2020 Sep	Bonac Executive Advisor Co., Ltd.		
			2021 Oct	Executive Advisor, at IA Partners Co., Ltd. (to present)		
			2021 Oct	Adviser, at Argo Holdings, Inc.		
			2023 Feb	Director, at Nippon Investment Co., Ltd. (to present)		
			2023 Feb	Executive Advisor, at Global IR, Inc. (to present)		

Title	Name	Date of birth	Brief History		Term of Office	Number of shares held (shares)
Director	Minezaburo Miyake	Jul 22, 1952	1976 Apr 2003 Feb 2010 Feb 2011 Feb 2011 Feb 2017 Feb 2017 Feb 2017 Apr 2017 Dec 2018 Jun 2018 Jun 2019 Jun 2019 Jun 2020 Dec 2021 Oct 2023 Jun	Joined Kewpie Corporation Director of said company Managing Director of said company President & CEO of said company Director, at Tadashi Nakashima Shoten, Inc. Advisor, at Kewpie Corporation Chairperson and Director, at Nakajima Tang Shoten Co., Ltd. Chairperson, at Kewpie Mirai Tamago Foundation Outside Director, at Fuji Pharma Co., Ltd. (to present) Outside Director, at Kameda Seika Co., Ltd. (to present) Outside Director, at AUTOBACS SEVEN CO., LTD. Outside Director (Audit and Supervisory Committee Member) of said company Expert Committee Members, at Dormant Deposit Utilization Council, Cabinet Office Outside Director, at FOOD & LIFE COMPANIES LTD. Expert member of the Cabinet Office Dormant Deposit Utilization Council Outside Director, at AUTOBACS SEVEN CO., LTD.	(NOTE)2	0
Director	Reiko Kanise	Jul 14, 1951	1975 Apr 1993 Feb 1999 Jun 2001 Jan 2001 May 2004 May 2007 Feb 2010 Oct 2015 Jun 2015 Sep 2020 Dec 2021 Jun 2022 Sep 2023 May	Joined Hakuodo Co., Ltd. Representative Director, at K-Associates Co., Ltd. (to present) Representative Director and President of AEON Forest Co., Ltd. (The Body Shop Japan) Member of the Consumer Committee of the Japan Retailer Association (to present) Director, at Japan Shopping Center Association Chairperson of the Information Committee of said association Representative Director, at Rena Japon Institute Co., Ltd. (to present) Visiting Professor, at Showa Women's university Outside Director, at Tokyu Corporation (to present) Member of the Consumer Commission of the Cabinet Office Outside Director, at FOOD & LIFE COMPANIES LTD. Outside Director, at Kitamura Holdings, Inc. (to present) Outside Director, at And Do Holdings, Inc. (to present) Adviser, at Japan Shopping Center Association (to present)	(NOTE)2	0

Title	Name	Date of birth	Brief History		Term of Office	Number of shares held (shares)
Director (Audit and Supervisory Committee Member)	Teiichi Takatsuki	Aug 2, 1960	1983 Apr 1991 Mar 2007 Jun 2008 Apr 2012 Oct 2015 Jun 2024 May 2024 Dec 2024 Dec	Joined World Co., Ltd. President, WORLD ITALY S.P.A General Manager, Business Administration Department, World Corporate Officer Co., Ltd. General Manager, Corporate Officer Accounting Division, same company as above General Manager of Corporate Officer Business Support Division of said company Director and Audit and Supervisory Committee Member of said company Outside Audit & Supervisory Board Member, Shimamura Corporation (to present) Akindo Sushiro Co., Ltd. Corporate Auditor (to present) Director (Full-time Audit and Supervisory Committee Member), FOOD & LIFE COMPANIES LTD. (to present)	(NOTE)3	600
Director (Audit and Supervisory Committee Member)	Mami Taira	Feb 20, 1962	1987 Oct 1990 Oct 1991 Sep 1992 Apr 2002 Oct 2011 May 2014 May 2014 Jun 2016 Mar 2016 Jun 2020 Dec 2024 Jun	Joined Tohmatsu-Aoki Audit Corporation (current Deloitte Touche Tohmatsu LLC) Joined Hayakawa Yoshio Tax Accountant Office Became Certificated Public Accountant Registration as a tax accountant Certified Public Tax Accountant Corporate Hayakawa/Taira Partner (to present) Outside Audit & Supervisory Board Member, at AEON MALL Co., Ltd. Outside Director of said company Outside Audit & Supervisory Board Member, at Suzuden Corporation Outside Audit & Supervisory Board Member at Iseki & Co., Ltd. (current) Outside Director (Audit and Supervisory Committee Member) of Suzuden Corporation (to present) Directors (Audit and Supervisory Committee members), at FOOD & LIFE COMPANIES LTD. (current) Outside Director, at Showa Sangyo Co., Ltd. (current)	(NOTE)3	0
Director (Audit and Supervisory Committee Member)	Emi Omura	Sep 2, 1976	2002 Oct 2007 Mar 2008 Jul 2010 Sep 2014 Jan 2014 Sep 2019 Jun 2021 Apr 2021 Nov 2022 Jan 2022 Dec 2024 May	Registered as practicing attorney (belonging to the Tokyo Bar Association) New York state lawyer registration Aetna law firm partner Associate Expert, at International Labour Organization (ILO) International Labor Standards Board (Geneva) General Manager, at International Office, Japan Federation of Bar Associations Outside Director, at Digital Garage Inc. Kamiyacho Law Office Counsel Counsel, Hibiya-Tokyo CLS Law Office Outside Director (Audit and Supervisory Committee Member) of VALUES HOLDINGS INC. (current) Partner-Partner, at Hibiya Tokyo CLS (current position) Director (Audit and Supervisory Committee members) at FOOD & LIFE COMPANIES LTD. (current) Outside Director, at J. Front Retailing Co., Ltd. (current)	(NOTE)3	0
Total						124,744

(NOTE)

1. Mr. Akira Kondoh, Mr. Minesaburo Miyake and Mr. Ryoko Kanise, and Mr. Teiichi Takatsuki, Director and Audit & Supervisory Committee Member, Mr. Mami Taira and Mr. Emi Omura are outside directors.
2. This is the period from the conclusion of the ordinary general meeting of shareholders for the fiscal year ended Sep 30, 2024 to the conclusion of the ordinary general meeting of shareholders for the fiscal year ended Sep 30, 2025.
3. This is the period from the conclusion of the ordinary general meeting of shareholders for the fiscal year ended Sep 30, 2024 to the conclusion of the ordinary general meeting of shareholders for the fiscal year ended Sep 30, 2026.
4. We operate under an executive officer system. The names and responsibilities of Corporate Officer are as follows.

Position	Name	Area of Responsibility
Executive Vice President, Corporate Officer	Hiromitsu Kato	International Business (International Business Development, Overseas Corporations)
Senior Executive Corporate Officer	Hiroshi Ogawa	Corporate Strategic Planning, IT, Legal, General Affairs, EXPO Office
Senior Executive Corporate Officer	Kohei Nii	Sushiro Brand (Japan Market) (President of Akindo Sushiro Co., Ltd.)
Senior Executive Corporate Officer	You Horie	Kyotaru Brand, Sugidama Brand, New Business Devel. (President of KYOTARU CO., LTD.) (President of FOOD & LIFE INNOVATIONS LTD.)
Executive Corporate Officer	Yoshihito Kinoshita	Product Development / Global Sourcing
Senior Corporate Officer	Takaharu Matsuo	HR, Finance & Accounting, Corporate Communications, Secretarial Office, Sustainability
Corporate Officer	Takeshi Yoshida	Finance & Accounting
Corporate Officer	Kazuo Aratani	International Business, Greater China Region
Corporate Officer	Yukihisa Nishimura	Internal Audit
Corporate Officer	Tomoko Fukuyama	Corporate Communications, Secretarial Office, Sustainability
Corporate Officer	Yosuke Tanaka	International Business, North America Region
Corporate Officer	Noriko Kuze	Quality Management
Corporate Officer	Tsukasa Yoshida	International Business, Southeast Asia Region
Corporate Officer	Kinya Maeda	PR/Marketing, Site Development, Store Designing, Customer Voice Support

② Status of Outside Officers

We have 6 outside officers. Outside directors are important to us in order to provide appropriate decision-making and management oversight through independent, specialized perspectives, and to further improve the soundness and transparency of management, while expecting them to perform management oversight and check functions. We have established specific standards for the independence of outside directors and have appointed personnel who are not at risk of conflict of interest with general shareholders and who have the ability to make management decisions through a wide range of outside business activities. Mr. Minesaburo Miyake, Ms. Ryoko Kanise, Mr. Teiichi Takatsuki, Mami Taira, and Ms. Emi Omura, an outside director, have been notified to the Tokyo Stock Exchange, Inc. as independent directors.

Mr. Akira Kondoh has a wealth of experience and achievements as a manager of several finance companies and operating companies over many years. Based on his experience and achievements, Mr. Akira Kondoh was appointed based on the Company's judgment that he would be able to supervise management in order to continuously increase the corporate value of the Group.

Mr. Minesaburo Miyake, an outside director, has many years of management experience and deep insight as a corporate manager. He was appointed based on the Company's judgment that he can supervise management in order to continuously increase the corporate value of the Group based on his experience and insight as a management expert.

Ms. Ryoko Kanise, an outside director was appointed based on the Company's judgment that he would be able to supervise management toward the sustainable enhancement of the Group's corporate value based on his many years of managerial performance and his abundant experience and wide-ranging insight regarding the retail business and Marketing.

Outside Director Teiichi Takatsuki has wide-ranging knowledge of B-to-C businesses and the management of companies engaged in multiple stores, as well as abundant experience in accounting. He has also served as an Audit and Supervisory Committee member and is well-versed in auditing practices. Therefore, he has been selected based on the Company's judgment that he would be able to provide appropriate advice and supervision to the Group.

Ms. Mami Taira, an outside director, is qualified as a certified public accountant and a certified public tax accountant and is familiar with finance and accounting. Therefore, he was selected based on his judgment that he can utilize his deep insight in our auditing, etc.

Mr. Emi Omura, an outside director, has abundant experience and wide range knowledge as an attorney-at-law, as well as extensive knowledge of corporate legal affairs. He was appointed based on the Company's judgment that he would be able to utilize this knowledge in auditing and other activities.

(Personal, equity or business relationships or other interests with the Company)

Outside Director Akira Kondoh is Executive Advisor, IA Partners Inc., Director and Global IR, Inc. Executive Advisor of Nippon Investment Co., Ltd. There is no special relationship between each of the employers and us.

Outside Director Minesaburo Miyake is an Outside Director of Fuji Pharma Co., Ltd. and an outside director of Kameda Seika Co., Ltd. There are no conflicts of

interest between us and each of our employers. Outside Director Noriko Kanise is Representative Director of K Associates, Inc., Representative Director of Lena Japon Institute, Inc., Outside Director of Tokyu Corporation, Outside Director of Kitamura Holdings Inc. and Outside Director of And Do Holdings, Inc. Akindo Sushiro Co., Ltd. and KYOTARU CO., LTD., our subsidiary, have business transactions with Tokyu Corporation relating to the lease of store, but the sales of the Tokyu Group in the immediately preceding fiscal year and the ratio of such transaction amount to each of the sales of our group are both less than 0.1%, and we have determined that there will be no impact on Mr. Kanise's independence. There is no special relationship between us and other concurrent positions. Outside Director Teichi Takatsuki is an Outside Audit & Supervisory Board Member of Shimamura Co., Ltd. There is no conflict of interest between the position and us.

Outside Director Mami Taira is Hayakawa & Taira Partner, Certified Public Tax Accountant Corporation, Outside Audit & Supervisory Board Member, Iseki & Co., Ltd., Outside Director (Audit & Supervisory Committee Member) of Suzuden Co., Ltd., and Outside Director of Showa Sangyo Co., Ltd. There are no conflicts of interest between us and each of our employers.

Outside Director Emi Omura is an Outside Director (Audit and Supervisory Committee Member) of Valence Holdings, Inc., Outside Director of J. Front Retailing Co., Ltd., and Partner of Hibiya Tokyo CLS. There are no conflicts of interest between us and each of our employers. There are no personal, equity or other conflicts of interest between any of the outside directors and us.

We have established the following standards for the independence of independent directors.

(Independence standards for independent directors)

- a. any person who was an executive officer (meaning a person prescribed in Article 2, Paragraph 3, Item 6 of the Enforcement Regulations of the Companies Act; the same shall apply hereinafter) of the Company or any of its subsidiaries at any time during the 10 years prior to the assumption of office
- b. major stockholders of the Company (those who directly or indirectly hold 10% or more of the voting rights of the Company) or executive officers thereof
- c. major business partners of the Company (meaning a person whose earnings of the Company in any of the last 3 fiscal years account for 2% or more of the consolidated earnings of the Company in that fiscal year) or executive officers thereof
- d. a person who uses us as a major business partner (meaning a person whose payment amount to us in a transaction with us in any of the last 3 fiscal years accounts for 2% or more of the consolidated sales of the said company in the said fiscal year) or an executive person thereof
- e. the members or partners of our independent auditor, or other accounting professionals who are in charge of the audit of us or our subsidiaries, or our independent auditor, or our partners or other accounting professionals who are in charge of the audit of us or our subsidiaries, during the last 3 years
- f. a large sum of money other than remuneration paid to directors and corporate auditors from us (in the case of an individual, the annual average for the last 3 years is JPY10 mn or more in the case of an organization; in the case of an organization, the average amount paid by us for the last 3 fiscal years is JPY10 mn or 2% of the organization's consolidated gross sales, whichever is higher). Consultants, accounting experts, legal experts, or tax experts with other property (where the person who obtained the said property is a corporation, association, etc., refers to consultants, accounting experts, legal experts or tax experts belonging to the said association)
- g. Executive directors of organizations (limited to those who execute business) and other persons who make large donations (which means donations in an amount exceeding JPY10 mn per year on the averages for the most recent 3 fiscal years) of the Company
- h. major borrowers of the Company (financial institutions and other large creditors that are indispensable in our financing and depend on a degree of substitutability) or their parent companies or their executives
- i. Executives of companies that accept directors from us
- j. a person who had fallen under any of (b) through (h) above at any time during the 3 years prior to his/her assumption of office, or a person who had belonged to such an organization at any time during the 3 years prior to his/her assumption of office
- k. relatives (referring to relatives within the second degree of kinship) of any of the persons listed above (limited to important persons)
- l. director whose aggregate term of office exceeds 6 years
- m. Even if a person falls under any of the categories from b to 1 thousand above, with respect to any person that we believe is appropriate as an independent director in light of the personality and insight of such person, we may make such person an independent director of ours, provided that such person is explained externally to us, why such person satisfies the requirements for an outside director under the Companies Act, and why such person is considered appropriate as an independent director of ours.

③ Supervision or audits by outside directors / Cooperation/collaboration among internal audits, audits by the Audit & Supervisory Committee and accounting audits and internal control divisions

Outside directors cooperate through the Board of Directors by receiving reports from the Internal Control Division and the Internal Audit Office as appropriate. In addition, outside directors serving as Audit & Supervisory Committee members seek reports from the Accounting Auditors and the Internal Audit Office on the methods and results of audits. In addition, they exchange information as necessary and cooperate with each other to identify projects that are deemed necessary to be investigated repeatedly and those that should be dealt with promptly and strive for rational and efficient audits.

(3) [Status of audits]

① Status of Audit & Supervisory Committee Audits

(a) Organization and personnel

The Audit & Supervisory Committee consists of 3 directors (3 of whom are outside directors) who are Audit & Supervisory Committee members. The status of each Audit and Supervisory Committee member is as follows.

Classification	Name	Career, etc.
Independent Outside Audit and Supervisory Committee Member (Full-time)	Teichi Takatsuki	He has extensive knowledge of B-to-C businesses, and the management of companies engaged in multiple stores, as well as abundant experience in accounting and auditing. He has served as an Audit and Supervisory Committee and is well-versed in auditing practices.
Independent Outside Audit & Supervisory Committee Member	Shinomi Heisei	He is qualified as a Certified Public Accountant or Certified Tax Accountant and has many years of practical experience and extensive knowledge in finance and accounting. He serves as a director and Audit & Supervisory Board member in multiple operating companies and is familiar with overall governance.

Independent Outside Audit & Supervisory Committee Member	Emi Omura	As an attorney-at-law, he has broad knowledge based on his knowledge of corporate legal affairs and practical experience. In addition, he serves as a director and corporate auditor at multiple operating companies and is familiar with overall governance.
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In addition, the Audit and Supervisory Committee Office has been established to assist the Audit and Supervisory Committee with the duties of one full-time employee who is ensured a certain degree of independence from the executive side. Consent of the Audit and Supervisory Committee is required with respect to the appointment, personnel transfer (including the place of transfer), personnel evaluation, disciplinary actions, etc. of such employees.

(b) Status of Audit and Supervisory Committee Activities

In FY2024, the Audit and Supervisory Committee met 24 times a year, and the time required per meeting was approximately 1.8 hours. Attendance at meetings of the Audit & Supervisory Committee of each Audit & Supervisory Committee member and the Board of Directors of each Audit & Supervisory Committee member is as follows. The full-time Independent Outside Audit and Supervisory Committee member Teiichi Takatsuki was newly appointed at the Ordinary General Meeting of Shareholders held on Dec. 26, 2024. As a result, the Audit and Supervisory Committee and the Board of Directors do not attend any meetings of the Board of Directors in the current fiscal year.

Classification	Name	For this fiscal year Attendance of the Audit and Supervisory Committee	For this fiscal year Attendance at Board of Directors Meetings
Independent Outside Audit and Supervisory Committee Member (Full-time)	Yoshihiro Noutsuka (Note)	24 out of all 24 (100%)	15 out of all 15 (100%)
Independent Outside Audit & Supervisory Committee Member	Shinomi Heisei	24 out of all 24 (100%)	15 out of all 15 (100%)
Independent Outside Audit & Supervisory Committee Member	Emi Omura	24 out of all 24 (100%)	15 out of all 15 (100%)

(NOTE) Yoshihiro Noutsuka, a full-time independent outside member of the Audit & Supervisory Committee, was appointed at the Ordinary General Meeting of Shareholders held on Dec. 26, 2024, and retired due to the expiration of the term.

Major items to be shared and considered by the Audit and Supervisory Committee in the current fiscal year are as follows.

Resolution 17: Audit and Supervisory Committee Audit Plan and Audit Policy; Legality of Ordinary General Meeting of Shareholders, Board of Directors, and Executive Directors and Corporate Officer; Consent of Appointment of Directors who are not Audit and Supervisory Committee Members; Election and Compensation Determination of Directors who are Audit and Supervisory Committee Members; Re-election of Accounting Auditor; Comprehensive Approval of Audit and Supervisory Committee Report and Non-Audit Committee Members

38 reports: Management Committee reports, reports from the Board of Directors of major subsidiaries, reports from the Internal Audit Office, the status of execution of duties by the full-time Audit and Supervisory Committee members, reports from the Audit and Supervisory Committee Office, audit reports to the President and CEO, reports from the Sustainability Promotion Committee, etc.

Discussions 56: Financial results, quarterly reports, business reports, appraisal and re-appointment of independent auditors, draft annual report of the Audit and Supervisory Committee, governance meetings, status of group governance, next management system, progress-check of company-wide BPR, other matters to be discussed by the Board of Directors, etc.

(c) Major Activities of Audit and Supervisory Committee Members :

The main activities of the Audit and Supervisory Committee members during FY2024 are as follows.

- Attendance at important meetings : Members of the Audit and Supervisory Committee attend meetings of the Board of Directors and the Internal Control Committee, express their opinions as necessary, and are also full-time members of the Audit and Supervisory Committee. Attended meetings of the Executive Committee, committees, and other important internal meetings, as well as meetings of the Board of Directors and the Management Committee of major subsidiaries.
- Inspection of important approval documents, etc. : Full-time Audit and Supervisory Committee Members are involved in important written approval, statutory documents, minutes of important meetings, financial documents, and other internal controls. Documents and other documents are inspected to confirm the validity and accuracy of decisions.
- Exchanging views with executive directors and Corporate Officer : All members of the Audit and Supervisory Committee work together with the President and Corporate Officer to set targets and to exchange views on the status of business execution. These are conducted once a year.
- Confirmation of execution issues, audit reports and exchanges of opinions with representative directors : Standing Audit and Supervisory Committee members exchange opinions based on the content of audits, in addition to the audit report once every 6 months.
- Audits of domestic and overseas group companies and head office divisions : Full-time Audit & Supervisory Committee Members exchange information with domestic Group Audit & Supervisory Board Members and mainly full-time Audit & Supervisory Committee Members at home and abroad. Audits are conducted at the business sites of Group companies, as well as at the head office and head office divisions, to check the business overview and the status of internal controls.
- Reporting of annual audit results to the Board of Directors : In FY2024, the Audit and Supervisory Committee principally 1) monitors the new executive system and identifies the progress and risks of each business, 2) confirms various aspects of human equity, 3) confirms the investment decision-making process and verifies its validity, and conducts monitoring focusing on impairments, 4) confirms the status of responses to SDGs · ESG, and 5) confirms the progress of company-wide BPR and grasps issues. The results of these audits are reported to the Board of Directors as priority audit items.

(d) Cooperation with the Internal Audit Office and the Director in Charge of Governance

In order to carry out efficient audits by the Audit & Supervisory Committee, the head of the Internal Audit Office makes monthly reports to the Audit & Supervisory Committee. In addition, the full-time Audit & Supervisory Committee member and the head of the Internal Audit Office share auditing results once a month and exchange opinions. In addition, the full-time Audit and Supervisory Committee members exchange opinions with the director in charge of governance once a month and share the content with the Audit and Supervisory Committee. The committee makes recommendations as necessary to improve the effectiveness of corporate governance.

(e) Cooperation with Accounting Auditors

All Audit and Supervisory Committee members check the audit plan of the accounting auditor at the beginning of the fiscal year, attend the quarterly audit report meeting by the accounting auditor, and hold meetings to exchange opinions 4 times a year. In addition, full-time Audit and Supervisory Committee members attend advance report meetings on quarterly reports to confirm timely issues, etc. We also held meetings with auditing firms in major overseas countries, which were useful for global monitoring.

The details of the cooperation between the Audit & Supervisory Committee and the accounting auditor are as follows.

Content	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Quarterly review report					●			●				
Audit Plan					●							
Audit Report		●	●									
Exchanges of information and views						●			●		●	●
Exchanging opinions with overseas auditing firms												●

② Internal Audit Status

Our risk management system consists of the Internal Audit Office (10 persons) under the direct control of the President & CEO, which conducts regular audits of business operations, requests for improvements and guidance for audited divisions, and reports the results of audits to the President and CEO in a timely manner. The results are also reported separately to the Group Management Committee, the Internal Control Committee, and the Audit and Supervisory Committee. In addition, the Internal Audit Office, Audit and Supervisory Committee members, and the accounting auditor work to eliminate risks by closely cooperating with each other through such means as exchanging information as needed.

③ Independent Auditor

1. Name of the auditing firm

KPMG AZSA LLC.

2. Continuous audit period

5 years

3. Certified Public Accountants leading the independent financial audit

Takehiro Nakamura

Satoshi Suzuki

4. Members who assist in audit activities

12 CPAs

Other 27

5. Policy and Reasons for Selection of Audit Firms

In accordance with Article 399-2, Paragraph 3, Item 2 of the Companies Act, the Audit and Supervisory Committee shall, with the consent of all Audit and Supervisory Committee Members, decide on the contents of the proposal for the appointment, dismissal, and non-reappointment of accounting auditors. In addition, in the event it is deemed difficult for the accounting auditor to properly perform his/her duties or in the event it is deemed appropriate to change the accounting auditor, the dismissal of the accounting auditor shall be decided by the consent of all the audit and supervisory committee members pursuant to the provisions of each item of Paragraph 1 of Article 340 of the Companies Act. As a result, the Audit & Supervisory Committee deemed it appropriate to re-appoint AZSA LLC as the accounting auditor's audit method and results.

6. Audit and Supervisory Committee Evaluation of Audit Firms

The Audit and Supervisory Committee conducted an evaluation of the accounting auditor in accordance with the evaluation criteria based on the following items.

- Quality control review results by the Japanese Institute of Certified Public Accountants and inspection results by the Certified Public Accountants and Auditing Oversight Board
- Confirmation of validity and effectiveness at each stage (items, processes, etc.) in the audit plan and audit execution
- Independence of the audit team and the exercise of legitimate attention and skepticism as professional experts
- Details, level, number of audit days, and audit period of audit fees
- Effective communication with the Audit and Supervisory Committee and management
- Certain scale and worldwide network capable of group audits based on overseas bases
- Consideration of risks such as indications of fraud and audit plans based on the risk of fraud
- Opinions from the internal accounting department

④ Details of Audit Fees

(a) Remuneration for Certified Public Accountants

Classification	End of previous fiscal year		Current consolidated fiscal year	
	In audit certification services Compensation (Millions, JPY)	Compensation based on non- audit services (Millions, JPY)	Compensation based on audit certification services (Millions, JPY)	Compensation based on non- audit services (Millions, JPY)
Reporting Company	59	5	59	2
Consolidated subsidiaries of the Company	26	—	29	—
Total	84	5	88	2

The content of our non-audit services in the previous consolidated fiscal year was research services overseas. The content of our non-audit services in the current consolidated fiscal year was comfort letters related to the issuance of corporate bonds.

(b) Remuneration for organizations belonging to the same network as the auditing certified public accountant (excluding (a))

Classification	End of previous fiscal year		Current consolidated fiscal year	
	Compensation based on audit certification services (Millions, JPY)	Compensation based on non- audit services (Millions, JPY)	Compensation based on audit certification services (Millions, JPY)	Compensation based on non- audit services (Millions, JPY)
Reporting Company	—	20	—	24
Consolidated subsidiaries	31	4	44	6
Total	31	24	44	30

The contents of non-audit services for us and our consolidated subsidiaries in the previous fiscal year and the current fiscal year are tax advisory and compensation for assistance in preparing tax returns.

(c) Details of other remuneration based on important audit attestation services

(Previous consolidated fiscal year)

Not applicable.

(Current consolidated fiscal year)

Not applicable.

(d) Policy for determining audit fees

Our policy for determining audit fees for certified public accountants and others is not specific. However, in consideration of the number of auditing days and various conditions such as our business, we have established audit fees with the consent of the Audit & Supervisory Committee after mutual consultation with the auditing firm.

(e) Reason why the Audit & Supervisory Committee agreed to the remuneration, etc. of the accounting auditor

Based on the Practical Guidelines on Collaboration with Accounting Auditors published by the Japan Audit & Supervisory Board Members Association, the Audit & Supervisory Committee confirms and examines the analysis and evaluation of audit results for the previous fiscal year, audit time and staff allocation plans, the performance of duties by the accounting auditor, and the appropriateness of compensation estimates. As a result of these reviews, the Audit & Supervisory Committee has agreed to Article 399, Paragraphs 1 and 3 of the Companies Act regarding the amount of remuneration, etc. for the accounting auditor.

