



FOOD & LIFE
COMPANIES



FY24 Financial Results Summary FY26 Medium-term Management Plan

FOOD & LIFE COMPANIES LTD. [3563.T]

November 8, 2024

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FY26 Medium-term Management Plan



Key Initiatives and Results (as of FY24/end)

FY24-26 Strategic Framework

• Continuing to expand int'l business with its revenue reaching 40% of the group total

- ✓ Expanding our stores to more areas/cities in Mainland China
- ✓ Entry to U.S. and Indonesian markets
- ✓ Introducing all F&LC brands in int'l markets

• Domestic business : Remodeling and optimizing store portfolio

- ✓ Sushiro : Implementing auto-waiter system for evolving customer dining experience and for labor-saving
- ✓ Kyotaru : Closure of unprofitable stores / Enhancing brand power with strengthened products and organization
- ✓ Sugidama : Further improvement of store profitability via remodeling / Expansion with FC

• Establishing a foundation for sustainable growth

- ✓ Building a foundation for sustainable use of marine resources through aquaculture and food tech
- ✓ Reducing food loss by leveraging supply chain management and AI
- ✓ Taking measures for SDGs (for protection of environment)
- ✓ Investing in human capital (expansion of training program, etc)

Results (as of FY24/end)

- ✓ Revenue of int'l business reached over 25% of the group total
- ✓ The 1st Sushiro store opened in Tianjin (Jul.) and Beijing (Aug.) in Mainland China
- ✓ The store No.3 in Tianjin city and the store No.1 in Beijing city are both, equipped with popular 'Digi-ro' system.
- ✓ In U.S. in April, we launched a tavern named 'Sakabayashi,' the store model of which is based on 'Sugidama' - a pub brand of our group
- ✓ The 1st store opened in Indonesia in November

Domestic business, as a whole, came close to achieving FY25 target one year early.

- ✓ [Sushiro] Test operation of 'Digi-ro' completed. 'Digi-ro' is implemented in 19 stores.
- ✓ [Kyotaru] Continued on closure of unprofitable stores and carefully selecting new store locations [Misaki] Good performance of Misaki brand stores continued throughout FY24.
- ✓ [Sugidama] Continued to focus on improving products and the level of customer service, which then improved store operation quality. Brand awareness has been raised by strengthened PR/Marketing. Good pace of new store opening – the total number reached 87 as of FY24/end.

- ✓ In addition to ongoing tie-ups /JV, we formed a capital business alliance with Uminomics (a farmer of sea urchin) in July
- ✓ Started a trial operation, for our int'l business, of procurement planning & demand forecast system which is already applied to our Japan business.
- ✓ 'Green Energy' installed in 2 stores (159 in total, out of 646 stores) ^{*1}
- ✓ 'Solar Panels' installed in 13 stores (103 in total, out of 646 stores) ^{*1}
- ✓ Expanded training programs for employees (programs for different employee ranks)

Prioritizing resource investment in global Sushiro business

Evolving Sushiro model and continuing to expand multi-brand store business in Japan Market

Key Initiative ① Continuing to expand int'l business with its revenue reaching 35% of the group total, diversifying risks and re-balancing store expansion strategies

- ✓ In Mainland China, continuing store expansion in the areas with high-revenue potential
- ✓ Continuing expansion into new markets in Asia, following a successful entry to Indonesia
- ✓ Expanding Sushiro into North America and other markets

Key Initiative ② Domestic business : Remodeling and optimization of store portfolio

- ✓ [Sushiro] Implementing 'Auto Waiter' for evolving customer dining experience and labor-saving systems, Introducing 'Digi-ro' to wider market, Implementing measures to further strengthen the brand
- ✓ [Kyotaru Company] Kyotaru company as a whole, continued to further improve business profitability <Misaki Brand> Exploring high-value-added models <Kyotaru Brand> Strengthening product offers by leveraging Kyotaru Central Kitchen, and strengthening the wholesale business

Key Initiative ③ Promoting initiatives for sustainable management

Promoting initiatives for the seven materialities* from the perspective of our F&LC's medium- to long-term growth and the resolution of global social issues

* Seven materialities :

'Sustainable procurement through fair trade,' 'Reducing food loss and making effective use of marine biological resources,' 'Enhancing human capital management,' 'Maintaining and further improving food safety and security,' 'Improving the customer experience through DX enhancement,' 'Achieving carbon neutrality,' 'Strengthening corporate governance and compliance'



