SRS HOLDINGS CO., LTD.

Fiscal Year 2026 Financial Results Briefing

25 May 2026

Event Summary

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[Venue]	Kabutocho Heiwa Building third floor 3-3 Nihonbashi Kabutocho Chuo Ward Tokyo 103-0026
[Venue Size]	145m2
[Participants]	
[Number of Speakers]	2 Masahiko Shigesato President & Chief Executive Officer Katsunori Natsui Executive Officer, General Manager of Corporate Strategy Division
[Analyst Names]	Fuseki Euroland IR Moderator Questioner

*Analysts that SCRIPTS Asia was able to identify from the audio who spoke during Q&A or whose questions were read by moderator/company representatives.

**This event transcript was created in whole or in part using generative artificial intelligence.

Presentation

Moderator: Hello, everyone. We will now begin the earnings briefing for SRS HOLDINGS CO., LTD. for FY2026 as we have reached the scheduled time.This briefing session will be held in a hybrid format, combining an in-person venue with live streaming.First, let me introduce the two guests we have from the company.Masahiko Shigesato, Representative Director, Executive Officer, and President.

Shigesato: This is Shigesato.Thank you for your time today.

Moderator: Kazunori Natsui, Executive Officer and General Manager of Corporate Strategy Division.

Natsui: This is Natsui.Thank you.

Moderator: Today, Mr. Natsui will explain the overview of our financial results, and Mr. Shigesato will discuss the key topics and business plans.After the explanations are completed, we will first take questions from those of you who have gathered at the venue.After that, we will also take questions from those of you participating online.If you have any questions online, please enter your company name and your name, and submit your questions via chat.We are accepting questions during the presentation as well.Mr. Natsui, please go ahead.