(4) [Compensation of Directors and Audit & Supervisory Board Members]

① Matters pertaining to the policy on determining the amount of Remuneration, etc. for officers or the method for calculating such amount

- The contents of the policy and the method for determining the amount of Remuneration, etc. for officers or the method for calculating such amount : Remuneration for directors (excluding Audit and Supervisory Committee members) is determined after the Nomination and Compensation Committee, which is a voluntary advisory body to the Board of Directors, deliberates and receives a report within the total amount of remuneration approved at the General Meeting of Shareholders. At meetings of the Board of Directors, we have resolved the policy for determining individual remuneration, etc. for directors. Details of the decision-making policy are as follows.

(1) Basic Policy : Our basic policy is that remuneration for directors is linked to shareholder profits so that they function sufficiently as an incentive to achieve sustained improvement in corporate value, and that the remuneration of individual directors is determined at an appropriate level based on their

respective responsibilities. Specifically, remuneration for executive directors consists of base remuneration as fixed remuneration and performance-linked remuneration, etc., and for outside directors who are responsible for supervisory functions, only base remuneration is to be paid in light of their duties.

- (2) Policy on determining the amount of remuneration, etc. for individual basic remuneration (monetary remuneration) (including policy on determining the timing or conditions of remuneration, etc.) : Our basic remuneration for directors is fixed monthly and is determined by comprehensively considering the level of peer companies, performance, and employee salaries according to position and responsibilities.
- (3) Policy for determining performance-linked remuneration, etc. (including policy for determining the timing or terms of remuneration, etc.) : The amount to be paid to directors (excluding outside directors) upon the achievement of the goals set for the purpose of increasing incentives for performance improvement (consisting of the consolidated revenue growth rate in the earnings forecast and the degree of achievement of profit for the period attributable to the owner of parent) shall be set at 50% of the base compensation, and the maximum amount to be paid at the time of maximum performance shall be 200% and the amount to be paid at the time of minimum performance shall range from 0% to 200%, which is calculated as 0% and shall be paid in a lump sum at a certain time after the performance is finalized.
- (4) Policy for determining non-monetary remuneration, etc. (including policy for determining the time or conditions for giving remuneration, etc.) :
 - The Company will allocate stock acquisition rights as stock compensation-type stock options to directors (excluding outside directors) within an annual amount not exceeding JPY200 mn, which was approved at the Company's 3rd Ordinary General Meeting of Shareholders held on Dec. 21, 2017, with the aim of sharing greater awareness of value with shareholders and increasing incentives for enhancing corporate value. The timing and distribution of payments will be determined by the Board of Directors as appropriate.
 - Company housing shall be provided free of charge to directors (excluding outside directors) only when they are forced to live in a location separate from their home for commuting to offices, etc.
- (5) Policy for Determining the Percentage of Compensation by Type : For Directors (excluding Outside Directors), the percentage of each type of remuneration, etc. is set at 2:1:3 (base remuneration: performance-linked remuneration, etc.: non-monetary remuneration, etc.) as an approximate guideline when the performance indicator of 100% is achieved.
- (6) Methods for determining the content of individual remuneration, etc. : Directors' remuneration, etc. shall be determined within the total remuneration approved at the general meeting of shareholders upon deliberation and submission by the Nomination and Compensation Committee, which is an advisory body to the Board of Directors. The Nomination and Compensation Committee shall be composed of members selected by resolution of the Board of Directors, the majority of whom are independent outside directors. The maximum amount of remuneration for directors (excluding directors serving on the Audit and Supervisory Committee; the same shall apply hereafter) is JPY600 mn per year (including JPY100 mn per year for outside directors) as resolved at the Ordinary General Meeting of Shareholders on Dec. 21, 2023. At the conclusion of the General Meeting of Shareholders, there were 6 directors (2 executive directors and 4 non-executive directors). The maximum amount of remuneration for directors serving on the Audit and Supervisory Committee is JPY100 mn per year, as resolved at the Ordinary General Meeting of Shareholders on Dec. 16, 2015. The number of directors who are members of the Audit and Supervisory Committee at the conclusion of the General Meeting of Shareholders is 3. In order to ensure the objectivity and transparency of the remuneration of directors (excluding members of the Audit and Supervisory Committee) including the design of the remuneration system and the determination of the remuneration amount, we have established the Nomination and Remuneration Committee, which is a voluntary committee, and conduct deliberations. The committee is composed of members selected by a resolution of the Board of Directors. The compensation for the fiscal year ended Sep. 2025 was resolved by the Board of Directors on Dec. 26, 2024 after consulting with the committee, of which a majority of the members were independent outside directors, on Oct. 24, 2024. The remuneration of directors serving as members of the Audit and Supervisory Committee consists solely of fixed remuneration, and is determined by consultation with Audit and Supervisory Committee members to the extent approved by the General Meeting of Shareholders, in order to ensure the effectiveness of audits of the execution of our duties and to fulfill the responsibilities of Audit and Supervisory Committee members independently of executive officers. There is no retirement bonus system for directors (except those that were decided to be paid before the system was abolished). The Board of Directors believes that the content of individual compensation for directors in the current fiscal year is in line with the decision-making policy, as it is determined by respecting the content of such compensation based on reports from the Nomination and Compensation Committee, which is a voluntary advisory body, following prescribed procedures. On Dec. 26, 2024, the Board of Directors decided on the amount of remuneration and calculation method for the fiscal year ended Sep. 2025 as follows, after receiving deliberations and reports from the Nomination and Compensation Committee for our directors.
 - Method of calculating variable remuneration for directors who are not Audit and Supervisory Committee members (excluding outside directors) Among directors who are not Audit and Supervisory Committee members (excluding outside directors), variable remuneration for the president consists only of company-wide performance.

<Company-wide Performance Evaluation>

Basic remuneration (50% of annual remuneration) x [Consolidated revenue in the forecast of performance based on the degree of achievement of growth rate ^{※1} x 50% + Payment rate based on ^{※2} of achievement of profit for the period attributable to the owner of parent in the forecast of performance x 50%]

Among directors who are not Audit and Supervisory Committee members (excluding outside directors), variable remuneration for executive directors other than directors and presidents consists of company-wide performance evaluations and individual performance evaluations for each officer.

<Company-wide Performance Evaluation>

Basic remuneration (35% of annual remuneration) x [Consolidated revenue in the forecast of performance based on the degree of achievement of growth rate ^{※1} x 50% + Payment rate based on ^{※2} of achievement of profit for the period attributable to the owner of parent in the forecast of performance x 50%]

<Individual Performance Evaluation>

Basic remuneration (15% of annual remuneration) x [Consolidated revenue in the forecast of performance based on the achievement level ^{※1} of growth rate x 50% + Payment rate based on the achievement level ^{※2} of profit for the period attributable to the owner of parent in the forecast of performance x 50%] x Achievement level of individual performance indicators of each director x Fluctuation rate

※ 1 The degree of achievement of the consolidated revenue growth rate (%) (rounded to the nearest third decimal place) = (Consolidated revenue results for the period (rounded to the nearest JPY1 mn) ÷ Consolidated revenue results for the previous period (rounded to the nearest JPY1 mn) x 100) ÷ (Consolidated revenue forecasts for the period ÷ Consolidated revenue results for the previous period x 100)

※ 2 Profit for the period attributable to the owner of parent achievement (%) (Rounded to the nearest third decimal place) = Actual profit for the period attributable to the owner of parent (rounded to the nearest JPY1 mn) ÷ profit for the period attributable to the owner of parent forecast (rounded to the nearest JPY1 mn) x 100

For employees whose tenure is less than 1 fiscal year, variable compensation is calculated by multiplying the amount obtained as a result of the calculation by the ratio of the number of months of tenure (for periods of less than 1 month, rounded down to the nearest 15 days or less, rounded up to 1 month for periods of 16 days or more) divided by 12 (rounded to the nearest third decimal place).

Results forecasts and actual results for the fiscal year ending Sep. 2024 and for the fiscal year ending Sep. 2025 are as follows.

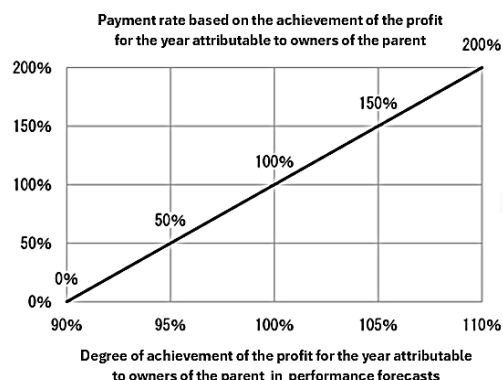
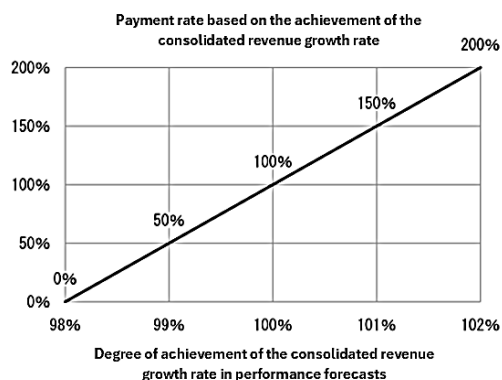
(Millions, JPY)

	Year ended Sep. 2023 (Actual)	FY2024/9 (Forecast)	FY2024/9 (Actual)	Fiscal year ended Sep. 2025 (Forecast)
Consolidated revenue	301,747	350,000	361,129	408,000
Profit for the period attributable to the owner of parent	8,045	6,500	14,633	15,000

Each payment rate is calculated based on the degree of achievement calculated by the formula *1 and *2, respectively, on the graph below.

The maximum amount of variable remuneration is as follows.

(Fiscal year ended Sep. 2024)



	Company-wide Performance Evaluation	Evaluation of individual results
(Representative Director) of the Company	JPY72 mn	JPY0
Our directors	JPY24 mn	JPY10 mn

(Fiscal year ended Sep. 2025)

	Company-wide Performance Evaluation	Evaluation of individual results
(Representative Director) of the Company	JPY66 mn	JPY0
Our directors	JPY0	JPY0

• Stock option plan with stock price conditions :

Stock options with stock price conditions are granted with an exercise price of JPY1 per share for a period of 2040 years from the day following the date of allotment of the stock acquisition rights. For other exercise conditions, please refer to Section 4.1.(2)① Details of the Stock Option Plan. However, if the calculated vesting rate is less than the following figure (hereinafter referred to as the "Lower Limit Vesting Rate"), the vesting rate will be the Lower Limit Vesting Rate. In addition, if the absolute TSR falls below 1 (100%) or the stock price at the end of the fiscal year (the average closing price of our common stock on the Tokyo Stock Exchange on each day of the month prior to the month in which the grantee has lost the status of the directors and Corporate Officer of us and our subsidiaries prior to the 3-year period from the allotment date) falls below the stock price at the beginning of the fiscal year (the average closing price of our common stock on the Tokyo Stock Exchange on each day of the month in which the date of allotment of the subscription rights belongs), the lower-limit vesting rate will be applied.

Position	Lower vesting rate
Our directors	16.60%

	Annual maximum number of grants
(Executive Director) of the Company	1282 units

② Total amount of remuneration, etc. by officer classification, total amount of remuneration, etc. by type, and number of officers subject to remuneration

Classification of Officers	Total amount of remuneration (Millions, JPY)	Total remuneration by type (Millions, JPY)				Number of executives eligible (persons)
		Basic remuneration	Stock options	Bonus	Others	
Directors (excluding Audit and Supervisory Committee members) (excluding outside directors)	373	106	151	107	9	2
Director (Audit and Supervisory Committee Member) (excluding outside directors)	-	-	-	-	-	0
Outside officers	64	64	-	-	-	7

(NOTE) The contents of "Others" are the amount equivalent to the rent of company housing provided free of charge to directors.

③ Total amount of remuneration, etc. for persons whose total amount of remuneration, etc. is JPY0.1 bn or more

Name	Classification of Officers	Company classification	Total remuneration by type (Millions, JPY)				Total amount of remuneration (Millions, JPY)
			Basic remuneration	Stock options	Bonus	Others	
Koichi Mizutome	Director	Reporting Company	75	122	72	9	278

(NOTE) The contents of "Others" are the amount equivalent to the rent of company housing provided free of charge to directors.

(5) [Status of Shareholding]

① Standard and Concept of Classification of Investment Shares

We classify investment stocks held for the purpose of net investment and investment stocks held for the purpose of other than net investment by classifying investment stocks held solely for the purpose of receiving profits from changes in the value of shares or dividends on shares as investment stocks for the purpose of net investment, and investment stocks held for other purposes as investment stocks for the purpose of other than net investment.

② Investments in shares held for purposes other than pure investment

(a) Method of verifying the rationality of holding policy and details of verification by the Board of Directors, etc. regarding the appropriateness of holding individual issues : We classify investment shares held for the purpose of creating business opportunities and building, maintaining and strengthening trading and collaborative relationships as investment shares for purposes other than net investment purposes. When acquiring these shares, we decide whether to acquire the shares after considering the status of transactions between us and the investee, our strategic and tactical positioning, and anticipated risks and countermeasures.

(b) Total number of issues and amount on balance sheet

	Number of issues (issue)	Balance Sheet Amount Total (Millions, JPY)
Unlisted stocks	5	1,016
Shares other than unlisted shares	-	-

(Issues with an increase in the number of shares in the current fiscal year)

	Number of issues (issue)	Acquisition related to increase in the number of shares Total value (Millions, JPY)	Reason for the increase in the number of shares
--	--------------------------	---	---

Unlisted stocks	2	1,035	Mainly due to investment to secure a stable supply of fishery resources
Shares other than unlisted shares	-	-	-

(Issues whose number of shares decreased in the current fiscal year)
Not applicable.

(c) Information on the number of shares and the amount recorded on the balance sheet for each specific investment stock and deemed holding stock
Not applicable.

③ Investment shares held for net investment purposes
Not applicable.

④ Securities for which the purpose of holding investment shares is changed from a net investment purpose to a purpose other than a net investment purpose during the current fiscal year
Not applicable.

⑤ Securities for which the purpose of holding investment shares is changed from a purpose other than pure investment to a pure investment purpose during the current fiscal year
Not applicable.

Part 5 [Status of Accounting]

1. Preparation of Consolidated Financial Statements and Financial Statements

- (1) The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (hereinafter referred to as "IFRS") pursuant to the provisions of Article 93 of the Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Ordinance of the Ministry of Finance No. 28 of 1976; hereinafter referred to as the "Ordinance on Consolidated Financial Statements").
- (2) Our financial statements have been prepared in accordance with the Regulations on Terminology, Forms and Preparation Methods of Financial Statements (Ordinance of the Ministry of Finance No. 59 of 1963; hereinafter referred to as the "Regulations on Financial Statements, etc."). We are a company that submits special financial statements and prepares financial statements in accordance with the provisions of Article 127 of the Ordinance on Financial Statements, etc.

2. Audit Certification

Pursuant to Article 193-2-1 of the Financial Instruments and Exchange Act, we have audited the consolidated financial statements for the fiscal year (Oct. 1, 2023 to Sep. 30, 2024) and the financial statements for the fiscal year (Oct. 1, 2023 to Sep. 30, 2024) by AZSA LLC.

3. Special efforts to ensure the appropriateness of the consolidated financial statements, etc. and the development of a system to properly prepare the consolidated financial statements, etc. based on IFRS

We are making special efforts to ensure the appropriateness of our consolidated financial statements, etc., and establishing a system that enables the proper preparation of consolidated financial statements, etc. based on IFRS. Details are as follows.

- (1) In order to appropriately understand the content of accounting standards, etc. and develop a system that can appropriately respond to changes in accounting standards, etc., the Company is actively engaged in information gathering activities by participating in training and other activities sponsored by auditing corporations and various organizations, and subscribing to accounting journals, etc. joining the Financial Accounting Standards Corporation.
- (2) With respect to the application of IFRS, the Company obtains press releases and pronouncements issued by the International Accounting Standards Board from time to time to determine the latest standards. In addition, in order to prepare appropriate consolidated financial statements based on IFRS, we have prepared group-wide accounting policies and accounting guidance in accordance with IFRS, and account for them based on those policies.

1 [Consolidated Financial Statements]

(1) [Consolidated Financial Statements]

① [Consolidated Statements of Financial Position]

(Millions, JPY)

	Notes	End of previous fiscal year (As of Sep. 30, 2023)	Current consolidated fiscal year (As of Sep. 30, 2024)
Assets			
Current assets			
Cash and cash equivalents	6	51,228	48,695
Trade and other receivables	7,25,34	12,457	13,882
Inventories	8	3,965	6,512
Other financial assets	18	1,389	2,940
Other current assets	20	2,363	2,627
Total current assets		71,401	74,656
Non-current assets			
Property, plant and equipment	9,12,37	176,615	184,936
Goodwill	10,12	30,371	30,371
Intangible assets	11,12	56,332	57,016
Equity method investment	13	52	52
Lease and guarantee deposits	34,35	14,257	14,766
Other financial assets	18,34,35	417	1,232
Deferred tax liabilities	14	1,490	1,552
Other non-current assets	20	682	574
Non total current assets		280,217	290,499
Assets Sum		351,619	365,154
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	15	30,080	35,569
Bonds and borrowings	16,34,35	24,007	9,009
Income taxes payable	14	1,070	4,710
Lease liabilities	17	17,901	19,523
Other financial liabilities	18,34	1,362	1,006
Provisions	19	3,136	5,275
Miscellaneous current liabilities	20	3,935	5,750
Current liabilities Sum		81,491	80,843
Non-current liabilities			
Trade and other payables	15	23	22
Bonds and borrowings	16,34,35	64,952	75,514
Lease liabilities	17	114,689	112,838
Other financial liabilities	18	111	105
Provisions	19	4,363	4,730
Deferred income taxes liabilities	14	13,330	13,264
Non-current liabilities Sum		197,468	206,474
Liabilities Sum		278,960	287,317
Equity			
Capital stock	21	100	100
Capital surplus	21	15,676	15,734
Retained earnings	21,24	53,787	65,818
Treasury stock	21,23	△1,840	△9,156
Other components of equity	22,33,34,35	4,544	4,073
Equity attributable to parent owners (total)		72,268	76,568
Non-controlling interests		391	1,269
Equity Sum		72,659	77,837
Liabilities and equity Sum		351,619	365,154

② [Consolidated Statements of Income]

(Millions, JPY)

	Notes	End of previous fiscal year (Oct. 1, 2022 To Sep. 30, 2023)	Current consolidated fiscal year (Oct. 1, 2023 To Sep. 30, 2024)
Revenue	25	301,747	361,129
COGS	8	△134,229	△155,796
Gross profit		167,518	205,334
Selling, general and administrative expenses	27,29,33	△152,437	△179,848
Other income	12,26	1,313	1,084
Other expenses	12,28	△5,393	△3,186
Operating profit		11,001	23,384
Financial income	30	325	461
Financial expenses	30	△1,514	△2,191
Equity in net income (△) of affiliates	13	52	-
Income before income taxes		9,864	21,653
Income taxes	14	△1,458	△6,209
Profit for the period		8,406	15,445
Profit attributable to			
Owners of the parent		8,045	14,633
Non-controlling interests		362	811
Profit for the period		8,406	15,445
Basic net income			
Basic earnings per share (yen)	31	69.54	127.46
Diluted earnings per share (yen)	31	69.01	126.32

③ [Consolidated Statements of Comprehensive Income]

(Millions, JPY)

	Notes	End of previous fiscal year (Oct. 1, 2022 To Sep. 30, 2023)	Current consolidated fiscal year (Oct. 1, 2023 To Sep. 30, 2024)
Profit for the period		8,406	15,445
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Measure through other comprehensive income	22	△81	△143
Net change in fair value of financial assets			
Total items that will not be reclassified to profit or loss		△81	△143
Items that may be reclassified to profit of loss			
Exchange differences on translation of foreign operations	22	530	△561
Items that may be reclassified to profit of loss Sum		530	△561
After-tax other comprehensive income		449	△704
Total comprehensive income for the year		8,855	14,740
Comprehensive income attributable to:			
Owners of the parent		8,484	13,863
Non-controlling interests		372	878
Total comprehensive income for the year		8,855	14,740

④ [Consolidated Statements of Changes in Equity]

(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 as of Oct. 1, 2022		100	15,692	47,579	△1,894	3,639	65,117	18	65,134
Cumulative effect of changes in accounting policies	2			766			766	2	767
Balance at the beginning of the period reflecting changes in accounting policies		100	15,692	48,345	△1,894	3,639	65,882	19	65,902
Profit for the period				8,045			8,045	362	8,406
Other comprehensive income						439	439	10	449
Total comprehensive income		-	-	8,045	-	439	8,484	372	8,855
Disposal of treasury stock	21,22,23		△27		55	△8	19		19
Obtaining a treasury stock	21,23		-		△0		△0		△0
Invalidation of Share Options	22		11			△11	-		-
Share-based payment transactions	22,33					485	485		485
Cash dividends	24			△2,603			△2,603		△2,603
Total transactions with owners		-	△16	△2,603	55	466	△2,098	-	△2,098
Balance at Sep. 30, 2023		100	15,676	53,787	△1,840	4,544	72,268	391	72,659
Profit for the period				14,633			14,633	811	15,445
Other comprehensive income						△771	△771	67	△704
Total comprehensive income		-	-	14,633	-	△771	13,863	878	14,740
Disposal of treasury stock	21,22,23		△130		184	△40	14		14
Obtaining a treasury stock	21,23		△2		△7,500		△7,503		△7,503
Invalidation of Share Options	22		190			△190	-		-
Share-based payment transactions	22,33					529	529		529
Cash dividends	24			△2,603			△2,603		△2,603
Total transactions with owners		-	58	△2,603	△7,317	300	△9,562	-	△9,562
Balance at Sep. 30, 2024		100	15,734	65,818	△9,156	4,073	76,568	1,269	77,837

⑤ [Consolidated Statements of Cash Flows]

(Millions, JPY)

	Notes	End of previous fiscal year (Oct. 1, 2022 To Sep. 30, 2023)	Current consolidated fiscal year (Oct. 1, 2023 To Sep. 30, 2024)
Net cash provided by operating activities			
Income before income taxes		9,864	21,653
Depreciation and amortization	9,11,27	26,586	30,760
Impairment loss	12,28	4,975	2,192
Financial income	30	△325	△461
Financial expenses	30	1,498	2,191
Increase (decrease) in bonus provisions (decrease in △)		658	2,040
Lease and guarantee deposits rent offset		282	540
Equity in earnings (△) of affiliates	13	△52	-
Change in trade and other receivables (△ increased)		△2,295	△2,535
Change in inventories (△ increased)		△389	△2,558
Increase (decrease) in trade and other payables (decrease in △)		2,580	4,459
Others		914	1,411
Subtotal		44,298	59,691
Interest and dividends income received		102	139
Interest expenses paid		△1,428	△2,008
Income taxes paid		△3,026	△2,580
Income taxes refund		2,414	1,083
Net cash provided by operating activities		42,360	56,326
Cash flow from investing activities			
Purchase of property, plant and equipment		△15,755	△19,530
Proceeds from sale of property, plant and equipment		655	14
Purchase of intangible assets		△957	△1,196
Payments into time deposits		△1,413	△3,207
Proceeds from withdrawal of time deposits		796	1,796
Payments for lease and guarantee deposits pledged		△1,733	△1,642
Purchase of investment securities		-	△1,035
Others		519	734
Cash flow from investing activities		△17,888	△24,066
Cash flow from financing activities			
Redemption of bonds	32	-	△20,000
Proceeds from issuance of bonds	32	-	19,494
Repayment of long-term loans payable	32	△4,009	△4,009
Repayment of lease liabilities	32	△17,297	△19,716
Payments of commissions paid		△6	△15
Purchase of treasury stock		△0	△7,504
Proceeds from exercise of stock acquisition rights		19	14
Cash dividends paid	24	△2,598	△2,599
Others		15	12
Cash flow from financing activities		△23,876	△34,322
Increase (decrease) in cash and cash equivalents (decrease in △)		596	△2,062
Beginning balance of cash and cash equivalents		50,637	51,228
Exchange differences on cash and cash equivalents		△4	△471
Ending balance of cash and cash equivalents	6	51,228	48,695

[Notes to Consolidated Financial Statements]

1.Reporting company

FOOD & LIFE COMPANIES LTD. (the "Company") is a Japanese corporation whose registered headquarters are located in Osaka. Our consolidated financial statements include the accounts of us and our subsidiaries (together, the "Group"). Our restaurant business is centered on kaiten (revolving) sushi stores. Our kaiten (revolving) sushi chain specializes in the sushi business and operates directly managed kaiten (revolving) sushi store under Sushiro name, with no franchised or licensed restaurants.

We have undergone the following changes to the present.

Our predecessor is Sushitaro Co., Ltd., which was established in Oct. 1984. Sushitaro Co., Ltd. changed its name to Akindo Sushiro Co., Ltd. ("Akindo Sushiro Co., Ltd.[1984]") in Dec. 2000. Based on its management philosophy of "Enriching People's Lives through Sustainability," the Company continuously provides high-quality, high-value-added services to customers and pursues efficiency through the introduction of kaiten (revolving) sushi Comprehensive Control System. Through these efforts, the Company worked daily to improve customer satisfaction, and in Sep. 2003, the Company listed its shares on the Second Section of the Tokyo Stock Exchange.

However, since Oct. 2007, the business environment surrounding us has been changing dramatically. In order to overcome this intense business environment and resolve the management issue of strengthening our organizational capabilities and aggressively and rapidly opening new stores simultaneously and in parallel, we have decided that it is urgent to build a system for drastically reforming our management policy from a medium-term perspective. We received an investment from Unison Capital Group. In Nov. 2008, we took a management buyout (MBO) to go private, and in Apr. 2009, we delisted the listing of our shares on the Second Section of the Tokyo Stock Exchange. At that time, AS Holdings Co., Ltd. was established in Aug. 2008 to acquire shares of Akindo Sushiro Co., Ltd.[1984] (effectively the surviving company), and Akindo Sushiro Co., Ltd.[1984] was made a subsidiary through a tender offer. Subsequently, on May. 31, 2009, the Company merged with Akindo Sushiro Co., Ltd.[1984] as the extinguished company, and on the same date, the name of AS Holdings Co., Ltd. was changed to Akindo Sushiro Co., Ltd. ("Akindo Sushiro Co., Ltd.[2009]").

Subsequently, CEIL Japan Co., Ltd. was established in Jul. 2012, and in Sep. 2012, the company acquired all shares held by an investment fund belonging to Unison Capital Group. The company made Akindo Sushiro Co., Ltd.[2009] a subsidiary. Goodwill and brands reported in the consolidated statements of financial condition were recognized through the consolidation (see Note 12, "Impairment of Non-Financial assets"). On Jan. 1, 2013, CEIL Japan Co., Ltd. merged with Akindo Sushiro Co., Ltd.[2009] as an extinguished company, and on the same date, the name of CEIL Japan Co., Ltd. was changed to Akindo Sushiro Co., Ltd..