Organizational Action Guidelines

One Company

Japan ⇄ Overseas • Store ⇄ HQ • Across HQ Departments

Pursuing better customer experience

Boundaryless organizational functions

Promoting fearless/open communication

Decisions with professionalism and integrity

Communicating with respect

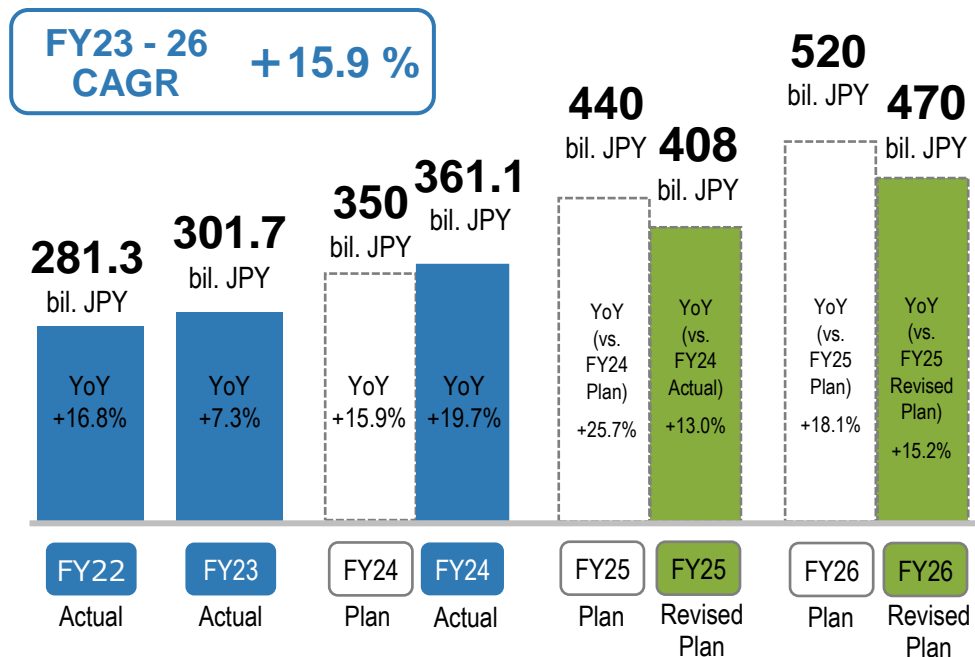
Mid-term Plan FY25-26 KPI Revision and FY22-24 Results

- In light of the external environment in Japanese and international markets, and our recent business results, we revise KPIs for FY25 and FY26 of the Medium-term Plan announced in November 2023.

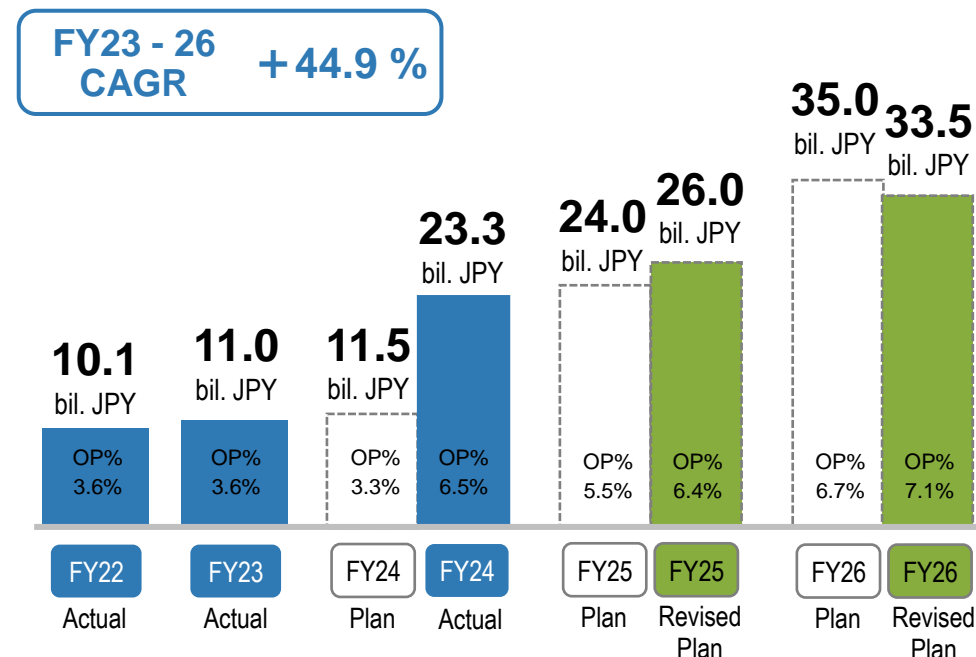
**FY24-26 KPIs
announced in Nov. 2023**

Revenue (consolidated)	520 bil. JPY	Revenue CAGR FY24-26	19.9%
Operating Profit (consolidated)	35 bil. JPY	OP Margin (consolidated)	6.7%

Revenue (consolidated)



Operating Profit (consolidated)



* Revised FY24 KPIs were announced on May 10, 2024. (Consolidated Revenue JPY 36 billion, Consolidated Operating Profit JPY 22 billion)

Mid-term Plan FY25-26 KPI Revision

- In light of the external environment in Japanese and international markets, and our recent business results, we revise KPIs for FY25 and FY26 of the Medium-term Plan announced in November 2023.