Natsui: I am Natsui, Executive Officer and General Manager of the Corporate Strategy Division at SRS HOLDINGS CO., LTD., as just introduced.Thank you for your time today.Thank you very much for taking the time to attend our earnings briefing for FY2026 despite your busy schedule.Let me now explain the overview of our financial results.These are the financial results highlights for FY2026.Sales, operating income, and ordinary income all reached record highs, resulting in solid financial results.Sales totaled JPY76.421 billion, up 13.3% YoY.Operating income was JPY3.051 billion, up 13.9% from the previous period, and ordinary income was also as shown.Regarding sales, we were able to significantly exceed the previous period through increases in existing store sales from menu initiatives including price revisions, as well as contributions to consolidated sales from M&A executed in the previous period and current period.Regarding operating income, although there were increases in costs such as raw material expenses and labor costs, we were able to absorb these through the increase in sales mentioned earlier and achieved record-high operating income.Regarding new store openings, while we had an annual target of 34 directly-managed stores, the actual result was 22 stores, bringing the total number of Group stores to 780.Next, I will explain the overview of the consolidated P&L for FY2025.Net sales exceeded the previous period by JPY8.943 billion.This also exceeded the plan.Regarding gross profit, the gross profit margin was 65.6%, compared to 66% in the previous fiscal year. This represents a decrease of 0.4 percentage points as a percentage of sales, due to a slight impact from rising costs of ingredients and other factors.Operating income was JPY3.05 billion as I explained earlier, which exceeded the initial plan of JPY3.0 billion.In particular, current net income attributable to owners of the parent was JPY1.694 billion, a significant increase of JPY768 million YoY.This was attributable to the increase in operating income and ordinary income, as well as the booking of gains on the sale of securities as extraordinary income, resulting in a significant increase in profit for the period compared to the previous period.Next is a summary of the consolidated B/S.Due to the increase in current net income, net assets increased, and the equity ratio improved by 1.9 points from the previous fiscal year to 37.8%.Other items are as stated.This is the consolidated cash flow statement.Regarding cash flows from operating activities, depreciation expenses increased due to profit growth from business expansion and increased goodwill from M&A, resulting in an increase of JPY1.193 billion compared to the previous period.On the other hand, regarding cash flows from investing activities, there were significant expenditures from M&A in the previous period.As a reaction to that, cash flows from investing activities increased by JPY7.701 billion compared to the previous period.Regarding cash flows from financing activities, we borrowed funds in the previous period due to the need for M&A financing, but in the current period, we reduced borrowing, or rather, it became negative compared to the previous period and we allocated funds to repayment, resulting in a change of negative JPY8.376 billion.As a result, the balance of cash and cash equivalents at the end of the year was JPY13.287 billion, an increase of JPY0.719 billion compared to the previous period.As a result, net interest-bearing debt (net debt) improved by JPY1.241 billion compared to the end of the previous period.Next, this shows an analysis of the variance in consolidated net sales compared to the previous period.As you can see from the graph, the largest contributor to the increase in net sales was the increase in net sales from M&A.This was the effect of acquiring Amino and Sushi Benkei, gourmet sushi companies, through M&A in the previous fiscal year and the current fiscal year.Existing stores saw JPY3.0 billion in revenue increase, with approximately 4% growth in existing store sales.New store openings in existing businesses also progressed smoothly, with JPY1.765 billion in revenue increase, resulting in total sales of JPY8.943 billion, up YoY.Next, I will analyze the differences from the previous period by business segment.The M&A I mentioned earlier is on the right side.Hokkaido Benkei conveyor belt sushi and Amino Sushi businesses increased to JPY3.545 billion, with Hokkaido Sushi Benkei increasing by JPY1.0 billion.In addition, Wasato Sato, our mainstay restaurant brand, increased sales by JPY1.232 billion, and Nigiri Chojiro increased sales by JPY813 million. Our existing mainstay businesses also achieved sales growth, resulting in all businesses exceeding the previous fiscal year's sales.Next, regarding the consolidated operating income variance analysis from the previous fiscal year, this shows the breakdown of profit.The actual operating income in the previous fiscal year was JPY2.678 billion.This included an increase in gross profit of JPY2.854 billion due to increased revenue from existing businesses.On the other hand, while there was a negative impact of JPY1.343 billion on profit due to rising unit costs of purchased goods, we improved this by JPY1.113 billion through price revisions and review of procurement costs.The major factor impacting profit was the increase in personnel expenses, which rose by approximately JPY1.8 billion.Payment fees, which increased in line with the progress of cashless payments, resulted in a decrease in profit of approximately JPY300 million. As a result, operating income was JPY3.051 billion, an increase of JPY373 million compared to the fiscal year ended March 2025.Next, regarding quarterly performance trends, we have shown the quarterly sales and ordinary income trends for the three-year period from FY2024.Regarding FY2026, Q4 showed a significant increase in profit compared to the previous year. This was due to the consolidation of Sushi Benkei, which became a subsidiary in September 2025, and the increase in profits from existing businesses, contributing to substantial profit growth compared to the previous fiscal year.Next, I will discuss the performance trends of existing stores in our main business formats.Our group has defined Washoku Sato, a Japanese-style family restaurant, and Nigiri Chojiro, a gourmet sushi restaurant, as our main business formats.This is a sales graph, where this line represents 100% of the previous fiscal year. As you can see, existing store sales have been steadily trending between 100% and 105% throughout this one-year period.Next, this is a graph breaking down customer traffic and average spending per customer.The solid line represents average spending per customer, and the dotted line represents customer traffic.As you can see, average spending per customer has been trending at approximately 105%, as we implemented certain price increases to absorb rising raw material costs and labor costs.On the other hand, this has resulted in a negative impact on customer traffic, and I would say that there were many months when customer traffic fell below 100%.Regarding this, we plan to implement initiatives aimed at increasing customer traffic during this fiscal year.This concludes my presentation.Next, Masahiko Shigesato, Representative Director and President, will explain the main topics and the business plan for FY2027.