Akindo Sushiro Co., Ltd. established Akindo Sushiro Holdings Co., Ltd. on Mar. 31, 2015 and transitioned to a holding company structure. On Oct. 1, 2015, the company changed its name to Sushiro Global Holdings Co., Ltd., and on Apr. 1, 2021, the company changed its name to FOOD & LIFE COMPANIES LTD.. Our shares were listed on the First Section of the Tokyo Stock Exchange on Mar. 30, 2017, and on Apr. 4, 2022, we transitioned to the prime market by reviewing the market classification of the Tokyo Stock Exchange.

2.Basis of preparation

(1) Compliance with IFRS : As our Group meets the criteria for a "designated international accounting standard specified company" as stipulated in Article 1-2 of the Regulations for Consolidated Financial Statements, our consolidated financial statements have been prepared in accordance with IFRS pursuant to the provisions of Article 93. The consolidated financial statements were approved by Masaaki Yamamoto and Tsuyoshi Corporate Officer, President and Chief Executive Officer on Dec. 26, 2024.

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

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

(4) Change in accounting policy

Effective from the current fiscal year, our Group has adopted the following standards.

Statement of Standards	Standard name	Outline of New Establishment and Revision
IAS No. 12 (Revised)	Corporate income tax	Amendments to the Exemption from Initial Recognition of deferred tax liabilities and Deferred Taxes liabilities
IAS No. 12 (Revised)	Corporate income tax	Disclosures about income taxes arising from tax laws enacted or substantially enacted to introduce "International Tax Reform-Pillar 2 Model Rules"

The adoption of IAS No. 12 (revised), Income Taxes (revised May. 2021) clarifies the accounting treatment at the time of initial recognition for transactions that give rise to taxable temporary differences and deductible temporary differences at the time of a transaction. Deferred income taxes liabilities and deferred tax liabilities for taxable temporary differences and deductible temporary differences are recognized in the consolidated statements of financial position, respectively. Due to the adoption of this standard, the consolidated financial statements for the previous fiscal year have been retrospectively adjusted. Consequently, at the end of the previous fiscal year in the consolidated statement of financial position, "deferred tax liabilities" increased bJPY937 mn, "deferred income taxes liabilities" increased bJPY23 mn, "retained earnings" increased bJPY912 mn, and "non-controlling interests" increased bJPY3 mn. In addition, net income increased by ¥147 mn due to changes in "income taxes" in the consolidated statements of income and comprehensive income. The cumulative effect of the adoption of this standard was reflected in the consolidated statements of changes in equity. As a result, the beginning balance of retained earnings and non-controlling interests for the previous fiscal year increased bJPY766 mn and JPY2 mn, respectively. In addition, our group has adopted an exception stipulated in IAS No. 12 (revised) "Income Taxes" (revised May. 2023), and we did not recognize or disclose deferred tax liabilities and deferred income tax liabilities related to income taxes arising from tax laws enacted or substantially enacted to introduce the second pillar model rule.

(5) Issued pronouncements and interpretations not yet adopted : By the date of approval of the consolidated financial statements, the following pronouncements and interpretations have been newly established or revised, but our group did not adopt them early. The impact of adoption is under consideration.

Statement of Standards	Standard name	Compulsory application time (Starting year)	Our group Period of Application	Outline of New Establishment and Revision
IFRS No. 18	Presentation and Disclosure in Financial Statements	Jan. 1, 2027	FY2028/9	Provision for financial statement presentation and disclosure that provides more transparent and comparable information about financial performance

3. Critical Accounting Policies

(1) Basis of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries.

① Subsidiary

A subsidiary refers to all entities in which our group has the power to control the financial and operating policies of the company, usually the majority of which is owned by our group. We consider the existence and impact of potential voting rights that are currently exercisable or convertible to determine whether our group controls another entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date our group obtains control to the date of loss of control.

Our group uses the acquisition method of accounting for business combinations except under common control.

When using the acquisition method, purchase consideration is measured as the sum of the fair value of the transferred assets, liabilities assumed, and the interests issued by our group. It also includes the fair value of assets or liabilities arising from contingent consideration arrangements. Acquisition-related costs are recognized in the consolidated statements of operations as incurred. Identifiable assets acquired and liabilities assumed in business combinations and contingent liabilities are initially measured at fair value as of the acquisition date. However, IFRS No.3 provides exceptions to fair value measurements for deferred taxes and stock-based compensation.

Any excess of the purchase consideration over the fair value of the identifiable assets and liabilities is recorded as goodwill in the consolidated statements of financial condition. If the purchase price is less than the fair value of the identifiable assets and liabilities due to a bargain purchase, the difference is recognized directly in the consolidated statements of operations (see (6) good will and intangible assets-① good will).

Business combination transactions under common control, that is, all business combinations or business combinations are ultimately controlled by the same parties before and after the business combination, and the control of which is not temporary, are accounted for based on the book value. If the consideration from the combination differs from the book value of assets and liabilities of the acquired business, it is adjusted by capital surplus.

Inter-group transactions, balances and unrealized gains and losses arising from transactions among our groups are eliminated. All group companies apply a common accounting policy.

② Affiliated companies

Affiliates are companies over which our group has major influence, but not control, over the financial and operating policies of other companies. If our group holds more than 20% but not more than 50% of the voting power of other companies, it is estimated that our group has major influence over such other companies. Even if the voting rights held are less than 20%, if it is determined that the Company has major influence in the determination of financial and management policies due to the percentage of shares held and the dispatch of officers, it is included in affiliated companies. Affiliates are accounted for using the equity method of accounting until the date on which the Company recognizes its interest in the affiliate at cost and loses major influence at the time of acquisition. To the extent that the accounting policies applied by affiliates differ from those applied by our group, adjustments have been made to the financial statements of such affiliates. Financial statements of affiliated companies for which it is not practicable to unify the closing date due to relationships with other shareholders and other factors are prepared based on the provisional settlement of accounts conducted as of the consolidated closing date.

③ Non-controlling interests

Equity in subsidiaries, not directly or indirectly attributable to the parent company is shown as non-controlling interests. In principle, comprehensive income is attributed to owners of parent and non-controlling interests even if non-controlling interests are negative.

Changes in the ownership interest of our group between our group and the owners of non-controlling interests that do not result in a change in our control of the subsidiary are accounted for as equity transactions and no gains or losses are recognized in goodwill or consolidated statements of income.

(2) Foreign currency translation

① Functional and Presentation Currencies

The non-consolidated financial statements of each company in our group are measured using the currency (functional currency) of the primary economic environment in which each company operates. The consolidated financial statements are stated in Japanese yen, the functional currency of the Company.

② Transactions and balances

Transactions denominated in foreign currencies are translated into the functional currency using the exchange rate in effect at the date of the transaction. Foreign exchange gains and losses arising from the settlement of transactions denominated in foreign currencies and the translation of monetary assets and monetary liabilities in foreign currencies at year-end exchange rates are recognized in the consolidated statements of income.

③ Foreign subsidiaries and affiliates

The results of operations and financial position of all Group companies that use functional currencies that differ from the presentation currencies of our Group are translated into the presentation currencies in the following manner:

- Assets and liabilities are translated at the exchange rates in effect at the balance sheet date.
- Revenues and expenses are translated at average exchange rates (if the average rate is not a reasonable approximation of the cumulative effect of the exchange rate on the date of the transaction, it is translated at the exchange rate on the date of the transaction).
- Foreign currency translation adjustments are recognized in other comprehensive income and the accumulated foreign currency translation adjustments are recorded in other components of equity in the consolidated statements of financial position.

(3) Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits and short-term highly liquid investments with original maturities of 3 months or less.

(4) Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined principally by the gross average method, whereby net realizable value is the estimated selling price in the ordinary course of business less estimated costs to sell.

The carrying amount of inventories recorded in the consolidated statements of financial condition is periodically reviewed, and the carrying amount of slow-moving inventory or any items that we believe are unlikely to be recoverable in future sales is written down to the estimated net realizable value of inventories.

(5) Property, plant and equipment

All property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairments. Acquisition costs include costs related to the acquisition of assets, restoration costs related to demolition and removal, and borrowing costs to be recorded as assets. Additional costs subsequent to the initial acquisition are included in the carrying amount of the acquired assets or recognized as individual assets only if it is probable that the future economic benefits will flow to our group as a result of that expenditure and the amount can be measured reliably. Other repairs and maintenance are recognized in consolidated statements of operations as incurred.

Depreciation of property, plant and equipment is computed using the straight-line method over the following estimated useful lives of the assets, at cost less salvage value:

- Buildings 1~31 years
- Structures 1~41 years
- Machinery and equipment: 1~8 years
- Tools, furniture and fixtures 1~20 years

The useful lives are determined in terms of the expected utility of assets for our grouping. The residual value and useful life of assets are reviewed at the end of the respective fiscal year and changed as required, considering technological changes, frequency of use and marketplace needs. If an impairment has occurred, the carrying value of assets is written down to its recoverable amount (see (7) Impairment of Non-Financial assets). Gains and losses arising from disposals are calculated by the difference between the disposal amount and the carrying amount of assets and are recorded in the consolidated statements of income.

(6) Goodwill and intangible assets

① Goodwill

Goodwill is tested for impairment annually and is carried at cost less accumulated impairment losses. Goodwill is measured at the purchase consideration less the fair value of the identifiable assets and liabilities of the acquiree as of the acquisition date. Goodwill recognized by our group is recognized by CEIL Japan 0.0. in the business combination with Akindo Sushiro Co., Ltd.[2009], and good will is assumed by the combined company as described in "Note 1. Reportable company" by the merger of CEIL Japan 0.0. and Akindo Sushiro Co., Ltd.[2009]. In performing the impairment testing, good will has been allocated to the domestic Sushiro business, which is a group of cash-generating units expected to generate synergies from the acquisitions (see (7) Impairment of Non-Financial assets).

② Brand

Brands have indefinite useful lives as they are expected to exist for as long as the business continues and are stated at cost and not amortized. Brands currently recognized by our group were recognized through a business combination conducted by CEIL Japan 0.0. with Akindo Sushiro Co., Ltd.[2009], and the brands have been taken over by the combined company as a result of the merger between CEIL Japan 0.0. and Akindo Sushiro Co., Ltd.[2009], as described in Note 1. Reportable Company. The brands have been allocated to the domestic Sushiro and foreign Sushiro businesses, which are cash-generating units that are expected to benefit from the brands, in performing the impairment testing (see (7) Impairment of Non-Financial assets).

③ Software

Licensing of software acquired by our group is recorded assets based on the cost of the acquisition. These costs are amortized on a straight-line basis over their estimated useful lives of 5 years.

(7) Impairment of non-financial assets

Goodwill and indefinite-lived intangible assets (brands) are not subject to amortization and are tested for impairment during the 4Q of each fiscal year or whenever indicators of impairment are identified. Assets subject to amortization are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount exceeds the recoverable amount. The recoverable amount is the higher of the fair value of assets less costs to sell or the value in use. When testing for impairment, each asset is grouped by the smallest identifiable unit (CGU) whose cash flows are mutually independent, which is considered for each individual store. A number of significant assumptions and

estimates, including market growth rates, sales volumes, and market prices, are involved in forecasting future cash flows. Projections of future cash flows are based on best estimates of future revenue and operating expenses based on historical trends, market conditions and industry trends. These assumptions are reviewed by management. The projected future cash flows are adjusted based on an appropriate discount rate that considers equity cost/risk premiums on the valuation date. This discount rate is based on the pre-tax weighted-average equity cost used in computing the recoverable amount (see Note 12, Impairment of Non-Financial assets). Non-current assets other than good will are reviewed annually for indicators of reversal of impairment losses and, if a reversal is required, the reversal of losses is made up to the new estimated recoverable amount, not to exceed the original carrying amount adjusted for amortization.

(8) Corporate income tax

Current income taxes are measured based on payments to or expected refunds from taxing authorities. Deferred income taxes are recognized for temporary differences between the tax basis of assets and liabilities and the carrying amounts of assets and liabilities in the consolidated financial statements using assets liabilities method. However, deferred income taxes are not recognized if the temporary differences arise from transactions other than business combinations and which do not affect either accounting or tax income or loss. Deferred income taxes have been enacted or substantially enacted as of the end of the fiscal year and are measured using enacted tax rates expected to be in effect in the period in which the related deferred tax liabilities are realized or the deferred income tax liabilities are settled. Deferred tax liabilities are recognized to the extent that it is probable that future taxable income will be available to utilize the temporary differences. For taxable temporary differences arising from investments in subsidiaries and affiliates, we manage the timing of the reversal of the temporary differences and record deferred income taxes unless it is more likely than not that the temporary differences will not reverse in the foreseeable future. Deferred tax liabilities are not recognized for taxable temporary differences at the initial recognition of good will.

(9) Lease

① Lease as a lessee

Whether an arrangement is a lease or whether an arrangement includes a lease is determined based on the substance of the arrangement, even though it is not legally in the form of a lease. The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases with lease terms of 12 months or less and for small assets leases in which the underlying assets are small. If the contract is a lease or includes a lease, the right-of-use assets and lease liabilities are recorded in the consolidated statements of financial condition at the inception date, except for short-term leases or small assets leases. The cost model is used to measure the right-of-use assets and is stated at cost less accumulated depreciation and accumulated impairments. The right-of-use assets is depreciated using the straight-line method over the lease-term. Lease liabilities are measured at the discounted present value of lease payments that have not been paid. Lease payments are allocated to financial expenses and lease liabilities payments based on the effective interest method. Financial expenses are recognized in the consolidated statements of income.

② Leasing as a lessor

In the case of operating leases (lease arrangements other than finance leases), lease payments are recognized in the consolidated statements of income on a straight-line basis over the term of the lease, net of incentives received from the lessor.

(10) Provisions

Provisions are recognized when our group has a present legal or constructive obligation as a result of a historical event, and it is probable that resources with economic benefits will be drained to repay the obligation, and the amount can be reliably estimated. If future expenditures exceed 12 months and the impact of the time-value of money is material, provisions are discounted to present value using a discount rate that reflects the risks specific to liabilities. The accretion of provisions due to the passage of time is recorded in financial expenses in the consolidated statements of income each period.

(11) Revenue Recognition

Our group recognizes revenue based on the following 5-step approach:

Step 1: Identify Contracts with Customers

Step 2: Identify Performance Obligations in Contracts

Step 3: Calculate the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue at the satisfaction of performance obligations (or as satisfied)

Our group operates a restaurant business centered on kaiten (revolving) sushi restaurants, and when we provide food to our customers, we have determined that the customers will obtain control and fulfill their performance obligations, and we recognize revenue at that time. Revenue is measured at the consideration promised in the contract with the customer, net of discounts and other factors.

(12) Government subsidies

Subsidy income is measured and recognized at fair value when there is reasonable assurance that the conditions for the grant will be met, and the grant will be received. Subsidies for costs incurred are recorded as revenue in the same fiscal year in which the costs are incurred.

(13) Employee benefit

① Retirement benefits

Our Group has adopted a defined contribution plan to provide retirement benefits to employees. Expenses related to defined contribution retirement benefits are recognized as expenses in the period in which the employees are placed in service.

② Short-term employee benefits

Short-term employee benefits are expensed in the period in which services are rendered. Bonuses and paid leave expenses are recorded as liabilities when we have a present legal or constructive obligation to pay for work previously provided by employees, the amount of which can be reliably estimated.

(14) Borrowing costs

Borrowing costs directly attributable to acquiring, constructing or manufacturing qualifying assets that are assets for its intended use or for which a significant period of time is required to be available for sale are included in the cost of assets until the intended use or sale becomes available. Other borrowing costs are recognized as an expense in full in the consolidated statements of operations in the period in which they are incurred.

(15) Earnings per share

Basic earnings per share are computed by dividing the net income (loss) attributable to common stockholders of the parent company by the weighted average number of common shares outstanding. Diluted earnings per share are computed by adjusting for the effect of all dilutive securities.

(16) Stock-Based Compensation

Our group has equity-settled equity compensation plans under which directors and employees are granted equity instruments (options) of our group. The fair value of options granted is calculated on the date of grant using Monte Carlo simulations and other methods. The fair value of options granted is recognized from the date of grant as an increase to expense and equity over the vesting period.

(17) Financial Instruments

① Non-derivative financial assets

(a) Initial recognition and measurement : Our group classifies financial assets as financial assets measured at amortized cost, net income or loss or financial other comprehensive income measured at fair value. Our group determines its classification in initial recognition. Financial assets are recognized on the date that our group becomes a party to the contract.

Financial assets measured at amortized cost

Financial assets are classified as financial assets measured at amortized cost if both of the following conditions are met:

- Assets is held based on a business model whose objective is to hold assets to collect contractual cash flows.
- The contractual terms of the financial assets give rise on specified dates to cash-flows that are solely payments of principal and interest on the principal balance.

Financial assets measured at amortized cost are initially recognized at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. However, trade receivables that do not include significant financial factors are initially recognized at the transaction price. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

Financial assets measured at fair value through profit or loss

Financial assets (excluding financial assets measured at fair value through other comprehensive income) that do not qualify for the category of financial assets measured at amortized cost as described above are classified as financial assets measured at fair value through profit or loss.

Financial assets measured at fair value through profit or loss are initially recognized at fair value. Subsequent to initial recognition, they are measured at fair value, and the valuation difference is recognized as profit or loss in the current consolidated fiscal year.

Financial assets measured at fair value through other comprehensive income

Financial assets measured at fair value that are designated to be measured at fair value through other comprehensive income are initially recognized at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Subsequent to initial recognition, they are measured at fair value and the unrealized gains or losses are recognized in other comprehensive income. Dividends from financial assets measured at fair value through other comprehensive income are recognized in profit or loss in the current fiscal year.

(b) De-recognition of financial assets

We derecognize financial assets only when the contractual rights to cash flows from the financial assets expire or when the financial assets are transferred and substantially all risks and rewards are transferred. To the extent that we have continuing involvement, we recognize assets and the associated liabilities if our group does not transfer, but retains, substantially all of the risk and economic value and retains control over the transferred assets. When financial assets measured at fair value through other comprehensive income are derecognized, the amount recognized as other comprehensive income until such time is transferred to retained earnings.

(c) Impairment of Financial assets

For impairments related to financial assets measured at amortized cost, the Company recognizes bad debt provisions for the expected credit loss on the financial assets. At each reporting date, our group assesses whether credit risk associated with financial instruments has increased significantly since initial recognition.

If the credit risk associated with a financial instrument has not increased significantly since initial recognition, the credit provisions associated with the financial instrument are measured at the same amount as the 12-month expected credit loss. On the other hand, if the credit risk associated with financial instruments has increased significantly since the initial recognition, the credit provisions associated with such financial instruments are measured at the same amount as the expected credit loss for the full term. However, for trade receivables, bad debt provisions are measured at the same amount as the expected credit loss for the full term at all times. Expected credit losses are estimated in a manner that reflects changes in credit information and past due information on receivables. The amount of the measurement is recognized in profit or loss. The carrying value of the financial assets presented in the consolidated financial statements, net of impairments, represents the largest exposure to credit risk of our financial assets.

② Non-derivative financial liabilities

(a) Initial recognition and measurement: We classify financial liabilities as financial liabilities measured at amortized cost. Financial liabilities are recognized on the date that our group becomes a party to the contract.

Financial liabilities measured at amortized cost

We initially measure other financial liabilities, including borrowings, at fair value less transaction costs at initial recognition. Subsequent to initial recognition, interest expense is measured at amortized cost using the effective interest method and is recognized using the effective interest method.

(b) De-recognition of financial liabilities : We derecognize financial liabilities when the financial liabilities expire, that is, when the indebtedness identified in the contract is discharged, cancelled or expired.

(c) Changes in terms of financial liabilities that do not result in derecognition : If financial liabilities are modified or exchanged, but the financial liabilities are not derecognized (i.e., not significant), the gain or loss from the modification is recognized.

4. Critical accounting estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the amounts of assets, liabilities, revenues, and expenses at the reporting date of the consolidated financial statements. While these estimates and assumptions are based on historical experience and information available to management, they may ultimately differ from actual results. Estimates and assumptions are continuously reviewed. Items for which the amount was recorded in the consolidated financial statements for the fiscal year under review based on accounting estimates that may have a material impact on the consolidated financial statements for the following fiscal year are as follows.

(Necessity of recognizing impairment losses on property, plant and equipment, goodwill, and intangible assets)

(1) Amounts recognized in the consolidated financial statements

	End of previous fiscal year	Current consolidated fiscal year
Property, plant and equipment	JPY176,615 mn	JPY184,936 mn
Goodwill	JPY30,371 mn	JPY30,371 mn
Intangible assets	JPY56,332 mn	JPY57,016 mn
Impairment loss	JPY4,975 mn	JPY2,192 mn

Of intangible assets in the previous fiscal year and the current fiscal year, JPY53,596 mn represents intangible assets (branded) with indefinite useful lives.

Impairment losses are recorded for store whose results have deteriorated and are included in other expenses.

(2) Other information that contributes to the understanding of the securities report on the content of accounting estimates

Property, plant and equipment, goodwill and intangible assets are tested for impairment in accordance with the methods described in "Item 5: Accounting, 1. Consolidated Financial Statements, etc., (1) Notes to Consolidated Financial Statements, Note 3. Significant Accounting Policies, (7) Impairment of Non-Financial assets." The future cash flows underlying the use value calculation in the impairment test incorporate changes in future market conditions and sales measures as key assumptions based on historical experience; however, there is a high degree of uncertainty involved in forecasting these assumptions, which could materially affect the estimates of future cash flows.

In addition to the above, information regarding estimates and judgments made in the application of accounting policies that have a significant impact on the amounts recognized in the consolidated financial statements is included in the following notes.

- Income taxes (Note 14, "Income Taxes")
- Useful lives of property, plant and equipment and intangible assets (see Note 3 (5) property, plant and equipment and (6) goodwill and intangible assets) above and in "Significant Accounting Policies."
- Assets retirement obligations arising from legal and constructive obligations (Note 19. provisions)
- Valuation of lease and guarantee deposits (Note 34. Financial Instruments and 35. Fair Value Measurements)

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:

Domestic Sushiro Business:	Domestic expansion of Sushiro and takeout specialty stores
International Sushiro Business:	"Sushiro" and takeout specialty stores operating abroad
Kyotaru Business:	All brands operated by KYOTARU CO., LTD. (major brands "Kyotaru," "Rotating Sushi Misaki," and "Kaisen Misaki Port")
Other businesses :	All brands operated by FOOD & LIFE INNOVATIONS Co., Ltd. (main brand: Sugidama)

(2) Reportable segment revenue and results

Our revenue and results by reportable segment are as follows:

Previous fiscal year (Oct. 1, 2022, to Sep. 30, 2023)

(Millions, JPY)

	Reportable Segments				Total	Total adjustments (Note 2)	Consolidated Total
	Domestic Sushiro Business	International Sushiro Business	Kyotaru Business	Other businesses			
Revenue							
External revenue	205,906	66,132	24,329	5,380	301,747	-	301,747
Inter-segment revenue	-	-	117	44	161	△161	-
Total	205,906	66,132	24,446	5,423	301,908	△161	301,747
Segment income (loss) (△: loss) (NOTE)1	4,881	5,293	△653	△380	9,140	1,861	11,001
Other items							
Depreciation and amortization	16,070	7,571	1,659	642	25,942	645	26,586
Impairment loss	3,904	337	382	353	4,975	-	4,975

(NOTE)

1. Segment income (loss) is adjusted with operating profit in the consolidated statements of income.

2. The JPY1,861 mn adjustment to segment income (loss) mainly includes the elimination of inter-segment transactions and corporate income (loss) not allocated to each reportable segment.

Current fiscal year (from Oct. 1, 2023 to Sep. 30, 2024)

(Millions, JPY)	Reportable Segments				Total	Total adjustments (Note 2)	Consolidated Total
	Domestic Sushiro Business	International Sushiro Business	Kyotaru Business	Other businesses			
Revenue							
External revenue	238,173	92,138	23,939	6,880	361,129	-	361,129
Inter-segment revenue	-	-	47	91	139	△139	-
Total	238,173	92,138	23,986	6,971	361,268	△139	361,129
Segment income (loss) (△: loss) (NOTE)1	14,217	7,194	△350	205	21,267	2,116	23,384
Other items							
Depreciation and amortization	16,401	11,010	1,738	728	29,876	885	30,760
Impairment loss	582	1,179	400	30	2,192	-	2,192

(NOTE) 1. Segment income (loss) is adjusted with operating profit in the consolidated statements of income.

2.The JPY2,116 mn adjustment to segment income (loss) mainly includes the elimination of inter-segment transactions and corporate income (loss) not allocated to each reportable segment.

(3) Information by product and service

Revenue by product and service is omitted because our group sells a single product and service.

(4) Information about geographic areas

Revenue by region is omitted because domestic revenue from external customers accounts for the majority of revenue in the consolidated statements of income.

The carrying amount of non-current assets in Japan is omitted because it accounts for the majority of non-current assets in the consolidated statements of financial position.

(5) Information about major customers

Disclosure is omitted because there is no single external customer that accounts for more than 10% of our revenue.

(4) [Compensation of Directors and Audit & Supervisory Board Members]

① Matters pertaining to the policy on determining the amount of Remuneration, etc. for officers or the method for calculating such amount

- The contents of the policy and the method for determining the amount of Remuneration, etc. for officers or the method for calculating such amount : Remuneration for directors (excluding Audit and Supervisory Committee members) is determined after the Nomination and Compensation Committee, which is a voluntary advisory body to the Board of Directors, deliberates and receives a report within the total amount of remuneration approved at the General Meeting of Shareholders. At meetings of the Board of Directors, we have resolved the policy for determining individual remuneration, etc. for directors. Details of the decision-making policy are as follows.