(Billions, JPY)	Mid-term Plan as of Nov '23			Revised KPIs		
	FY24	FY25	FY26	FY25	FY26	CAGR FY24-26
Revenue	361.1	440.0	520.0	408.0	470.0	14.1%
EBITDA	37.5 (10.4%)	42.0 (9.6%)	57.0 (11.0%)	41.8 (10.2%)	54.0 (11.5%)	20.0%
Operating Profit	23.3 (6.5%)	24.0 (5.5%)	35.0 (6.7%)	26.0 (6.4%)	33.5 (7.1%)	19.7%
Profit for the Year	14.6 (4.1%)	14.0 (3.2%)	21.5 (4.1%)	15.0 (3.7%)	20.0 (4.3%)	16.9%
ROE	20.1%	17.6%	22.7%	18.6%	21.1%	—
EPS	127.46 yen	121.02 yen	56.19 yen	132.60 yen	172.86 yen	—



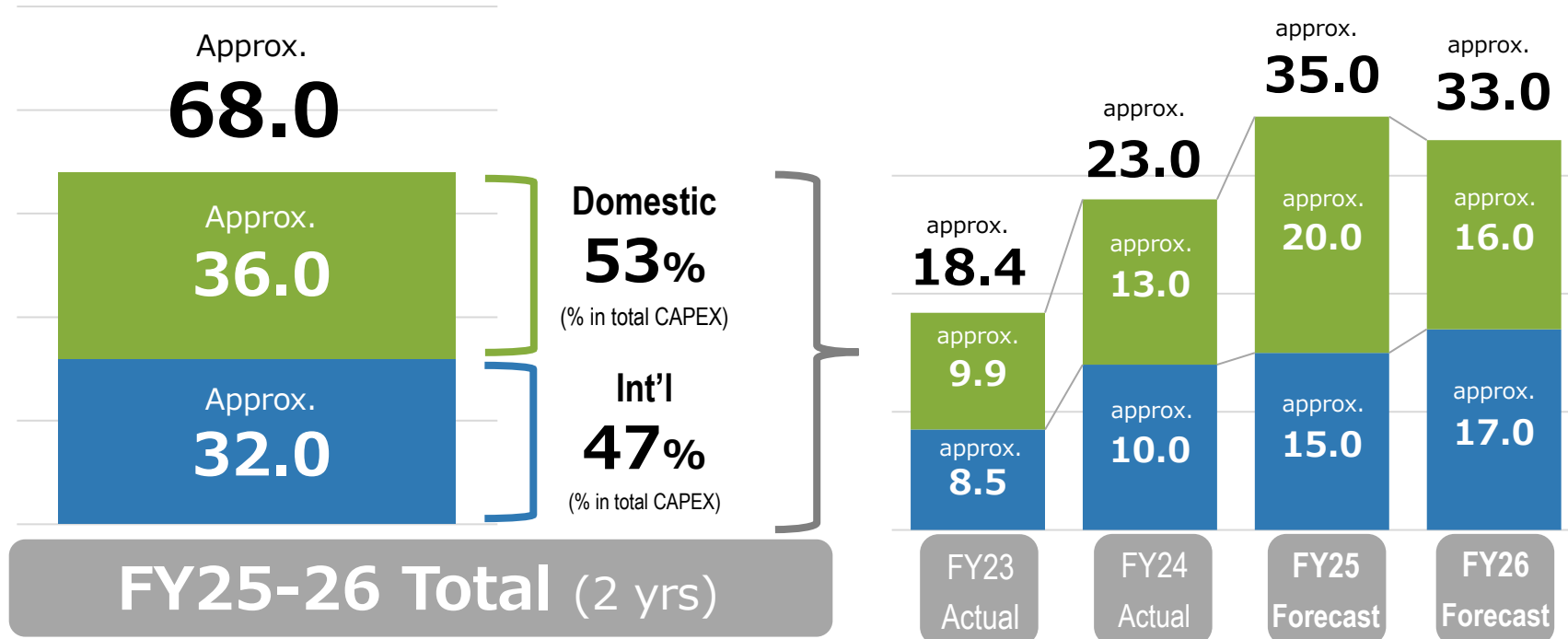
CAPEX

- The source of CAPEX funds will be operating cash flow and funds to be raised through flexible financing methods. We plan to invest approximately 68 bil. JPY from cash after dividends over the two-year period (FY25 and FY26) to expand overseas business and strengthen domestic business.

CAPEX

(Billions, JPY)

CAPEX for domestic business CAPEX for int'l business



■ CAPEX for Domestic Business

Investment for new store openings, plus reinforced investment in store remodeling (installation of Digi-ro and Auto-Waiter systems in existing stores in Japan.

■ CAPEX for Int'l Business

We will continue to invest in carefully selected new stores in Mainland China and new stores in other countries/regions we're operating in. Moreover, we'll continue to focus on expanding into new countries/regions and actively invest in future growth.

FY26 Medium-term Management Plan

Domestic Business

(Sushiro)



FY24 Results and Mid-term Plan FY25-26 KPI Revision

Key
Initiatives

Sushiro

- Updating customers' dining experience :