Shigesato: I am Shigesato, Representative Director, President and Executive Officer of SRS HOLDINGS CO., LTD., who was just introduced.I will explain the key topics and the business plan for FY2027. We announced an updated version of our previous medium-term management plan last year. As our basic policy, we aim to achieve the overwhelming number one position among Japanese restaurant chain groups through dramatic development of existing businesses and establishment of a new profit base. Below that, we have listed four Key Strategies. One of them is the establishing “Washoku Sato” as a National Brand, one of our major restaurant brands that was explained earlier. The second is to aim to achieve an overwhelmingly dominant number one position by combining our gourmet sushi chains, including Nigiri Chojiro, Umai Sushikan, and Sushi Benkei, which we acquired through M&A last year. Furthermore, as we announced in our previous medium-term management plan, we are committed to forming a pyramid-shaped brand portfolio, which encompasses both slightly higher-priced chain businesses and lower-priced chain businesses that are relatively unaffected by economic conditions, all built on a foundation of Japanese cuisine.In that sense, we aim to establish our third and fourth pillars.By the fourth year of this medium-term management plan, we are expected to become a group with sales exceeding JPY100 billion.To support this, headquarters functions are necessary, and of course, there are various cost increases as headquarters work.Of course, this includes personnel costs as well.In this regard, we aim to build a strong headquarters function while achieving well-streamlined headquarters operations, including further productivity and efficiency improvements in headquarters operations through the DX Promotion Division, which was established this year.The first is making "Washoku Sato" a national brand.As many of you may know, "Washoku Sato" originated in the Kansai region and has been operating only in the Kansai, Chubu and Kanto areas until now.However, since we launched "Sato-Shabu", as an all-you-can-eat shabu-shabu menu, in 2009, generally speaking, I suppose you could call it suburban areas but profitability in somewhat suburban businesses has become very high.In my experience, Japanese family restaurants tend to have a strong regional character.Even today, the reality is that regional character has been difficult to break through, with certain brands dominating in Tohoku, certain brands in Kanto, certain brands in Chubu, and several brands including ours in Kansai.In fact, we also had a situation where Kansai maintained the highest profitability for a long time.However, to reiterate, since the launch of "Satoshabu," the profitability gap has been narrowing across regions.In other words, with regard to this business, "Satoshabu" is indeed becoming increasingly dependent on pure business competitiveness rather than regional characteristics, which of course includes both pricing and product-added value.Given this background, we believe that under these circumstances, we can expand "Washoku Sato" nationwide.We are particularly convinced, as I mentioned earlier, that this business model can succeed even in areas with relatively low population density. We are now determined to work on building dominance not only in the major regions such as Kansai, Kanto, and Chubu, but also on a nationwide basis. Last year, as shown here, we opened our first stores in the Chugoku and Shikoku regions in Okayama, which is also connected to other areas. We opened three stores at once in Okayama Prefecture, specifically in Okayama City and Kurashiki City.As you can see from the numbers here, the customer response to the new stores at the time of their opening was remarkably strong.We also checked how well recognized the Washoku Sato brand was locally, and found that brand awareness was very low.We are very confident that we were able to start in this manner under these circumstances.We recently opened our first store in Hiroshima last week.This has only just begun, so we expect there to be an opening boost, but it has gotten off to a very strong start.The stores have been overflowing with customers this weekend as well.We are confident that "Washoku Sato" can expand further nationwide as we continue this development, and we plan to strengthen new store openings going forward. As stated here in this medium-term business plan, we have scheduled the number of new openings for the time being.Accordingly, another characteristic is that, in suburban areas, almost all customers arrive by car.It is a car-oriented society.Furthermore, many customers come with their families, including large families.This differs somewhat from urban-type stores, requiring larger stores with larger parking lots and more spacious store layouts with ample room.Based on these premises and hypotheses, we have adopted " a cozy and happy time" as one of our themes and will continue to further evolve "Washoku Sato. "This is a store in Osaka, where we conducted a major renovation at the Kishidado store and are currently observing the results. In fact, as shown here, sales are performing significantly above those of existing stores. Based on our past