- (1) Basic Policy : Our basic policy is that remuneration for directors is linked to shareholder profits so that they function sufficiently as an incentive to achieve sustained improvement in corporate value, and that the remuneration of individual directors is determined at an appropriate level based on their respective responsibilities. Specifically, remuneration for executive directors consists of base remuneration as fixed remuneration and performance-linked remuneration, etc., and for outside directors who are responsible for supervisory functions, only base remuneration is to be paid in light of their duties.
- (2) Policy on determining the amount of remuneration, etc. for individual basic remuneration (monetary remuneration) (including policy on determining the timing or conditions of remuneration, etc.) : Our basic remuneration for directors is fixed monthly and is determined by comprehensively considering the level of peer companies, performance, and employee salaries according to position and responsibilities.
- (3) Policy for determining performance-linked remuneration, etc. (including policy for determining the timing or terms of remuneration, etc.) : The amount to be paid to directors (excluding outside directors) upon the achievement of the goals set for the purpose of increasing incentives for performance improvement (consisting of the consolidated revenue growth rate in the earnings forecast and the degree of achievement of profit for the period attributable to the owner of parent) shall be set at 50% of the base compensation, and the maximum amount to be paid at the time of maximum performance shall be 200% and the amount to be paid at the time of minimum performance shall range from 0% to 200%, which is calculated as 0% and shall be paid in a lump sum at a certain time after the performance is finalized.
- (4) Policy for determining non-monetary remuneration, etc. (including policy for determining the time or conditions for giving remuneration, etc.) :
 - The Company will allocate stock acquisition rights as stock compensation-type stock options to directors (excluding outside directors) within an annual amount not exceeding JPY200 mn, which was approved at the Company's 3rd Ordinary General Meeting of Shareholders held on Dec. 21, 2017, with the aim of sharing greater awareness of value with shareholders and increasing incentives for enhancing corporate value. The timing and distribution of payments will be determined by the Board of Directors as appropriate.
 - Company housing shall be provided free of charge to directors (excluding outside directors) only when they are forced to live in a location separate from their home for commuting to offices, etc.
- (5) Policy for Determining the Percentage of Compensation by Type : For Directors (excluding Outside Directors), the percentage of each type of remuneration, etc. is set at 2:1:3 (base remuneration: performance-linked remuneration, etc.: non-monetary remuneration, etc.) as an approximate guideline when the performance indicator of 100% is achieved.
- (6) Methods for determining the content of individual remuneration, etc. : Directors' remuneration, etc. shall be determined within the total remuneration approved at the general meeting of shareholders upon deliberation and submission by the Nomination and Compensation Committee, which is an advisory body to the Board of Directors. The Nomination and Compensation Committee shall be composed of members selected by resolution of the Board of Directors, the majority of whom are independent outside directors. The maximum amount of remuneration for directors (excluding

directors serving on the Audit and Supervisory Committee; the same shall apply hereafter) is JPY600 mn per year (including JPY100 mn per year for outside directors) as resolved at the Ordinary General Meeting of Shareholders on Dec. 21, 2023. At the conclusion of the General Meeting of Shareholders, there were 6 directors (2 executive directors and 4 non-executive directors). The maximum amount of remuneration for directors serving on the Audit and Supervisory Committee is JPY100 mn per year, as resolved at the Ordinary General Meeting of Shareholders on Dec. 16, 2015. The number of directors who are members of the Audit and Supervisory Committee at the conclusion of the General Meeting of Shareholders is 3. In order to ensure the objectivity and transparency of the remuneration of directors (excluding members of the Audit and Supervisory Committee) including the design of the remuneration system and the determination of the remuneration amount, we have established the Nomination and Remuneration Committee, which is a voluntary committee, and conduct deliberations. The committee is composed of members selected by a resolution of the Board of Directors. The compensation for the fiscal year ended Sep. 2025 was resolved by the Board of Directors on Dec. 26, 2024 after consulting with the committee, of which a majority of the members were independent outside directors, on Oct. 24, 2024. The remuneration of directors serving as members of the Audit and Supervisory Committee consists solely of fixed remuneration, and is determined by consultation with Audit and Supervisory Committee members to the extent approved by the General Meeting of Shareholders, in order to ensure the effectiveness of audits of the execution of our duties and to fulfill the responsibilities of Audit and Supervisory Committee members independently of executive officers. There is no retirement bonus system for directors (except those that were decided to be paid before the system was abolished). The Board of Directors believes that the content of individual compensation for directors in the current fiscal year is in line with the decision-making policy, as it is determined by respecting the content of such compensation based on reports from the Nomination and Compensation Committee, which is a voluntary advisory body, following prescribed procedures. On Dec. 26, 2024, the Board of Directors decided on the amount of remuneration and calculation method for the fiscal year ended Sep. 2025 as follows, after receiving deliberations and reports from the Nomination and Compensation Committee for our directors.

- Method of calculating variable remuneration for directors who are not Audit and Supervisory Committee members (excluding outside directors)
Among directors who are not Audit and Supervisory Committee members (excluding outside directors), variable remuneration for the president consists only of company-wide performance.

<Company-wide Performance Evaluation>

Basic remuneration (50% of annual remuneration) × [Consolidated revenue in the forecast of performance based on the degree of achievement of growth rate ※¹ × 50% + Payment rate based on ※² of achievement of profit for the period attributable to the owner of parent in the forecast of performance × 50%]

Among directors who are not Audit and Supervisory Committee members (excluding outside directors), variable remuneration for executive directors other than directors and presidents consists of company-wide performance evaluations and individual performance evaluations for each officer.

<Company-wide Performance Evaluation>

Basic remuneration (35% of annual remuneration) × [Consolidated revenue in the forecast of performance based on the degree of achievement of growth rate ※¹ × 50% + Payment rate based on ※² of achievement of profit for the period attributable to the owner of parent in the forecast of performance × 50%]

<Individual Performance Evaluation>

Basic remuneration (15% of annual remuneration) × [Consolidated revenue in the forecast of performance based on the achievement level ※¹ of growth rate × 50% + Payment rate based on the achievement level ※² of profit for the period attributable to the owner of parent in the forecast of performance × 50%] × Achievement level of individual performance indicators of each director × Fluctuation rate

※ 1 The degree of achievement of the consolidated revenue growth rate (%) (rounded to the nearest third decimal place) = (Consolidated revenue results for the period (rounded to the nearest JPY1 mn) ÷ Consolidated revenue results for the previous period (rounded to the nearest JPY1 mn) × 100) ÷ (Consolidated revenue forecasts for the period ÷ Consolidated revenue results for the previous period × 100)

※ 2 Profit for the period attributable to the owner of parent achievement (%) (Rounded to the nearest third decimal place) = Actual profit for the period attributable to the owner of parent (rounded to the nearest JPY1 mn) ÷ profit for the period attributable to the owner of parent forecast (rounded to the nearest JPY1 mn) × 100

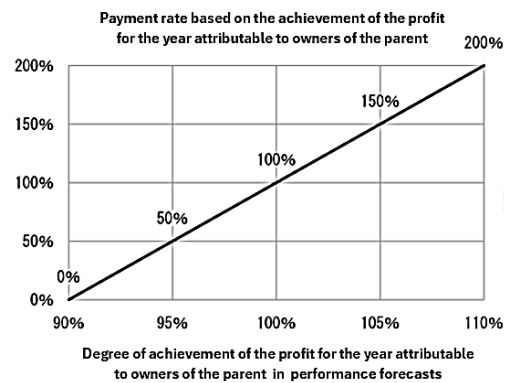
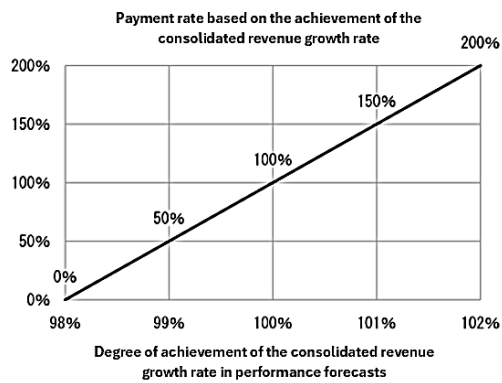
For employees whose tenure is less than 1 fiscal year, variable compensation is calculated by multiplying the amount obtained as a result of the calculation by the ratio of the number of months of tenure (for periods of less than 1 month, rounded down to the nearest 15 days or less, rounded up to 1 month for periods of 16 days or more) divided by 12 (rounded to the nearest third decimal place).

Results forecasts and actual results for the fiscal year ending Sep. 2024 and for the fiscal year ending Sep. 2025 are as follows.
(Millions, JPY)

	Year ended Sep. 2023 (Actual)	FY2024/9 (Forecast)	FY2024/9 (Actual)	Fiscal year ended Sep. 2025 (Forecast)
Consolidated revenue	301,747	350,000	361,129	408,000
Profit for the period attributable to the owner of parent	8,045	6,500	14,633	15,000

Each payment rate is calculated based on the degree of achievement calculated by the formula *1 and *2, respectively, on the graph below.

The maximum amount of variable remuneration is as follows.
(Fiscal year ended Sep. 2024)



	Company-wide Performance Evaluation	Evaluation of individual results
(Representative Director) of the Company	JPY72 mn	JPY0
Our directors	JPY24 mn	JPY10 mn

(Fiscal year ended Sep. 2025)

	Company-wide Performance Evaluation	Evaluation of individual results
(Representative Director) of the Company	JPY66 mn	JPY0
Our directors	JPY0	JPY0

• Stock option plan with stock price conditions :

Stock options with stock price conditions are granted with an exercise price of JPY1 per share for a period of 2040 years from the day following the date of allotment of the stock acquisition rights. For other exercise conditions, please refer to Section 4.1.(2)① Details of the Stock Option Plan. However, if the calculated vesting rate is less than the following figure (hereinafter referred to as the "Lower Limit Vesting Rate"), the vesting rate will be the Lower Limit Vesting Rate. In addition, if the absolute TSR falls below 1 (100%) or the stock price at the end of the fiscal year (the average closing price of our common stock on the Tokyo Stock Exchange on each day of the month prior to the month in which the grantee has lost the status of the directors and Corporate Officer of us and our subsidiaries prior to the 3-year period from the allotment date) falls below the stock price at the beginning of the fiscal year (the average closing price of our common stock on the Tokyo Stock Exchange on each day of the month in which the date of allotment of the subscription rights belongs), the lower-limit vesting rate will be applied.

Position	Lower vesting rate
Our directors	16.60%

	Annual maximum number of grants
(Executive Director) of the Company	1282 units

② Total amount of remuneration, etc. by officer classification, total amount of remuneration, etc. by type, and number of officers subject to remuneration

Classification of Officers	Total amount of remuneration (Millions, JPY)	Total remuneration by type (Millions, JPY)				Number of executives eligible (persons)
		Basic remuneration	Stock options	Bonus	Others	
Directors (excluding Audit and Supervisory Committee members) (excluding outside directors)	373	106	151	107	9	2
Director (Audit and Supervisory Committee Member) (excluding outside directors)	-	-	-	-	-	0
Outside officers	64	64	-	-	-	7

(NOTE) The contents of "Others" are the amount equivalent to the rent of company housing provided free of charge to directors.

③ Total amount of remuneration, etc. for persons whose total amount of remuneration, etc. is JPY0.1 bn or more

Name	Classification of Officers	Company classification	Total remuneration by type (Millions, JPY)				Total amount of remuneration (Millions, JPY)
			Basic remuneration	Stock options	Bonus	Others	
Koichi Mizutome	Director	Reporting Company	75	122	72	9	278

(NOTE) The contents of "Others" are the amount equivalent to the rent of company housing provided free of charge to directors.

(5) [Status of shareholding]

① Standard and Concept of Classification of Investment Shares

We classify investment stocks held for the purpose of net investment and investment stocks held for the purpose of other than net investment by classifying investment stocks held solely for the purpose of receiving profits from changes in the value of shares or dividends on shares as investment stocks for the purpose of net investment, and investment stocks held for other purposes as investment stocks for the purpose of other than net investment.

② Investments in shares held for purposes other than pure investment

(a) Method of verifying the rationality of holding policy and details of verification by the Board of Directors, etc. regarding the appropriateness of holding individual issues : We classify investment shares held for the purpose of creating business opportunities and building, maintaining and strengthening trading and collaborative relationships as investment shares for purposes other than net investment purposes. When acquiring these shares, we decide whether to acquire the shares after considering the status of transactions between us and the investee, our strategic and tactical positioning, and anticipated risks and countermeasures.

(b) Total number of issues and amount on balance sheet

	Number of issues (issue)	Balance Sheet Amount Total (Millions, JPY)
Unlisted stocks	5	1,016
Shares other than unlisted shares	-	-

(Issues with an increase in the number of shares in the current fiscal year)

	Number of issues (issue)	Acquisition cost for the increase in the number of shares ; Total value (Millions, JPY)	Reason for the increase in the number of shares
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Unlisted stocks	2	1,035	Mainly due to investment to secure a stable supply of fishery resources
Shares other than unlisted shares	-	-	-

(Issues whose number of shares decreased in the current fiscal year)
Not applicable.

(c) Information on the number of shares and the amount recorded on the balance sheet for each specific investment stock and deemed holding stock
Not applicable.

③ Investment shares held for net investment purposes
Not applicable.

④ Securities for which the purpose of holding investment shares is changed from a net investment purpose to a purpose other than a net investment purpose during the current fiscal year
Not applicable.

⑤ Securities for which the purpose of holding investment shares is changed from a purpose other than pure investment to a pure investment purpose during the current fiscal year
Not applicable.

Part 5 [Status of Accounting]

1. Preparation of Consolidated Financial Statements and Financial Statements

- (1) The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (hereinafter referred to as "IFRS") pursuant to the provisions of Article 93 of the Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Ordinance of the Ministry of Finance No. 28 of 1976; hereinafter referred to as the "Ordinance on Consolidated Financial Statements").
- (2) Our financial statements have been prepared in accordance with the Regulations on Terminology, Forms and Preparation Methods of Financial Statements (Ordinance of the Ministry of Finance No. 59 of 1963; hereinafter referred to as the "Regulations on Financial Statements, etc."). We are a company that submits special financial statements and prepares financial statements in accordance with the provisions of Article 127 of the Ordinance on Financial Statements, etc.

2. Audit Certification

Pursuant to Article 193-2-1 of the Financial Instruments and Exchange Act, we have audited the consolidated financial statements for the fiscal year (Oct. 1, 2023 to Sep. 30, 2024) and the financial statements for the fiscal year (Oct. 1, 2023 to Sep. 30, 2024) by AZSA LLC.

3. Special efforts to ensure the appropriateness of the consolidated financial statements, etc. and the development of a system to properly prepare the consolidated financial statements, etc. based on IFRS

We are making special efforts to ensure the appropriateness of our consolidated financial statements, etc., and establishing a system that enables the proper preparation of consolidated financial statements, etc. based on IFRS. Details are as follows.

- (1) In order to appropriately understand the content of accounting standards, etc. and develop a system that can appropriately respond to changes in accounting standards, etc., the Company is actively engaged in information gathering activities by participating in training and other activities sponsored by auditing corporations and various organizations, and subscribing to accounting journals, etc. joining the Financial Accounting Standards Corporation.
- (2) With respect to the application of IFRS, the Company obtains press releases and pronouncements issued by the International Accounting Standards Board from time to time to determine the latest standards. In addition, in order to prepare appropriate consolidated financial statements based on IFRS, we have prepared group-wide accounting policies and accounting guidance in accordance with IFRS, and account for them based on those policies.

1 [Consolidated Financial Statements]

(1) [Consolidated Statement or Financial Position]

① [Consolidated Statement of Financial Position]

(Millions, JPY)

	Notes	End of previous fiscal year (As of Sep. 30, 2023)	Current consolidated fiscal year (As of Sep. 30, 2024)
Assets			
Current assets			
Cash and cash equivalents	6	51,228	48,695
Trade and other receivables	7,25,34	12,457	13,882
Inventories	8	3,965	6,512
Other financial assets	18	1,389	2,940
Other current assets	20	2,363	2,627
Total current assets		71,401	74,656
Non-current assets			
Property, plant and equipment	9,12,37	176,615	184,936
Goodwill	10,12	30,371	30,371
Intangible assets	11,12	56,332	57,016
Equity method investment	13	52	52
Lease and guarantee deposits	34,35	14,257	14,766
Other financial assets	18,34,35	417	1,232
Deferred tax liabilities	14	1,490	1,552
Other non-current assets	20	682	574
Non total current assets		280,217	290,499
Assets Sum		351,619	365,154
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	15	30,080	35,569
Bonds and borrowings	16,34,35	24,007	9,009
Income taxes payable	14	1,070	4,710
Lease liabilities	17	17,901	19,523
Other financial liabilities	18,34	1,362	1,006
Provisions	19	3,136	5,275
Miscellaneous current liabilities	20	3,935	5,750
Current liabilities Sum		81,491	80,843
Non-current liabilities			
Trade and other payables	15	23	22
Bonds and borrowings	16,34,35	64,952	75,514
Lease liabilities	17	114,689	112,838
Other financial liabilities	18	111	105
Provisions	19	4,363	4,730
Deferred income taxes liabilities	14	13,330	13,264
Non-current liabilities Sum		197,468	206,474
Liabilities Sum		278,960	287,317
Equity			
Capital stock	21	100	100
Capital surplus	21	15,676	15,734
Retained earnings	21,24	53,787	65,818
Treasury stock	21,23	△1,840	△9,156
Other components of equity	22,33,34,35	4,544	4,073
Equity attributable to parent owners (total)		72,268	76,568
Non-controlling interests		391	1,269
Equity Sum		72,659	77,837
Liabilities and equity Sum		351,619	365,154

② [Consolidated Statement of Profit and Loss]

(Millions, JPY)

	Notes	End of previous fiscal year (Oct. 1, 2022 To Sep. 30, 2023)	Current consolidated fiscal year (Oct. 1, 2023 To Sep. 30, 2024)
Revenue	25	301,747	361,129
COGS	8	△134,229	△155,796
Gross profit		167,518	205,334
Selling, general and administrative expenses	27,29,33	△152,437	△179,848
Other income	12,26	1,313	1,084
Other expenses	12,28	△5,393	△3,186
Operating profit		11,001	23,384
Financial income	30	325	461
Financial expenses	30	△1,514	△2,191
Equity in net income (△) of affiliates	13	52	-
Income before income taxes		9,864	21,653
Income taxes	14	△1,458	△6,209
Profit for the period		8,406	15,445
Profit attributable to			
Owners of the parent		8,045	14,633
Non-controlling interests		362	811
Profit for the period		8,406	15,445
Basic net income			
Basic earnings per share (yen)	31	69.54	127.46
Diluted earnings per share (yen)	31	69.01	126.32

③ [Consolidated Statement of Comprehensive Income]

(Millions, JPY)

	Notes	End of previous fiscal year (Oct. 1, 2022 To Sep. 30, 2023)	Current consolidated fiscal year (Oct. 1, 2023 To Sep. 30, 2024)
Profit for the period		8,406	15,445
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Measure through other comprehensive income			
Net change in fair value of financial assets	22	△81	△143
Total items that will not be reclassified to profit or loss		△81	△143
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations	22	530	△561
Items that may be reclassified to profit or loss Sum		530	△561
After-tax other comprehensive income		449	△704
Total comprehensive income for the year		8,855	14,740
Comprehensive income attributable to:			
Owners of the parent		8,484	13,863
Non-controlling interests		372	878
Total comprehensive income for the year		8,855	14,740

④ [Consolidated Statement of Changes in Equity]

(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 as of Oct. 1, 2022		100	15,692	47,579	△1,894	3,639	65,117	18	65,134
Cumulative effect of changes in accounting policies	2			766			766	2	767
Balance at the beginning of the period reflecting changes in accounting policies		100	15,692	48,345	△1,894	3,639	65,882	19	65,902
Profit for the period				8,045			8,045	362	8,406
Other comprehensive income						439	439	10	449
Total comprehensive income		-	-	8,045	-	439	8,484	372	8,855
Disposal of treasury stock	21,22,23		△27		55	△8	19		19
Obtaining a treasury stock	21,23		-		△0		△0		△0
Invalidation of Share Options	22		11			△11	-		-
Share-based payment transactions	22,33					485	485		485
Cash dividends	24			△2,603			△2,603		△2,603
Total transactions with owners		-	△16	△2,603	55	466	△2,098	-	△2,098
Balance at Sep. 30, 2023		100	15,676	53,787	△1,840	4,544	72,268	391	72,659
Profit for the period				14,633			14,633	811	15,445
Other comprehensive income						△771	△771	67	△704
Total comprehensive income		-	-	14,633	-	△771	13,863	878	14,740
Disposal of treasury stock	21,22,23		△130		184	△40	14		14
Obtaining a treasury stock	21,23		△2		△7,500		△7,503		△7,503
Invalidation of Share Options	22		190			△190	-		-
Share-based payment transactions	22,33					529	529		529
Cash dividends	24			△2,603			△2,603		△2,603
Total transactions with owners		-	58	△2,603	△7,317	300	△9,562	-	△9,562
Balance at Sep. 30, 2024		100	15,734	65,818	△9,156	4,073	76,568	1,269	77,837

⑤ [Consolidated Statements of Cash Flows]

(Millions, JPY)

	Notes	End of previous fiscal year (Oct. 1, 2022 To Sep. 30, 2023)	Current consolidated fiscal year (Oct. 1, 2023 To Sep. 30, 2024)
Net cash provided by operating activities			
Income before income taxes		9,864	21,653
Depreciation and amortization	9,11,27	26,586	30,760
Impairment loss	12,28	4,975	2,192
Financial income	30	△325	△461
Financial expenses	30	1,498	2,191
Increase (decrease) in bonus provisions (decrease in △)		658	2,040
Lease and guarantee deposits rent offset		282	540
Equity in earnings (△) of affiliates	13	△52	-
Change in trade and other receivables (△ increased)		△2,295	△2,535
Change in inventories (△ increased)		△389	△2,558
Increase (decrease) in trade and other payables (decrease in △)		2,580	4,459
Others		914	1,411
Subtotal		44,298	59,691
Interest and dividends income received		102	139
Interest expenses paid		△1,428	△2,008
Income taxes paid		△3,026	△2,580
Income taxes refund		2,414	1,083
Net cash provided by operating activities		42,360	56,326
Cash flow from investing activities			
Purchase of property, plant and equipment		△15,755	△19,530
Proceeds from sale of property, plant and equipment		655	14
Purchase of intangible assets		△957	△1,196
Payments into time deposits		△1,413	△3,207
Proceeds from withdrawal of time deposits		796	1,796
Payments for lease and guarantee deposits pledged		△1,733	△1,642
Purchase of investment securities		-	△1,035
Others		519	734
Cash flow from investing activities		△17,888	△24,066
Cash flow from financing activities			
Redemption of bonds	32	-	△20,000
Proceeds from issuance of bonds	32	-	19,494
Repayment of long-term loans payable	32	△4,009	△4,009
Repayment of lease liabilities	32	△17,297	△19,716
Payments of commissions paid		△6	△15
Purchase of treasury stock		△0	△7,504
Proceeds from exercise of stock acquisition rights		19	14
Cash dividends paid	24	△2,598	△2,599
Others		15	12
Cash flow from financing activities		△23,876	△34,322
Increase (decrease) in cash and cash equivalents (decrease in △)		596	△2,062
Beginning balance of cash and cash equivalents		50,637	51,228
Exchange differences on cash and cash equivalents		△4	△471
Ending balance of cash and cash equivalents	6	51,228	48,695

[Notes to Consolidated Financial Statements]

1.Reporting company

FOOD & LIFE COMPANIES LTD. (the "Company") is a Japanese corporation whose registered headquarter is located in Osaka. Our consolidated financial statements include the accounts of us and our subsidiaries (together, the "Group"). Our restaurant business is centered on kaiten (revolving) sushi stores. Our kaiten (revolving) sushi chain specializes in the sushi business and operates directly managed kaiten (revolving) sushi store under Sushiro name, with no franchised or licensed restaurants.

We have undergone the following changes to the present.

Our predecessor is Sushitaro Co., Ltd., which was established in Oct. 1984. Sushitaro Co., Ltd. changed its name to Akindo Sushiro Co., Ltd. ("Akindo Sushiro Co., Ltd.[1984]") in Dec. 2000. Based on its management philosophy of "Enriching People's Lives through Sushi," the Company continuously provides high-quality, high-value-added services to customers and pursues efficiency through the introduction of kaiten (revolving) sushi Comprehensive Control System. Through these efforts, the Company worked daily to improve customer satisfaction, and in Sep. 2003, the Company listed its shares on the Second Section of the Tokyo Stock Exchange. However, since Oct. 2007, the business environment surrounding us has been changing dramatically. In order to overcome this intense business environment and resolve the management issue of strengthening our organizational capabilities while aggressively and rapidly opening new stores, we have decided that it is urgent to build a system for drastically reforming our management policy from a medium-term perspective. We received an investment from Unison Capital Group. In Nov. 2008, we took a management buyout (MBO) to go private, and in Apr. 2009, we delisted the listing of our shares on the Second Section of the Tokyo Stock Exchange. At that time, AS Holdings Co., Ltd. was established in Aug. 2008 to acquire shares of Akindo Sushiro Co., Ltd.[1984] (effectively the surviving company), and Akindo Sushiro Co., Ltd.[1984] was made a subsidiary through a tender offer. Subsequently, on May. 31, 2009, the Company merged with Akindo Sushiro Co., Ltd.[1984] as the extinguished company, and on the same date, the name of AS Holdings Co., Ltd. was changed to Akindo Sushiro Co., Ltd. ("Akindo Sushiro Co., Ltd.[2009]"). Subsequently, CEIL Japan Co., Ltd. was established in Jul. 2012, and in Sep. 2012, the company acquired all shares held by an investment fund belonging to Unison Capital Group. The company made Akindo Sushiro Co., Ltd.[2009] a subsidiary. Goodwill and brands reported in the consolidated statements of financial condition were recognized through the consolidation (see Note 12, "Impairment of Non-Financial assets"). On Jan. 1, 2013, CEIL Japan Co., Ltd. merged with Akindo Sushiro Co., Ltd.[2009] as an extinguished company, and on the same date, the name of CEIL Japan Co., Ltd. was changed to Akindo Sushiro Co., Ltd.. Akindo Sushiro Co., Ltd. established Akindo Sushiro Holdings Co., Ltd. on Mar. 31, 2015 and transitioned to a holding company structure. On Oct. 1, 2015, the company changed its name to Sushiro Global Holdings Co., Ltd., and on Apr. 1, 2021, the company changed its name to FOOD & LIFE COMPANIES LTD.. Our shares were listed on the First Section of the Tokyo Stock Exchange on Mar. 30, 2017, and on Apr. 4, 2022, we transitioned to the prime market by reviewing the market classification of the Tokyo Stock Exchange.

2.Basis of preparation

- (1) Compliance with IFRS : As our Group meets the criteria for a "designated international accounting standard specified company" as stipulated in Article 1-2 of the Regulations for Consolidated Financial Statements, our consolidated financial statements have been prepared in accordance with IFRS pursuant to the provisions of Article 93. The consolidated financial statements were approved by Masahiro Yamamoto (President & CEO)) and Takeshi Yoshida (Corporate Officer) on Dec. 26, 2024.
- (2) Basis for measurement : The consolidated financial statements of our group are prepared on a historical cost basis, except for financial instruments measured at fair value.
- (3) Functional and Presentation Currencies : The consolidated financial statements of our group are presented in Japanese yen, our functional currency, and are rounded to the nearest JPY1 mn.

(4) Change in accounting policy

Effective from the current fiscal year, our Group has adopted the following standards.