Further improving product quality / Investing in existing stores (CAPEX) / R&D

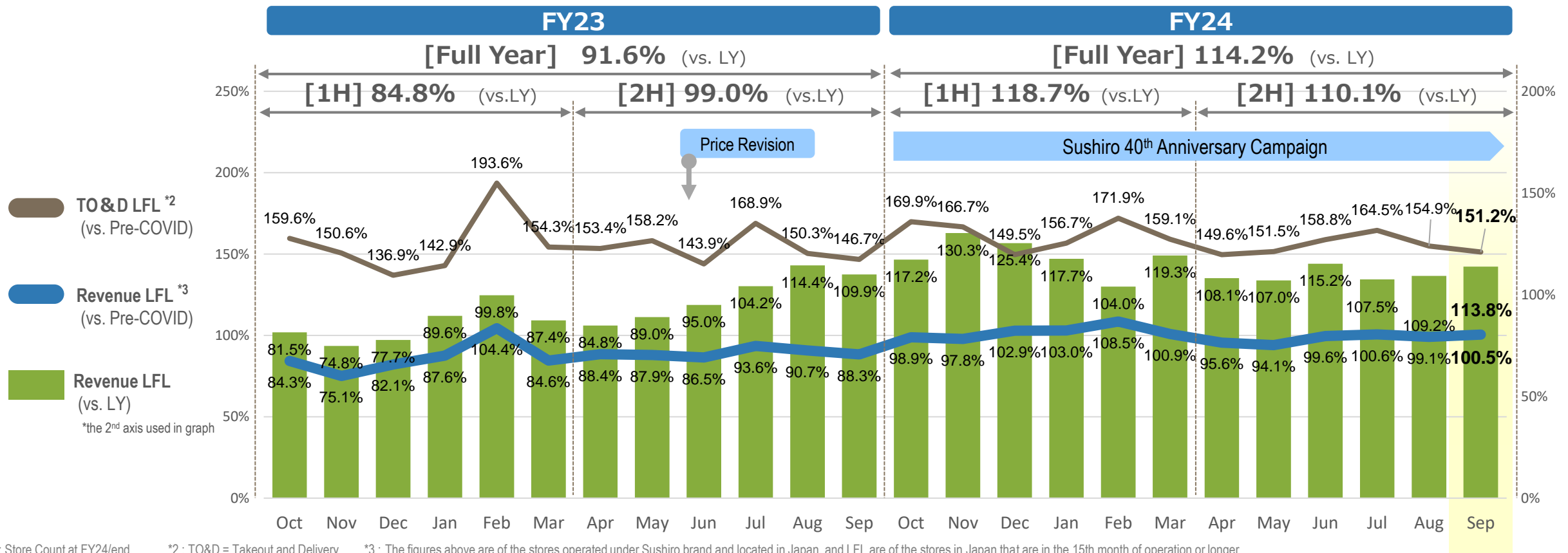
Business
KPIs

(Billions, JPY)	Actual	Targets announced in '23/11			Revised Targets	
	FY24	FY24	FY25	FY26	FY25	FY26
Revenue	238.2	219.6	246.0	257.0	254.2	273.0
EBITDA	27.8	21.0	26.7	27.8	29.0	31.5
Operating Profit	21.4	13.0	18.7	19.0	21.9	23.2
Store Count	646	645~646	651~653	657~660	655~657	666~669

Sushiro Revenue Trend, LFL

Sushiro Brand [Store Count^{*1} 646]

The recovery trend that began in June last year continued strongly throughout FY24 with a year-long PR promotions on the theme of Sushiro 40th Anniversary, and Revenue LFL^{*3} for the Full Year grew significantly to 114.2%. Revenue LFL (vs. Pre-COVID) also remained stable at 95% to 100%+ throughout FY24, signaling this level of recovery is sustainable going forward.



*1 : Store Count at FY24/end, *2 : TO&D = Takeout and Delivery *3 : The figures above are of the stores operated under Sushiro brand and located in Japan, and LFL are of the stores in Japan that are in the 15th month of operation or longer

Attractive Products & Campaigns, Driving up Customer Traffic

- In FY24, Sushiro's 40th anniversary year, we launched campaigns to further evolve the tastiness and fun of dining at Sushiro in pursuit of even better dining experience of our customers. We continued to implement promotions/campaigns to 'give back,' and received lots of positive feedback from our customers.



6/3-16
“Y2024 Once-a year, Customer
Appreciation Campaign ! – Part 2
One-More-Piece Festival ”



7/24-9/1
“Sushiro × Street Fighter :
Let's Go Meet the Super-Value Sushi !”



9/4-16
“ Wild Fish × Red-Vinegared Rice :
Sushi made with special-select wild fish
and artisan red-vinegared rich which
brings out the best flavor of the fish!”

Mastering the Art of Sushi !

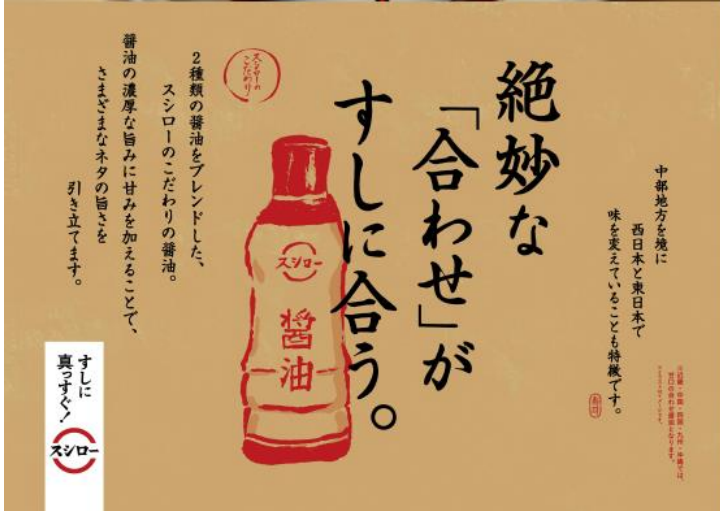
SUSHIRO

This is a statement with a character which we declare with pride, enthusiasm and determination of sushi service provider.