experience, we believe this trend can be sufficiently expected in areas with lower population density that we will be expanding into going forward. In fact, as I mentioned before, suburban locations are currently showing overwhelmingly higher profitability in our Washoku Sato business. In this sense as well, we intend to continue developing spacious restaurants where customers can enjoy “a cozy and happy time” experience more comfortably. On the other hand, construction costs have been rising.While this requires somewhat higher construction costs, we believe we need to carefully examine various factors going forward, including pricing strategy and payback period, such as how many years it will take to recover the investment. However, we intend to proceed based on the assumption that if we become the number one Japanese family restaurant chain in such regions, we can expect sufficient customer traffic and profitability. This is the second Key Strategy. This means achieving the overwhelming number one position in the gourmet sushi chain category. Currently, we have three brands: "Nigiri Chojiro," "Umai Sushikan," and "Kaitensushi Hokkaido/Sushi Benkei," which we acquired through M&A last year.All three of these businesses are top performers in terms of profitability within our group.In other words, we anticipate that by creating the overwhelming number one gourmet sushi chain, the profitability of the entire company will also improve.Regarding Nigiri Chojiro, we opened a store in Wakayama in March.At that time, we also revisited various concepts once again.As stated here, we are revisiting our concept once again to emphasize fresh products in our store development, including installing large fish tanks and valuing the live atmosphere where customers can see chefs preparing sushi right in front of them, so that customers can better experience the appeal of gourmet conveyor belt sushi that is not inferior to the standard conveyor belt sushi chains whose quality has been improving.Similarly to "Washoku Sato" mentioned earlier, "Nigiri Chojiro" is also planning to build somewhat large-scale stores in suburban areas, and we are currently planning to open several stores.For example, we are continuing to open stores in areas where we have not had a presence before, such as Nagahama in Shiga Prefecture, and Gifu Prefecture, with stores that can better promote the appeal of gourmet conveyor belt sushi.However, the difference from Washoku Sato is that there are limits to how much systemization can be achieved.In the case of gourmet conveyor belt sushi, the training of chefs is an essential element that cannot be removed from the strengths I mentioned earlier.This does require more time compared to regular chain restaurants.Therefore, while we are planning to open additional stores in existing locations and to some extent expand into new regions, we cannot keep up with demand through that approach alone, so we have been conducting M&A to acquire top businesses in those regions.Going forward, we intend to continue pursuing this business by filling in nationwide coverage through a combination of M&A and organic approaches, aiming to achieve our goal of becoming the overwhelming number one through both organic growth and M&A.This is a figure that we have calculated in our own way regarding how large the market is for us as a gourmet sushi chain.In this figure, we are looking at the number derived by subtracting the five major chains from the conveyor belt sushi market. In other words, we believe the conveyor belt sushi market is approximately JPY870 billion in size.The top five major conveyor belt sushi chains, have sales of approximately JPY730 billion, and we believe there is a gourmet sushi market of approximately JPY150 billion in Japan.The differences between gourmet sushi and general conveyor belt sushi are as described here.We are focusing our attention on the gourmet sushi segment and aiming for future growth in this area.We believe that even if we make efforts now, it would be quite difficult to compete with the five major conveyor belt sushi chains, so we focus on this market. However, rising labor costs continue to be a major concern, and in fact, the significant increase in labor costs last fiscal year has been squeezing our profits.No matter how much we systematize, we cannot deny the current reality that the restaurant business remains labor-intensive and it is difficult to escape from this.On the other hand, as mentioned here, regarding store efficiency, even though we call it gourmet conveyor belt sushi, we believe there are both aspects that should be done by people and aspects where productivity can be improved to some extent through systematization.By working on both of these aspects, we believe the challenge is how to maintain profitability while gaining customer support, and we intend to move forward in this direction.And this is only the organic growth portion.We want to exceed 150 stores with just the brands currently in our group.Here, some competitive situations by region are described, but at least when this medium-term plan concludes, we believe it is almost certain that the group will become number one in gourmet conveyor belt sushi market share.We aim to