Statement of Standards	Standard name	Outline of New Establishment and Revision
IAS No. 12 (Revised)	Corporate income tax	Amendments to the Exemption from Initial Recognition of deferred tax liabilities and assets
IAS No. 12 (Revised)	Corporate income tax	Disclosures about income taxes arising from tax laws enacted or substantially enacted to introduce "International Tax Reform-Pillar 2 Model Rules"

The adoption of IAS No. 12 (revised), Income Taxes (revised May. 2021) clarifies the accounting treatment at the time of initial recognition for transactions that give rise to future taxable temporary differences and future deferred temporary differences at the time of a transaction. Deferred tax liabilities and assets for future taxable temporary differences and future deferred temporary differences are recognized in the consolidated statements of financial position, respectively. Due to the adoption of this standard, the consolidated financial statements for the previous fiscal year have been retrospectively adjusted. Consequently, at the end of the previous fiscal year in the consolidated statement of financial position, "deferred tax assets" increased JPY 937 mn, "deferred tax liabilities" increased JPY 23 mn, "retained earnings" increased JPY 912 mn, and "non-controlling interests" increased JPY 3 mn. In addition, net income increased by JPY 147 mn due to changes in "income taxes" in the consolidated statements of income and comprehensive income. The cumulative effect of the adoption of this standard was reflected in the consolidated statements of changes in equity. As a result, the beginning balance of retained earnings and non-controlling interests for the previous fiscal year increased JPY 766 mn and JPY 2 mn, respectively. In addition, our group has adopted an exception stipulated in IAS No. 12 (revised) "Income Taxes" (revised May. 2023), and we did not recognize or disclose deferred tax liabilities and assets related to income taxes arising from tax laws enacted or substantially enacted to introduce the second pillar model rule.

(5) Announced standards not yet adopted and interpretation guidelines : By the date of approval of the consolidated financial statements, the following standards and interpretations have been newly established or revised, but our group did not adopt them early. The impact of adoption is under consideration.

Statement of Standards	Standard name	Compulsory application time (Starting year)	Our group Period of Application	Outline of New Establishment and Revision
IFRS No. 18	Presentation and Disclosure in Financial Statements	Jan. 1, 2027	FY2028/9	Provision for financial statement presentation and disclosure that provides more transparent and comparable information about financial performance

3. Critical Accounting Policies

(1) Basis of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries.

① Subsidiary

A subsidiary refers to all entities in which our group has the power to control the financial and operating policies of the company, usually the majority of the voting rights is owned by our group. We consider the existence and impact of potential voting rights that are currently exercisable or convertible to determine whether our group controls another entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date our group obtains control to the date of loss of control.

Our group uses the acquisition method of accounting for business combinations except under common control.

When using the acquisition method, purchase consideration is measured as the sum of the fair value of the transferred assets, liabilities assumed, and the interests issued by our group. It also includes the fair value of assets or liabilities arising from contingent consideration arrangements. Acquisition-related costs are recognized in the consolidated statements of operations as incurred. Identifiable assets acquired and liabilities assumed in business combinations and contingent liabilities are initially measured at fair value as of the acquisition date. However, IFRS No.3 provides exceptions to fair value measurements for deferred taxes and stock-based compensation.

Any excess of the purchase consideration over the fair value of the identifiable assets and liabilities is recorded as goodwill in the consolidated statements of financial condition. If the purchase price is less than the fair value of the identifiable assets and liabilities due to a bargain purchase, the difference is recognized directly in the consolidated statements of operations (see (6) good will and intangible assets-① good will).

Business combination transactions under common control, that is, all business combinations or business combinations are ultimately controlled by the same parties before and after the business combination, and the control of which is not temporary, are accounted for based on the book value. If the consideration from the combination differs from the book value of assets and liabilities of the acquired business, it is adjusted by capital surplus.

Inter-group transactions, balances and unrealized gains and losses arising from transactions among our groups are eliminated. All group companies apply a common accounting policy.

② Affiliated companies

Affiliates are companies over which our group has significant influence, but not control, over the financial and operating policies of other companies. If our group holds more than 20% but not more than 50% of the voting power of other companies, it is estimated that our group has significant influence over such other companies. Even if the voting rights held are less than 20%, if it is determined that the Company has significant influence in the determination of financial and management policies due to the percentage of shares held and the dispatch of officers, it is included in affiliated companies. Affiliates are accounted for using the equity method of accounting until the date on which the Company recognizes its interest in the affiliate at cost and loses significant influence at the time of acquisition. To the extent that the accounting policies applied by affiliates differ from those applied by our group, adjustments have been made to the financial statements of such affiliates. Financial statements of affiliated companies for which it is not practicable to unify the closing date due to relationships with other shareholders and other factors are prepared based on the provisional settlement of accounts conducted as of the consolidated closing date.

③ Non-controlling interests

Equity in subsidiaries, not directly or indirectly attributable to the parent company is shown as non-controlling interests. In principle, comprehensive income is attributed to owners of parent and non-controlling interests even if non-controlling interests are negative.

Changes in the ownership interest of our group between our group and the owners of non-controlling interests that do not result in a change in our control of the subsidiary are accounted for as equity transactions and no gains or losses are recognized in goodwill or consolidated statements of income.

(2) Foreign currency translation

① Functional and Presentation Currencies

The non-consolidated financial statements of each company in our group are measured using the currency (functional currency) of the primary economic environment in which each company operates. The consolidated financial statements are stated in Japanese yen, the functional currency of the Company.

② Transactions and balances

Transactions denominated in foreign currencies are translated into the functional currency using the exchange rate in effect at the date of the transaction. Foreign exchange gains and losses arising from the settlement of transactions denominated in foreign currencies and the translation of monetary assets and monetary liabilities in foreign currencies at year-end exchange rates are recognized in the consolidated statements of income.

③ Foreign subsidiaries and affiliates

The results of operations and financial position of all Group companies that use functional currencies that differ from the presentation currencies of our Group are translated into the presentation currencies in the following manner:

- Assets and liabilities are translated at the exchange rates in effect at the balance sheet date.
- Revenues and expenses are translated at average exchange rates (if the average rate is not a reasonable approximation of the cumulative effect of the exchange rate on the date of the transaction, it is translated at the exchange rate on the date of the transaction).
- Foreign currency translation adjustments are recognized in other comprehensive income and the accumulated foreign currency translation adjustments are recorded in other components of equity in the consolidated statements of financial position.

(3) Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits and short-term highly liquid investments with original maturities of 3 months or less.

(4) Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined principally by the gross average method, whereby net realizable value is the estimated selling price in the ordinary course of business less estimated costs to sell.

The carrying amount of inventories recorded in the consolidated statements of financial condition is periodically reviewed, and the carrying amount of slow-moving inventory or any items that we believe are unlikely to be recoverable in future sales is written down to the estimated net realizable value of inventories.

(5) Property, plant and equipment

All property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairments. Acquisition costs include costs related to the acquisition of assets, restoration costs related to demolition and removal, and borrowing costs to be recorded as assets. Additional costs subsequent to the initial acquisition are included in the carrying amount of the acquired assets or recognized as individual assets only if it is probable that the future economic benefits will flow to our group as a result of that expenditure and the amount can be measured reliably. Other repairs and maintenance are recognized in consolidated statements of operations as incurred.

Depreciation of property, plant and equipment is computed using the straight-line method over the following estimated useful lives of the assets, at cost less salvage value:

- Buildings 1~31 years
- Structures 1~41 years
- Machinery and equipment: 1~8 years
- Tools, furniture and fixtures 1~20 years

The useful lives are determined in terms of the expected utility of assets for our grouping. The residual value and useful life of assets are reviewed at the end of the respective fiscal year and changed as required, considering technological changes, frequency of use and marketplace needs. If an impairment has occurred, the carrying value of assets is written down to its recoverable amount (see (7) Impairment of Non-Financial assets). Gains and losses arising from disposals are calculated by the difference between the disposal amount and the carrying amount of assets and are recorded in the consolidated statements of income.

(6) Goodwill and intangible assets

① Goodwill

Goodwill is tested for impairment annually and is carried at cost less accumulated impairment losses. Goodwill is measured at the purchase consideration less the fair value of the identifiable assets and liabilities of the acquiree as of the acquisition date. Goodwill recognized by our group is recognized by CEIL Japan 0.0. in the business combination with Akindo Sushiro Co., Ltd.[2009], and good will is assumed by the combined company as described in "Note 1. Reportable company" by the merger of CEIL Japan 0.0. and Akindo Sushiro Co., Ltd.[2009]. In performing the impairment testing, good will has been allocated to the domestic Sushiro business, which is a group of cash-generating units expected to generate synergies from the acquisitions (see (7) Impairment of Non-Financial assets).

② Brand

Brands have indefinite useful lives as they are expected to exist for as long as the business continues and are stated at cost and not amortized. Brands currently recognized by our group were recognized through a business combination conducted by CEIL Japan 0.0. with Akindo Sushiro Co., Ltd.[2009], and the brands have been taken over by the combined company as a result of the merger between CEIL Japan 0.0. and Akindo Sushiro Co., Ltd.[2009], as described in Note 1. Reportable Company. The brands have been allocated to the domestic Sushiro and foreign Sushiro businesses, which are cash-generating units that are expected to benefit from the brands, in performing the impairment testing (see (7) Impairment of Non-Financial assets).

③ Software

Licensing of software acquired by our group is recorded assets based on the cost of the acquisition. These costs are amortized on a straight-line basis over their estimated useful lives of 5 years.

(7) Impairment of non-financial assets

Goodwill and indefinite-lived intangible assets (brands) are not subject to amortization and are tested for impairment during the 4Q of each fiscal year or whenever indicators of impairment are identified. Assets subject to amortization are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount exceeds the recoverable amount. The recoverable amount is the higher of the fair value of assets less costs to sell or the value in use. When testing for impairment, each asset is grouped by the smallest identifiable unit (CGU) whose cash flows are mutually independent, which is considered for each individual store. A number of significant assumptions and

estimates, including market growth rates, sales volumes, and market prices, are involved in forecasting future cash flows. Projections of future cash flows are based on best estimates of future revenue and operating expenses based on historical trends, market conditions and industry trends. These assumptions are reviewed by management. The projected future cash flows are adjusted based on an appropriate discount rate that considers equity cost/risk premiums on the valuation date. This discount rate is based on the pre-tax weighted-average equity cost used in computing the recoverable amount (see Note 12, Impairment of Non-Financial assets). Non-current assets other than good will are reviewed annually for indicators of reversal of impairment losses and, if a reversal is required, the reversal of losses is made up to the new estimated recoverable amount, not to exceed the original carrying amount adjusted for amortization.

(8) Corporate income tax

Current income taxes are measured based on payments to or expected refunds from taxing authorities. Deferred income taxes are recognized for temporary differences between the tax basis of assets and liabilities and the carrying amounts of assets and liabilities in the consolidated financial statements using assets liabilities method. However, deferred income taxes are not recognized if the temporary differences arise from transactions other than business combinations and which do not affect either accounting or tax income or loss. Deferred income taxes have been enacted or substantially enacted as of the end of the fiscal year and are measured using enacted tax rates expected to be in effect in the period in which the related deferred tax liabilities are realized or the deferred income tax liabilities are settled. Deferred tax liabilities are recognized to the extent that it is probable that future taxable income will be available to utilize the temporary differences. For taxable temporary differences arising from investments in subsidiaries and affiliates, we manage the timing of the reversal of the temporary differences and record deferred income taxes unless it is more likely than not that the temporary differences will not reverse in the foreseeable future. Deferred tax liabilities are not recognized for taxable temporary differences at the initial recognition of good will.

(9) Lease

① Lease as a lessee

Whether an arrangement is a lease or whether an arrangement includes a lease is determined based on the substance of the arrangement, even though it is not legally in the form of a lease. The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases with lease terms of 12 months or less and for small assets leases in which the underlying assets are small. If the contract is a lease or includes a lease, the right-of-use assets and lease liabilities are recorded in the consolidated statements of financial condition at the inception date, except for short-term leases or small assets leases. The cost model is used to measure the right-of-use assets and is stated at cost less accumulated depreciation and accumulated impairments. The right-of-use assets is depreciated using the straight-line method over the lease-term. Lease liabilities are measured at the discounted present value of lease payments that have not been paid. Lease payments are allocated to financial expenses and lease liabilities payments based on the effective interest method. Financial expenses are recognized in the consolidated statements of income.

② Leasing as a lessor

In the case of operating leases (lease arrangements other than finance leases), lease payments are recognized in the consolidated statements of income on a straight-line basis over the term of the lease, net of incentives received from the lessor.

(10) Provisions

Provisions are recognized when our group has a present legal or constructive obligation as a result of a historical event, and it is probable that resources with economic benefits will be drained to repay the obligation, and the amount can be reliably estimated. If future expenditures exceed 12 months and the impact of the time-value of money is material, provisions are discounted to present value using a discount rate that reflects the risks specific to liabilities. The accretion of provisions due to the passage of time is recorded in financial expenses in the consolidated statements of income each period.

(11) Revenue Recognition

Our group recognizes revenue based on the following 5-step approach:

Step 1: Identify Contracts with Customers

Step 2: Identify Performance Obligations in Contracts

Step 3: Calculate the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue at the satisfaction of performance obligations (or as satisfied)

Our group operates a restaurant business centered on kaiten (revolving) sushi restaurants, and when we provide food to our customers, we have determined that the customers will obtain control and fulfill their performance obligations, and we recognize revenue at that time. Revenue is measured at the consideration promised in the contract with the customer, net of discounts and other factors.

(12) Government subsidies

Subsidy income is measured and recognized at fair value when there is reasonable assurance that the conditions for the grant will be met, and the grant will be received. Subsidies for costs incurred are recorded as revenue in the same fiscal year in which the costs are incurred.

(13) Employee benefit

① Retirement benefits

Our Group has adopted a defined contribution plan to provide retirement benefits to employees. Expenses related to defined contribution retirement benefits are recognized as expenses in the period in which the employees are placed in service.

② Short-term employee benefits

Short-term employee benefits are expensed in the period in which services are rendered. Bonuses and paid leave expenses are recorded as liabilities when we have a present legal or constructive obligation to pay for work previously provided by employees, the amount of which can be reliably estimated.

(14) Borrowing costs

Borrowing costs directly attributable to acquiring, constructing or manufacturing qualifying assets that are assets for its intended use or for which a significant period of time is required to be available for sale are included in the cost of assets until the intended use or sale becomes available. Other borrowing costs are recognized as an expense in full in the consolidated statements of operations in the period in which they are incurred.

(15) Earnings per share

Basic earnings per share are computed by dividing the net income (loss) attributable to common stockholders of the parent company by the weighted average number of common shares outstanding. Diluted earnings per share are computed by adjusting for the effect of all dilutive securities.

(16) Stock-Based Compensation

Our group has equity-settled equity compensation plans under which directors and employees are granted equity instruments (options) of our group. The fair value of options granted is calculated on the date of grant using Monte Carlo simulations and other methods. The fair value of options granted is recognized from the date of grant as an increase to expense and equity over the vesting period.

(17) Financial Instruments

① Non-derivative financial assets

(a) Initial recognition and measurement : Our group classifies financial assets as financial assets measured at amortized cost, net income or loss or financial other comprehensive income measured at fair value. Our group determines its classification in initial recognition. Financial assets are recognized on the date that our group becomes a party to the contract.

Financial assets measured at amortized cost

Financial assets are classified as financial assets measured at amortized cost if both of the following conditions are met:

- Assets is held based on a business model whose objective is to hold assets to collect contractual cash flows.
- The contractual terms of the financial assets give rise on specified dates to cash-flows that are solely payments of principal and interest on the principal balance.

Financial assets measured at amortized cost are initially recognized at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. However, trade receivables that do not include significant financial factors are initially recognized at the transaction price. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

Financial assets measured at fair value through profit or loss

Financial assets (excluding financial assets measured at fair value through other comprehensive income) that do not qualify for the category of financial assets measured at amortized cost as described above are classified as financial assets measured at fair value through profit or loss.

Financial assets measured at fair value through profit or loss are initially recognized at fair value. Subsequent to initial recognition, they are measured at fair value, and the valuation difference is recognized as profit or loss in the current consolidated fiscal year.

Financial assets measured at fair value through other comprehensive income

Financial assets measured at fair value that are designated to be measured at fair value through other comprehensive income are initially recognized at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Subsequent to initial recognition, they are measured at fair value and the unrealized gains or losses are recognized in other comprehensive income. Dividends from financial assets measured at fair value through other comprehensive income are recognized in profit or loss in the current fiscal year.

(b) De-recognition of financial assets

We derecognize financial assets only when the contractual rights to cash flows from the financial assets expire or when the financial assets are transferred and substantially all risks and rewards are transferred. To the extent that we have continuing involvement, we recognize assets and the associated liabilities if our group does not transfer, but retains, substantially all of the risk and economic value and retains control over the transferred assets. When financial assets measured at fair value through other comprehensive income are derecognized, the amount recognized as other comprehensive income until such time is transferred to retained earnings.

(c) Impairment of Financial assets

For impairments related to financial assets measured at amortized cost, the Company recognizes bad debt provisions for the expected credit loss on the financial assets. At each reporting date, our group assesses whether credit risk associated with financial instruments has increased significantly since initial recognition.

If the credit risk associated with a financial instrument has not increased significantly since initial recognition, the credit provisions associated with the financial instrument are measured at the same amount as the 12-month expected credit loss. On the other hand, if the credit risk associated with financial instruments has increased significantly since the initial recognition, the credit provisions associated with such financial instruments are measured at the same amount as the expected credit loss for the full term. However, for trade receivables, bad debt provisions are measured at the same amount as the expected credit loss for the full term at all times. Expected credit losses are estimated in a manner that reflects changes in credit information and past due information on receivables. The amount of the measurement is recognized in profit or loss. The carrying value of the financial assets presented in the consolidated financial statements, net of impairments, represents the largest exposure to credit risk of our financial assets.

② Non-derivative financial liabilities

(a) Initial recognition and measurement: We classify financial liabilities as financial liabilities measured at amortized cost. Financial liabilities are recognized on the date that our group becomes a party to the contract.

Financial liabilities measured at amortized cost

We initially measure other financial liabilities, including borrowings, at fair value less transaction costs at initial recognition. Subsequent to initial recognition, interest expense is measured at amortized cost using the effective interest method and is recognized using the effective interest method.

(b) De-recognition of financial liabilities : We derecognize financial liabilities when the financial liabilities expire, that is, when the indebtedness identified in the contract is discharged, cancelled or expired.

(c) Changes in terms of financial liabilities that do not result in derecognition : If financial liabilities are modified or exchanged, but the financial liabilities are not derecognized (i.e., not significant), the gain or loss from the modification is recognized.

4. Critical Accounting Estimates and Judgments

The preparation of consolidated financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the amounts of assets, liabilities, revenues, and expenses at the reporting date of the consolidated financial statements. While these estimates and assumptions are based on historical experience and information available to management, they may ultimately differ from actual results. Estimates and assumptions are continuously reviewed. Items for which the amount was recorded in the consolidated financial statements for the fiscal year under review based on accounting estimates that may have a material impact on the consolidated financial statements for the following fiscal year are as follows.

(Necessity of recognizing impairment losses on property, plant and equipment, goodwill, and intangible assets)

(1) Amounts recognized in the consolidated financial statements

	End of previous fiscal year	Current consolidated fiscal year
Property, plant and equipment	JPY176,615 mn	JPY184,936 mn
Goodwill	JPY30,371 mn	JPY30,371 mn
Intangible assets	JPY56,332 mn	JPY57,016 mn
Impairment loss	JPY4,975 mn	JPY2,192 mn

Of intangible assets in the previous fiscal year and the current fiscal year, JPY53,596 mn represents intangible assets (branded) with indefinite useful lives. Impairment losses are recorded for store whose results have deteriorated and are included in other expenses.

(2) Other information that contributes to the understanding of the securities report on the content of accounting estimates

Property, plant and equipment, goodwill and intangible assets are tested for impairment in accordance with the methods described in "Item 5: Accounting, 1. Consolidated Financial Statements, etc., (1) Notes to Consolidated Financial Statements, Note 3. Significant Accounting Policies, (7) Impairment of Non-Financial assets." The future cash flows underlying the use value calculation in the impairment test incorporate changes in future market conditions and sales measures as key assumptions based on historical experience; however, there is a high degree of uncertainty involved in forecasting these assumptions, which could materially affect the estimates of future cash flows.

In addition to the above, information regarding estimates and judgments made in the application of accounting policies that have a significant impact on the amounts recognized in the consolidated financial statements is included in the following notes.

- Income taxes (Note 14, "Income Taxes")
- Useful lives of property, plant and equipment and intangible assets (see Note 3 (5) property, plant and equipment and (6) goodwill and intangible assets) above and in "Significant Accounting Policies."
- Assets retirement obligations arising from legal and constructive obligations (Note 19. provisions)
- Valuation of lease and guarantee deposits (Note 34. Financial Instruments and 35. Fair Value Measurements)

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:

Domestic Sushiro Business:	Domestic expansion of Sushiro and takeout specialty stores
International Sushiro Business:	"Sushiro" and takeout specialty stores operating abroad
Kyotaru Business:	All brands operated by KYOTARU CO., LTD. (major brands "Kyotaru," "Rotating Sushi Misaki," and "Kaisen Misaki Port")
Other businesses :	All brands operated by FOOD & LIFE INNOVATIONS Co., Ltd. (main brand: Sugidama)

(2) Reportable segment revenue and results

Our revenue and results by reportable segment are as follows:

Previous fiscal year (Oct. 1, 2022, to Sep. 30, 2023)

(Millions, JPY)

	Reportable Segments				Total	Total adjustments (Note 2)	Consolidated Total
	Domestic Sushiro Business	International Sushiro Business	Kyotaru Business	Other businesses			
Revenue							
External revenue	205,906	66,132	24,329	5,380	301,747	-	301,747
Inter-segment revenue	-	-	117	44	161	△161	-
Total	205,906	66,132	24,446	5,423	301,908	△161	301,747
Segment income (loss) (△: loss) (NOTE)1	4,881	5,293	△653	△380	9,140	1,861	11,001
Other items							
Depreciation and amortization	16,070	7,571	1,659	642	25,942	645	26,586
Impairment loss	3,904	337	382	353	4,975	-	4,975

(NOTE)

1. Segment income (loss) is adjusted with operating profit in the consolidated statements of income.

2. The JPY1,861 mn adjustment to segment income (loss) mainly includes the elimination of inter-segment transactions and corporate income (loss) not allocated to each reportable segment.

Current fiscal year (from Oct. 1, 2023 to Sep. 30, 2024)

(Millions, JPY)	Reportable Segments				Total	Total adjustments (Note 2)	Consolidated Total
	Domestic Sushiro Business	International Sushiro Business	Kyotaru Business	Other businesses			
Revenue							
External revenue	238,173	92,138	23,939	6,880	361,129	-	361,129
Inter-segment revenue	-	-	47	91	139	△139	-
Total	238,173	92,138	23,986	6,971	361,268	△139	361,129
Segment income (loss) (△: loss) (NOTE)1	14,217	7,194	△350	205	21,267	2,116	23,384
Other items							
Depreciation and amortization	16,401	11,010	1,738	728	29,876	885	30,760
Impairment loss	582	1,179	400	30	2,192	-	2,192

(NOTE) 1. Segment income (loss) is adjusted with operating profit in the consolidated statements of income.

2.The JPY2,116 mn adjustment to segment income (loss) mainly includes the elimination of inter-segment transactions and corporate income (loss) not allocated to each reportable segment.

(3) Information by product and service

Revenue by product and service is omitted because our group sells a single product and service.

(4) Information about geographic areas

Revenue by region is omitted because domestic revenue from external customers accounts for the majority of revenue in the consolidated statements of income. The carrying amount of non-current assets in Japan is omitted because it accounts for the majority of non-current assets in the consolidated statements of financial position.

(5) Information about major customers

Disclosure is omitted because there is no single external customer that accounts for more than 10% of our revenue.

6. Cash and Cash Equivalents

The breakdown of cash and cash equivalents is as follows:

(Millions, JPY)

	End of previous fiscal year (As of Sep. 30, 2023)	Current consolidated fiscal year (As of Sep. 30, 2024)
Bank deposits and cash on hand	51,228	48,695
Total	51,228	48,695

(NOTE) Cash and cash equivalents are classified as financial assets measured at amortized cost.

7. Trade and Other Receivables

The breakdown of trade and other receivables is as follows:

(Millions, JPY)

	End of previous fiscal year (As of Sep. 30, 2023)	Current consolidated fiscal year (As of Sep. 30, 2024)
Accounts receivable	9,805	11,920
Accounts receivable-other	2,652	1,962
Total	12,457	13,882
Current	12,457	13,882
Non-current	-	-
Total	12,457	13,882

(NOTE)

1. Credit risk management is disclosed in Note 34. Financial Instruments.

2. Of the above, trade receivables are recognized at the time we provide the cooking of our group because the right to receive consideration occurs only after the passage of time. In our group, payment is received within a short period of time based on the payment terms stipulated separately after the fulfillment of the

performance obligation. As the period of time between the satisfaction of the performance obligation and the receipt of consideration is typically 1 year or less, the practical expedient is used for such receivables and no significant financial factor adjustments are made.

3. Trade and other receivables are classified as financial assets measured at amortized cost.

8. Inventories

The breakdown of inventories is as follows:

(Millions, JPY)

	End of previous fiscal year (As of Sep. 30, 2023)	Current consolidated fiscal year (As of Sep. 30, 2024)
Foodstuffs	3,381	5,402
Supplies	584	1,109
Total	3,965	6,512

(NOTE)

1. Of the cost of inventories, the amount recognized as expenses and included in cost of sales was JPY132,788 mn for the previous fiscal year (including JPY128,133 mn for foodstuffs and JPY4,655 mn for supplies) and JPY154,546 mn for the current fiscal year (including JPY149,309 mn for foodstuffs and JPY5,237 mn for supplies).
2. There were no reversals of inventories write-downs in prior years recorded in the consolidated statements of income for the previous fiscal year and the current fiscal year.