- Being 100% committed to giving full attention to sushi, and each and every ingredient



- Being 100% committed to giving full attention to sushi, and each and every ingredient



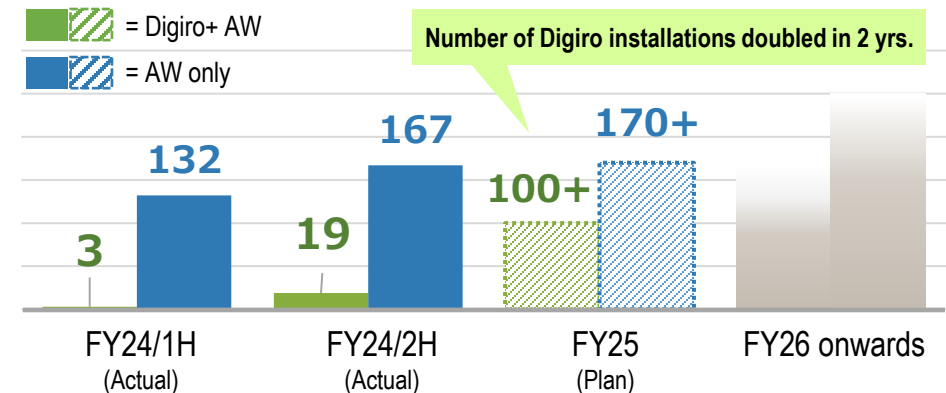
Digiro^{*1} Effects and Planned Installation

- According to our findings, Customer Count and Average Customer Ticket both improve after installation of Digiro.
- If Customer Count of a store is already at its maximum capacity, Customer Count doesn't increase with Digiro installation, but Average Customer Ticket does improve. (Digiro effects vary depending on how much room for improvement that a store has.)
- Customer Count improves for all type of customers, but it does so especially for family and younger segments.
- By the end of FY25, the number of stores with Digiro is scheduled to be over 100 stores.
- Additionally, we plan to introduce AW^{*2}, which improves kitchen work efficiency and store service quality, to over 170 stores by the end of FY25.

'Digital Sushiro Vision' (aka 'Digiro'),
combining digital vision and revolving lane



Digiro/AW^{*2} Scheduled Installation



*1 : 'Digital Sushiro Vision' (aka 'Digiro'), combining digital vision and revolving lane

*2 : Auto Waiter

FY26 Medium-term Management Plan

Domestic Business

(Kyotaru, Misaki, Sugidama)



FY24 Results and Mid-term Plan FY25-26 KPI Revision

Key
Initiatives

Kyotaru / Misaki

- Thorough improvement of profitability :

Closing unprofitable stores / Strengthening brands through enhancement of product power and reinforcement of organization

Sugidama

- Differentiating the service :

Further improving profitability / Strengthening store expansion through both direct operation and franchising

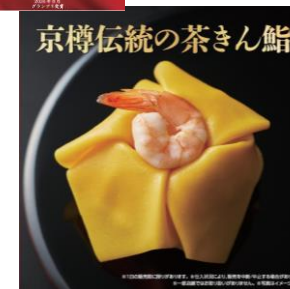
Business
KPIs

		Actual	Targets announced in '23/11			Revised Targets	
		FY24	FY24	FY25	FY26	FY25	FY26
Revenue	Kyotaru / Misaki	23.9	24.4	26.0	28.0	23.5	25.0
	Sugidama	6.9	6.0	8.0	10.0	8.8	10.0
EBITDA	Kyotaru / Misaki	0.9	0.7	1.2	1.7	1.0	1.5
	Sugidama	0.7	0.3	0.6	1.0	0.6	0.8
Operating Profit	Kyotaru / Misaki	0.4	0.5	1.0	1.4	0.7	1.2
	Sugidama	0.5	+0	0.3	0.6	0.4	0.5
Store Count	Kyotaru	117	140~142	138~140	136~138	114~116	105~107
	Misaki	95	101~102	102~104	108~111	90~92	92~95
	Sugidama	87	95~98	116~122	145~154	100~106	111~120

Kyotaru Brand [Store Count^{*1*2} 118]

In 2H/FY24, while continuing to work on strengthening campaigns & products, limited-time offers, and PR on the occasions where Kyotaru products are best suitable for, Kyotaru's signature product "Kyotaru Traditional Chakin-zushi" won the Grand Prix, the highest award, at the "Japan Food Selection" hosted by the Japan Food Analyst Association in August. Also, Kyotaru sells frozen sushi - that can be purchased (online, vending machine, etc.) throughout the day, can be stored for longer than regular product, and become fluffy and warm just like freshly made sushi after a few minutes in microwave. In FY25, these frozen sushi became available online via a major supermarket website. We will continue to work on further expansion of its sales channels.

"Kyotaru Traditional Chakin-zushi" won the Grand Prix, the highest award, at the "Japan Food Selection" hosted by the Japan Food Analyst Association



Frozen sushi can be stored for longer than regular product, and become fluffy and warm just like freshly made sushi only after a few minutes in microwave



Misaki Brand [Store Count^{*1} 95]

The Misaki brand continued to perform well, with FY24 full-year Revenue LFL being over 110%. Strengthening of PR via SNS also proved effective, and the "Super Misaki Day" campaigns in June and September were also successful in attracting new customers. Misaki store opened in Ningyocho, Tokyo last September 2023 as the flagship store of the Misaki brand, is a model store where the high-level service that Misaki aims for is put into practice on a daily basis, and it also serves as a place for training where employees and staff from other Misaki stores can learn and apply the learnings to their own Misaki stores. We'll continue to reflect customer feedback as the basis for improving Misaki's services, and use the PDCA cycle to further evolve our brand.