achieve this and intend to focus on capturing greater market share in this sector, including through regional expansion and M&A.Moving on to the third and fourth initiatives, as I mentioned earlier, "Washoku Sato" and our gourmet conveyor belt sushi chains cater to slightly special to special occasions. However, we believe that we must also capture the everyday dining market with Japanese cuisine, day-to-day dining market. Without this, as I mentioned earlier, we will inevitably be affected by economic fluctuations.In that sense, to build the pyramid-shaped brand portfolio that we have set forth, we are committed to developing two brands - Udon "Tokutoku" and “Tendon Tempura Honpo "Santen" - as our first priority, as important brands with customer spend under JPY1,000 per customer. In that sense, we have started various challenges.We are currently trying to increase our market share in these markets by continuing various challenges, such as opening in areas where we have not operated before, opening in food courts, and even opening a tendon and tempura restaurant in front of train stations.Finally, regarding Key Strategy four, which concerns headquarters functions, we actually made considerable investments and efforts in recruiting personnel last year.We believe that without people, growth cannot be expected.We were able to hire approximately double the usual number of new employees last year.This has also incurred costs.Rather than letting them go, we are focusing on how to invest in their education. We now consider them human capital, and we want to build a company that grows together with them. With this approach, we continue to invest in recruitment and education this fiscal year as well.We aim to continue this approach throughout the current mid-term plan, addressing labor shortages and improving workforce sufficiency by reducing turnover rates.As you all know, the food service industry has reached the upper limit for the specified skilled worker category, making it difficult to rely on foreign workers under this visa status as a labor source, at least for the time being.In that sense as well, we aim to recruit as many people as possible from within Japan, train them, and build a strong organization.We would like to devote our efforts to such initiatives as well.As Natsui reported earlier, the only thing we could not achieve last year was that we failed to meet our store opening target.There are various circumstances behind this, but we also reflect on the fact that our organization was not yet strong enough in this area. We are now increasing staffing in our store development department to strengthen it, and we are proceeding to ensure that we will definitely achieve our target this fiscal year. Furthermore, we established a SRS Group Digital Transformation Development Division last year. We hired experts as an Executive Officer to do this thoroughly.   Information systems were sometimes fragmented across different companies within the group. By investing in the unification of these systems and anticipating future needs, we are advancing DX initiatives at the group level with a commitment to further enhancing the efficiency of headquarters functions across each business division.In fact, we have been certified as a DX Certified Operator under the DX Certification System established by the Ministry of Economy, Trade and Industry.We will continue to promote DX to improve productivity so as to live up to this certification.Finally, I would like to explain our business plan for FY2027, the current fiscal year.In this fiscal year, the second year of the medium-term management plan, we expect revenue growth from existing stores and contributions from new stores on the sales side, while anticipating increases in raw material prices and labor costs on the cost side.Basically, we have formulated a business plan aligned with the medium-term management plan.We are targeting net sales of JPY83.0 billion, operating income of JPY3.2 billion, ordinary income of JPY3.0 billion, and current net income attributable to owners of the parent of JPY1.8 billion.For the full year, we are expecting a dividend of JPY10 per share, the same as in the previous fiscal year.Regarding the store opening plan, it is as stated.We aim to open at least 40 stores in our existing businesses this fiscal year.This is an essential plan for achieving our medium-term management plan going forward, and we are making daily efforts to ensure that we accomplish at least this goal.Finally, regarding shareholder returns.We announced last year that, as a general rule, we will aim for a consolidated dividend payout ratio of at least 20%.To reiterate, we are planning an annual dividend of JPY10 per share for this fiscal year.We have also made our shareholder benefit program available at Kaitenzushi Hokkaido and Sushi Benkei so that our shareholders can experience the expansion of our brands.In this sense, we aim to continue moving forward with the goal of increasing benefits for our shareholders through our shareholder benefit program, while also striving for further improvements in our business performance to enable us to provide even greater dividends.That is all from me. Thank you for your attention until the end.