9. Property, Plant, and Equipment

Changes in the cost, accumulated depreciation and accumulated impairment losses of property, plant, and equipment and their carrying amounts are as follows:

(Millions, JPY)

Acquisition cost	Buildings	Structures	Machinery and equipment	Automotive equipment	Tools, furniture, and fixtures	Right-of-use assets	Land	Construction in progress	Total
Balance at Oct. 1, 2022	43,031	6,143	10,043	0	29,075	156,866	1,675	1,975	248,807
Acquisition	2,752	-	977	-	1,323	27,823	-	12,620	45,495
Sale or disposal (NOTE)4	△593	△33	△402	△0	△1,425	△1,448	-	-	△3,902
Transfer	4,748	380	3,654	-	4,771	54	-	△13,608	-
Foreign currency translation adjustments	482	-	203	-	263	1,654	-	14	2,615
Others	-	-	-	-	-	△365	-	0	△365
Balance at Sep. 30, 2023	50,420	6,491	14,474	-	34,007	184,583	1,675	1,001	292,651
Acquisition	3,390	-	1,472	-	1,614	20,880	-	18,314	45,671
Sale or disposal (NOTE)4	△865	△95	△237	-	△527	△2,772	-	-	△4,496
Transfer	4,888	213	5,002	-	4,421	853	-	△18,486	△3,110
Foreign currency translation adjustments	△237	-	△81	-	△69	△969	-	△7	△1,363
Others	-	-	0	-	13	△25	-	-	△12
Balance at Sep. 30, 2024	57,597	6,608	20,630	-	39,459	202,550	1,675	822	329,341

(Millions, JPY)

Accumulated depreciation and impairment loss	Buildings	Structures	Machinery and equipment	Automotive equipment	Tools, furniture, and fixtures	Right-of-use assets	Land	Construction in progress	Total
Balance at Oct. 1, 2022	21,623	3,906	4,716	0	16,919	39,031	122	-	86,317
Depreciation and amortization	3,509	343	1,351	-	3,931	16,876	-	-	26,009
Impairment loss	2,124	316	594	-	1,321	618	-	-	4,973
Reversal of impairment loss	△3	-	△2	-	△2	-	-	-	△7
Sale or disposal (NOTE)4	△409	△32	△180	△0	△711	△1,175	-	-	△2,507
Foreign currency translation adjustments	297	-	121	-	119	588	-	-	1,125
Others	0	△1	1	-	4	122	-	-	126
Balance at Sep. 30, 2023	27,141	4,531	6,601	-	21,581	56,059	122	-	116,035
Depreciation and amortization	4,092	301	1,953	-	4,041	19,575	-	-	29,963
Impairment loss	913	80	207	-	520	468	-	-	2,188
Reversal of impairment loss	△134	△1	△70	-	△73	-	-	-	△279
Sale or disposal (NOTE)4	△825	△95	△208	-	△457	△1,696	-	-	△3,282
Foreign currency translation adjustments	△121	-	△35	-	△54	△357	-	-	△567
Others	22	-	2	-	△25	348	-	-	347
Balance at Sep. 30, 2024	31,088	4,816	8,451	-	25,533	74,396	122	-	144,406

(Millions, JPY)

Book value	Buildings	Structures	Machinery and equipment	Automotive equipment	Tools, furniture, and fixtures	Right-of-use assets	Land	Construction in progress	Total
Balance at Oct. 1, 2022	21,408	2,237	5,327	-	12,156	117,835	1,553	1,975	162,490
Balance at Sep. 30, 2023	23,279	1,960	7,873	-	12,426	128,524	1,553	1,001	176,615
Balance at Sep. 30, 2024	26,508	1,793	12,179	-	13,926	128,154	1,553	822	184,936

(NOTE)

- Assets underlying the right of use are land, buildings, furniture and fixtures, machinery and equipment, and vehicles. At the end of the previous fiscal year, the book value of land was JPY48,652 mn, the book value of buildings was JPY77,493 mn, the book value of tools, furniture and equipment was JPY2,354 mn, and the book value of vehicles and vehicles was JPY25 mn. At the end of the current fiscal year, the book value of land was JPY47,221 mn, the book value of buildings was JPY78,338 mn, the book value of tools, furniture and equipment was JPY2,582 mn, and the book value of vehicles and vehicles was JPY13 mn.
- There was no borrowing costs included in the cost of property, plant and equipment in the previous fiscal year or the current fiscal year.
- Impairment and reversal of impairment losses on property, plant and equipment are disclosed in "Note 12. Impairment of Non-Financial assets."
- Decrease due to cancellation of leases is included.

10. Goodwill

Changes in the cost and accumulated impairments of goodwill and their carrying amounts are as follows:

(Millions, JPY)

	End of previous fiscal year (Oct. 1, 2022 To Sep. 30, 2023)	Current consolidated fiscal year (Oct. 1, 2023 To Sep. 30, 2024)
Acquisition cost		
Balance at beginning of year	30,541	30,541
Balance at end of year	30,541	30,541
Accumulated impairment loss		
Balance at beginning of year	170	170
Impairment loss	-	-
Balance at end of year	170	170
Book value		
Balance at beginning of year	30,371	30,371
Balance at end of year	30,371	30,371

(NOTE) Impairment of good will is disclosed in "Note 12. Impairment of Non-Financial assets."

11. Intangible Assets

Changes in the cost, accumulated amortization, and accumulated impairment losses of intangible assets and their carrying amounts are as follows:

(Millions, JPY)

Acquisition cost	Brand	Software	Others	Total
Balance at Oct. 1, 2022	53,596	3,707	1,181	58,484
Acquisition	-	877	66	944
Sale or disposal	-	-	-	-
Transfer	-	533	△533	-
Foreign currency translation adjustments	-	4	0	4
Others	-	0	△4	△4
Balance at Sep. 30, 2023	53,596	5,121	711	59,428
Acquisition	-	1,722	66	1,788
Sale or disposal	-	-	△1	△1
Transfer	-	4	△305	△301
Foreign currency translation adjustments	-	△1	△2	△3
Others	-	-	-	-
Balance at Sep. 30, 2024	53,596	6,846	470	60,912

(Millions, JPY)

Accumulated amortization and impairment loss	Brand	Software	Others	Total
Balance at Oct. 1, 2022	-	2,392	125	2,517
Amortization	-	567	10	577
Impairment loss	-	0	2	2
Reversal of impairment loss	-	-	-	-
Sale or disposal	-	-	-	-
Foreign currency translation adjustments	-	-	-	-
Others	-	-	-	-
Balance at Sep. 30, 2023	-	2,959	138	3,096
Amortization	-	784	12	796
Impairment loss	-	4	-	4
Reversal of impairment loss	-	-	-	-
Sale or disposal	-	-	-	-
Foreign currency translation adjustments	-	-	-	-
Others	-	-	-	-
Balance at Sep. 30, 2024	-	3,747	150	3,897

(Millions, JPY)

Book value	Brand	Software	Others	Total
Balance at Oct. 1, 2022	53,596	1,315	1,056	55,968
Balance at Sep. 30, 2023	53,596	2,162	574	56,332
Balance at Sep. 30, 2024	53,596	3,100	320	57,016

(NOTE)

1. intangible assets with finite lives are amortized on a straight-line basis over their useful lives. Amortization of intangible assets is recorded in selling, general and administrative expenses in the consolidated statements of income.
2. The brand is not subject to amortization because it has an indefinite life. The brand was recognized by CEIL Japan Co., Ltd. in a business combination with Akindo Sushiro Co., Ltd.[2009] and is expected to continue as long as the business continues. Therefore, the Company has determined that the brand has an indefinite useful life. Impairment of intangible assets is disclosed in "Note 12. Impairment of Non-Financial assets."

12. Impairment of Non-Financial Assets

(1) Business Assets Impairments

Impairment losses recognized in the consolidated statements of income for store and other assets for which the Group's business performance has deteriorated are as follows.

(Millions, JPY)

	End of previous fiscal year (Oct. 1, 2022 To Sep. 30, 2023)	Current consolidated fiscal year (Oct. 1, 2023 To Sep. 30, 2024)
Buildings	2,124	913
Structures	316	80
Machinery and equipment	594	207
Tools, furniture, and fixtures	1,321	520
Right-of-use assets	618	468
Software	0	4
Others	2	-
Total	4,975	2,192

(NOTE)

1. All impairments are included in other expenses in the consolidated statements of income.
2. Business assets are tested for impairment using individual store as cash-generating units.
3. The recoverable amount of these assets (JPY2,213 mn in the previous fiscal year and JPY867 mn in the current fiscal year) is based on the value in use using a pre-tax discount rate based on the weighted-average equity cost of 9.9% to 16.0% in the previous fiscal year and 9.9% to 14.0% in the current fiscal year.
4. Store and others for which impairment losses were recognized were 211 store and 1 plant for the previous fiscal year, and 137 store and 1 plant for the current fiscal year.

(2) Reversal of Impairments of Business Assets

The reversals of impairments of store that have improved operating results that are recorded in our consolidated statements of income are as follows:

(Millions, JPY)

	End of previous fiscal year (Oct. 1, 2022 To Sep. 30, 2023)	Current consolidated fiscal year (Oct. 1, 2023 To Sep. 30, 2024)
Buildings	3	134
Structures	-	1
Machinery and equipment	2	70
Tools, furniture, and fixtures	2	73
Total	7	279

(NOTE)

1. The reversal of all impairments is included in 'other income' in the Consolidated Statements of Operations.
2. Each store is used as a cash-generating unit to review the reversal of impaired assets.
3. The recoverable amount of these assets (JPY157 mn in the previous fiscal year and JPY841 mn in the current fiscal year) is based on the value in use using a pre-tax discount rate based on the weighted-average equity cost of 13.0% in the previous fiscal year and 9.9% in the current fiscal year.
4. Store for which reversal of impairment loss was recognized is 1 store for the previous fiscal year and 5 store for the current fiscal year.

(3) Impairment of Assets Acquired in Business Combinations

Good will and indefinite-lived brands recognized by our group were recognized through a business combination conducted by CEIL Japan Co., Ltd. with Akindo Sushiro Co., Ltd.[2009], and good will and indefinite-lived brands were assumed by the combined companies as described in Note 1. Reportable Companies. The synergies generated by the acquisition of goodwill are derived from the entire group of cash-generating units as a domestic Sushiro business. Therefore, good will is allocated to the domestic Sushiro business, which is the cash-generating unit, in performing the impairment testing. For brands with indefinite useful lives, the benefits of the brand are derived from the entire cash-generating unit group as a Sushiro business. Therefore, the brand is allocated to the domestic Sushiro business and the foreign Sushiro business, which are the cash-generating units, in performing the impairment testing.

The recoverable amount of the cash-generating unit is calculated based on the value in use. The value in use is calculated by discounting to present value the estimated future cash flows calculated based on the business plan for the following fiscal year approved by management reflecting historical data and assuming a subsequent long-term growth rate of 0%. When calculating the discount, the Company uses a pre-tax discount rate based on the weighted-average equity cost. The rate ranges from 9.9% to 16.0% in the previous fiscal year and from 9.9% to 14.0% in the current fiscal year.

At the end of the previous fiscal year, the recoverable amount of the cash-generating unit group that includes good will exceed the carrying amount of assets bJPY35,801 mn. However, if the pre-tax discount rate increases by 6.2%, or if the estimated future cash flows for each period decreases by 38.6%, the recoverable amount will be equal to the carrying amount. The recoverable amount of the cash-generating unit group, which includes goodwill and brands with indefinite lives, exceeds the carrying amount of assets bJPY19,327 mn. However, if the pre-tax discount rate increases by 2.0%, or if the estimated future cash flows for each period decreases by 15.2%, the recoverable amount will be equal to the carrying amount.

At the end of FY2024, the recoverable amount of the cash-generating unit group that includes goodwill exceeded the carrying amount of assets by ¥94,432 mn. However, if the pre-tax discount rate increases by 15.3%, or if the estimated future cash flows for each period decreases by 60.7%, the recoverable amount equals the carrying amount. The recoverable amount of the cash-generating unit group, which includes goodwill and brands with indefinite lives, exceeds the carrying amount of assets bJPY89,638 mn. However, if the pretax discount rate increases by 8.4%, or if the estimated future cash flows for each period decreases by 43.7%, the recoverable amount will be equal to the carrying amount.

13. Equity Method Investment

Investments where significant influence does not exist

Our group accounts for its investments in affiliates using the equity method.

The carrying amounts of investments in individually insignificant affiliates and financial information about such affiliates are as follows: These amounts are after considering our Group's ownership percentage.

(Millions, JPY)

	End of previous fiscal year (As of Sep. 30, 2023)	Current consolidated fiscal year (As of Sep. 30, 2024)
Total book value	52	52

(Millions, JPY)

	End of previous fiscal year (Oct. 1, 2022 To Sep. 30, 2023)	Current consolidated fiscal year (Oct. 1, 2023 To Sep. 30, 2024)
Net income	52	-
Total comprehensive income for the year	52	-

14. Corporate Income Tax

Income taxes recognized in the consolidated statements of income are as follows:

(Millions, JPY)

	End of previous fiscal year (Oct. 1, 2022 To Sep. 30, 2023)	Current consolidated fiscal year (Oct. 1, 2023 To Sep. 30, 2024)
Income taxes	△2,721	△6,249
Deferred income taxes	1,263	40
Total	△1,458	△6,209

Income taxes recorded directly to other comprehensive income are as follows:

(Millions, JPY)

	End of previous fiscal year (Oct. 1, 2022 To Sep. 30, 2023)	Current consolidated fiscal year (Oct. 1, 2023 To Sep. 30, 2024)
Net change in fair value of financial assets measured through other comprehensive income	42	78
Total	42	78

(NOTE) The above items are deferred income taxes.

A reconciliation of the statutory tax rate to the average actual effective tax rate is as follows:

	End of previous fiscal year (Oct. 1, 2022 To Sep. 30, 2023)	Current consolidated fiscal year (Oct. 1, 2023 To Sep. 30, 2024)
	%	%
Statutory tax rate	34.1	34.1
Items that are not permanently included in deductible (income) expenses	1.6	0.6
Unrecognized deferred tax liabilities	△7.4	2.3
Tax credit	-	△3.5
Difference in tax rates applied to consolidated subsidiaries	△12.9	△5.3
Equity in earnings of affiliates	△0.2	-
Others	1.1	0.5
Average actual tax rate	16.3	28.7

Deferred tax liabilities and deferred income taxes liabilities in the consolidated statements of financial position are as follows:

(Millions, JPY)

	End of previous fiscal year (As of Sep. 30, 2023)	Current consolidated fiscal year (As of Sep. 30, 2024)
Deferred tax liabilities	8,117	8,363
Deferred income taxes liabilities	19,957	20,076
Net deferred income taxes liabilities	11,840	11,713

The changes in our deferred tax liabilities and liabilities deferred income taxes are as follows:

Previous fiscal year (Oct. 1, 2022, to Sep. 30, 2023)

(Millions, JPY)

	Oct. 1, 2022	Recognized through profit or loss	Recognized in other comprehensive income	Others (Foreign currency translation adjustments, etc.)	Sep. 30, 2023
Deferred tax liabilities					
Property, plant, and equipment	3,388	465	-	3	3,856
Assets retirement obligations	720	110	-	-	830
Accrued enterprise tax	46	55	-	-	100
Bonus provisions	512	△41	-	-	471
Paid leave provisions	549	64	-	-	613
Tax loss carryforwards	-	138	-	-	138
Others	1,971	96	42	-	2,109
Total	7,186	886	42	3	8,117
Deferred income taxes liabilities					
Brand	18,271	-	-	-	18,271
Property, plant, and equipment	1,584	△82	-	14	1,516
Others	465	△295	-	-	170
Total	20,319	△377	-	14	19,957

Current fiscal year (from Oct. 1, 2023 to Sep. 30, 2024)

(Millions, JPY)

	Oct. 1, 2023	Recognized through profit or loss	Recognized in other comprehensive income	Others (Foreign currency translation adjustments, etc.)	Sep. 30, 2024
Deferred tax liabilities					
Property, plant, and equipment	3,856	△502	-	9	3,364
Assets retirement obligations	830	46	-	-	877
Accrued enterprise tax	100	248	-	-	349
Bonus provisions	471	370	-	-	840
Paid leave provisions	613	△59	-	-	554
Tax loss carryforwards	138	△138	-	-	-
Others	2,109	194	78	-	2,380
Total	8,117	160	78	9	8,363
Deferred income taxes liabilities					
Brand	18,271	-	-	-	18,271
Property, plant, and equipment	1,516	115	-	△0	1,631
Others	170	5	-	-	174
Total	19,957	119	-	△0	20,076

Temporary differences for which deferred tax liabilities are not recognized amounted to JPY1,628 mn at the end of the current fiscal year (previous fiscal year: JPY1,187 mn). Our group adopts the group-wide accounting system in Japan. However, deductible temporary differences which do not recognize deferred tax liabilities for local taxes (inhabitant taxes and enterprise taxes) that are not applicable to this system are not included in these temporary differences. The amount of deductible temporary differences relating to local taxes at the end of the current fiscal year is JPY5,025 mn (the amount at the end of the previous fiscal year: JPY5,133 mn).

As described in "Note 2. Basis of Preparation (4) Changes in Accounting Policies," the Company has applied IAS12 (revised) Income Taxes (revised in May. 2021) from the current fiscal year, and retrospectively adjusted the figures related to the previous fiscal year due to the change in accounting policy.

Tax loss carryforwards for which deferred tax liabilities have not been recognized amounted to JPY2,911 mn at the end of the current fiscal year (previous fiscal year end: JPY3,903 mn), which was mainly generated by foreign subsidiaries. In addition, the forfeiture schedule is as follows:

(Millions, JPY)

	End of previous fiscal year (As of Sep. 30, 2023)	Current consolidated fiscal year (As of Sep. 30, 2024)
Within 5 years	2,303	1,265
6th year	159	712
Year 7	541	-
8th year	-	-
Year 9	-	-
2010th year onward	900	934
Total	3,903	2,911

The above figures do not include net operating loss carryforwards that do not recognize deferred tax liabilities for local taxes (inhabitant taxes and enterprise taxes), which are not applicable to the Group-wide total accounting system. The amount of loss carried forward relating to local taxes at the end of the current fiscal year is JPY10,744 mn (the amount at the end of the previous fiscal year: JPY9,761 mn). The expiration of loss carryforwards for local taxes is 2010 years.

In Japan, the revised tax system in FY2023 created a corporation tax corresponding to global minimum taxation, and a tax reform law (the "Act for Partial Revision of the Income Tax Act, etc." (Act No. 3 of 2023)), which includes provisions related to this revision, was enacted on Mar. 28, 2020. Effective Apr. 1, 2024, an additional tax will be imposed on the parent company, etc., up to the minimum tax burden (15%) in the country or region in which the parent company, etc., subsidiaries, etc. located in Japan are located. The effect of this legislation on the Group's consolidated financial statements is considered immaterial.

15. Trade and Other Payables

The breakdown of trade and other payables is as follows:

(Millions, JPY)

	End of previous fiscal year (As of Sep. 30, 2023)	Current consolidated fiscal year (As of Sep. 30, 2024)
Accounts payable	19,123	20,230
Accounts payable-other	10,980	15,361
Total	30,103	35,591
Current	30,080	35,569
Non-current	23	22
Total	30,103	35,591

(NOTE) Trade and other payables are classified as financial liabilities measured at amortized cost.

16. Bonds and Borrowings

(1) The Breakdown of Our Bonds and Borrowings is as Follows:

(Millions, JPY)

	End of previous fiscal year (As of Sep. 30, 2023)	Current consolidated fiscal year (As of Sep. 30, 2024)	Average interest rate (%)	Maturity
Current liabilities				
Current portion of bonds payable	19,998	5,000	—	—
Current portion of long-term loans payable	4,009	4,009	0.41	Sep. 2025
Subtotal	24,007	9,009	—	—
Non-current liabilities				
Bonds (excluding bonds due within 1 year)	9,984	24,555	—	—
Long-term debt, net of current portion	54,968	50,959	0.37	2032 Mar
Subtotal	64,952	75,514	—	—
Total	88,959	84,523	—	—

(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 end balance of borrowings for the fiscal year under review.
3. Certain of our borrowings are subject to financial covenants requiring, among other things, the maintenance of certain equity levels. During the fiscal year under review and the previous fiscal year, there were no events that violated the relevant provisions.
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 previous fiscal year (As of Sep. 30, 2023)	Current consolidated fiscal year (As of Sep. 30, 2024)	Interest rate (%)	Collateral	Maturity date
F&LC	First unsecured bond issue	Jan 23, 2020	4,994	5,000	0.170	Unsecured	Jan. 23, 2025
F&LC	Second series of unsecured bonds	Jan 23, 2020	4,990	4,994	0.350	Unsecured	Jan. 23, 2030
F&LC	Third series of unsecured bonds	Nov 27, 2020	19,998	-	-	Unsecured	Nov. 27, 2023
F&LC	Fourth series of unsecured bonds	Dec 20, 2023	-	11,971	1.062	Unsecured	Dec. 20, 2028
F&LC	Fifth Unsecured Bonds	Dec 14, 2023	-	7,590	1.062	Unsecured	Dec. 14, 2028
Total	—	—	29,982	29,555	—	—	—

5. Maturities of loans and bonds are as follows:

Previous fiscal year (Oct. 1, 2022, to Sep. 30, 2023)

(Millions, JPY)

	Within 1 year	Due in 1-2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Over five years	Total
Borrowings	4,009	4,009	4,009	24,009	4,009	18,931	58,977
Corporate bonds	20,000	5,000	—	—	—	5,000	30,000

(NOTE) The contractual cash flows are shown.

Current fiscal year (from Oct. 1, 2023 to Sep. 30, 2024)

(Millions, JPY)

	Within 1 year	Due in 1-2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Over five years	Total
Borrowings	4,009	4,009	24,009	4,009	10,481	8,450	54,968
Corporate bonds	5,000	—	—	—	19,600	5,000	29,600

(NOTE) The contractual cash flows are shown.

(2) Commitment Line Agreements

We have entered into commitment line agreements with 2 of our financial institutions in order to provide stable and flexible financing to fund the capital needs of our Group's business development. The balance of unused commitment line contracts at the end of the previous fiscal year and the end of the current fiscal year is as follows.

(Millions, JPY)

	End of previous fiscal year (As of Sep. 30, 2023)	Current consolidated fiscal year (As of Sep. 30, 2024)
Lines of credit	20,000	20,000
Loan balance	-	-
Net amount	20,000	20,000

17. Lease

As a lessee, we primarily lease real estate for store (premises and buildings).

(1) Loss on Right-of-Use Assets (lessee)

Gains and losses related to the right-of-use assets are as follows:

(Millions, JPY)

	End of previous fiscal year (Oct. 1, 2022 To Sep. 30, 2023)	Current consolidated fiscal year (From Oct. 1, 2023 to Sep. 30, 2024)
Depreciation of right-of-use assets		
Land	4,393	4,377
Buildings	12,435	14,476
Machinery and equipment	-	-
Tools, furniture, and fixtures	34	712
Automotive equipment	14	10
Total depreciation	16,876	19,575
Short-term lease expenses	506	570
Small amount of assets leasing expenses	16	12
Variable lease payments (Note)	2,690	3,188
Interest cost on lease liabilities	1,232	1,671

(NOTE) Expenses related to variable leasing fees that are not included in measuring lease liabilities.

The total cash outflow related to this lease was JPY21,741 mn for the previous fiscal year and JPY25,156 mn for the current fiscal year.

(2) Maturity Analyses of Lease Liabilities

The maturity analyses of lease liabilities are as follows:

(Millions, JPY)

	End of previous fiscal year (As of Sep. 30, 2023)	Current consolidated fiscal year (As of Sep. 30, 2024)
Within 1 year	18,820	21,991
Due after one year through five years	57,368	62,600
Over five years	61,459	57,423
Total undiscounted lease liabilities	137,647	142,014
Balance of lease liabilities included in the consolidated statement of financial position as of Sep. 30	132,590	132,361

18. Other Financial Assets and Financial Liabilities

The breakdown of other financial assets and financial liabilities is as follows:

(Millions, JPY)

	End of previous fiscal year (As of Sep. 30, 2023)	Current consolidated fiscal year (As of Sep. 30, 2024)
Other financial assets		
Financial assets measured at amortized cost		
Time deposits	657	2,072
Deposits paid	729	864
Others	3	4
Financial assets measured at fair value through other comprehensive income		
Equity securities	417	1,232
Total	1,806	4,172
Current	1,389	2,940
Non-current	417	1,232
Total	1,806	4,172

(Millions, JPY)

	End of previous fiscal year (As of Sep. 30, 2023)	Current consolidated fiscal year (As of Sep. 30, 2024)
Other financial liabilities		
Financial liabilities measured at amortized cost		
Deposits received	1,362	1,006
Guarantee deposits received	111	105
Total	1,473	1,112
Current	1,362	1,006
Non-current	111	105
Total	1,473	1,112

Maturities of guarantee deposits received are as follows:

	(Millions, JPY)	
	End of previous fiscal year (As of Sep. 30, 2023)	Current consolidated fiscal year (As of Sep. 30, 2024)
Within 1 year	8	22
Due in 1-2 years	19	36
Due after 2 years through 3 years	36	31
Due after 3 years through 4 years	31	16
Due after 4 years through 5 years	16	-
Over five years	-	-
Total	111	105

19. Provisions

The breakdown and changes in provisions are as follows:

Previous fiscal year (Oct. 1, 2022, to Sep. 30, 2023)

	(Millions, JPY)		
	Assets retirement obligations	Others	Total
Oct. 1, 2022	4,121	2,238	6,359
Additional provisions during the year	417	2,972	3,389
Periodic interest cost for discounting	27	-	27
Decrease during the period (intended use)	△95	△2,227	△2,322
Others	46	-	46
Sep. 30, 2023	4,517	2,982	7,499
Current	179	2,957	3,136
Non-current	4,338	25	4,363
Total	4,517	2,982	7,499

Current fiscal year (from Oct. 1, 2023 to Sep. 30, 2024)

	(Millions, JPY)		
	Assets retirement obligations	Others	Total
Oct. 1, 2023	4,517	2,982	7,499
Additional provisions during the year	462	5,102	5,564
Periodic interest cost for discounting	34	-	34
Decrease during the period (intended use)	△117	△2,957	△3,074
Others	△17	-	△17
Sep. 30, 2024	4,878	5,127	10,006
Current	212	5,063	5,275
Non-current	4,666	64	4,730
Total	4,878	5,127	10,006

Assets retirement obligations relate to costs incurred to demolish leasehold improvements and facilities at the termination of store or other real estate leases. Debt amounts are estimated and accrued based on factors such as estimated periods of use (primarily 1 to 2020 years) determined by considering the useful lives of the leasehold improvements and equipment. The discount rate used to calculate debt is the yield on JGBs according to their useful lives (mainly 0.0% to 3.3%).

Bonus provisions and other items are included in "Others."

20. Miscellaneous Assets and Liabilities

The breakdown of assets and liabilities is as follows:

(Millions, JPY)

	End of previous fiscal year (As of Sep. 30, 2023)	Current consolidated fiscal year (As of Sep. 30, 2024)
Miscellaneous assets		
Prepaid expenses	2,782	2,851
Others	262	351
Total	3,045	3,202
Current	2,363	2,627
Non-current	682	574
Total	3,045	3,202

(NOTE) Prepaid expenses are mainly the difference between the amortized cost of lease and guarantee deposits and the amount paid.

(Millions, JPY)

	End of previous fiscal year (As of Sep. 30, 2023)	Current consolidated fiscal year (As of Sep. 30, 2024)
Miscellaneous liabilities		
Contract liabilities	10	51
Accrued expenses	361	394
Consumption tax payable	1,403	3,251
Accrued paid holidays	2,057	1,881
Others	104	173
Total	3,935	5,750
Current	3,935	5,750
Non-current	-	-
Total	3,935	5,750

21. Capital Stock and Surplus

(1) Number of Authorized Shares and Outstanding Shares

Authorized and issued shares are as follows:

(Unit: Shares)

	End of previous fiscal year (As of Sep. 30, 2023)	Current consolidated fiscal year (As of Sep. 30, 2024)
Authorized shares of common stock, no par value	436,000,000	436,000,000
Number of shares outstanding (no par value common stock)	116,069,184	116,069,184
Treasury stock	382,884	2,945,764

	Number of shares	Capital stock (Millions, JPY)	Capital surplus (Millions, JPY)
Fully paid and outstanding common stock:			
As of Oct. 1, 2022	116,069,184	100	15,692
Disposal of treasury stock (Note 1)	-	-	△27
Invalidation of Share Options	-	-	11
As of Sep. 30, 2023	116,069,184	100	15,676
Disposal of treasury stock (Note 2)	-	-	△130
Acquiring treasury stock (Note 3)	-	-	△2
Invalidation of Share Options	-	-	190
As of Sep. 30, 2024	116,069,184	100	15,734

(NOTE)

1. Loss on disposal of treasury stock of JPY27 mn was recognized as capital surplus.
2. Loss on disposal of treasury stock of JPY130 mn was recognized as capital surplus.
3. The cost of acquiring treasury stock of JPY2 mn was recognized as capital surplus.