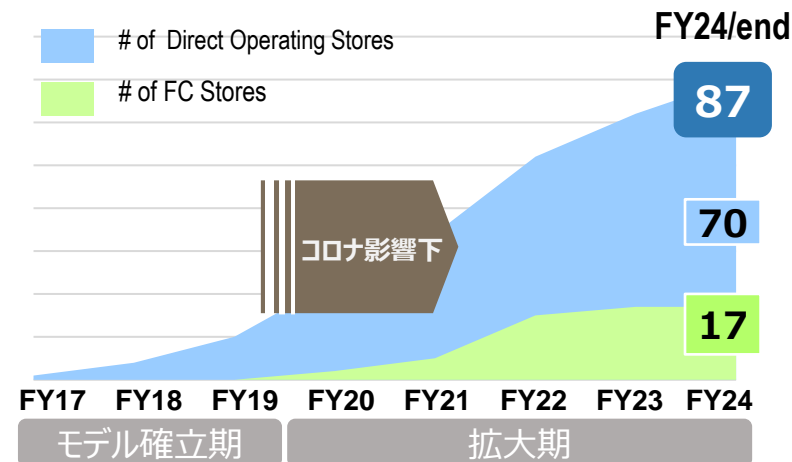
Flagship Misaki in Ningyocho, Tokyo



Sugidama Brand [Store Count*¹ 87]

- ✓ Seven years have passed since the opening of the first store in 2017, and the Sugidama brand, which has continued to strongly open both directly managed stores and franchise stores even under the influence of COVID, has made great strides in the previous fiscal year (FY24), expanding to 87 stores, just short of reaching 100 stores.
- ✓ In FY24, due in part to increased exposure on TV and SNS, we've received many love calls from property owners all over Japan. In order to make Sugidama available on more locations, we will continue to expand at a pace that cannot be achieved through organic growth of directly managed stores alone, making full use of franchise stores.
- ✓ Sugidama has established a process of using the procurement synergies of the group to create unique and attractive products for sushi 'izakaya' by adding their own twist to the same ingredients as Sushiro. In addition to the powerful grand menu, Sugidama will continue to work on driving up customer traffic by making dining at Sugidama interesting and enjoyable through ever-more attractive campaigns that boost the customer experience value.

Store Count Grew Large in Post-COVID



Attractive Campaigns to Boost Customer Traffic



FY26 Medium-term Management Plan

Int'l Business



Revenue and EBITDA by Region

	FY24/9			vs. FY22/9		
	(Millions, JPY)	(in Total Int'l Revenue)	(in Revenue of Each Area)		(excl. impact of exchange rate)	
	Actual ^{*1}	% in Revenue	EBITDA%	Change (value)	YoY %	Growth %
Int'l Revenue	92,138	—	—	+ 26,005	+ 39.3%	+ 29.4%
Asia ^{*2}	92,014	99.87%	—	+ 25,882	+ 39.1%	+ 29.4%
North America ^{*2}	124	0.13%	—	+ 124	—	—
New Markets	—	—	—	—	—	—
Int'l EBITDA ^{*1}	16,085	—	17.5% ^{*1}	+ 5,147	+ 47.1%	+ 41.7%
Asia	16,450	—	17.9%	+ 5,488	+ 50.1%	+ 41.7%
North America	▲ 353	—	—	▲ 327	—	—
New Markets	▲ 13	—	—	▲ 13	—	—

*1 : This 'EBITDA' is the EBITDA% in total 'Int'l Revenue.' EBITDA% below are EBITDA% of each region (i.e. Asia, North America)

*2 : "Asia" = Korea, Taiwan, Hong Kong, Singapore, Thailand, Mainland China, Indonesia "North America" = United States

FY24 Results and Mid-term Plan FY25-26 KPI Revision

Key Initiatives

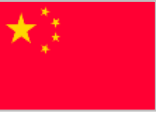
Int'l Business

- Accelerating growth through post-COVID measures and selective investments according to the growth phase of each area
- Stabilizing quality and create a system (people and goods) capable of implementing the same sales promotion and marketing activities and BPR measures that are successful in Japan