Question & Answer

Moderator: Thank you for your explanation.We will now take questions from those of you in the room.Please note that we plan to publish a full transcript of this IR meeting, including the Q&A session.Please be aware that if you state your company name and name when asking questions, they will be published as is.Also, for those participating online, please enter your company name and name when submitting questions via chat.We will read only the questions when they are submitted.If you have any questions, please raise your hand.A staff member will bring you a microphone.

Questioner: Thank you for your explanation.I have two questions.One is that customer traffic at Washoku Sato and Nigiri Chojiro has declined slightly YoY on an existing store basis, and you mentioned that you will be taking measures to address this in the current fiscal year. Could you please explain specifically what initiatives you will be implementing, for example, at Washoku Sato, such as extending business hours, which I think is positive, as well as other measures you will be working on?The other point is regarding the two companies acquired through M&A in the sushi segment.Based on what I have heard today, my understanding is that the so-called PMI(Post-merger-Integration) is progressing smoothly, but could you tell me whether it is proceeding according to plan, or if there are any challenges, please share those as well?Those are my two questions.

Shigesato: Thank you for your question.We understand that your question has two parts. The first is regarding customer traffic measures for our main brands, "Washoku Sato" and "Nigiri Chojiro," and the second is about the current status of PMI for the two M&A companies.First, regarding customer traffic measures for "Washoku Sato" and "Nigiri Chojiro," as just explained, the reality in the food service industry is that locations operating 24 hours are actually performing very well.This is completely a survivor's advantage, as everyone closed their stores during COVID, and now there are very few restaurants open at night. Washoku Sato had actually shortened its operating hours considerably during COVID. Of course, this is also because we have been working to improve the working environment, and now we have been able to sufficiently expand our workforce. By extending operating hours in this way, we can actually make people aware of this, and we expect this will lead to an increase in customer traffic of about 3%. Currently, our target included in the budget is approximately 1.5%. However, this alone is not sufficient enough as a customer traffic measure. This year, costs have actually risen considerably, labor costs have also increased, and we feel that we are approaching somewhat of a limit regarding price increases.In that sense, while there is a possibility that profitability may be somewhat squeezed, looking at the trends in April and May this year, we have not raised the average spending per customer that much.In other words, even amid these cost increases, we are actually somewhat restraining our pricing strategy in order to offer more reasonable prices. By managing operations effectively, we have now reached a stage where we can secure sufficient profits.Of course, this includes promotions and seasonal measures, all of which are naturally planned, and taking all of these factors into account, we are targeting 101% customer traffic compared to the previous year for Washoku Sato.The minimum target.Looking at the current situation in April and May, we feel that this is sufficiently achievable.Regarding Nigiri Chojiro, the cost ratio had been somewhat suppressed due to price increases, even though the cost ratio itself had been rising.Going forward, similar to Washoku Sato, we are focusing on investing adequately in the cost of goods sold to some extent, and we are also addressing issues at stores where Nigiri Chojiro has recently been criticized for lacking energy and vitality, as employees tend to be overwhelmed with work. The entire company is working together to review store QSC (Quality, Service, Cleanliness) from scratch and aim to become a more vibrant gourmet conveyor belt sushi restaurant.Furthermore, regarding the enhancement of procurement, we will introduce products that are more suited to the seasons.We are also working in parallel to leverage our stronger procurement capabilities to realize the products that customers desire. As for Nigiri Chojiro, our current situation is that we are striving to achieve a goal of increasing the customer count to over 101% (YoY).Next, regarding the two M&A companies.Regarding Amino Corporation, it has already been approximately two years.At the very least, the PMI is progressing smoothly.However, on the other hand, regarding procurement and logistics, due to the geographical distance between regions, we cannot yet say that we are fully realizing synergies as a group.In that sense, going forward, we will realize synergies as a group through PMI with Nigiri Chojiro and other businesses.We believe that purchasing and logistics are the biggest areas, and these are future challenges. By working on these going forward, we believe it will be possible to have a positive impact not only on Amino but on the entire group.Regarding Sushi Benkei, we acquired the company in September last year, and there were some deficiencies, so we started by addressing those issues.We have reviewed everything including employee regulations and have now brought them up to our level.However, Sushi Benkei is currently performing the best among all our group companies.In Tottori, virtually everyone knows the "Sushi Hokkaido Sushi Benkei" brand, and in that sense, it is currently achieving the number one performance within our group.During this time, we will do everything we can to bring it up to the level of our listed company standards, and then, similar to the Amino company I just mentioned, we will further explore synergies as a group.That is the current status of the two companies we acquired through M&A.That's all from me.

Moderator: Are there any other questions?

Fuseki: This is Fuseki from Euroland IR.You mentioned earlier about suburban stores or store development, but when it comes to foreign visitors and Japanese cuisine, I think inbound foreign tourists have been getting a lot of attention recently, including in terms of customer spending.In the current situation, foreign investors find it particularly difficult to benefit from shareholder perks, the question is about the dividend policy under these circumstances. Also, regarding what the current foreign investor ownership ratio is.Additionally, regarding inbound tourism, foreign visitors tend to spend quite a bit of money, and Japanese cuisine is particularly popular, so could you share your thoughts on potential expansion in this area?

Shigesato: Thank you for your question.I believe your question is about our inbound response and the dividend payout ratio.For our group, our main business battlefield has historically been centered on suburban areas, as I mentioned earlier.In that sense, we are actually a group with a very small impact from inbound tourism.While we do have stores in some areas like central Kyoto and the heart of urban centers, and those locations are somewhat affected by inbound tourism, we believe it only accounts for around three to four percent of the Group's total sales.While there is often debate about whether this is good or bad, given our current store network, we believe it would be difficult to actively capture inbound demand.We believe that the most efficient way to capture inbound demand going forward would be to bring into our group companies that operate Japanese cuisine formats where we can create synergies and that are located in areas where inbound visitors frequent.Of course, we are not ignoring inbound demand, and we have made arrangements across almost all of our formats to address language issues and to make it easier for foreign customers to place orders at their tables, so we are prepared to welcome them.Please understand that the current situation of our Group is such that we cannot focus on inbound demand within our store network.Also, our investment ratio including foreign institutional investors is very low.It was a little over 1% now, I believe. Investment in us from foreign investors is still limited.In that sense, this is currently our biggest challenge.Of course, there is also the issue of our stock price, but in terms of our approach to this area, we are looking to strengthen our IR activities, including sessions like this one, to encourage investment from such investors. As you mentioned, shareholder benefits are not what such investors are expecting. In that sense, we believe it is our responsibility to improve our business performance and increase dividends as much as possible while keeping the dividend payout ratio of 20% as one guideline.That is our current situation.Thank you.