(2) Equity Structure

Our equity structure is as follows.

(Millions, JPY)

	End of previous fiscal year (As of Sep. 30, 2023)	Current consolidated fiscal year (As of Sep. 30, 2024)
Liabilities Sum	278,960	287,317
Cash and cash equivalents	51,228	48,695
Net liabilities	227,732	238,622
Equity Sum	72,659	77,837

(NOTE)

Figures for the year ended Sep. 31, 2023 are based on retroactive application of IAS No. 12 (Revised).

In addition to maintaining an appropriate level of assets, liabilities, and equity for the sake of our present and future business activities, we manage our equity based on our policy of optimizing equity efficiency in our business activities and improving our financial position. Management evaluates the ratio of equity attributable to owners of the parent as a certain indicator in equity control of our group. This ratio was 20.1% and 20.5% for the previous fiscal year and the current fiscal year, respectively.

(3) Retained Earnings

① Capital surplus

The Japanese Companies Act (the "Companies Act") provides that at least 1-half of the amount of payments or benefits to be made in connection with the issuance of shares be included in capital stock and the remainder in equity reserves included in capital surplus.

② Retained earnings

The Companies Act provides that an amount equal to 1-tenth of the amount to be disbursed as dividends from retained earnings be appropriated as additional paid-in equity or legal reserve until the sum of capital surplus and the legal reserve included in retained earnings equals 1-fourth of capital stock. The legal reserve may be reversed by resolution of the shareholders. Retained earnings consists of unappropriated retained earnings.

22. Other Components of Equity

(Millions, JPY)

	Net change in fair value of financial assets measured through other comprehensive income	Exchange differences on translation of foreign operations	Stock acquisition right	Total
Oct. 1, 2022	△71	2,736	974	3,639
Exchange differences on translation of foreign operations			-	
Arising during the year	-	715	-	715
Reclassification adjustment to the consolidated statements of income	-	△194	-	△194
Income tax effect	-	-	-	-
Net change in fair value of financial assets measured through other comprehensive income				
Arising during the year	△123	-	-	△123
Reclassification adjustment to the consolidated statements of income	-	-	-	-
Income tax effect	42	-	-	42
Disposal of treasury stock	-	-	△8	△8
Invalidation of Share Options	-	-	△11	△11
Share-based payment transactions	-	-	485	485
Sep. 30, 2023	△152	3,256	1,440	4,544
Exchange differences on translation of foreign operations				
Arising during the year	-	△628	-	△628
Reclassification adjustment to the consolidated statements of income	-	-	-	-
Income tax effect	-	-	-	-
Net change in fair value of financial assets measured through other comprehensive income				
Arising during the year	△221	-	-	△221
Reclassification adjustment to the consolidated statements of income	-	-	-	-
Income tax effect	78	-	-	78
Disposal of treasury stock	-	-	△40	△40
Invalidation of Share Options	-	-	△190	△190
Share-based payment transactions	-	-	529	529
Sep. 30, 2024	△295	2,629	1,739	4,073

Details and objectives of other components of equity are as follows.

Net change in fair value of financial assets measured through other comprehensive income

Valuation difference of fair value of equity financial assets measured at fair value through other comprehensive income.

Exchange differences on translation of foreign operations

These are translation differences arising from the consolidation of the financial statements of foreign subsidiaries and affiliates that were prepared in foreign currencies.

Stock acquisition right

Stock-based compensation transactions related to stock option plans (see Note 33, "Stock-Based Compensation").

23. Treasury Stock

Previous fiscal year (Oct. 1, 2022, to Sep. 30, 2023)

	Number of shares	Amount (JPY1 mn)
As of Oct. 1, 2022	394,448	△1,894
Obtaining a treasury stock	36	△0
Disposal of treasury stock	△11,600	55
As of Sep. 30, 2023	382,884	△1,840

Current fiscal year (from Oct. 1, 2023 to Sep. 30, 2024)

	Number of shares	Amount (JPY1 mn)
As of Oct. 1, 2023	382,884	△1,840
Obtaining a treasury stock	2,600,880	△7,500
Disposal of treasury stock	△38,000	184
As of Sep. 30, 2024	2,945,764	△9,156

24. Cash Dividends

(1) Dividends Paid

Previous fiscal year (Oct. 1, 2022, to Sep. 30, 2023)

Date of resolution	Class of shares	Source of dividends	Total dividends (Millions, JPY)	Dividends per share (Yen)	Record Date	Effective date
Dec. 2022, 2022 Annual Shareholders' Meeting	Common stock	Retained earnings	2,603	22.50	Sep. 30, 2022	Dec. 23, 2022

Current fiscal year (from Oct. 1, 2023 to Sep. 30, 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

(2) Dividends for which the base date belongs to the current consolidated fiscal year and for which the effective date of distribution falls in the following consolidated fiscal year

Previous fiscal year (Oct. 1, 2022, to Sep. 30, 2023)

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

Current fiscal year (from Oct. 1, 2023 to Sep. 30, 2024)

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	3,394	30.00	Sep. 30, 2024	Dec. 27, 2024

25. Revenue

1. Information that breaks down the revenue generated by contracts with customers

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.

Previous fiscal year (Oct. 1, 2022, to Sep. 30, 2023)

(Millions, JPY)

	Reportable Segments				Total
	Domestic Sushiro Business	International Sushiro Business	Kyotaru Business	Other businesses	
Store Sales	205,675	66,127	24,329	5,261	301,391
Others	231	6	-	119	356
Total	205,906	66,132	24,329	5,380	301,747

Current fiscal year (from Oct. 1, 2023 to Sep. 30, 2024)

(Millions, JPY)

	Reportable Segments				Total
	Domestic Sushiro Business	International Sushiro Business	Kyotaru Business	Other businesses	
Store Sales	237,926	92,125	23,939	6,634	360,624
Others	247	13	-	246	506
Total	238,173	92,138	23,939	6,880	361,129

2. Information on which to base an understanding of revenue

See "3. Significant Accounting Policies (11) Revenue Recognition."

3. Information for understanding the amount of revenue for the current fiscal year and the following fiscal year and thereafter

(1) Receivables outstanding arising from contracts with customers

(Millions, JPY)

	End of previous fiscal year (As of Sep. 30, 2023)	Current consolidated fiscal year (As of Sep. 30, 2024)
Receivables from contracts with customers, beginning of period	8,065	9,805
Receivables from contracts with customers, end of year	9,805	11,920

(2) Transaction price allocated to the remaining performance obligation

There are no significant transactions in our group with individual contract terms exceeding 1 year. In addition, there are no significant amounts of consideration arising from contracts with customers that are not included in the transaction price. Our group applies the practical expedient method of IFRS No. 15, Section 121, and does not disclose information about remaining performance obligations with an initial expected life of 1 year or less.

In terms of store sales, customers are mainly customers who visit store. The Company determines that the customer will obtain control and fulfill the performance obligation at the time the cooking is provided, and revenue is recognized at the time the cooking is provided. In addition, the transaction price when customers use coupons, etc. is reduced by the amount appropriated by coupons, etc. from the consideration promised in the contract with the customer. Amounts recorded as monthly revenues are received in the short-term following the satisfaction of performance obligations under the payment terms set forth separately by the credit company, etc. in accordance with the payment method selected by the user, and the amount of consideration does not include any significant financial factors.

26. Other Income

(Millions, JPY)

	End of previous fiscal year (From Oct. 1, 2022 to Sep. 30, 2023)	Current consolidated fiscal year (Oct. 1, 2023 To Sep. 30, 2024)
Gain on cancellation of contracts	500	-
Reversal of impairment loss	7	279
Others	806	805
Total	1,313	1,084

27. Selling, General, and Administrative Expenses

Selling, general and administrative expenses comprise the following:

(Millions, JPY)

	End of previous fiscal year (From Oct. 1, 2022 to Sep. 30, 2023)	Current consolidated fiscal year (From Oct. 1, 2023 to Sep. 30, 2024)
Employee benefit expenses	83,619	99,672
Depreciation and amortization (Note)	26,524	30,686
Utility costs	8,465	9,020
Others	33,829	40,471
Total	152,437	179,848

(NOTE) In addition to the above, the amount recorded in cost of sales was JPY63 mn for the previous fiscal year and JPY74 mn for the current fiscal year.

28. Other Expenses

(Millions, JPY)

	End of previous fiscal year (Oct. 1, 2022 To Sep. 30, 2023)	Current consolidated fiscal year (From Oct. 1, 2023 to Sep. 30, 2024)
Loss on disposal of fixed assets	197	98
Impairment loss	4,975	2,192
Others (Note)	222	896
Total	5,393	3,186

(NOTE)"Others" for the current consolidated fiscal year includes a loss of JPY724 mn associated with the response to corrective recommendations from the Labor Standards Supervision Office.

29. Employee Benefit Expenses

(Millions, JPY)

	End of previous fiscal year (From Oct. 1, 2022 to Sep. 30, 2023)	Current consolidated fiscal year (From Oct. 1, 2023 to Sep. 30, 2024)
Wages and Salaries	71,807	83,467
Bonus to employees	3,978	6,754
Legal welfare expense	6,466	7,622
Others	1,367	1,829
Total	83,619	99,672

(NOTE) Employee benefit costs are included in selling, general and administrative expenses. Employers' contributions to employees' pension insurance premiums under the Welfare Pension Insurance Law in Japan were JPY2,789 mn for the previous fiscal year and JPY3,093 mn for the current fiscal year. Retirement benefit expenses for the defined contribution plans of certain subsidiaries were JPY881 mn for the previous fiscal year and JPY1,271 mn for the current fiscal year. In addition to the above, employee benefit expenses recorded as cost of sales were JPY676 mn for the previous fiscal year and JPY698 mn for the current fiscal year.

The key executive compensation included in the table above is as follows:

(Millions, JPY)

	End of previous fiscal year (From Oct. 1, 2022 to Sep. 30, 2023)	Current consolidated fiscal year (From Oct. 1, 2023 to Sep. 30, 2024)
Directors' remuneration	278	323
Bonuses to directors and corporate auditors: provisions	58	166
Others	260	382
Total	596	871

(NOTE) Remuneration for key executives consists of the remuneration of key executives who are directly or indirectly responsible for planning, controlling and directing the activities of our group.

30. Financial Income and Financial Expenses

(Millions, JPY)

	End of previous fiscal year (From Oct. 1, 2022 to Sep. 30, 2023)	Current consolidated fiscal year (From Oct. 1, 2023 to Sep. 30, 2024)
Financial income		
Interest income		
Financial assets measured at amortized cost	119	159
Foreign exchange gain	191	289
Others	15	13
Total	325	461
Financial expenses		
Interest expenses		
Financial liabilities measured at amortized cost	233	332
Lease liabilities	1,232	1,809
Periodic interest cost of discounting (provisions)	27	34
Commitment fees	4	9
Others	18	7
Total	1,514	2,191

31. Earnings Per Share

	End of previous fiscal year (From Oct. 1, 2022 to Sep. 30, 2023)	Current consolidated fiscal year (From Oct. 1, 2023 to Sep. 30, 2024)
Attributable to common shareholders of the parent company	8,045	14,633
Net income (Millions, JPY)		
Net income attributable to common stock used in the calculation of basic earnings per share (Millions, JPY)	8,045	14,633
Net income attributable to common stock used in the calculation of diluted earnings per share (Millions, JPY)	8,045	14,633
Basic average number of common shares during the period (shares)	115,681,282	114,808,427
Increase in common stock used in the calculation of diluted earnings per share (shares)	888,514	1,032,418
Diluted average number of common shares outstanding during the period (shares)	116,569,796	115,840,845
Basic earnings per share (yen)	69.54	127.46
Diluted earnings per share (yen)	69.01	126.32
Summary of potential shares not included in the calculation of diluted earnings per share because they have no dilutive effect	3 types of stock acquisition rights (228000 shares of common stock)	4 types of stock acquisition rights (293000 shares of common stock)

32. Cash Flow Information

(1) Changes in liabilities from financing activities

Previous fiscal year (Oct. 1, 2022, to Sep. 30, 2023)

(Millions, JPY)

	Oct. 1, 2022	Changes with cash flows	Non-cash fluctuations			Sep. 30, 2023
			New leases	Currency movements	Others	
Bonds and borrowings	92,932	△4,009	-	-	37	88,959
Lease liabilities	121,274	△17,297	27,823	1,058	△268	132,590

(NOTE) Includes amounts due within 1 year.

Current fiscal year (from Oct. 1, 2023 to Sep. 30, 2024)

(Millions, JPY)

	Oct. 1, 2023	Changes with cash flows	Non-cash fluctuations			Sep. 30, 2024
			New leases	Currency movements	Others	
Bonds and borrowings	88,959	△4,515	-	-	79	84,523
Lease liabilities	132,590	△19,716	20,880	△677	△717	132,361

(NOTE) Includes amounts due within 1 year.

(2) Non-fund transaction

Details of major non-cash transactions are as follows.

(Millions, JPY)

	End of previous fiscal year (From Oct. 1, 2022 to Sep. 30, 2023)	Current consolidated fiscal year (From Oct. 1, 2023 to Sep. 30, 2024)
Acquiring the right to use assets through leasing transactions	27,823	20,880

33. Stock-Based Compensation

Our group has equity-settled equity compensation plans under which directors and employees are granted equity instruments (options) of our group. The grant date fair value of options is calculated for Series 14 through Series 25 using Monte Carlo simulations and other methods. The fair value of options granted is recognized from the date of grant as an increase to expense and equity over the vesting period. Stock-based compensation expense included in selling, general and administrative expenses in the consolidated statements of income was JPY485 mn for the previous fiscal year and JPY529 mn for the current fiscal year.

A summary of the stock option plan is as follows:

	Grant date	Exercise period	Per share Exercise price (yen)	Condition of exercise of rights
14th	Feb. 2, 2018	Feb. 2, 2058	0.25	(NOTE)1、 4
15th	Jan. 4, 2019	Jan. 4, 2059	0.25	(NOTE)1、 4
16th	Jan. 6, 2020	Jan. 6, 2060	0.25	(NOTE)1、 4
17th	Jan. 7, 2020	Dec. 19, 2029	2,210	(NOTE)2、 3、 4
18th	Jan. 8, 2021	Jan. 8, 2061	1	(NOTE)1
19th	Jan. 9, 2021	Dec. 24, 2030	3,690	(NOTE)2、 3
20th	Jan. 7, 2022	Jan. 7, 2062	1	(NOTE)1
21st	Jan. 8, 2022	Dec. 23, 2031	4,285	(NOTE)2、 3
22nd	Jan. 11, 2023	Jan. 10, 2063	1	(NOTE)1
23rd	Jan. 12, 2023	Dec. 22, 2032	2,803	(NOTE)2、 3
24th	Jan. 10, 2024	Jan. 10, 2064	1	(NOTE)1
25th	Jan. 11, 2024	Dec. 21, 2033	2,890	(NOTE)2、 3

(NOTE)

- In the event any of the following items applies to any person to whom Stock Acquisition Rights have been allotted (hereinafter referred to as the "Holder of Stock Acquisition Rights"), the Stock Acquisition Rights may be exercised for as long as possible.
 - ① The holders of the Share Acquisition Rights may exercise the Share Acquisition Rights only in a lump sum during the exercise period from the day following the loss of any of the status of directors and Corporate Officer of the Company and its subsidiaries until the day on which 10 days (or the previous business day if the 10th day falls on a holiday) have elapsed.
 - ② The number of Share Options exercisable by the Holder of Share Options shall be the absolute TSR from the Allotment Date until the Exercise Date of Share Options (the average closing price of our common shares on the Tokyo Stock Exchange on each day of the month preceding the month on which 3 years have elapsed from the Allotment Date). The total amount of dividends per share of our common stock during the period from the Allotment Date to the day when 3 years have elapsed is added and the average closing price of our common stock on the Tokyo Stock Exchange on each day of the Allotment Date is calculated by dividing the average closing price of our common stock on each day of the Allotment Date and the average closing price of TOPIX on each day of the Tokyo Stock Exchange on each day of the Allotment Date (hereinafter referred to as "TOPIX") on each day of the month before the month when 3 years have elapsed from the Allotment Date. Comparison shall be made with (a) and the change shall be gradual according to the proportion.
 - ③ In the event of the death of the holder of Stock Acquisition Rights, the heir shall be entitled to exercise it.
- In the event of any of the following events, the holder of the Stock Acquisition Rights (in the case of paragraph 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 us, Akindo Sushiro Co., Ltd., FKYOTARU CO., LTD. & LIFE INNOVATIONS, or KYOTARU CO., 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 Share Options to be concluded with persons who have received the allotment of Share Options based on a resolution of the board of directors
- One part of the Stock Acquisition Rights may not be exercised.
- The Company conducted a 4-for-1 stock split on Apr. 1, 2020. As a result, for the 14th to 17th Stock Acquisition Rights, the exercise price per share is converted into the number of shares after the stock split.

The following table presents the number of stock options outstanding under equity compensation plans and their weighted average exercise price.

	End of previous fiscal year (From Oct. 1, 2022 to Sep. 30, 2023)		Current consolidated fiscal year (From Oct. 1, 2023 to Sep. 30, 2024)	
	Per share weighted average exercise price (Yen)	Number of shares (shares)	Per share weighted average exercise price (Yen)	Number of shares (shares)
Outstanding at the beginning of the year	1,214	1,315,000	1,160	1,597,258
Grant	1,328	297,058	1,024	334,321
Retirement	—	—	—	—
Lapse	1	△ 3,200	2,362	△ 71,818
Exercise	1,677	△ 11,600	373	△ 38,000
Outstanding at end of year	1,160	1,597,258	1,170	1,821,761
Exercisable at end of year	1,160	1,597,258	1,170	1,821,761

The weighted average remaining contractual life of outstanding stock options was 22.6 years in the previous fiscal year and 22.68 years in the current fiscal year. The maximum term of such stock options was 39.33 years in the previous fiscal year and 39.33 years in the current fiscal year.

There were no cancellations of stock options or changes in the terms of stock options in the previous fiscal year or the current fiscal year.

Method of estimating the fair value of stock options

The fair value of options granted in the previous fiscal year and the current fiscal year were valued using Monte Carlo simulations and other methods. The primary underlying data used in the valuation were as follows:

	16th	17th	18th	19th	20th
Stock price on grant date (yen)	2,308	2,413	3,560	3,560	4,035
Exercise price (yen)	0.25	2,210	1	3,690	1
Expected volatility (Note 1)	28.6%	28.6%	38.5%	38.5%	38.7%
Expected life of the option	20 years	10 years	20 years	10 years	40 years
Expected dividend	1.0%	0.9%	0.4%	0.4%	0.6%
Risk-free interest rate	0.28%	△0.03%	0.42%	0.04%	0.52%

	21st	22nd	23rd	24th meeting	25th
Stock price on grant date (yen)	4,035	2,923	2,902	2,927	2,943
Exercise price (yen)	4,285	1	2,803	1	2,890
Expected volatility (Note 1)	38.7%	41.6%	41.6%	40.5%	40.5%
Expected life of the option	10 years	20 years	10 years	20 years	10 years
Expected dividend	0.6%	0.8%	0.8%	0.8%	0.8%
Risk-free interest rate	0.12%	1.33%	0.60%	1.36%	0.62%

(NOTE)

1. For the 16th to 23rd installments, estimates are based on our actual volatility.

2. The total fair value at the measurement date was JPY162 mn in Series 16, JPY264 mn in Series 17, JPY320 mn in Series 18, JPY136 mn in Series 19, JPY482 mn in Series 20, JPY187 mn in Series 21, JPY322 mn in Series 22, JPY153 mn in Series 23, JPY922 mn in Series 24, and JPY155 mn in Series 25.

34. Financial Instruments

(1) Financial risk management

Our Group is exposed to all types of financial risks, including foreign exchange risk, credit risk, liquidity risk and interest rate risk. Our group hedges these risks based on specific policies. Our group uses derivative financial instruments only for the purpose of mitigating the risks arising from certain transactions based on actual demand.

(a) Foreign Exchange Risk

Our group also operates overseas and is exposed to foreign exchange risk arising from foreign currency exposure. Foreign exchange exposures arise from future commercial transactions and recorded assets and liabilities.

(b) Credit risk

Lease and guarantee deposits are lease and guarantee deposits in tenant-leased contracts and are subject to the credit risk of the owner of the property. Our store Department endeavors to mitigate credit risk by conducting credit checks of owners based on third-party credit rating systems to assess credit risk and regularly monitoring the financial condition of counterparties to be aware of any deterioration in liabilities conditions as soon as possible. Trade receivables and due from banks are also subject to the credit risk of customers. Based on the rules for credit management, we have a system in place under which the Finance & Accounting Department is responsible for assessing the credit status of important customers.

The carrying value of the financial assets presented in the Consolidated Statements of Financial Condition, net of impairments, represents the largest exposure to credit risk of our group-based financial assets. For certain counterparties, there is no significant exposure to credit risk and there is no excessive concentration of credit risk with particular controls.

There are no properties held as collateral or other credit enhancements with respect to exposure to credit risk.

For financial assets measured at amortized cost, such as trade receivables, lease and guarantee deposits and due from banks, we measure expected future credit losses and record bad debt provisions, considering the collectability and significant credit risk-related factors. The Company determines whether there is a significant increase in credit risk based on changes in the risk of default. The Company considers factors such as deterioration in the financial condition of counterparties and past due information in making this determination.

We measure bad debt provisions individually and collectively for trade receivables at all times equal to the expected credit loss for the full term. For non-trade receivables, provisions of bad debts are measured on a collective basis in the same amount as the expected credit losses over a 12-month period. However, when credit risk is significantly increased, provisions of bad debts are measured individually and collectively in the same amount as the expected credit losses over the entire period.

For receivables other than trade receivables, if the credit risk has not increased significantly, the expected credit loss is calculated by multiplying the total carrying value by the reserve ratio, which is based on the historical credit loss rates for similar assets plus projections of future economic conditions and other factors. If credit risk is significantly increased, the expected credit loss is calculated by estimating the expected credit loss for the entire period of recovery of the financial instrument based on historical credit loss experience and forward-looking information.

The Company considers financial assets with a significant increase in credit risk. In the event that the borrower has requested a significant review of its terms of repayment due to serious financial difficulties, the Company considers all or a portion of the receivable to be in default if it is determined to be extremely difficult to collect. In the event that the borrower is deemed to be in default, or in the event of commencement of legal liquidation proceedings due to bankruptcy of the borrower, etc., our financial assets are deemed credit impaired. The carrying amounts of financial assets have been reduced directly for amounts that are apparently not recoverable in the future.

The carrying amounts of financial assets subject to credit provisions are as follows:

Previous fiscal year (Oct. 1, 2022, to Sep. 30, 2023)

	12-month expected credit What is measured at an amount equal to the loss	Measured at an amount equal to the expected credit loss for the entire period			Total
		Financial assets that are not credit impaired financial assets	Credit-impaired finance assets	Trade receivables	
Balance at Sep. 30, 2023	16,582	-	-	9,805	26,387

Current fiscal year (from Oct. 1, 2023 to Sep. 30, 2024)

	12-month expected credit What is measured at an amount equal to the loss	Measured at an amount equal to the expected credit loss for the entire period			Total
		Financial assets that are not credit impaired financial assets	Credit-impaired finance assets	Trade receivables	
Balance at Sep. 30, 2024	17,618	-	-	11,920	29,538

The Company accounts for bad debt provisions based on a review of the collectability of financial assets according to the credit standing of the counterparty. Changes in bad debt provisions are as follows:

Previous fiscal year (Oct. 1, 2022, to Sep. 30, 2023)

(Millions, JPY)

	12-month expected credit What is measured at an amount equal to the loss	Measured at an amount equal to the expected credit loss for the entire period			Total
		Credit impairment finance Financial assets Not assets	Credit-impaired finance assets	Trade receivables	
Balance at Oct. 1, 2022	31	-	-	-	31
Increase (provision)	2	-	-	-	2
Decrease (reversal)	△8	-	-	-	△8
Decrease (Others)	-	-	-	-	-
Balance at Sep. 30, 2023	25	-	-	-	25

Current fiscal year (from Oct. 1, 2023 to Sep. 30, 2024)
(Millions, JPY)

	12-month expected credit What is measured at an amount equal to the loss	Measured at an amount equal to the expected credit loss for the entire period			Total
		Credit impairment finance Financial assets Not assets	Credit-impaired finance assets	Trade receivables	
Balance at Oct. 1, 2023	25	-	-	-	25
Increase (provision)	-	-	-	-	-
Decrease (reversal)	△1	-	-	-	△1
Decrease (Others)	-	-	-	-	-
Balance at Sep. 30, 2024	23	-	-	-	23

All trade receivables relate to receivables arising from contracts with customers.

With respect to trade receivables, the Company calculates expected credit losses by considering the historical credit loss ratios calculated according to the credit risk characteristics of the counterparties, as well as forecasts of future economic conditions and other factors.

As the Group's trade receivables are mainly due from credit card companies and are collected in the month following the date of occurrence, the reserve ratio for trade receivables is not specified based on the number of days past due.

(c) Liquidity Risk

The Company has secured adequate cash and cash equivalents through a solid liquidity risk-management policy and secured the required funding through the establishment of borrowing limits. In order to respond to changes in the business environment, our group strives to be able to raise funds flexibly by securing sufficient unused borrowing limits.

(d) Interest rate risk

Our group's interest rate risk arises primarily from long-term debt. Due to our variable-rate debt, our group is exposed to the risk of changes in future cash flows. If all other conditions are the same, a 0.1% increase in interest rates would result in a decrease of JPY12 mn in income after income taxes and JPY6 mn in the current fiscal year.

(2) 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)

	End of previous fiscal year (As of Sep. 30, 2023)		Current consolidated fiscal year (As of Sep. 30, 2024)	
	Book value	Fair value	Book value	Fair value
Financial assets measured at amortized cost:				
Lease and guarantee deposits	14,257	13,729	14,766	14,211
Financial assets measured at fair value				
Unlisted stocks	417	417	1,232	1,232
Financial liabilities measured at amortized cost:				
Corporate bonds	29,982	29,764	29,555	29,329
Borrowings	58,977	57,976	54,968	53,983

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) Unlisted stocks

The fair value of unlisted shares is measured by our Group's responsible division using the most recent available figures in accordance with the Group Accounting Policy, etc. and falls under Level 3.

(c) Corporate bonds

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

(d) 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 into Level 2.