Business KPIs

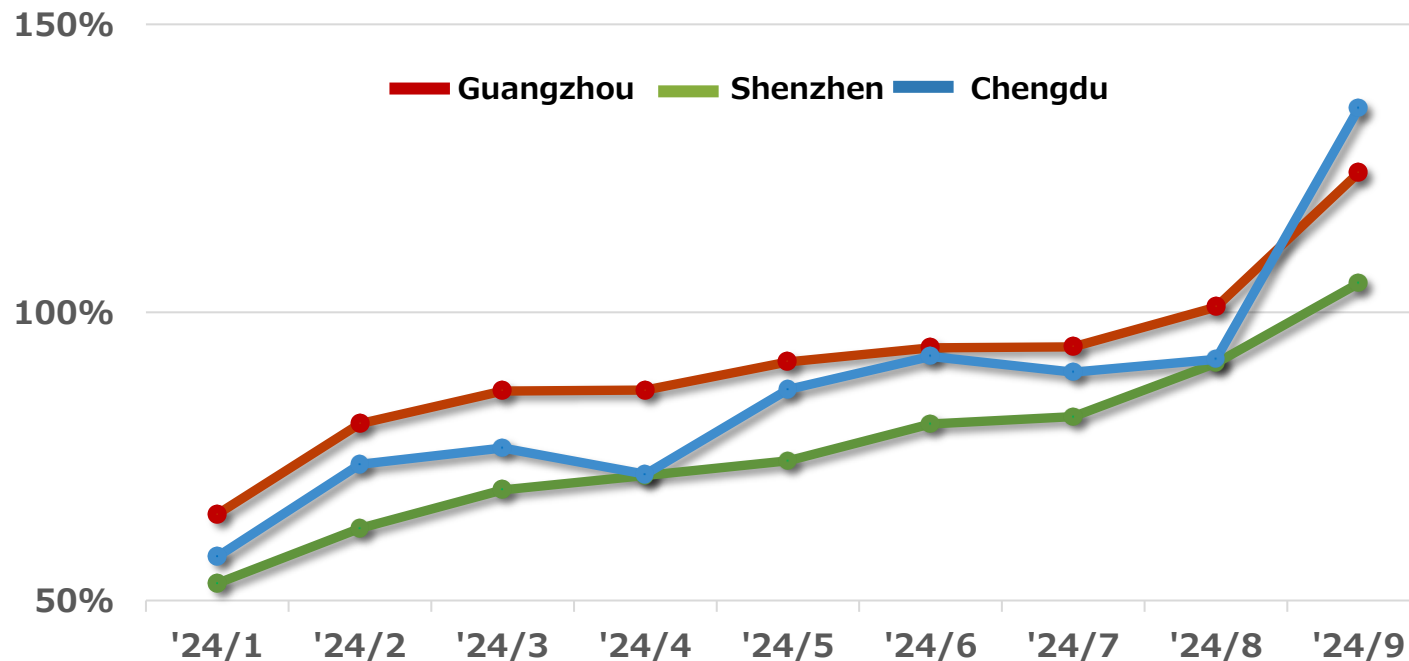
(Billions, JPY)	Actual	Targets announced in '23/11			Revised Targets	
	FY24	FY24	FY25	FY26	FY25	FY26
Revenue	92.1	100.0	160.0	225.0	121.5	162.0
EBITDA	16.1	15.0	27.0	40.0	19.2	28.5
Operating Profit	9.9	9.5	18.0	28.0	12.5	19.5
Store Count	182	204~213	296~308	403~416	240~250	310~320





- Int'l Sushiro business has struggled at times due to the release of ALPS treated water and the impact of the slowdown of Chinese economy, but in recent months, our business performance has been on a recovery trend.
- We will continue to actively open new stores in areas with growth potential, while developing strategies for each area taking into consideration the changes in the business environment.

Revenue LFL



TOPICS

- The first Sushiro store opened in Beijing, China in August. The “Digital Sushiro Vision” (known as ‘Digi-ro’) and private rooms are also very popular, that the store is full every day.



Business Environment & Results

Asia

Greater China^{*1}

- **Hong Kong, Taiwan** : Vigorous new store opening in these areas have been quite successful, which resulted in continued favorable performance.
- **Mainland China** : Though our business was impacted by the economic downturn, business performance started showing the signs of recovery. In 2H/FY24, we opened 3 stores in Tianjin and the 2 stores in Beijing. The 1st store in Beijing is still packed with customers everyday.

East Asia^{*1} Southeast Asia

- **Korea** : A new store opened in Myeongdong at the end of September, the first in four years. The average daily sales are strong, and the store is already one of the top Sushiro stores in South Korea. It aims to attract even more customers with its Digiyo service.
- **Thailand** : By establishing multiple profit models, such as the small-business-area format, the area in which stores can be opened has expanded.
- **Singapore** : Three stores opened in FY24. The store opened in August (at Thomson Plaza) has been scoring record sales, on a par with the top sales store in Singapore, and is driving the strong performance of our Singapore business.
- **Indonesia** : Four stores opened in FY24. We've worked on further differentiating our service by leveraging our high-quality products and customer service.

North America

U.S.

- **U.S. (Boston)** : Sakabayashi, a sushi tavern modeled on Sugidama, opened in April. Participation in local events has helped to raise awareness, and this tavern is steadily gaining repeat customers.

*1 : 'Greater China' includes Mainland China, Honk Kong, Taiwan 'East Asia & Southeast Asia' includes Korea, Singapore, Thailand, Indonesia

Initiatives

Asia

Greater China

- **Hong Kong** : Maintaining high revenue & profit levels by continuing to open new stores and strengthening marketing
- **Taiwan** : While accelerating store opening and reinforcing competitive edge by strengthening product offer
- **Mainland China** : Continuing store expansion around metropolitan areas including Beijing