Fuseki: Thank you.

Moderator: Are there any other questions?

Questioner: Regarding the development of "Washoku Sato" into a national brand, I believe you mentioned today that stores opening in Okayama and Hiroshima launch have been going well.I would like to ask two questions.Regarding the Okayama and Hiroshima stores, my first question is whether there are any differences between the Kansai/Kanto regions and the Hiroshima/Okayama region in terms of factors such as average spending per customer, customer demographics, and peak hours.My second question is, I believe you are currently considering expansion into regions such as Chugoku and Shikoku, but regarding the standard type of Washoku Sato for regional expansion, although it probably differs depending on the location, could you please share if there are any benchmark guidelines such as store area, number of seats, number of parking spaces, or initial investment amount?

Shigesato: Thank you very much.I understand your question is about the current status of the new stores opened in Okayama and Hiroshima, as well as the standard type for future regional expansion and what the initial investment will be like.Regarding Okayama and Hiroshima, and not limited to Okayama and Hiroshima, for new stores, the "Sato-shabu" product sells particularly well initially.In that sense, the average spend per customer initially runs on the higher side.Compared to others as well.I believe that when we look at the current situation, once things settle down, they will probably take a similar form, and I don't think there will be significant regional differences.In terms of the standard type for regional expansion, we believe that stores like those we have opened in Okayama and Hiroshima will become the standard type.In that sense, stores are approximately 100 tsubo with around 120 seats. About initial investment, our target is originally around JPY120 million to JPY130 million. However, given the current situation in the Middle East this fiscal year, it is undeniable that there are concerns that the situation may not be contained at that level.We believe that how we will control this going forward will certainly become a major challenge for us.That's all from me.

Moderator: Are there any other questions?We have received one question online.I will read it on their behalf.

Questioner: This is regarding the forecast for the current fiscal year.What percentage change from the previous period are you planning for same-store sales and same-store customer traffic for this fiscal year?

Shigesato: The number of customers this fiscal year is basically 101% or higher for all of our original store formats.Regarding sales, the number of customers was 101.7% for Washoku Sato and 103.5% for Nigiri Chojiro, while sales were 106% for both.We have set our budget at approximately that level.Does that answer your question?

Moderator: Thank you.Are there any other questions?

Questioner: Thank you for your explanation.Your earnings report announced that you posted an extraordinary gain from the sale of securities in the current fiscal year.Excluding this sale of securities, the growth in current net income appears limited compared to the previous fiscal year.Is it your company's policy to continue proceeding with such sales in the current fiscal year as well?

Shigesato: Thank you for your question.In the previous fiscal year, we sold a portion of our policy-held shares.We recorded those gains, but on the other hand, we also made several large impairments, including business impairments and asset impairments.These offset each other, so while it depends on any impairments this fiscal year, we currently have no plans to sell cross-shareholdings this fiscal year.On the other hand, in terms of growth in profitability, we believe it will basically grow steadily.The bottom line will be determined by the extent of asset impairments, including store impairments, depending on the business results for this fiscal year. This is the current situation. In that sense, if things go according to plan, we expect to achieve almost the planned results, at least in terms of revenue. The content we have announced this time does not include the sale of cross-shareholdings.That is all I wanted to convey.Thank you.

Questioner: Thank you very much.

Moderator: Are there any other questions?As there appear to be no further questions, this concludes the IR meeting for SRS HOLDINGS CO., LTD.

Shigesato: Thank you for taking the time to join us today.

Moderator: Thank you very much, Mr. Shigesato and Mr. Natsui.Thank you very much for your participation.[END]

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