35.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

Previous fiscal year (As of Sep. 30, 2023)

(Millions, JPY)

	Level 1	Level 2	Level 3	Total
Assets:				
Lease and guarantee deposits	-	-	13,729	13,729
Other financial assets (non-current):				
Unlisted stocks	-	-	417	417
Total	-	-	14,146	14,146
Liabilities:				
Corporate bonds	-	29,764	-	29,764
Borrowings	-	57,976	-	57,976
Total	-	87,740	-	87,740

Current fiscal year (As of Sep. 30, 2024)

(Millions, JPY)

	Level 1	Level 2	Level 3	Total
Assets:				
Lease and guarantee deposits	-	-	14,211	14,211
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

(NOTE)

1. For assets and liabilities recorded in the consolidated 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.
2. There were no transfers between Level 1 and Level 2 fair value measurements or transfers from Level 3 or into Level 3 during the reporting period ending at the end of the previous fiscal year and the end of the current fiscal year.

A reconciliation of Level 3 financial instruments measured at fair value on a recurring basis is as follows:

(Millions, JPY)

	End of previous fiscal year (Oct. 1, 2022 To Sep. 30, 2023)	Current consolidated fiscal year (Oct. 1, 2023 To Sep. 30, 2024)
Balance at beginning of year	541	417
Purchase	-	1,035
Other comprehensive income	△123	△221
Closing balance	417	1,232

36.Contingent liabilities

Not applicable.

37.Commitment

Capital investment contracts

Equity expenditures that have been contracted but not yet incurred as of the end of the fiscal year are as follows:

(Millions, JPY)

	End of previous fiscal year (As of Sep. 30, 2023)	Current consolidated fiscal year (As of Sep. 30, 2024)
Property, plant and equipment	1,974	1,531

38.Related party transactions

For details on important affiliated companies, please refer to "Item 1: Overview of the Company and 4: Status of Affiliated Companies."

The balances of transactions and receivables and payables between us and related parties are as follows:

Total transactions during the previous fiscal year and balance at the end of the previous fiscal year

Not applicable.

Total transactions during the current fiscal year and balance at the end of the current fiscal year

Not applicable.

39.Subsequent events

(Issuance of Unsecured Straight Bonds)

At the meeting of the Board of Directors held on Nov. 28, 2024, we passed a comprehensive resolution regarding the issuance of domestic unsecured straight bonds as follows.

- (1) Maximum total amount of bonds for subscription JPY5 bn (multiple issues can be issued within this range)
- (2) Maturity date of bonds for subscription Within 10 years
- (3) Maximum interest rate on the Bonds for subscription 2.5 percent per annum
- (4) Amount to be paid for the debentures for subscription JPY100 or more per JPY100 of Bonds for subscription
- (5) Issue timing Dec. 1, 2024 through Mar. 31, 2025

(2) [Others]

Quarterly information for the current consolidated fiscal year

(Cumulative period)	1st quarter	2nd quarter	3rd quarter	Current consolidated fiscal year
Revenue (Millions, JPY)	85,533	175,989	264,667	361,129
Profit before income taxes (Income before income taxes) (Millions, JPY)	5,732	11,509	16,387	21,653
Quarterly attributable to owners of the parent (current term) profit (Millions, JPY)	3,257	7,278	10,371	14,633
Quarterly (current) income per share (basic) (Yen)	28.15	62.91	89.89	127.46

(Accounting Period)	1st quarter	2nd quarter	3rd quarter	4th quarter
Basic earnings per share (Yen)	28.15	34.75	26.96	37.68

(NOTE) Although the Company has not submitted a quarterly report relating to the 3Q, each figure relating to the third quarter contains quarterly information prepared in accordance with the rules stipulated by the Financial Instruments Exchange, and is not subject to review during the period.

2 [Financial Statements]

(1) [Financial Statements]

① [Balance Sheet]

(Millions, JPY)

	FY2023 (As of Sep. 30, 2023)	FY2024 (As of Sep. 30, 2024)
Assets section		
Current assets		
Cash and deposits	33,116	26,555
Accounts receivable	12	6
Food and supplies	1,088	3,164
Loans to a subsidiary	1,519	3,247
Prepaid expenses	410	478
Accounts receivable-other	※ 26,957	※ 27,537
Others	※ 1,533	※ 1,467
Total current assets	64,635	62,454
Fixed assets		
Property, plant and equipment		
Buildings	31	22
Machinery and equipment	10	7
Tools, furniture and fixtures	24	29
Others	1	1
Property, plant and equipment Sum	67	60
Intangible fixed assets		
Software	1,938	2,872
Trademark right	24,118	21,438
Others	501	171
Intangible fixed assets	26,557	24,481
Investments and other assets		
Investment securities	114	962
Stocks of subsidiaries and affiliates	35,362	37,318
Long-term loans receivable from subsidiaries and affiliates	19,414	17,939
Long-term prepaid expenses	167	-
Others	56	55
Bad debt provisions	△5,175	△5,475
Investments and Other assets Sum	49,938	50,799
Fixed assets Sum	76,562	75,340
Assets Sum	141,196	137,794

(Millions, JPY)

	FY2023 (As of Sep. 30, 2023)	FY2024 (As of Sep. 30, 2024)
Liabilities section		
Current liabilities		
Accounts payable	15,083	16,762
Current portion of bonds payable	20,000	5,000
Current portion of long-term loans payable	4,009	4,009
Lease obligations	2	2
Accounts payable-other	※ 2,627	※ 2,999
Accrued expenses	50	134
Income taxes payable	54	567
Advances received	-	40
Deposits received	※ 902	※ 7,019
Bonus provisions	343	787
Bonus to Directors and Audit & Supervisory Board Members provisions	38	105
Others	8	29
Current liabilities Sum	43,115	37,454
Fixed liabilities		
Corporate bonds	10,000	24,600
Long-term debt	54,968	50,959
Lease obligations	6	4
Assets retirement obligations	24	24
Deferred income taxes liabilities	7,402	6,423
Others	15	15
Fixed liabilities Sum	72,415	82,025
Liabilities Sum	115,530	119,478
Net assets		
Stockholders' equity		
Capital stock	100	100
Capital surplus		
Capital reserve	1,747	1,747
Others capital surplus	10,048	9,918
Capital surplus Sum	11,794	11,664
Retained earnings		
Others retained earnings		
General reserve	94	94
Retained earnings carried forward	14,078	13,874
Retained earnings Sum	14,172	13,968
Treasury stock	△1,840	△9,156
Stockholders' equity Sum	24,226	16,576
Stock acquisition right	1,440	1,739
Total net assets	25,666	18,316
Liabilities Net Assets	141,196	137,794

② [Income Statement]

(Millions, JPY)

	FY2023 (From Oct. 1, 2022 to Sep. 30, 2023)	FY2024 (From Oct. 1, 2023 to Sep. 30, 2024)
Operating revenue	※1 17,137	※1 19,061
Operating expenses		
Cost of sales	1	85
Selling, general and administrative expenses	※1,2 14,096	※1,2 16,414
Operating profit	3,041	2,563
Non-operating income		
Interest income	※1 209	※1 266
Dividends income	1	1
Foreign exchange gain	217	250
Others	139	42
Total non-operating income	565	559
Non-operating expenses		
Interest expenses	237	392
Provision for doubtful accounts and provisions	915	300
Others	6	130
Total non-operating expenses	1,158	821
Ordinary income	2,448	2,301
Extraordinary income		
Gain on reversal of stock acquisition rights	-	190
Total extraordinary income	-	190
Extraordinary losses		
Write-down of investment securities	158	187
Valuation loss on shares of affiliates	200	-
Total extraordinary loss	358	187
Income before income taxes	2,090	2,304
Income taxes	△214	884
Income taxes-deferred	△1,093	△980
Total income taxes	△1,307	△95
Net Income	3,398	2,399

③ [Statement of Changes in equity and Others]
Previous fiscal year (from Oct. 1, 2022 to Sep. 30, 2023)

(Millions, JPY)

	Stockholders' equity						
	Capital stock	Capital surplus			Retained earnings		
		Capital reserve	Others equity Retained earnings	Capital surplus Total	Other income Retained earnings		Retained earnings Total
					General reserve	Retained earnings brought forward Retained earnings	
Opening balance	100	1,747	10,070	11,817	94	13,274	13,368
Change during the year							
Net Income						3,398	3,398
Disposal of treasury stock			△27	△27			
Obtaining a treasury stock							
Dividend of surplus						△2,603	△2,603
Others			4	4		9	9
Items other than equity							
Net change in the year							
Total changes in current term	-	-	△23	△23	-	804	804
Closing balance	100	1,747	10,048	11,794	94	14,078	14,172

	Stockholders' equity		Stock acquisition right	Total net assets
	Treasury stock	Stockholders' equity Total		
Opening balance	△1,894	23,391	974	24,365
Change during the year				
Net Income		3,398		3,398
Disposal of treasury stock	55	28		28
Obtaining a treasury stock	△0	△0		△0
Dividend of surplus		△2,603		△2,603
Others		13		13
Items other than equity			466	466
Net change in the year				
Total changes in current term	55	836	466	1,302
Closing balance	△1,840	24,226	1,440	25,666

Current fiscal year (from Oct. 1, 2023 to Sep. 30, 2024)

(Millions, JPY)

	Stockholders' equity						
	Capital stock	Capital surplus			Retained earnings		
		Capital reserve	Others equity Retained earnings	Capital surplus Total	Other income Retained earnings		Retained earnings Total
					General reserve	Retained earnings brought forward Retained earnings	
Opening balance	100	1,747	10,048	11,794	94	14,078	14,172
Change during the year							
Net Income						2,399	2,399
Disposal of treasury stock			△130	△130			
Obtaining a treasury stock							
Dividend of surplus						△2,603	△2,603
Others							
Items other than equity							
Net change in the year							
Total changes in current term	-	-	△130	△130	-	△204	△204
Closing balance	100	1,747	9,918	11,664	94	13,874	13,968

	Stockholders' equity		Stock acquisition right	Total net assets
	Treasury stock	Stockholders' equity Total		
Opening balance	△1,840	24,226	1,440	25,666
Change during the year				
Net Income		2,399		2,399
Disposal of treasury stock	184	54		54
Obtaining a treasury stock	△7,500	△7,500		△7,500
Dividend of surplus		△2,603		△2,603
Others		-		-
Items other than equity			300	300
Net change in the year				
Total changes in current term	△7,317	△7,650	300	△7,351
Closing balance	△9,156	16,576	1,739	18,316

[Notes]

(Significant accounting policies)

1. Valuation Standards and Methods for Assets

(1) Marketable securities

Stocks of subsidiaries and affiliates

Stated at cost determined mainly by the moving-average method

Stocks, etc. without market price

Stated at cost determined mainly by the moving-average method

(2) Valuation standards and methods for inventories

① Stated at cost determined by the gross average method for foodstuffs. (The balance sheet value is written down to reflect the decline in profitability.)

② Inventories are stated at cost determined by the last purchase price method. (The balance sheet value is written down to book value based on the decrease in profitability.)

2. Depreciation of Fixed Assets

(1) Property, plant and equipment

Depreciation is computed by the declining-balance method.

However, the straight-line method is used for buildings (excluding facilities attached to buildings) and facilities attached to buildings acquired on or after Apr. 1, 2016.

Principal ranges of useful lives are as follows

Buildings 5-2015 years

Machinery and equipment 8 years

Tools, furniture and fixtures 2-2020 years

(2) Intangible fixed assets

Depreciation is computed by the straight-line method.

The useful lives of property, plant and equipment are summarized as follows:

Trademark 2011 years

Software (internal use) 5 years (internal use period)

3. Accounting Standards for Provisions

(1) Bad debt provisions

Allowance for doubtful accounts is provided at an amount equal to the estimated amount of uncollectible receivables based on the historical rate of bad debts for general receivables and on a case-by-case basis for specific receivables such as doubtful receivables.

(2) Bonus provisions

To prepare for the payment of bonuses to employees, the estimated amount of bonuses to be paid is recorded.

(3) Bonus to Directors and Audit & Supervisory Board Members provisions

To prepare for the payment of bonuses to directors and corporate auditors, the estimated amount of bonuses to be paid is recorded.

4. Revenue Recognition

We recognize revenue based on the following 5-step approach:

Step 1: Identify Contracts with Customers

Step 2: Identify Performance Obligations in Contracts

Step 3: Calculate the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue at the satisfaction of performance obligations (or as satisfied)

Our revenues are primarily derived from dividends from subsidiaries, royalty income, and revenues as a result of services rendered.

Dividends are recognized as revenue as of the effective date of dividends.

Royalty income is measured on the basis of calculations based on the sales of the counterparty, etc., and revenue is recognized based on the determination of the satisfaction of performance obligations considering the time of occurrence.

Revenue as a result of the provision of services is provided to the subsidiaries and revenue is recognized when the services are rendered.

5. Other Important Matters that Form the Basis for Preparing Financial Statements

(1) Standards for translating foreign currency-denominated assets or liabilities into Japanese yen

Monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the spot exchange rate at the end of the fiscal year, and foreign exchange gains and losses are charged or credited to income.

(2) Amounts are rounded to the nearest JPY1 mn.

(Critical Accounting Estimates)

Items for which the amount was recorded in the financial statements for the fiscal year under review based on accounting estimates, which may have a material impact on the financial statements for the following fiscal year, are as follows.

(Evaluation of Investments and Loans in Affiliated Companies)

(1) Amount recorded in the financial statements for the current fiscal year

	FY2023	FY2024
Stocks of subsidiaries and affiliates	JPY 35,362 mn	JPY 37,318 mn
Loans to a subsidiary	JPY 1,519 mn	JPY 3,247 mn
Long-term loans receivable from subsidiaries and affiliates	JPY 19,414 mn	JPY 17,939 mn

Valuation loss on shares of affiliates	JPY 200 mn	-
Provision for doubtful accounts and provisions	JPY 915 mn	JPY 300 mn

(2) Other information that contributes to the understanding of users of financial statements regarding the content of accounting estimates

In evaluating investments in subsidiaries and affiliates, if the actual value of the investments declines significantly due to a deterioration in the financial position of the subject company, the Company will record an impairment charge unless the recoverability of the investments is supported by sufficient evidence.

In evaluating loans to affiliated companies, the estimated uncollectible amount is recorded as bad debt provisions after considering the collectability on an individual basis for doubtful receivables, claims in bankruptcy, etc. after classifying them into 3 categories based on the borrower's financial position, operating results, etc., such as ordinary receivables, doubtful receivables, and claims in bankruptcy reorganization.

Financial conditions, such as the amount of net assets of each affiliated company, are used when evaluating the necessity of recognizing valuation losses on shares of affiliated companies and the collectability of loans receivable from affiliated companies. The amount of net assets of the respective affiliated companies is affected by the valuation of store fixed assets, and the details of the estimates are described in "(1) Notes to Consolidated Financial Statements, (4) Significant Accounting Estimates and Judgments" under "Item 5. Financial Position, 1. Consolidated Financial Statements, etc."

(Notes to the Balance Sheet)

※ Monetary claims and liabilities to affiliated companies

	FY2023 (As of Sep. 30, 2023)		FY2024 (As of Sep. 30, 2024)	
Short-term monetary claims	26,607	Millions, JPY	27,762	Millions, JPY
Short-term loans payable	2,321		7,239	

(Notes to Statements of Income)

※1 Transactions with Affiliates

	FY2023 (From Oct. 1, 2022 to Sep. 30, 2023)		FY2024 (From Oct. 1, 2023 to Sep. 30, 2024)	
Turnover with business transaction				
Operating revenue	16,819	Millions, JPY	18,334	Millions, JPY
Selling, general and administrative expenses	-		4	
Non-operating transactions	202		265	

※2 Main selling, general and administrative expense items

	FY2023 (From Oct. 1, 2022 to Sep. 30, 2023)		FY2024 (From Oct. 1, 2023 to Sep. 30, 2024)	
Salaries and allowances	1,399	Millions, JPY	1,494	Millions, JPY
Bonuses to directors and corporate auditors: provisions	38		105	
Bonus provisions provision	411		954	
Depreciation and amortization	467		714	
Supplies expenses	526		445	
Cost related to the system	816		1,180	
Advertising expenses	2,854		3,574	
Amortization of trademarks	2,680		2,680	
Membership fees	131		130	
Remuneration paid	1,586		1,258	
Charges for stock compensation	483		529	
Consignment Fee	-		4	

All expenses are general and administrative expenses.

(Notes to Securities)

The fair value of shares of subsidiaries and affiliates (amount recorded on the balance sheet is JPY37,263 mn for shares of subsidiaries and JPY55 mn for shares of affiliates, amount recorded on the balance sheet for the previous fiscal year is JPY35,307 mn for shares of subsidiaries and JPY55 mn for shares of affiliates) is not shown because of the absence of market prices.

(Deferred tax accounting)

1. Breakdown of deferred tax liabilities and Deferred Tax liabilities by Major Causes

	FY2023 (As of Sep. 30, 2023)		FY2024 (As of Sep. 30, 2024)	
Deferred tax liabilities				
Stocks of subsidiaries and affiliates	6,893	Millions, JPY	6,730	Millions, JPY
Bad debt provisions	1,764		1,866	

Bonus provisions	90	210
Others	801	961
Deferred tax liabilities Subtotal	9,687	9,768
Valuation of total deductible temporary differences	△8,866	△8,883
Provision amount	△8,866	△8,883
Subtotal of valuation allowance	△8,866	△8,883
Deferred tax liabilities Sum	821	885
Deferred income taxes liabilities		
Trademark right	△8,222	△7,308
Others	△1	-
Deferred income taxes liabilities	△8,223	△7,308
Net deferred income taxes liabilities	△7,402	△6,423

2. Principal Components of Significant Differences Arising between the Statutory Tax Rate and the Effective Tax rate

	FY2023 (As of Sep. 30, 2023)	FY2024 (As of Sep. 30, 2024)
Statutory tax rate	34.1 %	34.1 %
(Adjustment)		
Non-taxable dividend income	△69.6 %	△52.5 %
Expenses not deductible for income tax purposes	16.0 %	14.1 %
Increase in valuation allowance	△48.0 %	0.8 %
Foreign corporation tax, etc.	2.7 %	3.0 %
Tax credit	- %	△5.3 %
Others	2.3 %	1.7 %
Effective tax rate after application of tax effect accounting	△62.6 %	△4.1 %

3. Accounting for Corporate and Local Income Taxes, or Tax Effect Accounting Related Thereto

We account for and disclose income taxes and local income taxes in accordance with "Accounting and Disclosure for the Application of the Group Comprehensive Income Tax System" (ASBJ PITF No. 42, Aug. 12, 2021).

(Business Combinations)
Not applicable.

(Revenue Recognition)
The information that forms the basis for understanding revenue arising from contracts with customers is described in "Note (Significant Accounting Policies) 4. Basis for recording revenues and expenses."

(Significant subsequent events)
At a meeting of the Board of Directors held on Nov. 28, 2024, we adopted a comprehensive resolution concerning the issuance of domestic unsecured straight bonds. The details are described in "1. Consolidated Financial Statements, (1) Notes to Consolidated Financial Statements, 39. Subsequent Events."

④ [Supplementary Schedules]
[Property, plant and equipment Schedule]

(Millions, JPY)

Classification	Type of assets	Opening balance	Increased during current term	Decreased during current term	Amortization for the year	Closing balance	Depreciation Accumulated amount
Tangible Fixed assets	Buildings	31	0	-	9	22	46
	Machinery and equipment	10	-	-	3	7	4
	Tools, furniture and fixtures	24	28	0	23	29	89
	Others	1	193	193	-	1	-
	Total property, plant and equipment	67	220	193	35	60	140
Intangible Fixed assets	Software	1,938	1,613	-	680	2,872	1,560
	Trademark right	24,118	-	-	2,680	21,438	7,369
	Others	501	1,612	1,942	-	171	-
	Total intangible fixed assets	26,557	3,225	1,942	3,359	24,481	8,930

[Provisions Schedule]

(Millions, JPY)

Account title	Opening balance	Increased during current term	Decreased during current term	Closing balance
Bad debt provisions	5,175	300	-	5,475
Bonus provisions	343	787	343	787
Bonus to Directors and Audit & Supervisory Board Members provisions	38	105	38	105

(2) [Details of main assets and liabilities]

This information is omitted because consolidated financial statements have been prepared.

(3) [Others]

Not applicable.

Part 6 [Outline of Stock Administration of the Submitting Company]

Business year	From Oct. 1 of each year to Sep. 30 of the following year	
Annual Shareholders' Meeting	Within 3 months from the day following the last day of each business year	
Record Date	Last day of each fiscal year	
Record date for distribution of retained earnings	Sep. 30 of each year Mar. 31 of each year	
Number of Shares per Trading Unit	100 shares	
Purchase and sale of odd-lot shares	5-33, Kitahama 4-chome, Chuo-ku, Osaka Sumitomo Mitsui Trust Bank, Limited, Osaka Head Office Securities Agency Department 4-1 Marunouchi 1-chome, Chiyoda-ku, Tokyo Sumitomo Mitsui Trust Bank, Ltd. — Free	
Handling place		
Administrator of Shareholder Registry		
Brokerage house		
Purchase and sale commissions		
Posting of Public Notices	Electronic public notices (https://www.food-and-life.co.jp/) Provided, however, that in the event that it is impossible to make an electronic public notice due to an accident or other unavoidable reason, the public notice shall be published in the Nihon Keizai Shimbun.	
Benefits to shareholders	Shareholder benefits program	Domestic Sushiro All store, Masuzushi Izakaya Sushi Sakan Sugidama All store and a gift coupon that can be used for all brands (excluding some store) operated by KYOTARU CO., LTD. are presented.
	Amount	Amount corresponding to the following number of shares held • 100 to 199 shares JPY 3,300 per year (JPY 1,650 per half-year x 2 times) However, if the holding period is 3 years or more, JPY 5,500 per year (JPY 2,750 per half-year x 2 times) • 200 to 399 shares JPY 4,400 per year (JPY 2,200 per half-year x 2 times) However, if the holding period is 3 years or more, JPY 6,600 per year (JPY 3,300 per half-year x 2 times) • 400 to 799 shares JPY 6,600 per year (JPY 3,300 per half-year x 2 times) However, if the holding period is 3 years or more, JPY 8,800 per year (JPY 4,400 per half-year x 2 times) • 800 to 1,999 shares JPY 13,200 per year (JPY 6,600 per half-year x 2 times) However, if the holding period is 3 years or more, JPY 15,400 per year (JPY 7,700 per half-year x 2 times) • 2,000 shares or more JPY 33,000 per year (JPY 16,500 per half-year x 2 times) However, if the holding period is 3 years or more, JPY 35,200 per year (JPY 17,600 k per half-year x 2 times)
	Number of times	Twice a year (vested on Sep. 30/Mar. 31)
	Expiration date	6 months
	Conditions of use	• A special meal coupon of JPY550 can be used for every JPY 1,100 (tax included) of accounting amount. • Can be used together with other discount coupons

(NOTE) Pursuant to the provisions of the Articles of Incorporation, shareholders holding Shares Less than 1 Unit may not exercise rights other than the following with respect to Shares Less than 1 Unit held by such shareholders:

- (1) Rights set forth in Article 189, Paragraph 2 of the Corporation Act
- (2) Right to file a claim in accordance with the provision of Article 166, Paragraph 1 of the Corporation Act
- (3) The right to receive the allotment of Shares for Subscription and the allotment of Share Options for Subscription in proportion to the number of shares held by the shareholders
- (4) Right to request that the number of shares constituting 1 unit be sold together with the number of shares less than 1 unit held by the shareholders

Part 7 [Reference information of the submitting company]

1 [Information on the parent company of the submitting company]

We do not have a parent company, etc. as stipulated in Article 24-7-1 of the Financial Instruments and Exchange Act.

2 [Other Reference Information]

The following documents were submitted between the commencement date of the current fiscal year and the filing date of the annual securities report.

(1) Annual Securities Report, its Attached Documents, and Confirmation

- (9th fiscal period) (from Oct. 1, 2022 to Sep. 30, 2023) filed with the Director-General of the Kinki Local Finance Bureau on Dec. 22, 2023

(2) Internal Control Report and its Attached Documents

- Submitted to the Director-General of the Kinki Local Finance Bureau on Dec. 22, 2023

(3) Quarterly Report and Confirmation

- (10th Quarter) (From Oct. 1, 2023 to Dec. 31, 2023) Submitted to the Director-General of the Kinki Local Finance Bureau on Feb. 13, 2024
- (2Q of the 10th Fiscal Period) (From Jan. 1, 2024 to Mar. 31, 2024) Submitted to the Director-General of the Kinki Local Finance Bureau on May. 14, 2024

(4) The Form

- Submitted to the Director-General of the Kinki Local Finance Bureau on Dec. 22, 2023
This is an extraordinary report based on Article 19, Paragraph 2, Item 2-2 (Issuance of Stock Acquisition Rights) of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc.
- Submitted to the Director-General of the Kinki Local Finance Bureau on Dec. 22, 2023
This is an extraordinary report based on Article 19, Paragraph 2, Item 2-2 (Issuance of Stock Acquisition Rights) of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc.
- Submitted to the Director-General of the Kinki Local Finance Bureau on Dec. 22, 2023
This is an extraordinary report based on Article 19, Paragraph 2, Item 9-2 of the Cabinet Office Ordinance on Disclosure of Corporate Contents, etc. (Results of Exercise of Voting Rights at a General Meeting of Shareholders).
- Submitted to the Director-General of the Kinki Local Finance Bureau on Dec. 27, 2024
This is an extraordinary report based on Article 19, Paragraph 2, Item 2-2 (Issuance of Stock Acquisition Rights) of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc.
- Submitted to the Director-General of the Kinki Local Finance Bureau on Dec. 27, 2024
This is an extraordinary report based on Article 19, Paragraph 2, Item 2-2 (Issuance of Stock Acquisition Rights) of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc.

(5) Amendment Report of Extraordinary Report

- Submitted to the Director-General of the Kinki Local Finance Bureau on Jan. 12, 2024
This is an amendment report based on Article 19, Paragraph 2, Item 2-2 (Issuance of Stock Acquisition Rights) of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc.
- Submitted to the Director-General of the Kinki Local Finance Bureau on Jan. 12, 2024
This is an amendment report based on Article 19, Paragraph 2, Item 2-2 (Issuance of Stock Acquisition Rights) of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc.

(6) Shelf Registration Statement (Share Certificates, Bond Certificates, etc.) and Other Attached Documents

- Submitted to the Director-General of the Kinki Local Finance Bureau on Jul. 22, 2024

(7) Reports on status of treasury stock purchases

- Submitted to the Director-General of the Kinki Local Finance Bureau on Jun. 14, 2024
This is a report on the status of the purchase of treasury stock in accordance with Article 24-6-1 of the Financial Instruments and Exchange Act.
- Submitted to the Director-General of the Kinki Local Finance Bureau on Jul. 12, 2024
This is a report on the status of the purchase of treasury stock in accordance with Article 24-6-1 of the Financial Instruments and Exchange Act.