East Asia • Southeast Asia

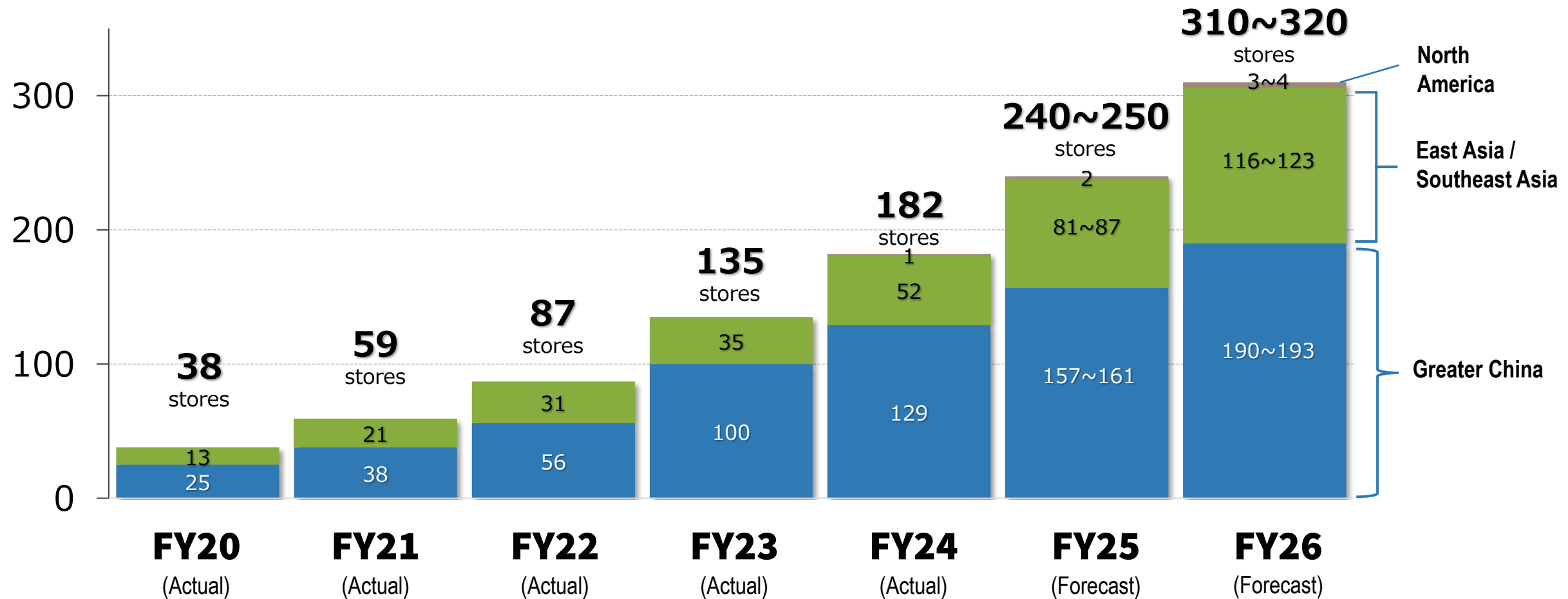
- **Korea** : Strengthening the foundation of business and focusing on increasing customer count. Also, continuing store expansion in downtown areas and raising brand awareness.
- **Thailand** : Opening stores both in urban and suburban locations utilizing various profit models
- **Singapore, Indonesia** : Accelerating store expansion to raise brand awareness.
- **Malaysia** : The first Sushiro store is scheduled to open in a prime location in the capital city of Kuala Lumpur.

North America

U.S.

- **U.S.** : After carefully taking into consideration a various marketing data, we're planning to open the 1st Sushiro store in U.S.

- Reflecting business environments and conditions of each area, we redefined our store expansion strategies and store count targets.
- Aiming to reach 250 store in total by FY25/end, and 320 by the end of the last year of FY26 Mid-term Plan.



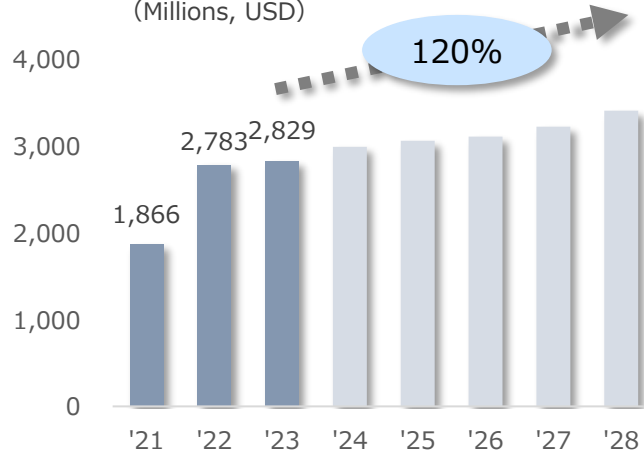
Entering Malaysian Market, Focusing on Further Expansion in Halal-Food Region



- Malaysia is a multi-ethnic country with a population of around 30 million, located in the center of Southeast Asia.
- The middle-income class has been increasing in recent years, and the scale of the dining market is also expected to expand.
- The 1st Sushiro store is planned to open on a prime location of the capital city of the country - Kuala Lumpur.

Market Size of Dining Industry in Malaysia ^{*1}

(Millions, USD)



*1 Euromonitor International: Market size Full-Service Restaurants



Opening Sushiro in the Global Economic Center – the U.S.



- The first U.S. Sushiro store is planned to open in New York, the center of the global economy and a trendsetter.
- The products and interior/exterior of this first Sushiro store will be the ones designed for a flagship store of the area.



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